

There were added during 1920, 140 miles by purchase of 236 miles on completion of new construction.

To put in simplest form possible the earnings and operating expenses I submit the following statement:—

GROSS EARNINGS		
	1920	1919
Canadian Northern System.. . . . .	\$66,695,398 80	\$53,562,177 57
Canadian Government.. . . . .	44,537,803 85	40,179,380 93
Grand Trunk Pacific.. . . . .	14,408,549 66	11,294,617 87
	<u>\$125,141,752 31</u>	<u>\$105,036,176 37</u>
OPERATING EXPENSES		
Canadian Northern System.. . . . .	\$ 82,953,978 60	\$ 60,034,023 92
Canadian Government.. . . . .	54,987,680 28	47,728,205 73
Grand Trunk Pacific.. . . . .	24,543,063 60	17,587,567 87
	<u>\$162,484,722 48</u>	<u>\$125,349,797 02</u>
OPERATING DEFICIT		
Canadian Northern System.. . . . .	\$16,258,579 80	\$ 6,471,846 35
Canadian Government.. . . . .	10,449,876 43	7,548,824 80
Grand Trunk Pacific.. . . . .	10,134,513 94	6,292,949 50
	<u>\$36,842,970 17</u>	<u>\$20,313,620 65</u>
FIXED CHARGES		
Canadian Northern:		
Due public.. . . . .	\$13,933,695 36	\$13,030,336 68
Interest due Gov't.. . . . .	10,326,260 69	6,939,373 68
Grand Trunk Pacific:		
Due public.. . . . .	6,048,950 60	6,048,950 00
Interest due Gov't.. . . . .	2,475,474 00	2,460,088 40
Interest on Receiver's certificates for 1920.. . . . .	808,351 63	212,176 05
	<u>\$33,652,732 28</u>	<u>\$28,690,925 41</u>
TOTAL DEFICIT (OPERATING AND FIXED CHARGES).		
Canadian Northern System.. . . . .	\$40,578,535 85	\$26,441,556 71
Canadian Government.. . . . .	10,449,876 43	7,548,824 80
Grand Trunk Pacific.. . . . .	19,467,290 17	15,014,163 95
	<u>\$70,495,702 45</u>	<u>\$49,004,545 46</u>

The figures for 1920, while subject to minor changes, are practically complete.

The management emphasize the fact that maintenance deferred during the war made it absolutely necessary to as far as possible overtake this work at increased cost during 1920 to protect the property. They also found it necessary to improve to a large extent terminal facilities and main lines if they were to take care of the traffic satisfactorily to the public and be in a position to compete with other lines operating throughout the country.

Coming now to the year 1921, or the Estimates before you, the management figure on considerable reduction in the deficit in operation owing to curtailment of train services, reduction of maintenance forces and other economies. They also expect a re-adjustment in the price of materials, also in the wage schedules and working conditions, which should have a

[Mr. J. D. Reid.]

substantial effect in reduction of operating costs. The Estimates as submitted to the House were those submitted by the officials of the Canadian National railway, and in detail show the following for 1921:

Loss on Canadian Northern, including fixed charges.. . . . .	\$23,074,847
Canadian Government Railway, operating deficit.. . . . .	7,000,000
Grand Trunk Pacific, deficit on operation and fixed charges.. . . . .	19,817,873
	<u>\$49,822,720</u>

To this should be added \$11,000,000 interest payable to the Finance Department for advances made to the Canadian Northern system by the Dominion Government, or a total of.. . . . . \$60,822,720

The votes passed by Parliament last session in order to acquire additional rolling stock and motive power to enable the system to properly handle its proportion of the traffic of the country was expended in the purchase of the following equipment: