

# **SECOND ANNUAL REPORT**

of the

**BOARD OF DIRECTORS**

of

## **The Canadian Northern Railway System**



**For the Year ended 30th June, 1916**



# CANADIAN NORTHERN RAILWAY SYSTEM

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## BOARD OF DIRECTORS

SIR WILLIAM MACKENZIE .....	Toronto, Ont.
SIR DONALD MANN .....	" "
MR. Z. A. LASH, K.C., LL.D. ....	" "
LT. COL. FREDERIC NICHOLLS.....	" "
MR. R. M. HORNE-PAYNE .....	London, Eng.
MR. R. J. MACKENZIE .....	Toronto, Ont.
MR. E. R. WOOD.....	" "
MR. D. B. HANNA.....	" "
MR. W. K. GEORGE.....	" "
MR. W. J. CHRISTIE.....	Winnipeg, Man.
MR. H. W. RICHARDSON.....	Kingston, Ont.

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## GENERAL OFFICERS

SIR WILLIAM MACKENZIE .....	<i>President</i>
SIR DONALD MANN .....	<i>Vice-President</i>
MR. D. B. HANNA .....	<i>Third Vice-President</i>
MR. Z. A. LASH, K.C., LL.D.....	<i>Senior Counsel</i>
HON. F. H. PHIPPEN, K.C. ....	<i>General Counsel</i>
MR. M. H. MACLEOD.....	<i>Gen'l Mgr., Western Lines</i>
MR. L. C. FRITCH.....	<i>Gen'l Mgr., Eastern Lines</i>
MR. W. H. MOORE.....	<i>Secretary</i>
MR. GERARD RUEL .....	<i>Chief Solicitor</i>
MR. GEO. H. SHAW .....	<i>General Traffic Manager</i>
MR. L. W. MITCHELL .....	<i>Treasurer</i>
MR. LEWIS LUKES .....	<i>Assistant to President</i>
MR. A. J. MITCHELL.....	<i>Assistant to Vice-President</i>
MR. R. C. VAUGHAN.....	<i>Assistant to Third Vice-President</i>
MR. R. P. ORMSBY.....	<i>Assistant Secretary</i>
MR. C. E. FRIEND.....	<i>General Auditor</i>
MR. J. D. MORTON.....	<i>Assistant Comptroller</i>
MR. J. R. CAMERON.....	<i>Assistant General Manager</i>
MR. D. R. CAMPBELL.....	<i>Assistant General Manager</i>
MR. A. E. WARREN.....	<i>Assistant to General Manager</i>
MR. A. E. WILCOX.....	<i>General Superintendent</i>
MR. W. A. BROWN.....	<i>General Superintendent</i>
MR. W. A. KINGSLAND.....	<i>General Superintendent</i>
MR. J. BAIN.....	<i>General Superintendent</i>
MR. E. F. SEIXAS.....	<i>Manager, Electric Lines, etc.</i>

## LONDON (ENGLAND) OFFICES

BOND COURT, WALBROOK, LONDON, E.C.

MR. R. M. HORNE-PAYNE.....	<i>Director representing the Company in Europe</i>
MR. H. W. HARDING.....	<i>Local Secretary</i>



# CANADIAN NORTHERN RAILWAY SYSTEM

## SECOND ANNUAL REPORT

To the Shareholders of  
The Canadian Northern Railway System.

The Board of Directors herewith submit their report for the year 1916, with such statistical tables relating to the railroad as are necessary to a clear understanding of the Company's operations, property, and financial position.

**Digest of Operations:** The results of the Operations of the System for the fiscal year ended June 30, 1916, were as follows:—

<u>Gross Earnings:</u>	
From Passenger Traffic .....	\$ 6,128,470.76
From Freight Traffic .....	26,560,213.12
From Express, Mail, Telegraph, Interest and Profits from Elevators and other Subsidiary Companies, Investment, etc.	2,787,591.18
	<u>\$35,476,275.06</u>
<u>Working Expenses</u> (including Taxes, etc.)....	<u>26,102,744.52</u>
Net Earnings .....	<u>\$9,373,530.54</u>
Deduct—	
Fixed Charges (per statement, pages 20-22) .....	<u>9,621,657.70</u>
Net Loss or Deficit.....	<u>\$248,127.16</u>

**Mileage:** The System had under operation an average of 8,048 miles in 1916, as compared with an average of 7,269 miles, an increase of 779 miles, or 10.72% over 1915.

**Operating Revenues:** The total operating revenues amount to \$35,476,275.06, an increase of \$9,564,168.76, or 36.91% over 1915. The increases in revenue were derived

as follows: passenger traffic, \$717,246.39, or 13.25%; freight traffic, \$8,352,412.60, or 45.87%; mails, \$12,877.97, or 6.05%; express, \$195,064.70, or 30.27%, and miscellaneous traffic, \$286,567.10, or 19.96%.

While a portion of these increased earnings is due to an increased mileage, a substantial improvement has been made in the System's business. This is indicated by the fact that earnings per mile of road for the year were \$4,408.08, as compared with \$3,564.74 for the previous year, an increase of 23.66%.

The System's new mileages on the Pacific Coast and the Northern Ontario Divisions have not yet come into their full earning power, as operation on these divisions was only commenced in the late autumn of last year. It will be realized that time is required for the creation of industries to develop the natural resources of these newly opened-up sections of the country. The System is fortunate in the possession of vast timber, mineral, and agricultural traffic resources on these new lines; and the business from them must be eventually profitable. When the lines were surveyed, the traffic from the development of these resources was foreseen; and it is pleasant to be able to report that actual operations are proving these expectations well-founded.

The British Columbia section, from the commencement, produced each month substantial increases in revenue; and, before the close of the fiscal year, yielded most encouraging revenues. Much of the business offering is from the Pacific Coast to points inland, but a commencement has been made in the marketing of the excellent timber tributary to the line, and in the cultivation of the rich lands in the valleys through which the railway traverses the mountain country. There is a considerable acreage of land suitable for intensive-farming along the Company's line of railway, and its products will find a ready market on the Pacific Coast. The excellent showing made by the mileage in British Columbia, after only seven months of operation, may be well considered an outstanding feature in the year's operations.

