

SECOND ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF

The Canadian Northern Railway Company



For the Year Ended 30th June, 1904

TORONTO, OCTOBER, 1904

GENERAL OFFICERS

| | |
|-----------------------------|--|
| MR. WILLIAM MACKENZIE . . . | <i>President</i> |
| MR. D. D. MANN . . . | <i>Vice-President</i> |
| MR. D. B. HANNA . . . | <i>Third Vice-President</i> |
| MR. Z. A. LASH, K.C. . . . | <i>Chief Solicitor</i> |
| MR. A. W. MACKENZIE . . . | <i>Treasurer</i> |
| MR. W. H. MOORE . . . | <i>Secretary</i> |
| MR. E. A. JAMES . . . | <i>Manager</i> <i>West of Port Arthur</i> |
| MR. GEO. H. SHAW . . . | <i>Traffic Manager</i> |
| MR. M. H. MACLEOD . . . | <i>Chief Engineer</i> |

LONDON (ENGLAND) OFFICES

BOND COURT, WALBROOK, LONDON, E. C.

MR. H. MALCOLM HUBBARD . . . *Local Secretary*

CANADIAN NORTHERN RAILWAY COMPANY

Second Annual Report of the Directors

SUBMITTED TO THE SHAREHOLDERS OF THE COMPANY AT THE
ANNUAL GENERAL MEETING HELD AT THE COMPANY'S
OFFICES IN TORONTO ON TUESDAY, THE 4TH
DAY OF OCTOBER, 1904.

To the Shareholders :—

The result of the Company's operations for the
fiscal year ended 30th June, 1904, are as follows :

GROSS EARNINGS.

| | |
|---|-----------------------|
| From Passenger Traffic | \$ 516,808.11 |
| From Freight Traffic | 2,412,383.51 |
| From Express, Mail, Telegraph, Dining and Sleeping Cars, in- cluding profits from Elevators and other Subsidiary Companies | 313,511.07 |
| | <u>\$3,242,702.69</u> |

OPERATING EXPENSES.

| | |
|-------------------------------------|-----------------------|
| (65.40 per cent. of Gross Earnings) | <u>\$2,120,772.43</u> |
| Net Earnings | \$1,121,930.26 |
| Fixed Charges | <u>\$ 805,528.55</u> |
| Surplus for the year | <u>\$ 316,401.71</u> |

The Gross Earnings from all sources for the year show the substantial increase of \$793,123.36, or 32.4% in excess of last year's Gross Earnings. The Net Earnings show an increase of \$261,644.40, or 30.4% compared with the previous year's Net Earnings.

In common with other railway companies operating in Canada, your directors had to contend with an unusually severe winter, which abnormally increased the working expenses. Notwithstanding this, however, the Operating Statement shows, that compared with the previous year, the cost of operating was increased by only one half of one per cent.

As anticipated by your Directors, the acquisition of the various subsidiary companies has been amply justified by the results during the year, the net revenue having been more than sufficient to meet the interest charges.

Reference was made in the previous annual report to the desirability of completing the main line to Edmonton in time to participate in the movement of the crop of 1904. Owing, however, to the general prosperous condition of the country, and a shortage of labor due to the demand in every other industry, it has been found impossible to complete it within the expected time. The work is progressing at a rapid rate and your Directors have every expectation that the line will be finished and ready for operation to Edmonton in time for the movement of the crop of 1905.

The construction of the branch lines in Manitoba was retarded from the same cause referred to in the preceding paragraph, but a large addition to the mileage of the road will be ready for operation this fall,

and your Directors are confident from their own knowledge of the districts served by these lines that a profitable traffic is assured.

Immigration to districts tributary to your Company's lines has been of the most satisfactory kind. The increase in the number of homestead entries, and the purchase of lands by colonization parties is very large compared with any previous year. Your Directors, therefore, have in contemplation the construction of further branch lines, which will have the effect of encouraging settlers to bring their lands under immediate cultivation to a greater extent than would otherwise be done if such lines were delayed for any length of time.

