

rolling-stock, have been guaranteed by the Dominion Government. No new land grants or cash subsidies have been advanced by either the Dominion or Provincial Governments since 1939 and the situation, as it existed at Dec. 31, 1940, is set out at pp. 587-588 of the 1942 Year Book.

During the era of railway expansion before the War of 1914-18, Provincial Governments guaranteed the bonds of some railway lines that afterwards were incorporated in the Canadian National Railways. As these bonds mature they are paid off by the Canadian National Railways in large measure through funds raised by the issue of new bonds with Dominion Government guarantee. In this manner bonds guaranteed by the Governments of Ontario, Manitoba, Saskatchewan and Alberta have been eliminated in recent years.

8.—Railway Bonds Guaranteed by Dominion and Provincial Governments, as at Dec. 31, 1945

Government	Canadian National	Other Railways	Total
	\$	\$	\$
Provincial Governments—			
New Brunswick.....	622,657	465,000	1,087,657
British Columbia.....	1,964,275	Nil	1,964,275
Totals, Provincial Governments.....	2,586,932	465,000	3,051,932
Dominion Government.....	517,278,212	Nil	517,278,212
Grand Totals.....	519,865,144	465,000	520,330,144¹

¹ Does not include \$8,410,102 perpetual debenture stock and guaranteed stock of the former Grand Trunk Railway, now part of the Canadian National System, on which interest and dividends are guaranteed by the Dominion Government.

Financial Statistics of Government-Owned Railways

A description of the origin and growth of Government-owned railways in Canada is given at pp. 601-603 of the 1926 Year Book. That article describes their consolidation under the Canadian National Railways in 1923. The Hudson Bay Railway is a direct liability of the Dominion Government and has been operated by the Canadian National for the Government since Apr. 1, 1935, but is not included in the data for Canadian National Railways. To Mar. 31, 1946, the total cost of this railway was \$33,620,333, exclusive of the expenditure of \$6,274,113 on the terminal at Nelson and a loss of \$3,650,167 on operation. The operating deficit for the fiscal year 1945-46 was \$499,669.

The major portion of Dominion Government investments in railways consists of construction costs of the Intercolonial System, the National Transcontinental Railway and the Hudson Bay Railway, and the purchase price of small railways in the Eastern Provinces. The terminals at Churchill consisting of a grain elevator, a warehouse and docks have been transferred to the National Harbours Board and the investment removed from the railway account. Loans and advances to the Canadian National Railways for payment of operating deficits were charged to the Consolidated Revenue Account of the Dominion and also cleared from the railway account and other adjustments were made under the Canadian National Railways Capital Revision Act, 1937.

The Canadian National Railways Capital Revision Act (c. 22 of the Statutes of 1937) is dealt with at p. 644 of the 1939 Year Book. In the same edition, a table at pp. 644-645 shows a condensed consolidated balance sheet as at Dec. 31, 1936, adjustments authorized by the Capital Revision Act and the revised balance sheet as at Jan. 1, 1937.