

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

ROOM 277,

April 18, 1939.

The Standing Committee on Railways and Shipping met at 11 o'clock. The chairman, Sir Eugène Fiset, presided.

The CHAIRMAN: Gentlemen, as you know we reduced our quorum to eight at our last meeting, and as we have a full quorum now I should like to ascertain if it is the desire of the members of the committee to have the order of reference read. It is a long document and we all know what it is. I do not think it will be necessary to read it.

HON. MEMBERS: No.

The CHAIRMAN: We shall then start with the annual report of the Canadian National Railways. The report of the president will be read by Mr. Armstrong.

Mr. ARMSTRONG: (Reads):

CANADIAN NATIONAL RAILWAYS

MONTREAL, March 20, 1939.

The Honourable C. D. HOWE, M.P.,
Minister of Transport,
Ottawa.

SIR,—In conformity with sections 14 and 15 of *The Canadian National-Canadian Pacific Act, 1936*, the Board of Directors submits the following report of the operations of the Canadian National Railways for the calendar year 1938.

RESULT OF OPERATIONS

	1938	1937	Increase or Decrease
Operating revenues	\$182,241,722 93	\$198,396,608 61	\$16,154,885 68
Operating expenses	176,175,311 78	180,788,858 09	4,613,546 31
Net operating revenue	\$ 6,066,411 15	\$ 17,607,750 52	\$11,541,339 37
Operating ratio	96.67%	91.12%	
Net of other income and profit and loss requirements	\$ 9,615,459 68	\$ 9,320,522 24	294,937 44
Net available for interest	\$ 3,549,048 53	\$ 8,287,228 28	\$11,836,276 81
Interest on funded debt held by public	49,839,022 58	48,888,545 56	950,477 02
Interest on government loans	926,124 86	1,744,550 71	818,425 85
Cash deficit	\$ 54,314,195 97	\$ 42,345,867 99	\$11,968,327 98

Operating Revenues

The decline in general business activity in the latter part of 1937, as referred to in the report for that year, continued throughout the greater part of 1938 with its inevitable reaction on railway revenues. The effect was most marked on the lines of the Company in the United States, the revenues of which declined 23% as compared with a decline of 5% on the lines in Canada, the latter in turn being adversely affected by a decrease in international traffic.