Canadian Pacific Railway Company's Annual Meeting.

The annual meeting was held at Montreal Oct. 1. In moving the adoption of the report for the year ended June 30, which was published in detail in Canadian Railway and Marine World for September, the President, Sir Thomas Shaughnessy, said:—

With the active business conditions that prevailed throughout the year, your gross earnings reached the high water mark of nearly $140,000,000, but since the turn of the year there has been a decrease, due to the falling off in the movement of westbound traffic, as well as in the building and other trades throughout Canada. However, thus far in the year your gross revenue is larger than it was in 1911, and, with the renewed confidence and courage that will develop everywhere as the result of the bountiful crops and the general improvement in the money market that begins to make itself manifest, there is every reason to anticipate another satisfactory year.

Your issue of additional capital stock early in the year, while it bore rather severely on shareholders who had to find money to meet their calls during the period of stringency that prevailed in Europe and elsewhere, was of great advantage to you, because it enabled you to proceed with important works essential to the future welfare of your property, and it was a distinct boon to the country, providing as it did wages for thousands who would otherwise have been unemployed, and furnishing circulation in a large way when it was most useful.

The constant demand for additional railway mileage, the recurring necessity for providing second tracks, larger stations, shops, yards and more cars and locomotives, to cope with your enormous traffic, involve expenditures that are almost startling, but we cannot afford to stop. In ten years the annual gross income has grown from $43,000,000 to $139,000,000, and if Canada is to meet our expectations in point of population and prosperity, as beyond doubt it will, there should be proportionate increase during the next ten years, provided that we have the roadbed, equipment and facilities to handle the traffic as against all comers. This does not mean that the expenditures for these purposes during the next few years need be anything approaching those of the past, because, when the lines now being built are completed, our construction programme may be substantially modified, and, with the exception of important improvements at one or two points in Eastern Canada where congestion during the busy season is annoying as well as expensive, and the completion of a second track on portions of the main line, we will, by the end of this season, be well ahead of our requirements.

This year the company's bond, debenture and share capital, including the recent issue of $60,000,000, is $283,000,000 more than it was in 1903. Of this, $124,000,000 was expended in the construction and acquisition of additional mileage and the purchase of ocean, lake and river steamships; and the additions to car and locomotive equipment absorbed $101,000,000. The balance of $58,000,000 was used for the general improvement of your property, but this amount was supplemented by premiums on stock issues and appropriations from surplus earnings to the amount of $105,000,000, nearly all of which will have been expended by the end of the current year, so that you will have invested in your property in those ten or eleven years this large sum of $105,000,000 that will represent no capital liability and will consequently make no draught upon your revenue. Only a very small portion of the earnings of your Atlantic and Pacific steamship lines were, during the past few years, included in your net revenue, having been transferred instead to the steamship replacement fund. As this fund now approximates the entire cost of your original Atlantic fleet, it is neither necessary nor desirable to increase it by liberal appropriations hereafter. Your Atlantic fleet has, in recent years, been supplemented by the acquisition of 18 steamships with a gross tonnage of 146,361. The earnings of these steamships have been utilized in reducing their cost, which now stands at about $2,750,000, included temporarily in advances and investments pending a determination of policy. The Transpacific steamships, while useful as contributors of traffic to your railway system, have never been particularly profitable, and, indeed, the Atlantic Ocean traffic varies considerably from year to year in volume and value, but I think that we may, with safety, anticipate an annual net revenue of $2,000,000 from the Transatlantic and Transpacific steamship lines after making due provision for interest on their cost and for depreciation. The formation of a steamship company to acquire the vessels whose cost has not been capitalized, to charter or lease those purchased with the proceeds of securities, and to provide means for the construction or purchase from time to time of additional vessels of a suitable type to maintain the character of the fleet and to strengthen its earning power, is receiving some consideration.

Most of the company's hotels are yielding a fair return, but some of them provided as necessary accessories to tourist traffic during the summer are operated at a loss. However, on the whole your hotel system is reasonably profitable, and hereafter the net profits, which have been used in the past for additions and improvements, will be treated as special income.

