

CANADIAN NATIONAL ANNUAL REPORTS

NET INCOME DEFICIT \$15,885,194: Last year the Canadian National Railways handled the heaviest volume of peacetime traffic in their history and their freight tonnage was even greater than that of any of the busiest years of the war, according to R.C. Vaughan, G.M.G., Chairman and President, whose annual report for the Board of Directors was tabled in the House of Commons Monday by Hon. Lionel Chevrier, Minister of Transport. The statistics for 1947 again demonstrated, he said, "the magnitude of the work carried on year after year for the people of Canada by the System in all its branches and its importance as a primary factor in the national economy."

The unprecedented load of freight -- 86,221,279 tons -- was nearly double the tonnage of 1939. Handling it was made possible in spite of the continent-wide shortage of car equipment because of close attention to operating performance and the co-operation of shippers. Maximum loading requirements introduced during the war were continued. Gross and net train loadings, the average car load and freight car miles per day were improved as compared with 1946 or any year before the war.

PASSENGER TRAFFIC

While there was a reduction in passenger traffic as a whole, Mr. Vaughan noted an increase in holiday travel and said that the Railway "did its part in promoting the tourist industry and took full advantage to procure its full share of this increasing business."

The Company's twelve hotels continued to be operated at high levels of patronage and the business of the Canadian National Express and the Canadian National Telegraphs was greater than in any other year. The 20,548,605 Express shipments were an increase of 8.51% over 1946 and the Telegraphs handled nearly 13,000,000 messages, the largest number on record.

Gross revenues, at \$438,197,980, were compared with \$400,586,025 in 1946 and were only a fraction below the wartime peak years of 1943 and 1944. Operating expenses amounted to \$397,122,607, as compared with \$357,236,718 in 1946, and net operating revenue was \$41,075,373, as compared with \$43,349,307.

Taxes, Mr. Vaughan showed, increased \$2,765,075, mainly attributable to a settlement of claims by the cities of Halifax and Saint John, resumption of provincial taxes in Ontario and Quebec on the expiration of the wartime agreement with the Federal Government, and United States retirement and unemployment taxes, which were assessed at a higher rate on an increased payroll.

From the net operating revenue of \$41,075,373 there was deducted \$13,136,222 for taxes, equipment rents, etc., leaving \$27,939,150 available for the payment of interest. Interest

on bonds amounted to \$23,821,909 and Government interest was \$20,002,434. After payment of interest on bonds and all Government interest, there was a net income deficit of \$15,885,194.

REVENUE TOTALS

Passenger revenues for the year amounted to \$43,017,690, a decrease of \$7,110,533 as compared with 1946, and of \$26,758,567 in comparison with wartime peak. Amounting to \$342,582,003, freight revenues showed an increase of \$42,268,804 over 1946 and of \$17,682,280 over the wartime peak year.

Approximately \$21,000,000 in freight revenue resulted from freight rate increases granted in the United States which affected United States lines of the System and were followed by related increases in Canada authorized by the Board of Transport Commissioners in respect of international traffic and competitive import and export traffic through Canadian ports.

The freight rate increases in the United States amounted in all to 50%. "Application by the United States carriers for still further increases are now under investigation by the Interstate Commerce Commission," Mr. Vaughan stated. "It will be understood that the percentages referred to are nominal. On some commodities lower increases were granted, the increase applied to all freight averaging 39.1%."

These remarks served as an introduction to a reference to the application made by the Canadian railways to the Board of Transport Commissioners for an increase in rates. "In the same way," Mr. Vaughan pointed out, "the so-called 30% increase asked for in Canada would average 20% if applied to all freight; so it will be seen that the application is for an increase amounting to only half of that already granted to United States railroads."

RATE INCREASES

After mentioning the special application seeking authority to increase certain competitive rates in advance of decision on the main application, following the modification of price control regulations, which was disallowed, the railway president went on: "It is the view of the directors that the Railway should be compensated by increases in rates over and above any now to be granted, to the extent that costs of wages and materials have advanced beyond the levels prevailing at the time of filing the current application."

Increased expense was inevitable with increased business, but what the railways found burdensome were increased costs not related to additional traffic but brought about solely by increased wage rates and increased prices for material.

For the Canadian National these additional operating costs for wages or materials were

\$114.5 millions greater in 1947 than in 1939, of which \$73.1 millions was for labour and \$41.4 millions for material.