The colonization of Northern Ontario has been retarded by the war; but, peculiarly enough, there is a compensating feature in the inordinate demand for paper and its consequent startling increase in costs. The spruce, balsam, and jack-pine woods, suitable for making pulp, and of which there is an abundance tributary to the Company's lines, are finding an immediate market demand. The Provincial Government has offered for sale a large acreage of wood; and the Company, having 2,000,000 acres of land, mostly covered with pulpwood, is undertaking their development. Arrangements are being made for the establishment

of pulp and paper mills in the districts and, in the meantime, large shipments of pulpwood will be made to mills already under operation in the older sections of the country. Mills for the sawing of merchantable timber are also being erected along the Company's lines.

Reference to the tabulated statement of traffic will show that a large part of the System's increase in freight revenue originated from the grain traffic. The System carried 131,978,809 bushels of grain in 1916, as compared with 58,575,520 bushels in 1915, an increase of 73,403,289 bushels, or 125.31%.

Inasmuch as many of the security-holders invested their funds in the Company's undertakings, believing that the heart of the Empire would some day need to draw heavily upon the wheat-fields of the Canadian West, it is with pride that the Directors present these figures, illustrating the extent to which the prairies have been opened up, made productive, and the produce marketable by the Company's railways. There were probably few who thought that the crucial necessity would come so soon; but, having come, it must be considered fortunate that the Canadian Northern System and the country tributary to it were sufficiently developed to take an important part in supplying the Empire's food requirements.

To the preponderance of grain traffic—this commodity being carried at a low rate—is due the decrease in the revenue per ton per mile from 00.831 cents to 00.679 cents, or 18.29%.

It is interesting to note, however, that the average distance a ton of freight was hauled, increased from 204.08 miles to 288.46 miles, or 41.35%, with, of course, a marked advantage in operating results.

The passenger train earnings per train mile increased from 87.409 cents to 93.379 cents, or 6.83%.

The System's passenger and freight earnings, during the year, were affected by the lack of two important terminals which are under construction, but were not completed in time to take care of transcontinental business. It is expected that the tunnel under Mount Royal and a station for the System's business in the heart of Montreal, will be ready for operation in the spring of 1917. The Vancouver terminal is under construction and, it is expected, will be available for the System's business in the summer of 1917. The station at Toronto, which the System will occupy with the Canadian Pacific Railway, has been completed.

The System has also been handicapped by not having a line from Toronto to the Niagara Peninsula, connecting with the railway systems of the United States converging at the Niagara Frontier. When this line is constructed, it

will give the System the further advantage of rail connection with its electric subsidiary line, the Niagara, St. Catharines and Toronto Railway, now serving the important manufacturing district of the Peninsula.

Delays in the completion of these undertakings, without which neither a satisfactory transcontinental business nor an entirely successful Eastern passenger and fast freight business can be possible, have occurred as a result of disturbed conditions of finance resulting from the war; and the Directors, in presenting the Company's report, would emphasize the fact that revenues for the year have been obtained notwithstanding the lack of these much-needed facilities.

**Operating Expenses:** The operating expenses were \$26,102,744.52, as compared with \$19,288,814.42 for 1915, an increase of \$6,813,930.10, or 35.33%. A portion of this increase is due to the operation of a greater mileage and to the expenses incidental to taking over new lines which were operated for only a portion of the year. But, with the heavier traffic, the System was naturally compelled to expend a relatively larger amount in operation, spending for this purpose \$3,243.38 per mile, as compared with \$2,653.57 per mile the previous year.

The System is paying a wage schedule well up to the level of the highest standard. The labor situation in the newer sections of the country has been particularly difficult to meet, but with increasing settlement may be expected to improve.

The weather conditions in the winter period covered by the report were unprecedentedly bad in Northern Ontario and Western Canada, where the System has a large mileage under operation. British Columbia was subjected to a lower temperature and a greater fall of snow than in any time in the previous twenty years. These conditions added substantially to the expense in the cost of operation.

The working expenses for the year were 74.73% of the operating revenue, a reduction of 1.93 compared with last year. Including revenue from all sources of the System, the ratio of working expenses, including taxes, was 73.58%, compared with 74.44% for the previous year.

**Land Department:** During the year under review, according to Government returns, only 51,243 immigrants came into Canada. Immigration on a large scale is not to be expected until after the declaration of peace; and, in the meantime, sales of Western lands are naturally limited. During the year there were sold of the System's lands, 19,443 acres, at an average of \$16.37 per acre, or an aggregate of \$318,248.32. The last year's sale price averaged \$15.53 per acre. There were cancelled, by mutual arrange-

a result of the disturbed conditions of finance, this was found to be impossible. It is hoped, however, that during the present year substantial progress will be made and, as the plans are carried into effect, the beneficial results will become apparent in the earnings of the system.

The prospects for grain tonnage for the coming year are not as good as they were last year, as will be seen by the following statement of the grain yields for the three Prairie Provinces, compiled by our Grain Information Bureau; and, although complete returns are not yet available—threshing still being under way—they may be regarded as approximately correct. The yields are as follows:

Wheat .....	170,500,000	bushels
Oats .....	280,000,000	“
Barley .....	44,500,000	“
Flax .....	6,700,000	“
	<hr/>	
Total .....	501,700,000	bushels

According to these figures, the 1916 crop will be less than the 1915 crop, by about 250 million bushels; but it is necessary to remember in this connection, that:

There remained over from the 1915 crop, in the territory tributary to the System's lines, 38 million bushels of grain, which in all probability will be marketed this year;

The prices realized by the farmers for the 1916 crop, and the unmarketed part of the 1915 crop, are much better than they were a year ago; and the statement which is made to the System's management by an official of the Department of Agriculture for the Province of Alberta that “the net result this year will increase the farmers' income by several million dollars,” is indicative of the generally strong financial position of the grain-growers along the lines of the Canadian Northern Railway in Middle Canada;

While the proceeds derived by the farmers from the 1915 crop were largely required to liquidate past obligations, the returns from the 1916 crop are largely available for the purchases of live-stock, machinery, building material, and general merchandise. Fortunately, the System, having its lines directly connected up with the grain country of Western Canada, the industrial centres of Eastern Canada, and the sea-ports of the Atlantic and Pacific, is in the position to make up the shortage in grain tonnage by a tonnage in general commodities which will be carried at more remunerative rates. The present situation emphasizes the fact that the railway is not as dependent upon grain crop movements as in the past; and, in becoming transcontinental, has acquired a highly diversified traffic.

