ENRY THORNTON'S UAL REPORT SHOWS HOW RAILWAY MANAGED

(continued from page one)

grain usually engenders noticeably lacking. Move- was also to some extent ted by the disposition to hold grain in the coun- creating an unusual condi- and one which business in al had not anticipated."

In connection with the consid- ion of the gross earnings of system Sir Henry Thornton it appropriate again to re- to the freight rates situation Canada. In reference to this says:

"As was pointed out in last s report, continued reduc- in freight rates will in- bly postpone the day when ational system will become supporting. The recent de- with respect to what is as the 'Crow's Nest agree- has established a condi- which is serious to all portation interests of Can- It is earnestly to be hoped during the ensuing year solution of the difficulty be found which will have gard to the interests of all parties concerned."

Operating Expenses

With reference to the expendi- of money for operating pur- during the year the follow- items are listed as among the important by the report: intenance of way and struc- expenses were reduced 79,94 and while this re- nts a reduction of 1.65 per it is noted that reductions proportional to the in- in earnings were made in ay maintenance, track lay- and surfacing, while the of removal of snow and ice reduced by 35 per cent due less severe winter weather. intenance of equipment ex- s were reduced by $4,203,- or by 8.06 per cent. To a extent repairs to motive and freight train cars reduced by decreased usage to less traffic handled was, however, a reduction cost of locomotive repairs portional to the reduction in age made. Notwithstanding reductions the system's power was fully main- Adequate provision was in the accounts for all of equipment retired from and ordered scrapped.

ransportation Expenses

reduction made in trans- ion expenses amounted to 37,416.98. This group of ses covers chiefly yard, and station services and duction amounted to 71.15 ent of the reduction made total operating expenses. the decrease in the total ing revenue was 6.93 per the reduction in transporta- xpenses was 6.49 per cent. improvement in the rela- p of transportation ex- to gross earnings in 1923 ssisted by an increase of 0 million dollars in gross gs, whereas in 1924 the e was made in the face of ease of 17 1-2 million dol- gross earnings. This will ognized as a very favorable ng and one that could not been effected except by lanned and sustained ef- n the part of all concerned. ecting the reduction in portation expenses, better loading played an import- rt. While density of traf- creased by 10.23 per cent l train mileage was re- by 12.51 per cent and the e freight train load (in- g mixed trains) increased 502 tons in 1923 to 517 in 1924. Some benefit ac- from the slightly lower e cost of fuel, but the r part of the saving came its more economical use he saving in freight train already mentioned.

Traffic Expenses

ffic expense increased by 9,823,16 but the total ex- ure under this heading was than 3% of the gross earn- In order to continue the ssive policy of solicitation as found necessary to then representation at var- points. A more aggressive in advertising was car- out. The Canadian National ng and exhibit at the Brit- mpire exhibition at Wemb- ere special features of this from which material re- should result.

neral expenses in the aggre- were reduced to the extent 29,556.47 or by 5.33 0|0. bstantial saving in the staff of the accounting department was made possible by the co-ordination of accounting and auditing work.

Income Items

Examinations of the income statement shows that the items of railway tax accruals increased by $768,675.23.

A reduction of $2,182,991.98 is shown in the debit balance for hire of freight train cars. Less money was tied up in materials and supplies at the end of the year than at the end of 1923, and all collection items were on a better basis, showing reductions from the previous year. Active consideration has been given to the policy to be followed with respect to the capitalization of the system and the extent to which if at all advances made and capital held by the government should be written down to a figure commensurate with the earning prospects of the property. The problem is proving both difficult and complicated, but it continues to engage the attention of the Board and Financial department of the company. It is hoped that before much time elapsed it will be possible to present to the proper authorities a consistent scheme for consideration. Of the $56,527,000 voted by parliament for the fiscal year ending March 31, 1925, $10,000,000 was received in cash by the company and two issues of guaranteed securities were made as follows:

$20,000,000.00 four per cent, three year's gold notes dated July 1, 1924 and $26,000,000.00 four and one half per cent thirty year gold bonds, dated September 15, 1924.

As of July 1, 1924 an issue was made of $9,375,000 four and one half percent equipment Trust Certificates Series "H" secured by $12,500,000 worth of new equipment.

The funded debt retirements during the year were:

Five and one half per cent five year Canadian Northern Railway secured notes, $6,000,000.00.

Six per cent five year Canadian Northern collateral trust gold notes, $4,349,000.00.

