REPORT OF THE PROCEEDINGS

AT THE

FORTY-FIFTH ANNUAL MEETING

OF THE SHAREHOLDERS OF THE

CANADIAN PACIFIC RAILWAY CO.

HELD ON

WEDNESDAY, MAY 5TH, 1926

AT THE

GENERAL OFFICES OF THE COMPANY AT
MONTREAL

CANADIAN PACIFIC RAILWAY COMPANY

REPORT

OF THE PROCEEDINGS AT THE FORTY-FIFTH ANNUAL MEETING OF THE SHAREHOLDERS HELD AT MONTREAL ON WEDNESDAY, MAY 5TH, 1926

The meeting assembled, in conformity with the notice convening the same, at noon, at the General Offices of the Company at Montreal.

The Chairman of the Company, Mr. E. W. Beatty, presided, and the Secretary of the Company acted as Secretary of the meeting.

The notice calling the meeting having been read by the Secretary, the President, Mr. E. W. Beatty, in moving the adoption of the report on the affairs of the Company for the year ended December 31st, 1925, which had been printed and distributed to the shareholders, said:—

As the report which has been in your possession for some time contains a comprehensive statement of the results of the Company's operations for the past year and also your Directors' appreciation of the general conditions existing in Canada, the latter somewhat more extended than has been the practice in the past, my remarks in moving its adoption will be brief.

The improvement in conditions noted in the report has continued with the result that the increase in gross earnings for the first quarter of the present year amounted to $3,730,187, and in net earnings to $2,675,385.

As in previous years and because of its importance, I find it necessary to again advert to the freight rate situation in Canada. Under Orders-in-Council passed last year and in the early part of this year, the Railway Commission has been directed to embark upon an extensive enquiry looking to the equalization, so far as that is possible, of the freight rate structure in Canada. While the Orders-in-Council are, of course, incapable of overriding the definite provisions of the statute on the subject of rates, they indicate the attitude of the Government and have, therefore, an important influence on the position from which the situation is viewed. Unfortunately, it may be assumed that the word "equalization" only has one meaning in the minds of those seeking changes in the present rate scales and that is that the rates which they complain of should be reduced to a lower basis than that which presently exists, and their contentions would, therefore, only be satisfied by lower scales. It is, I know, quite superfluous for me to assure you that in the present condition of operating costs the railways of Canada cannot afford reductions in revenues. To meet the needs of the carriers which are, I think, pretty generally recognized throughout the country, various suggestions have been made, the one most prominently mentioned being that the Government should by way of subsidy make up the difference between rates found to be reasonable and remunerative and a lower basis considered to be expedient in the interests of the industrial or agricultural activities of certain parts of the country; in other words, that disabilities under which certain sections of the country labour because of their geographical situation should be lessened or removed by abnormally low transportation charges, the railways being assisted by Government subvention in order to restore a rate parity and produce proper returns to them. I do not need to indicate to you the danger which lies in these attempts to correct by preferential treatment involving additional taxation the disabilities which are claimed to exist and which cannot help but exist in a country of such great distances as prevail in Canada. The provisions of our Railway Act respecting rates are sound and are in entire consonance with the provisions of similar legislation in countries where a close regulation of railway charges and services is in effect. Taxation in Canada is still heavy and the proposals are tantamount to a further tax on the whole people in the interests of shippers from individual parts of the country and of specified commodities natural to those districts.

Apart altogether from the unnaturalness of this proposed method, it is one which is not free from danger to this Company in that the greater the transportation burden which is put upon the shoulders of the whole people, the greater the tendency towards nationalization. In order to give any substantial relief, the subsidies would run into millions of dollars per annum and our Canadian people would be unconsciously influenced to think that if they have to support all railways by taxation they might as well couple with it ownership and therefore an interest in the results of the revenues produced from their operations. There is no desire in Canada for further nationalization of railway properties, and obviously such a step would be a retrograde one and not in the best interests of the country. I am satisfied that the method of equalizing rates by government subsidy and heavier taxation is unsound, both from the standpoint of the country itself and of the interests of the transportation companies.

It will not, I think, be necessary for me to supplement the full statement respecting the operations of the Atlantic and Pacific fleets of the Company contained in the annual report. The programme of providing additional tonnage will be followed as indicated with perhaps some variations in details to be determined by the Board. It is possible, indeed quite likely, that the date of the delivery of some of the ships may be postponed in view of the time required to complete the detailed plans and specifications, and the unfortunate and serious strike in Great Britain, the consequences of which, while at the moment impossible to be estimated, may prove a serious obstacle to the completion, as early as has been hoped, of the programme which your Directors recommend.

Immigration for the first three months of this year has increased, there having been admitted into Canada from Great Britain, Continental countries and the United States approximately 16,720 immigrants, an increase of 5,928 or 54.9% over the immigration in the same period of last year. In addition, Canadians returned to Canada after an absence of six months or longer in the United States numbered 13,692, as against 6,458 during the first three months of 1925. A somewhat disquieting feature of the situation, however, is found in the continued exodus of Canadians to the United States, there having been—according to the most reliable estimates available—an emigration of 22,204 persons from Canada to the United States during the same period.