The following statement of the comparative traffic earnings for the four months succeeding the fiscal year under review, is submitted as evidence of this contention:

GROSS EARNINGS:

	<u>1916.</u>	<u>1915.</u>	<u>Increase.</u>
July .....	\$3,834,200	\$1,961,700	\$1,872,500
August .....	3,684,900	1,983,600	1,701,300
September .....	3,187,900	2,757,000	430,900
October .....	3,716,800	3,678,500	38,300
Totals .....	\$14,423,800	\$10,380,800	\$4,043,000

It will be remembered that in October of 1915 there was a heavy grain movement, and it is pleasing to note that the traffic in other commodities has more than offset the lighter grain movement this year.

The general trade prospects for the next fiscal year are good. For the 12 months ending September 30, 1916, the total export and import trade of Canada, according to Government returns, amounted to 803 million dollars in excess of the corresponding period last year; and, fortunately for the country, the balance of trade is on the right side, exports having exceeded imports by 367 million dollars. The exports for this period were 534 million dollars in excess of the exports for the same period the previous year. Statistics gauging the extent of domestic trade are not available, but if railway tonnage be a measuring gauge—and it is usually accepted as such—the general domestic trade of the country is substantially better than it was a year ago.

There is, naturally, keen speculation as to the future of Canada after the war, and this is increased by the patent fact that a large measure of the country's present prosperity is due to productions for war purposes. While your Directors hesitate to express their views on this matter, they feel assured that the industrial disarrangement through peace will be less serious and of shorter duration than the disarrangement which occurred in 1914 as a result of the war. It must not be forgotten that Canada is essentially a country of the future. Her stock of natural resources remains largely intact. Her vast known mineral wealth is only in the initial stages of development. Her timber resources can be valued in the hundreds of millions of dollars, and will become even more valuable during the world's reconstruction days. Her agricultural resources, which have been the country's mainstay, are still capable of vast development, only one-quarter of the surveyed, arable land being under occupation, and less than one-eighth of it under annual cultivation. The knowledge of these things must

serve to create a spirit of optimism in Canada's future; and a realization that a large portion of these timber, mineral, and agrarian undeveloped resources, now made accessible through the new lines of the System, has convinced your Directors that the System is capable of an immeasurable expansion in earning power.

These things are set forth because your Directors believe there is need for a better understanding of the extent to which the System is prepared to enter into the transportation services of Canada, and in partial explanation of the belief they firmly hold that the ultimate prosperity of the Canadian Northern Railway System is measurable only by the prosperity of the Dominion of Canada.

**New Directors**: During the year three new members were added to the Directorate of the System: W. K. George, of Toronto, Vice-President of the Sterling Bank of Canada; W. J. Christie, a prominent business man of Winnipeg, Man.; and H. W. Richardson, the head of the firm of James Richardson & Sons, grain merchants, of Kingston, Ont.



*H. W. Richardson*  
President

# CONDENSED GENERAL

At 30th

## ASSETS

PROPERTY INVESTMENT—Railway and Equipment at Cost to the System, including discount on Securities of Constituent and Subsidiary Companies and Acquired Securities per Statement on pages 18 and 19 .....		\$494,112,489.34
OTHER INVESTMENTS .....		1,123,393.55
NATIONAL TRUST COMPANY CERTIFICATES— Re Land Grant Bonds, Issue 1899. These Securities held as Collateral to Loans .....		1,657,500.00
TERMINAL AND OTHER PROPERTIES.....		5,922,945.63
LAND ASSETS—		
Deferred Payments and Accrued Interest on Sales .....	\$ 7,140,996.59	
Cash with National Trust Company Account of Land Sales.....	2,408,683.57	
Lands Unsold .....	19,855,485.00	
		29,405,165.16
CURRENT ASSETS—		
Cash held on account of—		
Dominion Government .....	4,471,611.12	
Province of Manitoba .....	239,350.64	
Province of Saskatchewan .....	1,297,306.30	
Province of Alberta .....	3,104,966.24	
Province of Ontario .....	407,487.43	
Province of British Columbia .....	6,403,989.06	
National Trust Company .....	2,279,841.72	
British Empire Trust Company, Trustees Account .....	2,446,383.97	
Sinking Funds .....	248,750.66	
	20,899,687.14	
Value of Material and Supplies on hand....	3,368,924.82	
Due from Agents, Station Balances, etc....	1,446,010.67	
Miscellaneous Accounts Receivable.....	6,050,258.16	
British Admiralty .....	1,226,170.85	
Cash on hand .....	2,354,788.45	
		35,345,840.09
INSURANCE PAID IN ADVANCE.....		682,906.11
ADVANCES BY THE CANADIAN NORTHERN RAILWAY COMPANY TO AFFILIATED COMPANIES .....		10,250,506.37
DEFERRED CHARGES — UNADJUSTED DEBITS — BALANCE .....		246,545.00
		<u>\$578,747,291.25</u>