Equipment Trust Certificates of various issues, $5,063,400.00.

Payments under various sinking funds and sundry retirements $99,573.30.

Total, $15,511,973.30.

Traffic Movement

Revenue freight tonnage decreased by 8.29 0|0 namely 4,749,724 tons represented partly by a decrease of two and one half million tons of bituminous coal and one half million tons of anthracite coal. Additional decreases in tonnage were as follows: wheat 691,206 tons; sawn lumber, timber, etc. 561,609 tons; iron ores 278,733 tons; dimension stone 260,382 tons. In the manufacturer class the tonnage of iron and steel commodities showed heavy decreases totalling 770,440 tons, automobiles and auto trucks 115,538 tons; unclassified manufactures and miscellaneous merchandise, 684,291 tons.

Partially compensating increases were recorded in road making material of 834,412 tons and cement of 95,778 tons.

Carloads of grain moved to Vancouver for export totalled 45,248 as compared with 6,981 carloads in 1923.

The movement of livestock to Winnipeg and the East showed a good development and the cattle trade in the western provinces was reported at the end of the year as in promising condition.

The number of passengers declined from 23,683,781 to 22,707,880 or by 4.12 per cent. The average journey declined slightly from 61.09 miles to 60.43 miles and the revenue per passenger per mile declined from 2.715 cents to 2.713 cents.

During the year 12 more self propelled cars were put into service and at the end of the year there were in service 13 storage battery cars, 8 gasoline motor cars and three steam unit cars.

Express earnings showed a decrease of 2.46 per cent from those for the year 1923. This is accounted for mainly by the general business depression and partly by close season on halibut shipments from Prince Rupert established by treaty with the United States and effective for about six weeks prior to the end of the year; also partly by expedited freight service available between various points.

Betterments

During the first two years of the consolidation it was necessary to make substantial expenditures in various ways. Reference to this was made in last year's report. Further general expenditures had to be made during the past year to bring the standard of the properties nearer to what is desired. Now that the position referred to has been reached, the attention of the directors will be to avoid or postpone for so long as may be adviseable any capital expenditures which are not essentially needed. Certain additional capital expenditures were authorized by the Dominion parliament in 1924, and will be made during the present year. These include branch line construction and also that part of the Toronto viaduct cost chargeable to the National Railways.

Land Sales

During the year 1924, 55,450 acres of land were sold at an average price of $14.29 per acre amounting to $792,152 as compared with 61,994 acres sold in 1923 at an average price of $15.66 per acre amounting to $970,952.

Cancellations of purchase contracts during the year represented 39,295 acres as compared with 59,190 acres in 1923.

Wages and Labor

Friendly relations were maintained with employees during the past year. The supply of common labor remained plentiful and there was no general change in rates or conditions although rates were somewhat lower in south western Ontario than during 1923.

Purchases and Stores

Additional storehouses have been erected with modern facilities for the proper housing and handling of materials. It is expected by the continued improvement of store keeping methods and constant supervision, that further substantial reductions in stores and stocks will be obtained. During the year a new reclamation dock and plant was erected at Transcona, Manitoba, and with the concentration at that point for reclamation of used materials on Western lines considerable savings are expected.

Insurance

The Self-Insurance Fund after payment of or provision for losses was increased during the year by $1,437,475. The total of the fund at the end of the year was $4,074,153. This amount does not include anything in respect of marine insurance which will be referred to in the report of the Canadian Government Merchant Marine. The total fire losses were $420,250 as compared with $679,050 during 1923.

Colonization and Development

During the past year efforts were made to obtain land settlers not only from the British Isles but also from other European countries particularly Norway, Sweden, Denmark and Holland. Additional branch agencies have been opened at Oslo, Copenhagen and Rotterdam. Educational courses in agriculture were inaugurated with the object of enabling intending settlers to become familiar with agricultural methods in Canada before migrating.

"From time to time," says the report, "and particularly during the past two years reference has been made on various occasions to the need of immigration. The whole future of Canada and of the railway systems in Canada depends upon increased population and upon the increased traffic which would result therefrom. As compared with what might be done to bring about the desired result, the efforts made in the past might be somewhat spasmodic and unorganized. If there is to be real success the matter will have to be handled otherwise in the future. The Dominion as a whole, the provinces individually, the railways and all other business organizations are, each of them, interested. The problem is of sufficient magnitude and importance to justify in its solution the employment of the most capable and energetic

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