

1940

# TRANS-CANADA AIR LINES

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## ANNUAL REPORT

FOR THE YEAR ENDED 31<sup>ST</sup>. DECEMBER, 1940

McGill University  
School of Commerce  
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## BOARD OF DIRECTORS

### *Elected by Shareholders :*

S. J. HUNGERFORD.....Chairman and President, Canadian National Railways.....	Montreal
H. J. SYMINGTON, K.C.....Director, Canadian National Railways.....	Montreal
WILFRID GAGNON..... “ “ “ “ .....	Montreal
J. A. NORTHEY..... “ “ “ “ .....	Toronto

### *Appointed by Governor in Council :*

C. P. EDWARDS.....Deputy Minister of Transport .....	Ottawa
J. A. WILSON.....Director of Air Services, Department of Transport.....	Ottawa
GEO. HERRING.....Chief Superintendent of Air and Land Mail Services, Post Office Dept.....	Ottawa

## OFFICERS

President.....	S. J. HUNGERFORD
Vice-President in charge of Operations.....	D. B. COLYER
Assistant to Vice-President in charge of Operations.....	W. F. ENGLISH
Secretary.....	W. H. HOBBS
Treasurer.....	C. D. COWIE
Comptroller.....	T. H. COOPER
Chief Counsel.....	E. E. FAIRWEATHER, K.C.
Director of Publicity.....	W. S. THOMPSON
General Traffic Manager.....	G. G. WAKEMAN

# TRANS-CANADA AIR LINES

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## FOURTH ANNUAL REPORT

OF THE  
DIRECTORS OF TRANS-CANADA AIR LINES  
YEAR ENDED 31ST. DECEMBER, 1940

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### *To the Shareholders:*

The Board of Directors submit herewith the Fourth Annual Report of Trans-Canada Air Lines, being for the year ended 31st. December, 1940.

Development of the mail, express and passenger services was continued throughout the year. The policy followed was based upon the realization that the operations of Trans-Canada Air Lines are essential to the nation's wartime activity.

The aim has been to make the services of Trans-Canada Air Lines of maximum value to the Post Office Department, to the armed forces, to Canadian business in general and to those firms and individuals engaged particularly in war production.

It is gratifying to note the high degree of co-operation which has developed between Trans-Canada Air Lines and military aviation.

In mail, express and passenger operations there was substantial growth. The number of passengers carried increased by 31,611; express increased by 59,969 pounds, and mail by 360,704 pounds.

The principal events of the year were as follows:

JANUARY 1ST. —Air mail service to Moncton established. The service had previously been confined to training flights on daylight schedule.

FEBRUARY 15TH.—Passenger service to Moncton established.

APRIL 1ST. —Second daily trip for air mail and express inaugurated on transcontinental service.

APRIL 14TH. —Second daily trip for passengers inaugurated on transcontinental service.

JULY 15th. —Air mail and air express service established between Toronto, London and Windsor.

AUGUST 1ST. —Passenger service established between Toronto, London and Windsor. Additional daily trip inaugurated between Toronto, Ottawa and Montreal.

DECEMBER 1ST.—Transcontinental trips scheduled to operate through Toronto to Ottawa and Montreal.

### OPERATING PERFORMANCE

Revenue plane miles flown during the year were 4,770,219 as compared with 2,760,090 in 1939. 97.3% of the scheduled mileage was completed.

The following tables illustrate the expansion of the company's operations:—

<b>Routes Operated</b>		
December 31st., 1940		Miles
Moncton—Vancouver (via Toronto) . . . . .		3,057
Toronto—Windsor . . . . .		195
Lethbridge—Edmonton . . . . .		288
Seattle—Vancouver . . . . .		122
		<hr/>
		3,662
		<hr/>

### Scheduled Miles—Daily

December 31st., 1939		December 31st., 1940	
Montreal—Vancouver (1 round trip) . . . . .	4,822	Moncton—Vancouver (via Toronto) (1 round trip) . . . . .	6,114
Moncton—Toronto (1 round trip) . . . . .	1,532	Montreal—Vancouver (via Toronto) (1 round trip) . . . . .	5,258
Montreal—Toronto (1 round trip) . . . . .	676	Montreal—Toronto (2 round trips) . . . . .	1,352
Toronto—North Bay (1 round trip) . . . . .	374	Toronto—Windsor (2 round trips) . . . . .	780
Lethbridge—Edmonton (2 round trips) . . . . .	1,152	Lethbridge—Edmonton (2 round trips) . . . . .	1,152
Seattle—Vancouver (2 round trips) . . . . .	488	Seattle—Vancouver (2 round trips) . . . . .	488
	<u>9,044</u>		<u>15,144</u>

