

THIRD ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF

The Canadian Northern Railway Company



For the Year Ended 30th June, 1905

TORONTO, OCTOBER, 1905

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>
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	<i>Local Secretary</i>
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CANADIAN NORTHERN RAILWAY COMPANY

Third 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 SATURDAY, THE
4TH DAY OF NOVEMBER, 1905.

To the Shareholders :—

The result of the Company's operations for the fiscal
year ended 30th June, 1905, are as follows :

GROSS EARNINGS.

From Passenger Traffic.....	\$ 663,935.85
From Freight Traffic.....	3,061,530.77
From Express, Mail, Telegraph, Dining and Sleeping Cars, including profits from Elevators and other Subsidiary Companies.....	464,745.34
	<u>\$4,190,211.96</u>

<u>WORKING EXPENSES.....</u>	<u>\$2,644,729.64</u>
Net Earnings.....	\$1,545,482.32
Fixed Charges.....	1,128,779.38
Surplus for the year.....	<u>\$ 416,702.94</u>

In submitting the foregoing figures, your Directors are gratified in being able again to report continued and satisfactory progress during the past year. The Gross Earnings show an increase of \$947,509.27 or 29.22 per cent. over the previous year's figures ; and the Net Earnings show an increase of \$423,552.06 or 37.75 per cent. in excess of the figures for the fiscal year ended 30th June, 1904. The Working Expenses were 67.05 per cent. of the Gross Earnings of the Railway proper, and 63.12 per cent. of the Gross Earnings from all sources.

In pursuance of and under the authority of the Shareholders, Four per cent. Perpetual Consolidated Debenture Stock to the amount of £600,000 was sold during the year, and the proceeds applied for the general purposes of the Company.

With a view to consolidate the various issues of Bonds created at different dates, secured on separate sections of the Railway, your Directors, with the consent of the Government of the Province of Manitoba, secured the necessary legislation authorizing the issue of a new Four Per Cent. Consolidated Debenture Bond, guaranteed as to Principal and Interest by the Province of Manitoba. Provision is made for the exchange of the Bonds issued in respect of existing mileage for Bonds of the Consolidated issue at par, and provision is also made for the Guarantee of Principal and Interest of further issues of Bonds at the

rate of \$10,000.00 per mile in respect of the construction of future lines which the Legislature of Manitoba may from time to time approve. The result to the holders of the Bonds on existing mileage is that instead of holding Bonds secured by a charge on a portion of the Company's line, they will, upon making the exchange, hold Four per cent. Consolidated Debenture Bonds, secured by a general charge on the Company's System within the Province of Manitoba. A reference to the statement of Fixed Charges will show that a substantial amount of Bonds has been exchanged.

The physical condition of your Railway has been fully maintained and improved. During the year your Directors found it necessary, in the interest of traffic within the zone of the older parts of the System, to build new stations and sidings, extend the facilities at other stations and industrial sidings, and in other ways enlarge the Company's ability to meet the demands of a rapidly growing country.

The total mileage under operation, as shown in the statement at 30th June, 1905, is 1876.4 miles, and the average mileage operated for the fiscal year was 1586 miles.

Substantial progress has been made towards the completion of the lines to Edmonton and Prince Albert, and your Directors expect by the time the report is placed in your hands, that the rails will be laid to both places. Every effort will continue to be made to complete and

equip the lines in question, so that a permanent service can be established and the fullest advantage taken of moving the traffic ready for the Company without unnecessary delay.

A careful inspection of the country adjacent to the lines referred to has recently been made under the direction of your Directors, and the report received not only sustains previous reports in respect to the high quality and extent of land from which your Railway will draw profitable traffic when settled upon, but confirms the information that the number of settlers already located on lands tributary to the lines is very large, that they are of a superior class, and that the number is increasing daily.

The harvest just recently gathered promises to be the largest in the history of Western Canada, and your Railway is so situated that it will enjoy a substantial share in the movement of the grain to the Lake Port.

Your Directors have again to record the fact that business conditions continue good, and that the returns from the marketing of the crop referred to will enhance these conditions to the material advantage of every interest in Canada.

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, 1905.