# BALANCE SHEET

June, 1916

494113  
46269  
447844

## LIABILITIES

CAPITAL STOCK—COMMON.....		\$100,000,000.00
CAPITAL STOCK—AFFILIATED COMPANIES.....	\$75,429,500.00	
Less held in Treasury .....	69,557,400.00	
		5,872,100.00
FIVE PER CENT. INCOME CHARGE CONVERTIBLE DEBENTURE STOCK .....		25,000,000.00
FUNDED DEBT—		
Canadian Northern Railway...Schedule "A"	162,192,440.38	
Affiliated Companies .....Schedule "B"	123,223,824.19	
		285,416,264.57
EQUIPMENT TRUST OBLIGATIONS .....		16,862,500.00
TEMPORARY LOANS against deposit as collateral of inter alia Government Guaranteed Securities, the value of which at current prices exceeds the amount borrowed.....		55,912,961.80
DUE TO OTHER COMPANIES ON CONSTRUCTION ACCOUNT (Secured) .....		16,666,957.26
CURRENT LIABILITIES—		
Pay Rolls .....	1,832,708.23	
Audited Vouchers and Other Floating Liabilities .....	11,161,443.88	
		12,994,152.11
COUPON AND DIVIDEND WARRANTS DUE ON 1ST JULY (since paid).....	2,166,597.75	
ACCRUED INTEREST ON BONDS, LOANS AND EQUIPMENT SECURITIES—		
Operating .....	\$1,509,670.50	
Construction .....	903,002.80	
		2,412,673.30
		4,579,271.05
RESERVES—		
Steamship Replacement Fund.....	3,289,543.92	
Equipment Replacement Fund.....	1,212,727.44	
Insurance Account .....	616,847.53	
Taxes Accrued .....	250,000.00	
		5,369,118.89
AFFILIATED COMPANIES, ADVANCES ACCOUNT..		10,250,506.37
SURPLUS—		
Land Account .....	37,046,748.17	
Railway Account .....	2,776,711.03	
		39,823,459.20
		<u>\$578,747,291.25</u>

D. B. HANNA,  
Third Vice-President.

*Auditor's Certificate.*

We have examined the books and records of the Canadian Northern Railway System for the year ending 30th June, 1916, and we certify that, in our opinion, the above Balance Sheet is properly drawn up so as to show a true and correct view of the affairs of the System at that date and that the attached Income and Profit and Loss Account Statements are correct.

WEBB, READ, HEGAN, CALLINGHAM & CO.,  
Chartered Accountants.

Toronto, November 22nd, 1916.

**PROFIT AND LOSS STATEMENT**  
**at 30th June, 1916**

By Credit Profit and Loss, 30th June, 1915....		\$3,745,179.48
Deficit for the year (see page 17).....	\$248,127.16	
Delayed Income Debits and Credits.....	67,885.85	
Taxes Accrued to June 30th,		
1916 .....	\$250,000.00	
Less Accrued to June 30th,		
1915 .....	200,000.00	
	50,000.00	
Accrued Interest on Bonds		
and Equipment Securities		
to 30th June, 1916.....	1,509,670.50	
Less Accrued Interest to		
30th June, 1915 .....	907,215.06	
	602,455.44	
	968,468.45	
By Credit Profit and Loss, 30th June, 1916....		\$2,776,711.03

**INCOME STATEMENT**  
**For the Fiscal Year Ended 30th June, 1916**

Earnings .....	\$33,781,988.66	
Subsidiary Miscellaneous Earnings .....	1,694,286.40	
		\$35,476,275.06
Working Expenses .....	25,244,186.12	
Taxes, Rentals Joint Facilities, etc.....	858,558.40	
		26,102,744.52
Net Earnings .....		9,373,530.54
Fixed Charges, Canadian Northern Railway	6,533,062.30	
Fixed Charges, Affiliated Companies.....	3,088,595.40	
		9,621,657.70
Net Loss or Deficit.....		\$248,127.16

## ACQUIRED SECURITIES

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THE MINNESOTA & ONTARIO BRIDGE COMPANY.	
4½% 1st Mortgage Debenture Bonds.....	\$ 180,000.00
Capital Stock .....	100,000.00
THE MINNESOTA & MANITOBA R.R.	
5% General Mortgage Bonds.....	250,000.00
Capital Stock .....	400,000.00
THE LAKE SUPERIOR TERMINALS COMPANY, LIMITED.	
5% Mortgage Gold Bonds.....	2,000,000.00
Capital Stock .....	500,000.00
THE CANADIAN NORTHERN TELEGRAPH COMPANY.	
5% General Mortgage Bonds.....	800,000.00
Capital Stock .....	500,000.00
THE WINNIPEG LAND COMPANY, LIMITED.	
5% First Mortgage Gold Bonds.....	300,000.00
Capital Stock .....	100,000.00
THE ST. BONIFACE & WESTERN LAND COMPANY.	
5% First Mortgage Bonds.....	750,000.00
Capital Stock .....	250,000.00
THE EDMONTON & SLAVE LAKE RAILWAY COMPANY.	
5% First Mortgage Bonds.....	420,000.00
THE CANADIAN NORTHERN RAILWAY EXPRESS COMPANY, LIMITED.	
4% First Mortgage Gold Bonds, £616,438	3,000,000.00
Capital Stock .....	1,000,000.00
THE CANADIAN NORTHERN STEAMSHIPS, LIMITED.	
5% First Mortgage Debenture Stock, Sterling £600,000 .....	2,920,000.00
Capital Stock .....	2,000,000.00
THE CANADIAN NORTHERN SYSTEM TERMINALS, LIMITED.	
5% First Mortgage Debenture Stock and Bonds .....	7,000,000.00
Capital Stock .....	2,000,000.00
THE BAY OF QUINTE RAILWAY COMPANY.	
Capital Stock .....	1,395,000.00
THE CENTRAL ONTARIO RAILWAY COMPANY.	
Capital Stock .....	3,329,000.00
THE BROCKVILLE, WESTPORT & NORTH WESTERN RAILWAY COMPANY.	
THE IRONDALE, BANCROFT & OTTAWA RAILWAY COMPANY.	
Capital Stock .....	53,000.00
5% First Mortgage Bonds.....	450,000.00
THE MARMORA RAILWAY & MINING COMPANY.	
Capital Stock .....	100,000.00
Bonds .....	100,000.00

