CNR YEAR-END REVIEW

Canadian National Railways has added more miles of railway than any other railroad on the continent since the end of World War II. During 1958, it forged new links of steel in Canada's continuing national development.

Although adverse business conditions, lingering from 1957's sharp decline in industrial activity, reduced the flow of traffic on all railway lines, CNR construction crews pushed new branch lines through areas rich in minerals and other natural resources.

In Manitoba, work is well under way on a 52-mile branch line from Optic Lake to Chisel Lake; it is expected that this access to the property of the Hudson Bay Mining and Smelting Company will be completed by 1960. Two other lines, completed in recent years, have contributed to the rapid development of Northern Manitoba.

In Quebec, track has been laid on the 66 mile first section of the easterly arm of the Chibougamau line from St. Felicien to Lake Chigoubiche, the westerly arm of which was completed in 1957. Completion of the entire Chibougamau line, forming a 294 mile arc through resource-rich Northern Quebec, is expected by the end of 1959.

Elsewhere in the CNR's vast system, 1958 saw new methods and new materials and equipment being put to use to consolidate and improve services across 10 provinces and on subsidiary lines in the United States. A major speed-up in freight schedules, new equipment and schedules in passenger service, the opening of the Commonwealth's largest hotel -- the Queen Elizabeth in Montreal -- and new communications facilities were achievements of the year. At the same time intensive studies were undertaken to increase efficiency and economy.

Like all other railways, the CNR felt the impact of general business conditions on its traffic, in terms of decreased revenue, tonnage and patronage, while costs of wages and materials continued upward.

Estimates indicated that the year-end would find the CNR'S tonnage figures for revenue freight handled in 1958 down about 10 per cent from 1957 -- a decrease of eight to nine million tons. Freight revenues would be down by a lesser percentage -- approximately eight per cent -- since part of the reduction was in traffic that moves at comparatively low rates. Chief decreases in revenue freight traffic were recorded in anthracite and bituminous coal, iron and steel, ores and concentrates, newsprint, automobiles and parts, pulpwood and crude oil. Main increases occurred in vegetables and in lime and plaster.

A major reduction in the number of immigrants entering Canada, and a decline in military movements, were important factors in the reversal of an upward trend that had been registered in passenger traffic revenues over the previous three years. It was anticipated that the decrease in passenger revenue would reach about 12 per cent for the year.

Revenues from Canadian National Telegraphs continued to improve and were further augmented through the acquisition of new facilities, notably the Northwest Communication System and the Yukon Telephone Company. The total increase in communications revenues was estimated at some 15 per cent.

Hotel revenues remained at a fairly even level, a small average decrease in patronage being offset by higher room and meal rates.

During 1958 wide public attention was focussed on a situation which the CNR shared with all Canadian railways -- the problem of finding ways to increase wages while the volume of revenue traffic was depressed. Faced with wage increases recommended by a Federal conciliation board, the CNR along with the other major Canadian railways applied for an interim general rate increase. A rate increase of 17 per cent, with 22 cents per ton on coal and coke, was granted, effective December 1 and a wage settlement was effected with the non-operating unions.

A wide extension of certain competitive rate structures took place. In July the CNR published piggy-back rates on freight in railway-operated highway trailers between London, Hamilton, Toronto and Montreal and points in New Brunswick and Nova Scotia. In March and April a series of piggy-back rates covering the movement of highway common carriers between Montreal, Ottawa and Toronto and London, Port Arthur and Winnipeg went into effect.

Agreed charges (contracts to handle a guaranteed percentage of traffic from a given shipper at a negotiated rate and which are designed to meet the competition of other forms of transportation) grew in number from 276 in force at the beginning of the year to 445 by the year's end --- an increase of 60 per cent.

SHIPPING TIME SLASHED

To improve service to freight shippers, important savings in time were achieved through revision of freight schedules during the year. About 24 hours was slashed from schedules from Toronto to Saint John, N.B., Halifax and Sydney. Delivery a full day earlier was also achieved from Montreal eastward to Saint John, as well as in the opposite direction from the Maritimes to destinations west of Montreal. A similar saving in shipping time was accomplished on freight trains from Montreal and Toronto to all major cities on CNR main lines in Western Canada. Improved marshalling at Winnipeg has contributed to improvement in eastward transcontinental

(Over)