CANADIAN PACIFIC RAILWAY COMPANY

REPORT OF PROCEEDINGS

AT THE

ANNUAL MEETING OF SHAREHOLDERS

MAY 1, 1929

CANADIAN PACIFIC RAILWAY COMPANY

REPORT

OF THE PROCEEDINGS AT THE FORTY-EIGHTH ANNUAL MEETING OF THE SHAREHOLDERS HELD AT MONTREAL ON WEDNESDAY, MAY 1, 1929

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 31, 1928, which had been printed and distributed to the shareholders, said:—

I am probably only reiterating the views of the shareholders when I say that the report of the Company's operations for the year 1928, which has been before you for some time, is eminently satisfactory. Not only are the results gratifying from the standpoint of revenue returns, but even more so when viewed in the light of their reflection of the improved conditions existing throughout Canada during the last calendar year.

The Company's operations and various services were all maintained in a high state of efficiency, and its position in the financial centres of the world remains exceptionally strong.

The operations for the first three months of this year show an increase in gross earnings of $761,641, and a decrease in net earnings of $470,721, the latter being due to a variety of causes which affected the revenues for the first quarter of the year. Because of the heavy movement of grain during the latter half of 1928, there was a relatively lighter movement of this commodity during February and that affected the gross earnings for the month. Our expenses were somewhat increased during the period by interruptions to traffic in the mountains, an unusually heavy and early shopping programme in order to make way for the finishing of the new equipment under contract which will be completed in the Company's Angus Shops, and to the increased maintenance charges against locomotives and freight cars due to continuous and heavy usage during the Fall of 1928. The results on the whole are satisfactory.

While it is too soon to estimate with any degree of accuracy the crop prospects for the present year, it may be interesting to the shareholders to know that in Western Canada the weather in October, November and December was unusually mild and dry. January and February were extremely cold with good frost penetration and the March thaw was not accompanied by the usual high winds. During the past few weeks, the prairies have had heavy snowfalls and rain and all agricultural authorities agree that the seed bed at the moment is in satisfactory condition. It is obvious, of course, in order to have a grain yield approaching that of the last two years that spring rains throughout the three provinces and a heavy June rainfall will be requisite.

The shareholders will have observed from perusal of the Annual Report that fairly extensive expansion is planned in all the major services of the Company. The Branch Line programme approved by Parliament is a substantial one, but more than warranted by the prospective developments in the Western Provinces. It will, with your approval from time to time obtained, be given effect to over the next few years as conditions justify the completion of the lines for the construction of which authority has been secured. Satisfactory arrangements have been concluded with the National Railways in those cases where the plans of the two companies conflicted. The additions to your ocean and coastal fleets have already received your approval, and with these vessels provided, the Company's strength and prestige will be further enhanced. The extensions to the hotels are warranted by our experience and the future prospects of the cities they serve and as supplementary to the Company's transportation operations. The substantial additions to equipment are rendered necessary if the Company is to enjoy and satisfactorily handle its full share of the freight and passenger business of the country.

In previous addresses to the shareholders I made reference to the freight rate situation. There is at present pending an appeal to the Governor-General-in-Council, designed to secure reductions in the scale of rates between Prairie points and the Pacific Coast, and locally, in British Columbia, notwithstanding that these rates have been fixed by the Railway Commission after extensive inquiry. These periodical agitations for the purpose of whittling down the revenues of the Canadian railways are at times difficult to understand. Local ambitions and rivalries are responsible for applications for reductions in rates which are often not warranted by the cost of service or by any consideration of sound economics. They are, of course, dealt with judicially and the position of the companies in every case is fully presented. It cannot, I think, be gainsaid that the companies are making a pronounced contribution, not only to industrial efficiency and commercial progress, but to Canadian development as well, and this contribution is only possible when revenues are such as to permit the ready obtaining of new capital. I am, naturally, only speaking of the position of the Canadian Pacific in this respect, as the ownership of the National system by the Government and the provision of its funds out of Government moneys and through Government credit distinguishes its position in its essential features from that of a privately-owned company. I am led to make this observation because it has been frequently stated that, because the revenues of the Companies are in the main secured from freight and passenger tolls paid by the shipper and passenger, the credit situation of both Companies is identical. This, to me, surprising theory is expressed by Mr. Frederick Palmer in his report on the Montreal Terminal situation in the following language:

"Another argument is that the Government can enable the C.N.R. to carry out any scheme, even if an extravagent one, because it can provide the capital at the expense of the taxpayer, whereas the C.P.R has to obtain new capital from its shareholders. Both these assumptions are perfectly true, but, really, they amount to one and the same thing, as will be shown. The source from which the capital comes is not important. Money is readily available everywhere if (1) the security is beyond doubt, and (2) the return thereon is good. In both railways, the security is first class—the return comes from the population of Canada. The shareholder is the receiver, not the payer, of the return, and whether that return comes from railway charges only, or from railway charges plus taxes, it amounts to the same thing—the public have to pay in any case, because the railway freighter, the taxpayer, the railway passenger, is one and the same—'the public'."

It is difficult to characterize such a contention in moderate language, as anyone having even an elementary knowledge of the railway situation in Canada cannot help but realize the fallacy of such a proposition. The simple fact is that the losses (if any) from the operations of a private company fall upon its stockholders, and those of the Government System upon the willing shoulders of the taxpayers at large; and in the case of the former, prudence in expenditures is essential because it must depend on revenues gained from reasonable rates without hope that assistance from the public treasury can be relied upon to make good losses sustained in operation or failure to earn interest or dividends. The revenues of the National System are not a factor in the provision of moneys to meet the requirements of that huge company. It must, in the nature of things, be financed on the credit of the country, and so long as that credit remains good, their moneys can be secured at reasonable rates. The credit of the privately-owned system depends entirely on the security it has to offer and its revenue results.

It is, however, satisfactory to know that in matters of tolls the view is increasingly held by the business communities throughout Canada that every effort to adjust them should be made through the medium of conferences between the railways and the other interests affected, before formal applications to the Railway Commission are made.

I desire to make a brief reference to the terminal situation in Montreal, now prominently before Parliament, and a question of great importance to the City in consequence of the plans of the National System for concentration of their passenger facilities in one station, and of the report of Mr. Frederick Palmer, an English Engineer, made at the instance of the Government of Canada, commenting on these plans and recommending certain extensions of them. No one can reasonably question the right of the National Railways to improve their terminal facilities, which are inadequate and were established by their constituent companies under conditions which do not obtain to-day, and I have endeavoured to make it clear that this Company was not directly concerned with such plans unless its interests were thereby adversely affected or unless plans for joint terminals were seriously put forward. When the proposals were made, the Board of Railway Commissioners, which has jurisdiction under the Statute in respect of station locations and street crossings, asked this Company to submit its views on the proposed scheme. In consequence of this request, two reports were made by independent American Engineers of great experience. These reports were given careful consideration by the officers of the Company, and it was their, and my own, view that we could not properly recommend to the Board the joining in a Union Terminal with the additional financial obligations which that would involve. The principal reasons which dictated this decision were: the favourable location of the Company's lines in and around the City of Montreal, with a well situated, adequate and economically operated passenger terminal at Windsor Station, with an equally adequate station at Place Viger at the eastern end of the City, and suburban stations in the West and North conveniently located for passenger traffic. The Company has very substantial investments in these terminals, particularly in Windsor Station, and the expansion of existing facilities can readily be made from time to time as traffic conditions require. Mr. Palmer's report, on which considerable reliance is placed by the Government, approves in principle of the National plan, and, in addition, recommends a joint passenger station at Lagauchetiere Street, and consideration of further joint facilities on the Island of Montreal. The cost of his suggested re-arrangement of terminals is estimated to be in the neighbourhood of eighty-five million dollars, while the cost of an exclusive Canadian National Terminal is approximately fifty million dollars. I do not need to remind the shareholders that these are enormous figures even in these days, and that no similar undertaking has, to my knowledge, been attempted in any city in North America of a size relative to that of Montreal, not even in the United States, where costly and elaborate terminals are not unknown. Plans of the National Railway are now being considered, and in certain features where this Company's interests are affected representations will be made in the proper quarters if discussion with the officials of the National Company do not result in a satisfactory understanding. This Company is vitally interested in everything that affects the City of Montreal, and in my opinion the plans recommended or approved by Mr. Palmer should be fully considered by independent experts before they are actually adopted.

Negotiations have recently been concluded with the officers of the federated trades in consequence of wage increases granted in the United States to employees in similar work in that country. In the result, Canadian Railways have granted increases which will add approximately one and a half million dollars to the annual payroll of this Company. While further negotiations concerning rates of pay to employees in other branches of the service may follow, it is not anticipated that anything will occur to destroy the harmonious relations between the men and the Company.