The business conditions prevailing throughout the Dominion, and particularly in Western Canada served by your railway, are such that your Directors have every hope that in the coming year they will be able to show a substantial increase in gross earnings from every source, over the year just closed.

WM. MACKENZIE,
President.

To the BOARD OF DIRECTORS

Herewith I beg to submit the Accounts of the Company, together with the various Statements of Operations for the fiscal year ended 30th June, 1904.

D. B. HANNA,
Third Vice-President.

CONDENSED GENERAL

At June

To COST OF RAILWAY AND EQUIPMENT . . . \$40,339,489.42

GENERAL ASSETS.

The Minnesota & Ontario Bridge Co.

4½ per Cent. First Mortgage Deben-
ture Bonds \$180,000.00
Capital Stock 100,000.00

The Minnesota & Manitoba R.R.

5 per Cent. General Mortgage Bonds 250,000.00
Capital Stock 400,000.00

The Lake Superior Terminals Co. Limited

5 per Cent. Mortgage Gold Bonds 1,000,000.00
Capital Stock 500,000.00

The Canadian Northern Telegraph Co.

5 per Cent. General Mortgage Bonds 300,000.00
Capital Stock 500,000.00

The Winnipeg Land Co. Limited

5 per Cent. First Mortgage Gold
Bonds 300,000.00
Capital Stock 100,000.00
\$3,630,000.00

Taken to account at the actual cost to

the Company 1,946,666.66

OPERATING ASSETS.

To value of Material and Supplies on hand \$402,885.96

“ Due from Agents and Companies,

Traffic Balances, &c. 893,448.39

1,296,334.35

\$43,582,490.43

BALANCE SHEET

30th, 1904.

| | |
|--|-----------------|
| By CAPITAL STOCK | \$25,750,000.00 |
| “ FOUR PER CENT PERPETUAL CON- SOLIDATED DEBENTURE STOCK .. | 1,946,666.66 |
| “ MORTGAGE BONDS | |
| First Mortgage Bonds at 4 per cent. (a small amount standing at 4½ per cent. not having been exchanged) | 10,841,313.33 |
| “ CAR TRUST OBLIGATIONS .. | 3,180,356.26 |

CURRENT LIABILITIES.

| | | |
|--|--------------|--------------|
| Unpaid Pay Rolls | \$170,481.48 | |
| Unpaid Audited Vouchers | 349,439.60 | |
| Due to other Companies | 705,064.75 | |
| Accrued Interest on Bonds, &c., to date | 91,554.39 | |
| | | 1,316,540.22 |
| Surplus | | 547,613.96 |

\$43,582.490.43

DETAILS OF FIXED CHARGES FOR YEAR ENDED 30th JUNE, 1904

First Mortgage Bonds

GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE GOVERNMENT OF MANITOBA

| AMOUNT. | DATE OF ISSUE. | ANNUAL CHARGE. |
|--------------|----------------------|----------------|
| £ 205,400 | 1st August, 1896 | \$ 39,984.52 |
| £ 290,900 | 1st February, 1899 | \$ 56,628.52 |
| £ 177,300 | 1st February, 1899 | \$ 34,514.40 |
| £ 44,700 | 1st November, 1900 | \$ 8,701.60 |
| £ 72,000 | 6th July, 1900 | } \$231,575.46 |
| £1,108,600 | 30th September, 1901 | |
| \$ 1,600,000 | 1st April, 1903 | † \$ 60,000.00 |
| | | \$431,404.50 |

Perpetual Consolidated Debenture Stock

| | | |
|-----------|-----------------|---------------|
| £ 400,000 | 30th June, 1903 | * \$76,406.65 |
|-----------|-----------------|---------------|

Leased Lines, Etc.

| | |
|--|--------------|
| Northern Pacific and Manitoba Railway, | \$210,000.00 |
| Minnesota & Manitoba Railroad, | \$13,960.00 |
| Interest on Equipment Leases, | \$73,757.40 |
| | \$805,528.55 |

† Part, Half year's interest only.

* For part of year only.

GROSS EARNINGS, OPERATING EXPENSES AND NET EARNINGS

COMPARED WITH THE PREVIOUS FISCAL YEAR.