C.N.S.S. SURPLUS: Operating revenues of the Canadian National West Indies Steamships for the year 1947 reached an all time high of \$7,857,471, according to the annual report of the company tabled in the House of Commons by Hon. Lionel Chevrier, Minister of Transport.

The report, signed by R.C. Vaughan, C.M.G., president of the line, showed that exports increased by 50,886 tons, and imports increased by 49,766 tons over the previous year. This resulted in added freight revenue of \$1,665,011. The number of completed voyages was sixty-four, compared with forty-nine in 1946.

"The company," said Mr. Vaughan, "now faces keen competition in the trade it has done so much to build up. There is some apprehension as to the effect of the import restrictions which the Colonies have seen fit to impose as a result of their shortage of dollars, and the costs of operation have sharply increased. Nevertheless, the outlook for 1948 is reasonably good, and it must be remembered that over and above the financial returns is the tremendous goodwill for Canada which has been engendered and is being continually expanded by this national flag line."

PASSENGER REVENUES

The return of the Lady Nelson and Lady Rodney to civilian service last summer enabled the company to increase passenger revenues in 1947 to \$439,799, compared with \$96,727 for the previous year. The demand for accommodation, however, was greatly in excess of the capacity of the two ships.

A substantial increase was reported in operating expenses for the year 1947. This was attributed to the additional number of voyages, increased rates of pay, high cost of supplies, and increased insurance and depreciation charges. Operating expenses also had to absorb in 1947 a charge of \$700,000 in connection with the reconversion and overhaul of the two "Lady" ships after their return from war service.

The operating profit for the year was \$829,277, a decrease of \$880,610 from the previous year. After adding interest earnings and providing for fixed charges the company reported an income surplus for the year of \$522,677.

The company sold two of its vessels in 1947, the Chomedy and Colborne. The fleet now consists of the two Lady liners, Nelson and Rodney; three diesel vessels, Canadian Challenger, Canadian Constructor and Canadian Cruiser, and five freighters, Canadian Conqueror, Canadian Highlander, Canadian Leader, Canadian Observer and Canadian Victor.

INDIAN HEALTH SURVEYS: Almost half the Indian population of Manitoba was X-rayed during 1947 in one of the most extensive anti-tuberculosis drives yet undertaken among Canadian Indians, National Health and Welfare Minister Paul Martin revealed Wednesday. Plans are under way to X-ray the remainder of the Manitoba Indian population this year.

Most of the X-ray work was done by the Sanatorium Board of Manitoba, Mr. Martin said, through its travelling clinics, stationery clinics and health surveys in residential schools. On the southern reserves the federal government supplied X-ray equipment and film, with the Sanatorium Board providing technicians to man the equipment and to read the plates.

"The Sanatorium Board has been most generous in assistance and wholehearted in its co-operation," Mr. Martin said; "to the extent that it has absorbed nearly \$3,000 of expenses connected with the survey, and it has also X-rayed for us 737 Indians from Saskatchewan and 290 from Ontario."

A total of 6,665 Manitoba Indians were X-rayed by the travelling clinics and 1,104 by other means. Out of this total of 7,769, active tuberculosis was found in 252 cases, but of the latter 116 were of the childhood infection type for which hospital care was not recommended.

Under the supervision of Dr. W.J. Wood, regional medical superintendent of Indian health services for Manitoba, hospital care has been arranged as rapidly as possible for active tuberculosis cases.

SECURITY PRICE INDEXES:

April 8, April 1, Mar. 11 (1935-39=100)

INVESTORS' PRICE INDEX

(100 Common Stocks)	107.6	105.5	101.3
76 Industrials ..	102.2	100.2	95.6
16 Utilities	114.2	112.4	107.2
8 Banks	128.9	125.1	128.5

MINING STOCK PRICE INDEX

(30 Stocks)	80.4	81.0	83.4
25 Golds	65.9	67.3	72.9
5 Base Metals..	108.6	107.4	102.5

ROYAL ANNIVERSARY: Canada's warships will be gay with bunting from stem to stern on Monday, April 26 when the order to "dress ship" will be carried out in observance of the 25th wedding anniversary of Their Majesties King George Sixth and Queen Elizabeth, it was announced by N.S.H.Q. At noon on the day of the anniversary ships will fire a Royal salute of 21 guns.