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CANADIAN NATIONAL RAILWAYS

(Prepared in the CN Public Relations Office, Ottawa.)

Canadian National is today one of the great transportation and communications companies of the world. It is the largest industrial enterprise in Canada in its total assets — \$4.9 billion. It has 82,000 employees and is one of the top five companies in Canada in gross annual revenues — \$1,405.8 million last year.

It is wholly Canadian and dedicated to the interests of Canada.

The history of CN goes back 128 years, to 1836, when the first railway service in Canada was begun between Laprairie and St. John's, Quebec. CN came into being because the vision of Canada's great railway pioneers of the nineteenth century and the early twentieth century far exceeded the resources and traffic available to finance the great transcontinental systems that were being built.

When, with the outbreak of the 1914-1918 war, foreign sources of financing available to Canada dried up, several of the country's smaller railroads were threatened with bankruptcy. To prevent embarrassment to the financial institutions of Canada and its credit position, the Federal Government took over the ownership and operation of the lines that were in danger of failing.

A proprietary Crown corporation, to be called Canadian National Railways, was set up. The properties were handed over to the company with instructions to operate "as one united system, on a commercial basis, under their own politically-undisturbed management, on account of and for the benefit of the people of Canada".

Birth of CN

Canadian National came into being in the autumn of 1922. In that first year, the managing board of the new company had to face a loose agglomeration of five railroads, with 22,000 miles of track, built for competition, much of it overlapping. The task ahead was that of unifying and integrating this huge, unwieldy system, rebuilding the sagging morale of the thousands of employees inherited from the old systems and earning respect for the new company.

Sir Henry Thornton, the man chosen to head the new company, was American by birth and British by adoption, with a phenomenal reputation for the successful and efficient operation of railroad

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systems. His personality dominated the first decade of CN's existence, and his confidence in the eventual success of the publicly-owned company proved to be justified.

In five years, Sir Henry's policies succeeded in vitalizing and integrating the system, giving it a reputation for efficient service and showing its capacity to produce a substantial net revenue. There were other noteworthy accomplishments in those days as well. CN pioneered radio broadcasting in Canada and developed and operated the first diesel locomotive to be used in North America.

It started a West Indies steamship passenger service, built Jasper Park Lodge — a summer resort hotel — and a cross-country chain of year-round hotels, and laid out the first plans for a Montreal terminal development.

The company survived, though only just, the financial and business crises of the Depression and went on to provide outstanding service during the Second World War. In 1944, operating revenues were three times those of the worst Depression year. The formidable task of the CN had been accomplished in a country with the lowest freight-rate a ton mile in the world, except for Japan.

Modernization Canadian National became the first major Canadian railway to be completely dieselized, and now possesses a fleet of more than 2,200 diesel-electric locomotives. The system also has more than 108,800 freight-cars, many of which are designed to carry specific products. In addition, CN has 1,700 units of passenger equipment in service.

CN's main transcontinental track is under centralized traffic control. This increases operating efficiency and adds to the already enviable safety record of railway transport.

Great strides in modernization have been made in the marshalling of trains in CN's automatic electronic freight-classification yards at Moncton, Montreal, Toronto, Winnipeg and Edmonton. Significant improvements in the use of freight-cars and diesel engines have also become possible with the introduction of new computerized information systems to assist in freight-car distribution and with the centralization of motive-power control in Montreal.

Variety of services Canadian National is a rail-centred transportation company, moving goods, people and messages in a variety of ways.

The company operates more than 33,500 miles of track, including lines into the industrial heartland of the United States. To augment this system, and to provide door-to-door service for its shippers, CN also maintains a large truck fleet and a fleet of piggyback trailers and has enlarged its container operations.

CN operates, for the federal Ministry of Transport, East Coast ferry services between New Brunswick and Prince Edward Island, between the State of Maine and Nova Scotia, and between Nova Scotia and Newfoundland. It operates a coastal service to Newfoundland outports and to communities on the Labrador coast.

In addition, CN operates rail-car ferries across the Great Lakes, a barge service for freight-cars from British Columbia to Alaska and a West Coast cruise-ship.

The company provides a wide range of rail passenger services, owns hotels in eight Canadian cities and a resort in the Rockies and is building the tallest self-supporting structure in the world, CN Tower, in Toronto to handle extensive communications services.

CN Telecommunications, through its modern microwave systems, provides transmission facilities from coast to coast for handling computer and business-machine data, stock-exchange quotations, facsimile weather-maps, Telex, television and radio networks, custom-designed teletype systems, the Canadian link in the Commonwealth communications system, local and long-distance telephone service and strategic communications requirements for national defence.