It is with unusual satisfaction that I record the appreciation of the Directors of the Company of the efforts of our men in the Company's interest during the past year. Both officers and employees have shown to a marked degree that efficiency and loyalty to the Company which has characterized their attitude for many years. The very high morale which has always existed continues to make itself evident.

The Report was unanimously adopted upon the following resolution which was moved by Mr. E. W. Beatty and seconded by Sir Herbert S. Holt, viz.:—

Resolved—That the Report of the affairs of the Company for the year ended December 31, 1928, 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 agreement with the Government of the Province of Alberta providing for the purchase jointly by this Company and the Canadian National Railway Company of railways in Alberta was submitted and, on motion of Mr. William C. Finley, seconded by Mr. William McMaster, was unanimously adopted, viz.:—

Resolved—That the agreement, dated the sixth day of February, 1929, between His Majesty The King in the right of the Province of Alberta, the Canadian Pacific Railway Company and the Canadian National Railway Company, providing for the purchase by the Canadian Pacific Railway Company and the Canadian National Railway Company, jointly, of the undertakings of The Edmonton, Dunvegan and British Columbia Railway Company, the Central Canada Railway Company, the Central Canada Express Company and the Alberta and Great Waterways Railway Company and of the Province of Alberta in respect thereof and in respect of the Pembina Valley Railway, 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:

Lanigan—Prince Albert	110	miles
Prince Albert—Lac La Biche	50	"
Gronlid—Pontrilas	20	"
Trail Easterly and Southerly	16	"
Kootenay Landing—Procter	33	"
Stobie—Falconbridge	12	"
Acme Northwesterly	25	"
Archive—Wymark; Lake Johnston to Archive	27	"
Swift Current Northwesterly; Willingdon to Vegreville	25	"
Bromhead Westerly; Mileage 20 to 44	24	"
Suffield Southwesterly; Arrowwood to Blackie	26	"

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 in respect of steamships was submitted and, on motion of Mr. George B. Fraser, seconded by Mr. A. R. W. Plimsoll, was unanimously adopted, viz.:—

Whereas the Company has statutory power to issue Consolidated Debenture Stock to aid in 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 there are now being constructed for the Company under contract two first class steel quadruple expansion twin screw oil-burning passenger and cargo steamships each 351 feet in length and 52 feet in breadth for the British Columbia Coastal service at an estimated cost of $2,044,000.

Now therefore be it 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 to such an amount as they shall deem expedient but not exceeding in the aggregate the cost of the said steamships.

The following resolution relating to the hotel which it is proposed to erect at London, England, was submitted and, on motion of Sir Frederick Williams-Taylor, seconded by Mr. Samuel M. Baylis, was unanimously adopted, viz.:—

Whereas the Company is authorized by statute to build and operate hotels at places along any of its lines of railway or places of call of any of its steamships and it is in its interest to establish a hotel in the City of London, England;

It is therefore resolved—That the Directors be and they are hereby authorized to proceed with the erection and equipment of a modern hotel at London, England, in such location and at such time as they may deem expedient, and according to plans which they shall approve.

The meeting then proceeded to the election of Directors, and on motion of Sir Herbert S. Holt, seconded by Mr. W. N. Tilley, K.C., the following resolution was unanimously adopted, viz.:—

Whereas in pursuance of By-law No. 6, Mr. Edward W. Beatty, Mr. W. A. Black, Hon. F. L. Beique, K.C., and Rt. Hon. Lord Shaughnessy, K.C., Directors of the Company, retire from office at this meeting;

And whereas four 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 in the said By-law.

It is resolved—That a ballot be now taken for the election of four Directors for the term of four years to fill the vacancies created as above stated; that Mr. W. R. Miller and Lt.-Col. 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, the Scrutineers reported that by a unanimous vote Mr. Edward W. Beatty, Mr. W. A. Black, Hon. F. L. Beique, K.C., and Rt. Hon. Lord Shaughnessy, K.C., were elected Directors for the term of four years.

The proceedings then terminated.

E. W. Beatty

Chairman.

E. Alexander

Secretary.

At a meeting of the Board held immediately after the Shareholders' meeting Mr. E. W. Beatty was re-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. W. N. Tilley, K.C.,
Hon. F. L. Beique, K.C.,
Sir Charles Gordon, G.B.E.