## ACQUIRED SECURITIES—Continued

THE QU'APPELLE, LONG LAKE & SASK. RY. & STEAMBOAT COMPANY.	
Capital Stock .....	201,000.00
THE NIAGARA, ST. CATHARINES & TORONTO RAILWAY COMPANY.	
Capital Stock .....	922,000.00
THE NIAGARA, ST. CATHARINES & TORONTO NAVIGATION COMPANY.	
First Mortgage Bonds .....	200,000.00
THE QUEBEC & LAKE ST. JOHN RAILWAY COMPANY.	
Capital Stock .....	4,002,800.00
THE CANADIAN NORTHERN PACIFIC RAILWAY COMPANY.	
Capital Stock .....	25,000,000.00
THE CANADIAN NORTHERN ALBERTA RAILWAY COMPANY.	
Capital Stock .....	3,000,000.00
THE CANADIAN NORTHERN WESTERN RAILWAY COMPANY.	
Capital Stock .....	2,000,000.00
THE CANADIAN NORTHERN SASKATCHEWAN RAILWAY COMPANY.	
Capital Stock .....	1,000,000.00
THE CANADIAN NORTHERN MANITOBA RAILWAY COMPANY.	
Capital Stock .....	250,000.00
THE CANADIAN NORTHERN ONTARIO RAILWAY COMPANY.	
Capital Stock .....	10,000,000.00
THE DULUTH, WINNIPEG & PACIFIC RAILWAY COMPANY.	
Capital Stock .....	3,060,000.00
THE MOUNT ROYAL TUNNEL & TERMINAL COMPANY, LIMITED.	
Capital Stock .....	5,000,000.00
THE NORTHERN CONSOLIDATED HOLDING COMPANY, LIMITED.	
Capital Stock .....	4,446,700.00
Represented by Canadian Northern Quebec Railway Company Capital Stock amounting to \$5,144,600.00.	
THE CANADIAN NORTHERN QUEBEC RAILWAY COMPANY.	
Capital Stock .....	2,000,000.00
THE HALIFAX & SOUTH WESTERN RAILWAY COMPANY.	
Capital Stock .....	925,000.00
	\$91,904,500.00
Cost to the Railway Company.....	\$46,269,301.61

## FUNDED DEBT OF THE CANADIAN NORTHERN RAILWAY COMPANY

Guaranteed as to Principal and Interest by the Dominion Government of Canada

AMOUNT.	STERLING.	CURRENCY.	AMOUNT OF INTEREST.
3% 1st Mortgage Debenture Stock	£1,923,287	\$ 9,359,996.72	\$280,799.86
3½% 1st Mortgage Debenture Stock	1,622,586	7,896,590.00	276,380.46
*4% Dominion Guar. Deb. Stock.....	3,500,000	17,033,333.33	568,133.33

Guaranteed by Government of Manitoba

4% Consolidated Debenture Bonds	2,555,600	12,436,279.98	497,451.18
4% Ontario Division Bonds.....	1,180,600	5,745,586.66	230,648.36
4% Winnipeg Terminal Bonds.....	616,438	3,000,000.00	120,000.00
4% 1st Mortgage Debenture Stock	587,671	2,859,998.87	114,399.93

Guaranteed by Government of Saskatchewan

4% 1st Mortgage Debenture Stock	1,650,000	8,029,999.99	321,200.00
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Guaranteed by Government of Alberta

4% 1st Mortgage Debenture Stock	1,147,945	5,586,665.64	223,466.63
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4% Perp. Consolidated Deb. Stock..	9,234,867	44,943,019.40	1,797,720.74
	102,739	499,998.15	
	316,438	1,539,998.28	
	9,654,044	46,983,015.83	
4% Land Grant Bonds (1909).....	455,700	2,217,740.03	93,576.26
	(1899).....	2,000,000.00	
5% Land Mortgage Debentures.....	1,500,000	7,300,000.00	365,000.00
*5% Secured Notes .....	2,000,000	9,733,333.33	364,760.05
*5% Secured Notes .....	450,000	2,190,000.00	33,945.00
*5% One Year Notes.....	735,000	3,577,000.00	81,366.75
†5% Two Year Collateral Notes.....		11,500,000.00	
5% One Year Secured Notes.....		2,500,000.00	
4% 1st Mortgage Pas Mission Br. Bonds Collateral to Loans .....		880,000.00	
4½% 1st Mortgage Gun Flint Br. Bonds Collateral to Loans .....		669,000.00	18,000.00
4½% 1st Mortgage Pr. Albert Br. Bonds Collateral to Loans .....		693,900.00	13,500.00

### Leased Lines

Northern Pacific & Manitoba Railway.....	225,000.00
Minnesota & Manitoba R.R.....	13,960.00
Interest on Equipment Securities.....	893,753.75

\$162,192,440.38 \$6,533,062.30

\*Part of interest charge to Lines under construction.

†Interest charge to Lines under construction.

**FUNDED DEBT OF AFFILIATED COMPANIES**

	STERLING	CURRENCY	AMOUNT OF INTEREST
<b>The Canadian Northern Alberta Railway Company</b>			
Guaranteed by the Dominion Government			
*3½% 1st Mortgage Debenture Stock	£ 647,260	\$ 3,149,998.66	\$ 55,124.97
<b>The Canadian Northern Western Railway Company</b>			
Guaranteed by the Government of Alberta			
4½% 1st Mortgage Debenture Stock	575,342	2,800,000.00	125,999.84
*4½% 1st Mortgage Debenture Stock	1,320,000	6,424,000.00	75,613.50
<b>The Canadian Northern Pacific Railway Company</b>			
Guaranteed by the Government of British Columbia			
*4% 1st Mortgage Debenture Stock..	3,372,329	16,412,001.13	351,610.00
†4½% Terminal Debenture Stock....	1,770,000	8,614,000.00	
<b>The Canadian Northern Ontario Railway Company</b>			
Guaranteed by the Dominion Government			
*3½% 1st Mortgage Debenture Stock	7,033,561	34,229,996.87	433,282.52
Guaranteed by the Government of Ontario			
3½% 1st Mortgage Debenture Stock	1,615,068	7,859,997.59	275,099.88
4% Perp. Consolidated Deb. Stock..	1,825,405	8,883,637.66	355,345.48
<b>The Central Ontario Railway Company</b>			
5% 1st Mortgage Bonds.....	196,500	956,300.00	48,046.16
<b>The Bay of Quinte Railway Company</b>			
5% 1st Mortgage Bonds.....		830,000.00	41,500.00
<b>The Irondale, Bancroft and Ottawa Railway Company</b>			
5% 1st Mortgage Bonds \$450,000.00			
(Held in Treasury of Canadian Northern Ry.)			
<b>The Canadian Northern Quebec Railway Company</b>			
4% Perp. Consolidated Deb. Stock..	1,078,843	5,250,369.26	210,014.76
Gt. Northern Ry. of Canada 4% Bonds .....		3,505,750.00	140,465.00
<b>The Quebec and Lake St. John Railway Company</b>			
4% Perpetual Debenture Stock.....	895,688	4,359,014.93	174,634.45
1st Mortgage Bonds .....	6,425	31,268.33	
Income Bonds .....	21,127	102,818.07	
<i>Forward</i> .....		\$103,409,152.50	\$2,286,736.56

\*Part of Interest charge to Lines under construction.