Legacies that came to you with acquired lines, the utilization of coal lands, and other circumstances have involved you in a number of enterprises that do not ordinarily come within the province of a railway company. There are mining, smelting and water power interests, of considerable values as compared with what they cost, from which revenue in the current year will be approximately $250,000; coal mines at Bankhead, Hosmer and Lethbridge, from which you received in the year upwards of $300,000, and lumber mill at Bull River, B.C., where ties and timber are manufactured for the company's use, a doubtful commercial enterprise excepting in so far as it serves to keep prices within reasonable bounds.

Railway companies in the United States are required to segregate their railway earnings proper and their income from other sources, and, while there is as yet no similar legal requirement in Canada, we have, as you know, recently made such a change in our system of accounting as to practically conform to the practice of other railway companies, but we still include in the earnings of the railway the returns from commercial telegraph system and our Pacific Coast steamships. In the next annual report the revenue from these sources will be treated as special income, and, of course, there will be a corresponding reduction in the gross and net earnings of the railway.

To prevent large areas of your land from being purchased and held for speculative purposes, regulations were adopted last autumn limiting sales to actual settlers, and, in order that it may be as easy as possible for settlers to purchase and develop lands, only one-twentieth of the purchase price is required to be paid down, and the balance is spread over 20 years with interest at 6%. This policy should have the effect of bringing your lands under cultivation with increased rapidity, and, while the cash installments will be less than heretofore, the deferred payments carrying interest will yield a larger income.

Your ownership of 6,287,250 acres of land in Manitoba, Saskatchewan and Alberta is mentioned in a footnote to the balance sheet, but it plays no part in your accounts, excepting when the lands are sold. With established conditions in Western Canada and the experience of the last few years there would appear to be no difficulty about determining, with a fair degree of accuracy, the present value of this asset. Of course, as the lands are disposed of and the country becomes more thickly populated the market value of the remaining areas will naturally tend upward, but, in order to be quite on the safe side, let us adopt a figure that is somewhat below the average of the last few years, namely, $14 an acre. On this basis your unsold lands are worth $88,021,500, but you have spent a large sum on irrigation works in the Calgary district, with the result that 500,000 acres of the irrigable land should bring an average of $25 an acre above the price mentioned, or $12,500,000 additional. The unsold Esquimalt and Nanaima lands on Vancouver Island, and your residuary interest in other lands acquired with railway lines constituting a portion of your system, will realize at least $7,000,000. Then you have over 600 townsites, including Vancouver, appraised by the officers of the Land Department at $21,500,000. The present estimated market value of these lands and townsites still belonging to the company is, therefore, $129,021,500.

Your directors have been considering the desirability of conveying these lands, townsites and other interests to a company in exchange for all its capital stock, to be held in your treasury and taken into the balance sheet with your other assets, but a conveyance of that description has its disadvantages, particularly with reference to the lands, and it is probable that the same end may be accomplished by the creation of an investment fund to be administered by trustees or by officers of the company specially designated. In any event your directors will endeavor, before the next annual report is published, to devise some plan for reconstructing the special income account and showing your extraneous assets in more definite and tangible form. Meantime, while the present policy in dealing with your land sales will remain unchanged and the proceeds will be conserved as heretofore, it is felt that the cash proceeds of sales in your townsites, which, last year, amounted to $1,409,747.44, may, with propriety, be taken into special income, to be dealt with as the directors deem best.

The report was unanimously adopted.

It was resolved, that the construction and equipment of the following branch lines and extensions of other branch lines which have been authorized be approved:—

A branch from Gleichen to Shepard, Alta., 40 miles;

A branch from Bassano easterly, Alta., 118 miles;

A branch from Snowflake, Man., westerly, 9 miles;

An extension northerly of the Selkirk Branch, Man., 26 miles;

An extension westerly of the Weyburn-Lethbridge Branch, 240 miles.

An extension northwesterly of the Suffield Southwesterly Branch, 27 miles;

An extension northwesterly of the Swift Current Northwesterly Branch, Sask., 175 miles,

and for the purpose of aiding the construction and equipment of the said branch lines and extensions of branch lines, the directors