D. B. HANNA,
Third Vice-President.

CONDENSED GENERAL

At June

TO COST OF RAILWAY AND EQUIPMENT \$53,533,852.91

GENERAL ASSETS :

The Minnesota & Ontario Bridge Co.	
4½ per cent. First Mortgage Debenture 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
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	\$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	\$351,882.17	
Due from Agents and Companies, Traffic Balances, etc.....	935,176.68	
	<hr/>	1,287,058.85
Cash on hand		374,815.93
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		\$57,142,394.35

BALANCE SHEET

30th, 1905

BY CAPITAL STOCK.....	\$30,750,000.00
“ FOUR PER CENT. PERPETUAL CONSOLIDATED DEBENTURE STOCK	4,866,666.66
“ BONDS.....	15,450,551.93
“ CAR TRUST OBLIGATIONS.....	3,678,362.26

CURRENT LIABILITIES :

Unpaid Pay Rolls.....	\$214,204.09
Unpaid Audited Vouchers.....	443,614.72
Due to other Companies.....	683,123.40
Accrued Interest on Bonds, &c., to date	77,269.56
	—————
	1,418,211.77
Surplus.....	978,601.73

\$57,142,394.35

D. B. HANNA,
Third Vice-President.

DETAILS OF FIXED CHARGES FOR YEAR ENDED 30th JUNE, 1905

Bonds

GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE GOVERNMENT OF MANITOBA

AMOUNT	DATE OF ISSUE	ANNUAL CHARGE
£ 53,100†	1st August, 1896	} \$345,732.13
£ 262,900†	1st February, 1899	
£ 153,700†	1st February, 1899	
£ 6,200†	1st November, 1900	
\$ 101,000†	1st April, 1903	
£1,307,860‡	30th June, 1904	} \$231,575.46
£ 46,300	6th July, 1900	
£1,134,300 ×	30th September, 1901	

GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE DOMINION GOVERNMENT OF CANADA

£ 189,657	29th July, 1903	\$27,690.00
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Perpetual Consolidated Debenture Stock

£ 400,000	30th June, 1903	\$77,866.66
£ 600,000	18th February, 1905	26,604.43*
		\$104,471.09

Leased Lines, Etc.

Northern Pacific and Manitoba Railway, ..	\$210,000.00	
Minnesota and Manitoba Railroad,	13,960.00	
Interest on Equipment Leases,	195,350.70	
		\$1,128,779.38

†To be exchanged at par for Consolidated Debenture Bonds on application by holders.

‡Consolidated.

× Ontario Division

*For part of year only

GROSS EARNINGS, OPERATING EXPENSES AND NET EARNINGS

COMPARED WITH THE PREVIOUS FISCAL YEAR.

Gross Earnings

Per Cent.	1904	Class	1905	Per Cent.
15.94	516,808.11	Passenger	663,935.85	15.85
74.40	2,412,383.51	Freight	3,061,530.77	73.06
00.43	13,948.31	Mails	20,962.58	00.50
00.89	28,717.69	Express	35,199.67	00.84
08.34	270,846.07	Miscellaneous	408,583.09	9.75
100.	\$3,242,702.69	TOTAL	\$4,190,211.96	100.

Operating Expenses

Per Cent.	1904	Class	1905	Per Cent.
22.49	476,930.01	{ Maintenance of Ways & Struct's }	557,260.80	21.07
13.97	296,334.84	{ Maintenance of Equipment }	410,706.89	15.53
55.41	1,174,932.52	{ Conducting Transportation }	1,515,299.72	57.29
08.13	172,575.06	General Expenses	161,462.23	06.11
100.	\$2,120,772.43	TOTAL	\$2,644,729.64	100.

Summary of Earnings and Expenses

Per Cent.	1904	Class	1905	Per Cent.
65.40	\$3,242,702.69	Gross Earnings	\$4,190,211.96	
34.60	2,120,772.43	Operating Expenses	2,644,729.64	63.12
	1,121,930.26	Net Earnings	1,545,482.32	36.88
100.				100.

DESCRIPTION OF FREIGHT CARRIED

		For Year Ended 30th June	
		1905	1904
Flour	Sacks (100lbs. each)	414,824	282,214
Grain	Bushels	9,681,829	9,992,195
Live Stock	Head	20,299	25,188
Logs and Lumber	Feet	141,614,000	117,517,000
Firewood	Cords	176,365	171,714
Fish	Tons	5,770	4,619
Immigrants' Effects	Cars	1,558	1,113
Building Material (Lime, Stone, Brick, Sand, etc.)	Cars	5,968	2,602
Miscellaneous	Tons	459,972	308,347

PASSENGER, FREIGHT AND MISCELLANEOUS STATISTICS

COMPARED WITH THE PREVIOUS FISCAL YEAR.