†Interest charge to Lines under construction.

# FUNDED DEBT OF AFFILIATED COMPANIES

—Continued

	STERLING	CURRENCY	AMOUNT OF INTEREST
<i>Forward</i> .....		\$103,409,152.50	\$2,286,736.56
<b>The Duluth, Winnipeg and Pacific Railway Company</b>			
4% 1st Mortgage Debenture Stock..	1,473,353	7,170,317.93	283,632.82
Less Collateral Security to Loan..	32,670	158,994.00	
	1,440,683	7,011,323.93	
<b>Leased Lines</b>			
Duluth, Rainy Lake & Winnipeg Railway—			
1st Mortgage Bds. (\$2,000,000.00)			100,000.00
<b>The Halifax and South Western Railway Company</b>			
3½% 1st Mortgage Bonds.....		4,447,000.00	155,645.00
<b>The Niagara, St. Catharines and Toronto Railway Company</b>			
5% 1st Mortgage Bonds.....		1,098,000.00	55,525.00
The Niagara, St. Catharines & Toronto Navigation Company.			
‡5% 1st Mortgage Bonds \$200,000.00			5,000.00
(Held in Treasury of Canadian Northern Ry.)			
<b>The Qu'Appelle, Long Lake &amp; Saskatchewan Railway and Steamboat Company</b>			
4% Guaranteed Debenture Stock....	1,037,972	5,051,462.90	202,056.02
Less Treasury Stock.....	6,549	31,781.80	
	1,031,423	5,019,681.10	
<b>Mount Royal Tunnel &amp; Terminal Company, Limited</b>			
†5% 1st Mortgage Bonds.....	460,000	2,238,666.66	
		\$123,223,824.19	\$3,088,595.40

\*Part of interest charge to Lines under construction.

†Interest charge to Lines under construction.

‡For part of year only.

## GROSS EARNINGS, OPERATING EXPENSES AND NET EARNINGS

COMPARED WITH PREVIOUS FISCAL YEAR

### Gross Earnings

Per Cent.	1915	Class	1916	Per Cent.
20.88	\$ 5,411,224.37	Passenger	\$ 6,128,470.76	17.27
70.27	18,207,800.52	Freight	26,560,213.12	74.87
00.82	212,840.73	Mails	225,718.70	00.64
02.49	644,492.99	Express	839,557.69	02.37
05.54	1,435,747.69	Miscellaneous.	1,722,314.79	04.85
100.	\$25,912,106.30	Total	\$35,476,275.06	100.

### Operating Expenses

Per Cent.	1915	Class	1916	Per Cent.
20.61	\$ 3,974,820.49	{ Maintenance of Way and Structures }	\$ 5,899,540.27	22.60
14.89	2,871,981.15		4,095,745.88	15.69
02.92	562,995.28	{ Maintenance of Equipment }	553,075.79	02.12
52.64	10,154,510.96		13,384,547.71	51.28
00.76	146,632.94	{ Traffic Expenses Transportation Expenses }	379,646.48	01.45
08.18	1,577,873.60		1,790,188.39	06.86
100.	\$19,288,814.42	Total	\$26,102,744.52	100.

### Summary of Earnings and Expenses

Per Cent.	1915	Class	1915	Per Cent.
74.44	\$25,912,106.30	Gross Earnings	\$35,476,275.06	
25.56	19,288,814.42	Operating Expenses	26,102,744.52	73.58
	6,623,291.88	Net Earnings	9,373,530.54	26.42
100.				100.

## DESCRIPTION OF FREIGHT CARRIED

		For Year Ended, June 30	
		1916	1915
Flour.....	Sacks (100 lbs. each) ..	7,574,500	7,410,420
Grain .....	Bushels.....	131,978,809	58,575,520
Live Stock (All kinds)	Head .....	488,809	595,058
Logs and Lumber.....	Feet.....	1,809,656,000	1,801,691,000
Firewood.....	Cords.....	286,745	286,419
Coal.....	Tons.....	1,741,031	1,653,952
Immigrants' Effects..	Cars.....	2,968	3,518
Building Material (Lime, Stone, Brick, Sand, etc.)	Cars.....	41,887	46,082
Miscellaneous.....	Tons.....	3,722,085	3,009,903

## EARNINGS, EXPENSES AND NET EARNINGS

FROM JULY 1ST, 1902, TO JUNE 30TH, 1916

Year	Average Miles Operated	Earnings	Expenses	Net Earnings
1902-03	1,276	\$2,449,579.33	\$1,589,293.47	\$ 860,285.86
1903-04	1,349	3,242,702.69	2,120,772.43	1,121,930.26
1904-05	1,586	4,190,211.96	2,644,729.64	1,545,482.32
1905-06	2,064	5,903,755.61	3,674,732.85	2,229,022.76
1906-07	2,509	8,350,198.08	5,424,163.65	2,926,034.43
1907-08	2,866	9,709,462.71	6,676,775.82	3,032,686.89
1908-09	3,013	10,581,767.93	7,015,405.76	3,566,362.17
1909-10	3,179	13,833,061.63	9,488,671.60	4,344,390.03
1910-11	3,383	16,360,712.39	11,370,365.57	4,990,346.82
1911-12	3,888	20,860,093.63	14,979,048.52	5,881,045.11
1912-13	4,297	24,277,478.47	17,503,610.57	6,773,867.90
1913-14	4,563	23,781,328.84	16,450,763.09	7,330,565.75
*1914-15	7,269	25,912,106.30	19,288,814.42	6,623,291.88
*1915-16	8,048	35,476,275.06	26,102,744.52	9,373,530.54