	Plane Miles Flown			Hours Flown			Percentage of Scheduled Performance
	1940			1940			
	Revenue	Training	Total	Revenue	Training	Total	
January . . . . .	275,223	39,944	315,167	1,733	228	1,961	96.04
February . . . . .	259,346	59,131	318,477	1,646	342	1,988	98.00
March . . . . .	270,200	85,463	355,663	1,737	479	2,216	95.00
April . . . . .	377,711	47,113	424,824	2,354	265	2,619	98.00
May . . . . .	432,331	102,790	535,121	2,690	576	3,266	100.00
June . . . . .	409,297	36,002	445,299	2,523	204	2,727	99.00
July . . . . .	443,933	24,173	468,106	2,753	137	2,890	99.10
August . . . . .	488,559	22,384	510,943	3,052	125	3,177	99.50
September . . . . .	467,335	25,329	492,664	2,924	145	3,069	99.00
October . . . . .	477,705	17,065	494,770	2,970	95	3,065	99.30
November . . . . .	440,804	16,529	457,333	2,755	94	2,849	93.70
December . . . . .	427,775	12,842	440,617	2,651	74	2,725	90.60
Year 1940 . . . . .	4,770,219	488,765	5,258,984	29,788	2,764	32,552	97.30
Year 1939 . . . . .	2,760,090	365,303	3,125,393	17,403	2,096	19,499	98.10

	Plane Miles Flown Since Inception of Operations			Hours Flown Since Inception of Operations		
	Revenue	Training	Total	Revenue	Training	Total
Sept. 1, 1937 to Dec. 31, 1937 . . . . .	26,596	74,372	100,968	196	493	689
Year 1938 . . . . .	1,122,179	826,167	1,948,346	7,266	5,285	12,551
Year 1939 . . . . .	2,760,090	365,303	3,125,393	17,403	2,096	19,499
Year 1940 . . . . .	4,770,219	488,765	5,258,984	29,788	2,764	32,552
	<u>8,679,084</u>	<u>1,754,607</u>	<u>10,433,691</u>	<u>54,653</u>	<u>10,638</u>	<u>65,291</u>

#### Air Mail Service:

As of December 31st., 1940, 15,144 miles were flown daily in regular air mail service as compared with 8,188 miles at December 31st., 1939. The increased services during the year, and their effective dates, were:

- January 1st.—Montreal—Moncton.
- April 1st. —Montreal—Vancouver second schedule.
- July 15th. —Toronto—Windsor.

The increase in air mail carried, 1940 over 1939, amounted to 360,704 pounds or approximately 65 per cent.

Mail carried in 1940 was as follows:—

	Pounds
January . . . . .	64,880
February . . . . .	63,701
March . . . . .	64,685
April . . . . .	57,235
May . . . . .	76,536
June . . . . .	68,270
July . . . . .	78,765
August . . . . .	86,664
September . . . . .	86,049
October . . . . .	94,164
November . . . . .	90,575
December . . . . .	95,513
	927,037

During 1940 the air mail rate paid the company by the Post Office Department was 60 cents per plane mile, and this rate will continue until March 31st., 1941, after which there will be a material reduction.

#### **Passenger Service:**

Revenue passengers numbering 53,180 were carried in 1940 as compared with 21,569 in 1939, an increase of 150 per cent. The average passenger journey was 551 miles.

It was not possible fully to meet the demand on the transcontinental route during the Summer and early Autumn months, although the second daily service between Montreal and Vancouver was in operation from April 14th. The services between Montreal and Moncton and between Montreal, Toronto and Windsor were also insufficient to take care of all those desiring to use them.

#### **Air Express Service:**

Air express service was extended during the year to all the routes operated in Canada. The number of shipments was 18,476; weight, 105,788 pounds. In 1939 the number of shipments was 10,897; weight, 45,819 pounds. Seventy-five per cent of the revenue from air express accrues to the air line and twenty-five per cent to the express company performing the pick-up and delivery service.

### **PROPERTY AND EQUIPMENT**

#### **Flight Equipment:**

In 1940 the flight equipment of the company consisted of 15 Lockheed 14-H aircraft, equipped with two Pratt and Whitney Hornet engines each of 850 horsepower, hydromatic full-feathering propellers, and Bendix radio.