Finances In 1972, total gross revenues of CN rose to \$1.4 billion, while net profit before interest stood at \$48.3 million. A heavy interest burden of \$66 million, stemming mainly from the conditions under which the company was founded, produced a deficit of \$17.8 million, the lowest since 1956. The net profit was \$4.1-million greater than the previous year and the total deficit was \$6.5-million smaller.

Railway operating revenues during 1972 were \$1.3 billion, an improvement of \$117 million over 1971. Operating expenses rose by \$114 million to \$1.2 billion.

In 1972, CN moved 115.3 million tons of freight, reflecting a gain of 5.4 per cent over the previous year.

Passenger-service revenues were \$66.8 million in 1972, an increase of 3.9 per cent over 1971.

Freight services CN has made considerable progress in redeploying regional marketing forces to take full advantage of new technology and to reach new marketing goals now possible through its computer-based Traffic Reporting and Control System. Marketing managers have been appointed for each of CN's five regions in Canada to attract and maintain the maximum of profitable business.

The TRACS project made it possible for shippers using Telex to obtain instant information from a computer about freight-cars, trailers and containers on CN lines.

Development work has been completed on CN's Waybill Information Network to reduce the paper work associated with the production of waybills. A door-to-door export bill of lading has been developed as a step towards rationalizing documentation systems.

Marine services CN operates East Coast ferry services for the federal Ministry of Transport, linking New Brunswick, Prince Edward Island, Nova Scotia, the State of Maine and Newfoundland. In 1972, the services carried 1,667,000 passengers and 631,124 vehicles, a clear indication of the rapid growth of the tourist industry of Atlantic Canada.

CN also owns and operates a cruise-ship on the West Coast. This vessel made 21 sailings last year, carrying 5,200 passengers between Vancouver and Skagway, Alaska.

Passenger services The number of passengers who used CN train services in 1972 was 12,008,500. The average passenger travelled 128.6 miles. The total result, in passenger-train miles operated, was 1.5 billion.

The introduction of new types of passenger equipment, such as club galley, cafe-bar lounge and "dayniter" cars represents a measure by the railway to rationalize the total cost of passenger operations while providing improved standards of service to a large segment of the Canadian travelling public.

CN has introduced an experimental Auto-With-You plan between Toronto and Edmonton, which permits a passenger to take his automobile with him on the train.

CN and CP Rail have been formulating plans, at the direction of the Canadian Transportation Commission, for the rationalization of transcontinental and Maritime passenger services to provide more economical rail-passenger service tailored to the needs of the Canadian travelling public.

Telecommunications The vast CN-CP Telecommunications network is one of the world's largest, linking every corner of the country with more than 3,000,000 circuit miles of communications facilities.

In addition, CN-CP Telecommunications microwave system, a super high-frequency radio-beam network, continuously flashes complex business data, pictures, messages and voice calls back and forth across the country at the speed of light.

Business communications services include Telex, Data Telex, broadband exchange service, private wire services, Tel-Tex, telemetering for supervisory control of remote operations, a facsimile service, computer message and data-switching service, telegram and cablegram services and local and long-distance telephone services in Newfoundland, the Yukon, the Northwest Territories and northern British Columbia.

Hotels CN Hotels owns or operates hotels in eight Canadian cities and owns a resort in Rockies. The company is actively considering expansion in other cities across Canada in co-operation with private enterprise.

Revenues of CN-operated hotels were \$23.9 million in 1972, an increase of \$1.7 million, or 7.4 per cent, over 1971.

Real estate CN has valuable real-estate holdings in many Canadian cities, which it develops in co-operation with private enterprise. The most spectacular has been the Place Ville Marie development in Montreal. There are now eight large office buildings, including the 42-storey Royal Bank of Canada building, the 1,200 room Queen Elizabeth Hotel and Place Bonaventure, a trade and exhibition centre with the largest facilities of its kind in Canada and a 400-room penthouse hotel built around an enclosed roof-garden.

Planning is continuing for a joint CN-CP 190-acre Metro Centre project in Toronto. The first stage of that development will include a new rail-corridor, an integrated transportation centre, 1,000,000 square feet of commercial-office space and approximately 2,000 residential units.

A wholly-owned subsidiary, CN Tower Limited, has been incorporated to build, own and operate a tower as an element of the Metro Centre project. In addition to various communications transmission facilities, the tower will include, in a skypod between the 1,100-foot and 1,200-foot levels, a 360-seat revolving dining-room, a lounge, indoor and outdoor observation decks, a snack bar and display areas. The 1,805-foot tower will be the tallest self-supporting structure in the world.

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