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CANADIAN NATIONAL – A YEAR-END REVIEW

The following excerpts are from a review of the operations of Canadian National Railways during 1967 by the Chairman and President of the company, Mr. N.J. MacMillan:

For Canadian National, 1967 was a year of growth and achievement in many of its activities, chief of which was the progress made in shaping the organization to function effectively in the new competitive environment created by the National Transportation Act. It was also a year during which the demand for mainline passenger service was the greatest in the country's history, and the company played a significant role in transporting hundreds of thousands of Canadians for centennial celebrations and to and from Expo 67.

Such achievements, however, were heavily overshadowed – particularly in the latter part of the year – by the effects of a decline in freight business which accompanied a general slow-down in the economy. Car-loadings were about 7 percent below 1966 levels, mainly because of a drop in movements of bulk commodities.

The result was that, while revenue increases were recorded in all services, they were not sufficient to overcome the combined effects of rising expenses and lower traffic volume, and the company will not show an improvement in its end financial result this year.

Freight revenues increased 3 per cent over 1966, due in the main to higher rates charged. Other revenue increases were: passenger services, 26 per cent; CN telecommunications, 8 per cent and CN-operated hotels, 7 per cent.

Overall railway operating expenses increased more than 7 per cent primarily because of improved wages and related pension costs and higher prices....

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NEW EQUIPMENT

New equipment ordered in 1967, most of which was designed to meet specific needs of customers, included 700 box-cars and 50 refrigerated "piggyback" trailers for perishable goods. Meanwhile, the growing importance of containers in modern transportation was highlighted by the establishment of a special task unit to study the co-ordinated use of containers on a globe-circling basis. Included in the study will be CN's potential role in a transcontinental "land bridge" service to speed containers from the Far East to European ports.

Further applications of computer and data-processing techniques and systems were made in 1967. Of importance to customers was the installation at System headquarters of a central car-tracing enquiry system to provide freight-car location information, within seconds, to 19 points in Canada and four in the United States.

In a move to improve the efficiency of the locomotive fleet, 110 high-powered diesels were ordered – the largest order since completion of "dieselization" in 1960. The new units generate 3,000 horsepower each and can pull twice the load of older diesels.

More than 100 miles of rail-line was equipped with centralized traffic control in 1967 – a system