### Per Mile Operated

Year	Average Miles Operated	Earnings	Expenses	Net Earnings
1902-03	1,276	\$1,918.23	\$1,244.55	\$ 673.68
1903-04	1,349	2,402.71	1,571.40	831.31
1904-05	1,586	2,641.37	1,667.55	973.82
1905-06	2,064	2,860.34	1,780.39	1,079.95
1906-07	2,509	3,328.09	2,161.88	1,166.21
1907-08	2,866	3,387.81	2,329.65	1,058.16
1908-09	3,013	3,512.04	2,328.38	1,183.66
1909-10	3,179	4,351.39	2,984.80	1,366.59
1910-11	3,383	4,836.15	3,361.03	1,475.12
1911-12	3,888	5,365.25	3,852.64	1,512.61
1912-13	4,297	5,649.87	4,073.45	1,576.42
1913-14	4,563	5,211.77	3,605.25	1,606.52
*1914-15	7,269	3,564.74	2,653.57	911.17
*1915-16	8,048	4,408.08	3,243.38	1,164.70

\*C. N. Ry. System

## PASSENGER, FREIGHT AND MISCELLANEOUS STATISTICS

COMPARED WITH PREVIOUS FISCAL YEAR

	1916	1915	Increase or Decrease	Per Cent.
<b>PASSENGER TRAFFIC</b>				
Passengers Carried (Earning Revenue).....	9,384,056	8,851,672	532,384	6.01
Passengers carried one mile.....	254,555,428	230,580,776	23,974,652	10.40
Passengers carried one mile per mile of Road.....	31,629	31,721 <sup>d</sup>	92	.29
Average distance carried.....	27.13	26.05	1.08	4.15
Total Passenger Revenue.....\$	5,503,822.31	5,055,865.03	447,957.28	8.86
Average amount received per passenger.....\$	.58.650	.57.118	1.532	2.68
Average amount received per passenger per mile.....Cts.	.02.162	.02.193 <sup>d</sup>	.031	1.41
Total Passenger Train Earnings...\$	7,193,747.15	6,268,558.09	925,189.06	14.76
Passenger Train Earnings per Train Mile.....\$	.93.379	.87.409	.05.970	6.83
<b>FREIGHT TRAFFIC</b>				
Revenue Tons carried.....	13,353,381	10,536,769	2,816,612	26.73
Revenue Tons carried one mile.....	3,851,918,945	2,150,365,193	1,701,553,752	79.13
Revenue Tons carried one mile per mile of Road.....	478,618	295,827	182,791	61.79
Average distance haul of one ton.....	288.46	204.08	84.38	41.35
Total Freight Revenue.....\$	26,190,038.67	17,873,979.42	8,316,059.25	46.53
Average amount received for each ton of Freight.....\$	1.96.130	1.69.634	.26.496	15.62
Average Revenue per ton per mile.....Cts.	.00.679	.00.831 <sup>d</sup>	.00.152	18.29
Total Freight Train Earnings...\$	26,560,213.12	18,207,800.52	8,352,412.60	45.87
Freight Train Earnings per Train Mile.....\$	2.47.174	2.53.761 <sup>d</sup>	.06.587	2.60
<b>PASSENGER AND FREIGHT ETC.</b>				
Gross Earnings per mile of Road...\$	4,408.08	3,564.74	843.34	23.66
Operating Expenses per mile of Road.....\$	3,243.38	2,653.57	589.81	22.23
Net Earnings per mile of Road...\$	1,164.70	911.17	253.53	27.82
Amount required per mile of Road to pay Fixed Charges including Leased Lines.....\$	1,195.53	1,136.82	58.71	5.16
<b>TRAIN MILEAGE</b>				
Mileage of Passenger Trains.....	7,703,799	7,171,470	532,329	7.42
Mileage of Freight Trains.....	10,745,556	7,175,157	3,570,399	49.76
<b>EXPENSES PER TRAFFIC TRAIN MILE</b>				
Maintenance of Way and Structures.....Cts.	31.98	27.71	4.27	15.41
Maintenance of Equipment.....Cts.	22.20	20.02	2.18	10.89
Traffic Expenses.....Cts.	03.00	03.92 <sup>d</sup>	.92	23.47
Transportation Expenses.....Cts.	72.55	70.78	1.77	2.50
Miscellaneous Operations.....Cts.	02.05	01.02	1.03	100.98
General Expenses.....Cts.	09.70	11.00 <sup>d</sup>	1.30	11.82
<b>Total.....\$</b>	<b>1.41.48</b>	<b>1.34.45</b>	<b>7.03</b>	<b>5.23</b>

## SUMMARY OF EQUIPMENT

	At June 30th.	
	1916	1915
Locomotives .....	740	744
Sleeping and Dining Cars .....	117	118
Passenger Coaches .....	935	638
Baggage and Mail and Express Cars .....	190	193
Business Car .....	22	19
Freight, Refrigerator and Stock Cars .....	29,368	29,745
Conductors' Vans .....	454	468
Boarding, Tool, Auxiliary Cars, Steam Shovels and Snow Equipment .....	1,272	1,478

## 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, 1916, was 9,296.0 made up as follows :

### CENTRAL DIVISION—WEST OF PORT ARTHUR

*District No. 1.*

Port Arthur to Paddington Junction.....	435.1	
Twin City Junction to North Lake.....	56.4	
Emerson to South Junction.....	71.6	
		563.1

*District No. 2.*

Portage Junction to Emerson.....	63.4	
Morris to Somerset .....	62.2	
St. James to Gypsumville.....	156.7	
Grosse Isle to Hodgson.....	80.7	
Greenway to Deloraine .....	79.7	
Paddington Junction to Grand Marais.....	57.8	
Carman Junction to Belmont.....	118.8	
Steep Rock Junction to Steep Rock.....	12.0	
Notre Dame de Lourdes to Cardinal.....	2.4	
		633.7