I feel, and my opinion is shared by the members of the Board, that the country is making slow but sure progress, and while the greatest contribution to our development has been the improvement in agricultural conditions during the past three years, industrial expansion or even stability has not been marked and is capable of substantial improvement. The country's great wealth in agricultural and forest products, mines and fisheries and its vast supplies of power constitute, of course, natural assets of the greatest importance. As their development proceeds, industrial expansion, providing our fiscal policies are sound and stable, should at least keep pace with them, which will mean increased prosperity in the Central Provinces and more varied industrial activities in the West. In a country the size of Canada, with its wealth in arable lands, agriculture must of necessity continue to constitute a large portion of the country's wealth, and while mixed farming is increasing, the production of grain will for many years constitute an important part of our agricultural activity in that new areas will be put into crop to compensate for the lesser production in those districts where exclusive grain growing gives way to more diversified farming operations.

You will be glad, though probably not surprised, to know that the high standard of efficiency for which the Company is noted has been maintained and the loyalty of its officers and men continues to be conspicuous and impressive.

The report having been considered, it was moved by Mr. E. W. Beatty, seconded by Sir Herbert S. Holt, and unanimously

Resolved—That the report on the affairs of the Company for the year ended 31st December, 1925, now submitted, be and the same is hereby adopted, and that the expenditures on capital account reported and recommended therein be and the same are hereby approved and authorized.

The following resolution relating to the lease from the Boston and Maine Railroad, referred to in the Annual Report, was submitted, and on motion of Mr. William C. Finley, seconded by Mr. Lionel J. Smith, was unanimously adopted, viz.:—

Resolved—That the Indenture of lease, of which a draft is submitted to this Meeting, endorsed by the Secretary for the purpose of identification, whereby the Boston and Maine Railroad demises to this Company for the term of thirty years commencing March 1, 1926, at an annual rental of Two Hundred and Forty-six Thousand Dollars ($246,000), all that portion of the railroad line of the Boston and Maine Railroad between Wells River, Vermont, and the international boundary between the State of Vermont and the Province of Quebec, being part of the railway of the Connecticut and Passumpsic Rivers Railroad Company held by the Boston and Maine Railroad under lease for the term of ninety-nine years from and after the first day of July, 1887, be and the same is hereby sanctioned and approved, and the execution and delivery thereof by the Company authorized.

The following resolution relating to an agreement with the Canadian National Railway Company for the operation of the Kamloops-Kelowna Joint Section, referred to in the Annual Report, was submitted, and on motion of Sir Thomas Tait, seconded by Mr. Samuel M. Baylis, was unanimously adopted, viz.:—

Resolved—That the agreement, dated the fifth day of February, 1925, providing for Joint Section rights between the Canadian National Railway Company and the Canadian Pacific Railway Company over the railway of this Company between Kamloops and Bostock and between Armstrong and Vernon, and at Kelowna, and over the railway of the Canadian National Railway Company between Vernon and Kelowna, and between a point near Vernon and Lumby, all in the Province of British Columbia, for the term of twenty-one years, on the basis of an equal division of the annual capital charges and a wheelage division of operating and maintenance charges, be and the same is hereby sanctioned and approved, and the execution thereof by this Company ratified and confirmed.

The following resolution relating to an agreement with the Canadian National Railway Company for the operation of through freight trains over the railway of this Company between Fredericton and Vanceboro was submitted, and on motion of Mr. Henri Jonas, seconded by Mr. Robert B. Ross, was unanimously adopted, viz.:—

Resolved—That the agreement between the Company and the Canadian National Railway Company of which a draft is submitted to this Meeting, endorsed by the Secretary for the purpose of identification, providing for the operation by the Canadian National Railway Company of through freight trains over those portions of the railway of this Company extending from Fredericton to Fredericton Junction and from Fredericton Junction to a point of connection with the Maine Central Railroad at or near Vanceboro Station, for the period of ten years from the 8th day of April, 1926, at a rental of $60,000 per annum, and in addition one-half of the interest at the rate of five per cent. per annum on the cost of any additional lands acquired and of any permanent improvements or extensions provided; one-half of the premiums on any insurance effected and a wheelage proportion of the cost of maintenance and operation, be and the same is hereby sanctioned and approved and the execution and delivery thereof by the Company authorized.