	1905	1904	Increase or Decrease	Per Cent.
PASSENGER TRAFFIC				
Number of passengers carried	486,591	358,133	128,458	35.87
Number of passengers carried, one mile.....	28,883,378	21,836,407	7,046,971	32.27
Earnings per passenger per mile... Cts.	02.591	02.367	.124	05.24
Earnings per traffic train mile... Cts.	92.61	86.70	05.91	06.81
Total passenger earnings..... \$	748,564.40	559,474.11	189,090.29	33.79
FREIGHT TRAFFIC				
Number of tons carried.....	1,368,896	1,109,585	259,311	23.37
Number of tons carried, one mile...	385,834,234	294,498,675	91,335,559	31.01
Earnings per ton per mile..... Cts.	0.793	0.819	.026	03.17
Earnings per traffic train mile.... \$	2.04.68	2.29.15	.20.47	10.68
Total freight earnings..... \$	3,061,530.77	2,412,383.51	649,147.26	26.91
PASSENGER AND FREIGHT				
Gross earnings per mile of road... \$	2,641.37	2,402.71	238.66	99.33
Operating expenses per mile of road..... \$	1,667.55	1,571.40	96.15	06.12
Net earnings per mile of road... \$	973.82	831.31	142.51	17.14
Amount required per mile of road to pay fixed charges, including leased lines..... \$	711.71	596.86	114.85	19.24
TRAIN AND CAR MILEAGE				
Mileage of passenger trains.....	808,282	645,253	163,029	25.26
Mileage of freight trains.....	1,495,856	1,052,733	443,123	42.09
EXPENSES PER TRAFFIC TRAIN MILE				
Maintenance of way and struc- tures..... Cts.	24.18	28.09	.3.91	13.92
Maintenance of equipment..... Cts.	17.82	17.45	.37	02.12
Conducting transportation..... Cts.	65.76	69.19	.3.43	04.95
General expenses..... Cts.	07.01	10.16	.3.15	31.00
Total..... \$	1.14.77	1.24.89	.10.12	08.10

EQUIPMENT

at 30th June, 1905

Locomotives	106
Sleeping Cars and Dining Cars	7
Passenger Coaches	47
Baggage, Mail and Express Cars	15
Business Cars	5
Freight, Refrigerator and Stock Cars	4,154
Conductors' Vans	58
Boarding, Tool, Auxiliary Cars and Steam Shovels	70

MILES OF RAILWAY

The total number of miles of railway owned and operated, including leased lines, at the close of the fiscal year ended 30th June, 1905, was 1876.4 miles, made up as follows :—

Lake Superior Division (District No. 1)

Port Arthur to Winnipeg.....	438.6	
Stanley Jct. to Gunflint.....	66.9	
		505.5

Central Division (District No. 2)

Portage Jct. to International Boundary.....	62.7	
Morris to Brandon	145.3	
Hartney Jct. to Hartney.....	50.8	
Carman Jct. to Leary's.....	63.1	
Emerson to Ridgeville.....	11.6	
Greenway to Adelpha.....	52.1	
Oak Point Jct. to Oak Point.....	54.0	
Winnipeg Transfer Tracks.....	6.2	
		445.8

Northern Division (District No. 3)

Winnipeg to Gilbert Plains Jct.....	180.8	
Delta Jct. to Delta.....	14.8	
Neepawa Jct. to McCreary Jct.....	70.4	
Gilbert Plains Jct. to Melfort.....	298.6	
Sifton Jct. to Winnipegosis.....	21.2	
Rosburn Jct. to Clanwilliam.....	20.7	
Arizona Jct. to Brandon Jct.....	51.5	
Brandon Jct. to Carberry Jct.....	22.8	
		680.8

Western Division (District No. 4)

Gilbert Plains Jct. to Kamsack.....	97.9	
Kamsack to Humbolt.....	146.4	
		244.3
		1876.4

Located as follows :

Province of Ontario.....	353.7	
Province of Manitoba	1180.54	
Province of Saskatchewan.....	298.46	
State of Minnesota.....	43.7	
		1876.4

Average operated for fiscal year, 1586 miles.