*District No. 3.*

Woodward Avenue, Winnipeg, to Dauphin.....	175.6	
Delta Junction to Delta.....	14.8	
Oakland to Amaranth .....	43.9	
Brandon Junction to Carberry Junction.....	22.9	
Rosburn Junction to Ross Junction.....	190.6	
Hallboro to Beulah .....	75.0	
Neepawa Junction to Neepawa.....	33.1	
Neepawa Junction to McCreary Junction.....	37.3	
Ochre River to St. Rose.....	11.3	
Arizona to Brandon .....	79.3	
Wroxton to Yorkton .....	25.0	
		798.8

*District No. 4.*

Brandon to Kipling .....	127.7	
Kipling to Regina .....	92.6	
Maryfield to Carlyle .....	37.1	
Carlyle to Radville .....	102.7	
Luxton to Estevan .....	24.9	
M. & B. Junction to Hartney Junction.....	38.0	
Belmont to Virden .....	91.9	
Radville to Bengough .....	45.2	
Moose Jaw Junction to Moose Jaw.....	85.8	
Gravelbourg Junction to Gravelbourg.....	78.6	
		724.5

<i>Forward</i> .....	2,630.1
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Forward..... 2,630.1

**WESTERN DIVISION—WEST OF PORT ARTHUR**

*District No. 1.*

Dauphin to Humbolt .....	247.3
North Junction to Prince Albert.....	360.5
Sifton Junction to Winnipegosis.....	20.7
Thunderhill Junction to Preeceville.....	72.1
Hudson Bay Junction to The Pas.....	87.5
Melfort to St. Brieux .....	21.5
Canora to Sturgis .....	21.7

831.3

*District No. 2.*

Regina to East Prince Albert.....	249.3
Saskatoon to Kindersley .....	126.1
Prince Albert to Denholm.....	116.5
Shellbrook to Big River .....	56.5
Delisle to Dumblane .....	59.4
Elrose Junction to Eston .....	84.4
Humbolt to North Battleford.....	147.6
Dalmeny to Carleton .....	35.8

875.6

*District No. 3.*

North Battleford to Tollerton.....	391.2
North Battleford to Turtleford.....	55.7
St. Albert to Athabasca .....	85.8
Edmonton Junction to Stony Plains.....	19.5
Battleford to Battleford Junction.....	8.0
Peace River to Sangudo .....	31.4
Edmonton Junction to Terminal Junction.....	7.3

598.9

*District No. 4.*

Kindersley to Hanna .....	137.6
Hanna to Calgary .....	135.8
Munson Junction to Vegreville Junction.....	162.1
Warden to Nordegg .....	173.6
Camrose Junction to Terminal Junction.....	45.8

654.9

**PACIFIC DIVISION—WEST OF EDMONTON**

Tollerton to Lucerne .....	128.9
Lucerne to Blue River.....	110.7
Blue River to Kamloops Junction.....	139.8
Kamloops Junction to Kamloops.....	3.0
Kamloops Junction to Boston Bar.....	125.7
Boston Bar to Vancouver.....	132.2

640.3

**ONTARIO DIVISION—EAST OF PORT ARTHUR**

*Toronto District.*

Toronto to Ottawa .....	256.8
Todmorden (Toronto) to Parry Sound.....	143.6
Udney to Orillia .....	10.2
Brockville to Westport .....	44.4
Trenton to Wallace .....	117.6
Ormsby Junction to Coe Hill.....	7.2
Trenton to Picton .....	30.6
York River to Kinmount Junction.....	51.9
Yarker to Bannockburn .....	54.5
Harrowsmith to Kingston .....	18.6

735.4

Forward..... 6,966.5

<i>Forward</i> .....		6,966.5
<i>Lake Superior District.</i>		
Parry Sound to Capreol .....	127.2	
Capreol to Foleyet .....	148.3	
Foleyet to Hornepayne .....	148.1	
Hornepayne to Jellicoe .....	150.5	
Jellicoe to Port Arthur.....	147.9	
Key Junction to Key Harbor.....	6.2	
Milnet to Sellwood .....	5.2	
Sudbury Junction to Sudbury.....	5.2	
Connecting Track to Algoma Eastern Railway...	2.4	
Rideau Junction to Brent.....	157.8	
Brent to Capreol .....	144.8	
		1,043.6

**QUEBEC DIVISION**

<i>Montreal District.</i>		
Montreal to Quebec .....	176.1	
Huberdeau to Joliette .....	124.2	
Rinfret Junction to Huberdeau.....	45.3	
Paradis Junction to Rawdon.....	15.9	
Aldred to Shawinigan Falls.....	3.4	
Garneau Junction to Riv a Pierre.....	39.8	
		404.7

<i>Lake St. John District.</i>		
Quebec to Lake Edward.....	111.9	
Lake Edward to Chicoutimi.....	115.1	
Linton Junction to La Tuque.....	39.6	
Chambard Junction to Roberval.....	12.3	
		278.9

**LINES IN PROVINCE OF NOVA SCOTIA**

Halifax to Yarmouth .....	248.3	
Mahone Junction to Lunenburg.....	7.0	
Bridgewater to Port Wade.....	92.5	
Caledonia Junction to Caledonia.....	22.1	
		369.9

**LINES IN STATE OF MINNESOTA, U.S.A.**

Duluth to Virginia .....	78.7	
Virginia to Duluth Junction.....	93.0	
		171.7

**ELECTRIC LINES IN PROVINCE OF ONTARIO**

Port Dalhousie to Niagara Falls.....	17.5	
Thorold to Port Colborne.....	18.6	
Niagara Falls to Falls View.....	4.6	
St. Catharines to Niagara-on-the-Lake.....	12.2	
St. Catharines to Thorold.....	7.8	
		60.7

Total .....		9,296.0
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*Forward*—

*Forward—*

**Located as follows**

Province of Nova Scotia.....	369.9
Province of Quebec .....	626.8
Province of Ontario .....	2,219.1
Province of Manitoba .....	1,989.1
Province of Saskatchewan .....	2,178.1
Province of Alberta .....	1,181.2
Province of British Columbia.....	516.4
State of Minnesota .....	215.4

Total Mileage..... 9,296.0

Average mileage operated for Fiscal Year.....8,048 miles.