The following resolution relating to an agreement with the City of Regina, referred to in the Annual Report, was submitted, and on motion of Mr. Graham Drinkwater, seconded by Mr. D. J. S. Tyrer, was unanimously adopted, viz.:—

Resolved—That the agreement, dated 22nd February, 1926, between the City of Regina and this Company, providing for the erection by this Company of an hotel in the City of Regina, the City agreeing to exempt the hotel, its site and furnishings, from taxation, except ordinary business taxes and local improvements taxes, for twenty-five years; to furnish water for the hotel at a rate not exceeding six cents per one thousand gallons; to transfer to the Company free of cost the whole or such portion of Stanley Park site as the Company may require for station facilities, and to assume the expense of alteration of street levels and all land damages which may arise from any extension of the subway on Albert Street, be and the same is hereby approved, and the execution thereof by the Company ratified and confirmed.

The following resolution relating to the construction of Branch Lines and the issue of Consolidated Debenture Stock in respect thereof, was submitted, and on motion of Mr. W. B. Blackader, seconded by Mr. William Leggat, was unanimously adopted, viz.:—

Whereas it is in the view of the Directors expedient that the undermentioned portions of Branch Lines be constructed in the near future, that is to say:—

Cutknife-Whitford Lake Branch, Mile 95-115..........	20 miles
Bromhead or Tribune Westerly..................................	20 miles

It is therefore resolved—That the Directors be and they are hereby authorized to proceed with the construction of the said portions of the said Branch Lines when in their opinion conditions warrant, and that to aid in the construction and equipment of the said portions of the said Branch Lines the Directors be and they are hereby authorized to issue and dispose of Consolidated Debenture Stock to such an amount as they may deem expedient, but not exceeding the amount which the Company is or may be empowered by Statute to issue in respect of the said Branch Lines.

The following resolution relating to the issue of Consolidated Debenture Stock on account of steamships was submitted, and on motion of Mr. William McMaster, seconded by Mr. Alister F. Mitchell, was unanimously adopted, viz.:—

Whereas the Company has statutory power to issue Consolidated Debenture Stock in aid of the acquisition of steam vessels not exceeding in amount the cost thereof, upon being authorized so to do by the votes of at least two-thirds of the shareholders present or represented at an Annual Meeting or at a Special Meeting of Shareholders duly called for the purpose;

And Whereas it is expedient to acquire seven new steam vessels of the following classes and descriptions respectively, that is to say:

Two passenger vessels each about 18,000 tons gross, 580 feet between perpendiculars and having a sea speed of 17½ knots, and

Five cargo vessels each about 8,500 tons deadweight, 410 feet between perpendiculars and having a sea speed of 14 knots;

the aggregate cost of which, including rigging, appurtenances and auxiliaries, is estimated at $15,000,000;

And Whereas in order to provide funds to acquire the said steamships it is advisable, pursuant to the power above recited, to issue Consolidated Debenture Stock;

Now therefore it is resolved—That for the purpose of paying the cost of the steamships above described, the Directors be and they are hereby authorized to issue and dispose of Consolidated Debenture Stock bearing interest at four per cent. (4%) per annum to such an amount as they shall deem expedient, not exceeding in the aggregate the cost of the said steamships.

By-law No. 98, enacted by the Directors, and amending in certain respects the General Train and Interlocking Rules as required by Order of the Board of Railway Commissioners, was submitted, and on motion of Mr. Grant Hall, seconded by Mr. George B. Fraser, it was unanimously

Resolved—That By-law No. 98 now submitted be and the same is hereby approved and adopted.

The meeting then proceeded to the election of Directors to replace the three retiring Directors, and on motion of Mr. E. W. Beatty, seconded by Sir Herbert S. Holt, the following resolution was unanimously adopted, viz.:—

Whereas in pursuance of By-law No. 6, Mr. Ross H. McMaster, Mr. J. K. L. Ross and Sir Thomas Skinner, Bart., Directors of the Company, retire from office at this meeting;

And Whereas three Directors to replace the said retiring Directors, who are, however, eligible for re-election, must be elected at this meeting for the term of four years as provided for in the said By-law;

It is resolved—That a ballot be now taken for the election of three Directors for the term of four years to fill the vacancies created as above stated; that Mr. William R. Miller and Mr. William A. Grant be appointed scrutineers to take such ballot, and that the poll be closed when five minutes shall have elapsed without a vote being cast at such election.

The ballot having been taken and no further votes having been cast within the specified time, Mr. William R. Miller read the report of the scrutineers, which declared that Mr. Ross H. McMaster, Mr. J. K. L. Ross and Sir Thomas Skinner, Bart., had been unanimously elected Directors of the Company for the term of four years from the date of this meeting, and the report was adopted.

The proceedings then terminated.

Chairman.

E. Alexander

Secretary.

At a meeting of the Board held immediately after the Shareholders' meeting Mr. E. W. Beatty was elected Chairman and President of the Company, and Mr. Grant Hall, Vice-President, and the following were appointed the Executive Committee:—

Mr. E. W. Beatty,
Mr. Grant Hall,
Sir Herbert S. Holt,
Mr. Charles R. Hosmer,
Sir Vincent Meredith, Bart.,
Mr. W. N. Tilley, K.C.