

3.—Origin and Growth of Government-owned Railways.

Canadian Government Railways.—The Intercolonial railway, built as a condition of Confederation and completed in 1876, and the Prince Edward Island railway, opened in April, 1875, had since their construction been owned and operated by the Dominion Government. In 1903 the Dominion Government undertook the construction of the eastern division of the National Transcontinental railway from Moncton, N.B., to Winnipeg, to be leased to the Grand Trunk Pacific Railway Company for a period of 50 years. On the failure of the company to take over the operation of the road when completed in 1915, the Government itself undertook its operation and was also obliged to lease the Lake Superior branch of the Grand Trunk Pacific railway, which, by the above default of the G.T.P. Co., was isolated from the main line. A number of eastern branch lines have been acquired in recent years, including the New Brunswick and Prince Edward Island railway, which forms the mainland connection of the Prince Edward Island car ferry, the International railway, the Moncton and Buctouche railway, the Salisbury and Albert railway, the St. Martin's railway, the Elgin and Havelock railway, the York and Carleton railway, the Quebec and Saguenay railway, the Caraquet and Gulf Shore railway, the Lotbinière and Mégantic railway and the Cape Breton railway. The Saint John and Quebec railway, in New Brunswick, and the Inverness Railway and Coal Company's lines in Cape Breton are operated under lease. The Hudson Bay railway, which had 332.5 miles of steel rail at the end of 1920, was declared to be comprised in the Canadian Government railways, and until 1926 was operated to a limited extent by the board of directors of the Canadian National Railways. In that year, as a result of the decision to complete the road, it was returned to the Department of Railways and Canals until completed.

Tables 17 and 18, from the Annual Report of the Department of Railways and Canals, show the capital expenditure of the Dominion Government on the Canadian Government Railways and their operating finances to Mar. 31, 1927. In Table 17 the cost of the Quebec Bridge (\$21,706,664), also \$18,000 of miscellaneous expenditure, are not included in the total of capital expenditure. In Table 18 they are included.

17.—Cost of Construction, Operation Expenses and Revenue of Canadian Government Railways for the fiscal years 1868-1900, 1901-1927, and before Confederation.

Note.—For the years 1868 to 1900, see Canada Year Book, 1916-17, page 437.

Years.	Capital Expenditure.	Operating Expenses.	Revenue.	Operating surplus (+) or deficit (-).
	\$	\$	\$	\$
Before Confederation.....	13,881,461	-	-	-
1868-1900.....	114,091,210	81,391,472	73,226,382	- 8,165,090
1901.....	3,922,999	5,739,052	5,213,351	+ 525,671
1902.....	5,336,611	5,861,099	5,018,900	+ 57,891
1903.....	3,083,681	6,474,134	6,584,599	+ 110,465
1904.....	2,619,060	7,599,959	6,827,256	+ 972,703
1905.....	6,125,482	8,906,154	7,059,892	- 1,855,262
1906.....	6,102,566	7,893,653	7,950,553	+ 56,900
1907 (9 mos.).....	7,174,370	6,328,746	6,569,186	+ 180,440
1908.....	23,684,005	9,585,295	9,534,569	- 40,726
1909.....	29,414,227	9,764,587	8,894,420	- 870,167
1910.....	21,505,976	9,095,904	9,647,964	+ 552,060
1911.....	24,532,466	10,037,879	10,249,394	+ 211,515
1912.....	23,108,806	11,074,853	11,034,186	- 40,667
1913.....	17,375,968	12,499,926	12,442,203	- 57,723
1914.....	21,628,095	13,559,225	13,394,317	- 164,908
1915.....	22,115,664	12,474,454	12,149,357	- 325,097