

The Canadian Engineer

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RAILWAY ENQUIRY COMMISSION'S REPORT

STARTLING FACTS BROUGHT OUT BY MAJORITY REPORT—G.T.R. AND C.N.R. SAID TO BE UNABLE TO SURVIVE—HUGE SUMS MUST BE SPENT IMMEDIATELY FOR EQUIPMENT AND REPAIRS—NEW RECORD ESTABLISHED FOR VALUATION WORK

SIR Henry L. Drayton and Mr. W. M. Acworth, two of the three members of the Royal Commission to Inquire into Railways and Transportation, have submitted to parliament a majority report advocating that the government take over the Grand Trunk, Grand Trunk Pacific and Canadian Northern Railways and transfer them to a board of five trustees who shall operate them independently of the government. They also recommend that the Transcontinental, Intercolonial and Prince Edward Island Railways should be transferred to the trustees. The Dominion Railway Company, which is the name under which the trustees would probably operate, would control twenty thousand miles of railways, and would be the largest system in the world not state-operated, and second only to the government-operated German system. Mr. Alfred Smith, president of the New York Central Lines, who is the third member of the commission and its chairman, submits a minor report dissenting from many of the views of his colleagues and advising the government to leave the railroads in private hands and to continue financial assistance from time to time as required. He states, however, that the systems should not be left as they are, but recommends the transfer to the Grand Trunk

of all the Canadian Northern's eastern lines and the transfer to the Canadian Northern of all the Grand Trunk's western lines, including the Grand Trunk Pacific and its branches.

The majority report is a printed document of ninety pages, 6½ ins. x 9¾ ins., regulation government blue-book size and style, and is accompanied by two appendices,—one twelve pages long reviewing the evidence heard by the commission in its examination of Mr. E. J. Chamberlin, of the G.T.R., at Montreal on February 24th, 1917; the other, occupying seventy-four pages, presenting Prof. Swain's report on physical valuations. The minority report requires only fifteen pages, presenting no statistics and being largely commentary upon the majority report.

In addition to a short introduction and to a summary of conclusions and recommendations, the majority report is divided into six main parts.

Part I. deals with Canadian railways in general, giving mileage, capital and state aid, apportionment of mileage, gross and net revenue, investment in road and equipment, return on capital, government aid in general, government aid to Canadian Northern, government aid to

Table Indicating Prospects of the Proposed Railroad Merger

FROM REPORTS TO DEPARTMENT OF RAILWAYS AND CANALS, JUNE 30, 1916 (EXCEPT G.T.P. BRANCH LINES)

	Can. Northern	Grand Trunk	Grand Trunk Pacific	G.T.P. Branch Lines	Intercolonial	Transcontin't'l	Total
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Operating revenues...	35,476,275 06	39,155,040 10	6,963,188 88	1,319,599 16	15,686,661 91	5,798,516 09	104,399,281 20
Operating expenses ..	25,244,186 12	28,782,012 69	5,902,843 30	1,370,133 51	13,323,183 16	5,360,061 58	79,991,420 36
Net operating revenue	10,232,088 94	10,373,027 41	1,060,345 58	Loss 50,534 35	2,363,478 75	429,454 51	24,407,860 84
Outside operations ..			10,588 55				10,588 55
Taxes...	741,508 11	853,596 39					1,595,104 50
Operating income ..	9,490,580 83	9,519,431 02	1,070,904 13	Loss 50,534 35	2,363,478 75	429,454 51	22,823,314 89
Other income ..		3,634,123 65				37,680 84	3,671,804 49
Gross income ..	9,490,580 83	13,153,554 67	1,070,904 13	Loss 50,534 35	2,363,478 75	466,135 35	26,495,119 38
Interest on funded debt	9,885,153 14	7,644,631 07			167,214 29	808,750 86	17,529,784 21
Other charges.....	506,010 29	2,415,539 70					3,897,515 14
Dividends ..		†2,433,333 33					2,433,333 33
Total income deduct'ns	10,391,163 43	12,493,504 10			167,214 29	808,750 86	23,860,632 68
Surplus & loss for year	Loss 900,582 60	660,050 57	*1,070,904 13	Loss 50,534 35	2,196,264 46	Loss 342,615 51	Surplus— 2,633,486 70
Profit and loss items..	267,885 85						Deduct— 267,885 85
							Surplus— 2,365,600 85
Add Interest to be provided for.....	5,445,389 56		6,668,084 04	538,760 16			12,652,233 76
Add Estimated loss, Prince Edward Island Railway.....							250,000 00
Total Deficiency							10,536,632 91

* Before charges.

† Div. on guaranteed stock.