Gross Earnings

| Per Cent. | 1902-03 | Class | 1903-04 | Per Cent. |
|-----------|----------------|---------------|----------------|-----------|
| 15.88 | 389,170.94 | Passenger | 516,808.11 | 15.94 |
| 77.42 | 1,896,378.87 | Freight | 2,412,383.51 | 74.40 |
| 00.36 | 8,715.86 | Mails | 13,948.31 | 00.43 |
| 00.87 | 21,408.42 | Express | 28,717.69 | 00.89 |
| 05.47 | 133,905.24 | Miscellaneous | 270,845.07 | 08.34 |
| 100. | \$2,449,579.33 | TOTAL | \$3,242,702.69 | 100. |

Operating Expenses

| Per Cent. | 1902-03 | Class | 1903-04 | Per Cent. |
|-----------|----------------|--------------------------------------|----------------|-----------|
| 21.47 | 341,130.29 | { Maintenance of Way & Structs. } | 476,930.01 | 22.49 |
| 13.57 | 215,695.78 | { Maintenance of Equipment } | 296,334.84 | 13.97 |
| 52.74 | 838,268.02 | { Conducting Transportation } | 1,174,932.52 | 55.41 |
| 12.22 | 194,199.38 | General Expenses | 172,575.06 | 8.13 |
| 100. | \$1,589,293.47 | TOTAL | \$2,120,772.43 | 100. |

Summary of Earnings and Expenses

| Per Cent. | 1902-03 | Class | 1903-04 | Per Cent. |
|-----------|----------------|--------------------|----------------|-----------|
| 64.88 | \$2,449,579.33 | Gross Earnings | \$3,242,702.69 | |
| 35.12 | \$1,589,293.47 | Operating Expenses | \$2,120,772.43 | 65.40 |
| | \$ 860,285.86 | Net Earnings | \$1,121,930.26 | 34.60 |

DESCRIPTION OF FREIGHT CARRIED

| | | For Year ended June 30th. | |
|--|----------------------|---------------------------|-------------|
| | | 1903 | 1904 |
| Flour | Sacks(100 lbs. each) | 332,096 | 282,214 |
| Grain | Bushels | 12,367,110 | 9,992,195 |
| Cattle, Hogs and Sheep | Head | 16,829 | 17,790 |
| Horses and Mules | Head | 6,946 | 7,398 |
| Logs and Lumber | Feet | 85,551,000 | 117,517,000 |
| Cordwood | Cords | 111,748 | 171,714 |
| Agricultural Implem'ts | Cars | 1,145 | 1,028 |
| Binder Twine | Tons | 1,937 | 1,346 |
| Apples | Barrels | 32,662 | 47,806 |
| Fish | Tons | 4,784 | 4,619 |
| Hardware, all kinds | Tons | 24,536 | 24,664 |
| Immigrants' Effects | Cars | 735 | 1,113 |
| Building Material(Lime, Stone, Brick, Sand, etc.) | Cars | 1,612 | 2,602 |
| Manufactured Articles | Tons | 173,379 | 262,973 |

