

Now I turn to the "Review of Financial Results" and I call attention to the table starting with paragraph 1; and then I begin to read again at paragraph 2, "Operating Revenues".

REVIEW OF FINANCIAL RESULTS

1. The results of the System's operations for 1951 compared to 1950 are given in the following summary table:

	1951	1950
Operating revenues	\$624,834,120	\$553,831,581
Operating expenses	580,150,221	493,997,079
Net operating revenue	\$ 44,683,899	\$ 59,834,502
Taxes, equipment rents and other income accounts	12,900,780	17,417,730
Available for payment of interest.....	\$ 31,783,119	\$ 42,416,772
Interest on bonds held by the public....	23,467,703	24,019,158
Available for payment of Government interest	\$ 8,315,416	\$ 18,397,614
Government interest.....	23,347,412	21,658,849
<i>Income deficit</i>	<u>\$ 15,031,996</u>	<u>\$ 3,261,235</u>

The Consolidated Income Account appears on page 26.

OPERATING REVENUES

2. An all time peak in operating revenues was reached during 1951, exceeding the record of the previous year by nearly 13%. The highest volume of freight traffic in the history of the System was the most important factor responsible for this outcome. Freight revenues rose by 11.9% to \$498,800,344.

Volume of freight traffic

3. The total tonnage of freight handled on the System amounted to 89.6 million tons, or 10.1% more than in 1950. A better description of the physical volume of work performed by the Railway is to be found in the record total of 36.4 billion revenue net ton-miles carried on System lines. This was 13.9% more than the 1950 quantity, partly because the tonnage was handled, on the average, over longer distances. The average haul was 407 miles in 1951 compared to 393 miles in the preceding year.

4. The greatest tonnage increases were recorded in the relatively low-rated traffic, notably grain and pulpwood. An exceptionally large increase in grain tonnage resulted from a bountiful harvest coupled with the heavy carry-over from the 1950-51 crop year. Pulpwood traffic increased by approximately 3 million tons or 73%, as paper mills engaged in large scale replenishment of stocks which had been drawn down for requirements in 1950. Substantial increases were also registered in ores and concentrates, other mine products, woodpulp, gravel, sand and stone, iron and steel, and miscellaneous manufactures.

5. A significant decline in bituminous coal tonnage from the abnormal levels of 1950 was in part attributable to a continued trend towards the substitution of fuel oil for industrial purposes. The only other major tonnage decreases occurred in the case of crude oil and auto parts, the former reflecting the diversion of traffic to pipelines, and the latter being attributable to reduced production in auto plants served by Grand Trunk Western lines.