PASSENGER, FREIGHT AND MISCELLANEOUS STATISTICS

FOR 12 MONTHS ENDED 30TH JUNE, 1903-4

| | 1902-3 | 1903-4 | Increase | Per Cent. |
|--|---------------------|---------------------|-------------------|--------------|
| PASSENGER TRAFFIC. | | | | |
| Number of Passengers carried..... | 281,801 | 358,133 | 76,332 | 27.09 |
| Number of Passengers carried one mile | 16,733,608 | 21,836,407 | 5,102,799 | 30.49 |
| Earnings per Passenger per mile. Cts | 2.320 | 2.367 | 0.47 | 02.03 |
| Earnings per Traffic Train mile...\$ | 92.58 | 86.70 | 45.88 | 06.35 |
| Total Passenger Earnings.....\$ | 419,295.22 | 559,474.11 | 140,178.89 | 33.43 |
| FREIGHT TRAFFIC. | | | | |
| Number of Tons carried..... | 901,608 | 1,109,585 | 207,977 | 23.07 |
| Number of Tons carried one mile.... | 251,342,113 | 294,498,675 | 43,156,562 | 17.17 |
| Earnings per Ton per mile.....Cts. | 0.786 | 0.819 | 0.033 | 04.19 |
| Earnings per Traffic Train mile...\$ | 1.91.52 | 2.29.15 | 37.63 | 19.64 |
| Total Freight Earnings.....\$ | 1,896,378.87 | 2,412,383.51 | 516,004.64 | 27.21 |
| PASSENGER AND FREIGHT. | | | | |
| Gross Earnings per mile of Road...\$ | 1,918.23 | 2,402.71 | 484.48 | 25.25 |
| Operating Expenses per mile of Road.....\$ | 1,244.55 | 1,571.40 | 326.85 | 26.26 |
| Net Earnings per mile of Road...\$ | 673.68 | 831.31 | 157.63 | 23.40 |
| Amount required per mile of Road to pay Fixed Charges, including Leased Lines.....\$ | 499.35 | 596.86 | 97.51 | 19.53 |
| TRAIN AND CAR MILEAGE. | | | | |
| Mileage of Passenger Trains.. Miles | 452,891 | 645,253 | 192,362 | 42.47 |
| Mileage of Freight Trains.... Miles | 990,174 | 1,052,733 | 62,559 | 06.32 |
| EXPENSES PER TRAFFIC TRAIN MILE | | | | |
| Maintenance of Way and Structures.....Cts. | 23.64 | 28.09 | 04.45 | 18.82 |
| Maintenance of Equipment.....Cts. | 14.95 | 17.45 | 02.50 | 16.72 |
| Conducting Transportation.....Cts. | 58.09 | 69.19 | 11.10 | 19.11 |
| General Expenses.....Cts. | 10.62 | 10.16 | 20.46 | 04.33 |
| Total.....\$ | 1.07.30 | 1.24.89 | 17.59 | 16.40 |

EQUIPMENT

at 30th June, 1904

| | |
|---|-------|
| Locomotives | 98 |
| Sleeping Cars | 3 |
| First Class Coaches | 15 |
| Tourist Cars | 2 |
| Second Class Coaches | 17 |
| Combination Coach and Baggage | 4 |
| Baggage, Mail and Express Cars | 9 |
| Coach and Diner | 1 |
| Dining Car | 1 |
| Business Cars | 3 |
| Refrigerator Cars | 9 |
| Box Cars | 2,570 |
| Stock Cars | 74 |
| Flat Cars | 920 |
| Conductors' Vans | 45 |
| Boarding, Tool and other Auxiliary Cars | 63 |
| Steam Shovels | 2 |

MILES OF RAILWAY

The total number of miles of railroad owned and operated, including leased lines, at the close of the fiscal year was **1,349.6** miles, made up as follows :

Main Line

| | | |
|-----------------------------------|-------|-------|
| Port Arthur to Winnipeg | 438.6 | |
| Winnipeg to Grand View | 207.3 | 645.9 |
| | | |

Branches

| | | |
|------------------------------------|--|------------------|
| Stanley Jct. to Gunflint | | 66.9 |
| Emerson Branch | Portage Jct. to International Boundary | 62.7 |
| Brandon Branch | Morris to Brandon | 145.3 |
| Hartney Branch | Hartney Jct. to Hartney | 50.8 |
| Carman Branch | Carman Jct. to Leary's | 63.1 |
| Delta Branch | Delta Jct. to Delta | 14.8 |
| Neepawa Branch | Neepawa Jct. to McCreary Jct. | 70.4 |
| Prince Albert Branch | Gilbert Plains Jct. to Erwood | 190.7 |
| Winnepegosis Branch | Sifton Jct. to Winnipegosis | 21.2 |
| Ridgeville Branch | Emerson to Ridgeville | 11.6 |
| Winnipeg Transfer Tracks | | 6.2 |
| | Miles | 703.7 1,349.6 |

Located as Follows

| | |
|----------------------------------|---------|
| Province of Ontario | 353.7 |
| Province of Manitoba | 930. |
| North West Territories | 22.2 |
| State of Minnesota | 43.7 |
| | 1,349.6 |