Required for existing and new services, six Lockheed Lodestar aircraft were purchased late in 1940 and have since been delivered. These aircraft have accommodation for fourteen passengers, compared with ten in the 14-H aircraft. The new aircraft are equipped with two Pratt and Whitney Twin-Row Wasp engines each of 1200 horsepower.

The company's technical staff continues to follow the latest developments in the field of aeronautical science.

#### **Ground Facilities:**

The hangar at Moncton, construction of which was commenced in the Autumn of 1939, was completed in March 1940. The instrument shop at Winnipeg was enlarged during the Summer to provide the additional accommodation necessary to take care of instrument repairs for the Royal Canadian Air Force. A second



storey to the hangar annex at Winnipeg was completed during the Autumn to permit of expansion of shop facilities.

Under agreement with the Canadian National Telegraphs, teletype service linking the airports and traffic offices was installed during the year between Montreal and Winnipeg and between Toronto and Windsor. This service has been of assistance in the handling of reservations.

### AIRWAY FACILITIES

For the use of aviation in general—military, commercial and private—landing fields and other facilities at the airports owned by municipalities or by the Department of Transport were further improved during the year. Improvements were also effected at a number of the intermediate and emergency fields, certain of which are used in connection with the British Commonwealth Air Training Plan.

Airport and radio range facilities were completed by the Department of Transport at London and Windsor and administration buildings erected.

In the mountain section lighted landing fields with runways were established at Penticton and Kimberley and radio ranges installed. These new facilities provide practically a straight range course over the mountains and two additional fields.

Decision was reached by the authorities concerned, during the year, to transfer the St. Hubert Airport, Montreal, to the military, and to develop a new commercial airport for Montreal at Dorval. Work on the new site was commenced in the Autumn and it is anticipated that the field will be available for service during the late Summer of this year. The company, under arrangement with the Department of Transport, is constructing a 200-foot hangar at the new airport, work on which is well advanced.

The weather reporting service operated by the Meteorological Branch, Department of Transport, for military and civil aviation, was extended and its staff augmented.

### OPERATING AGREEMENTS WITH OTHER AIR LINES

An agreement was entered into with Northeast Airlines, Inc., to provide radio coverage and the servicing of equipment at Montreal and Moncton, in connection with the operations of that company between Montreal and Boston and Moncton and Boston. A similar arrangement with the Western Air Express Corporation at Lethbridge, covering that company's operation between Lethbridge and Great Falls, Montana, will become effective with the inauguration of the service about April 1st.

### TRAFFIC OFFICES

To meet the needs of the expanding passenger business, city traffic offices were opened during the year at Halifax, London, Windsor and Victoria.

### PERSONNEL

Personnel as at December 31st., 1940, totalled 789, the comparative figures being as follows:—

	December 31st.,	
	1939	1940
Administrative . . . . .	12	13
Captains and first officers . . . . .	54	89
Stewardesses . . . . .	28	40
Maintenance and Overhaul . . . . .	233	399
Communications and Dispatch . . . . .	81	101
Station Staffs, Traffic and Clerical . . . . .	89	147
	497	789

During the year the operation and traffic headquarters were transferred from Montreal to Winnipeg.

## FINANCIAL

The balance sheet of the company at December 31st., 1940, and income statement, are appended hereto.

### Balance Sheet:

The paid in capital of the company, \$3,750,000, which has all been raised by the issue of capital stock, was not increased during the year. The reserve for depreciation increased by \$697,912, and now stands at \$1,332,154. Self-insurance reserve was increased by \$89,488, to \$206,827.

### Property and Equipment:

Expenditures on property and equipment totalled \$1,158,659, as follows:—

Purchase of six Lockheed Lodestar aircraft—complete . . . . .	\$ 925,317
Purchase of two spare Pratt & Whitney Twin-row Wasp Engines . . . . .	36,742
Remainder of cost of Moncton hangar . . . . .	38,156
Addition of second storey to hangar annex, Winnipeg . . . . .	27,478
Shop and servicing equipment . . . . .	48,882
Radio equipment . . . . .	25,370
Betterments to aircraft and aircraft equipment . . . . .	15,507
Betterments to hangar and other buildings . . . . .	17,243
Furniture and fixtures for offices and stations, and miscellaneous . . . . .	23,964
	\$1,158,659

### Income Account:

The income account for the year, after providing for all operating costs including depreciation and interest on invested capital, shows a surplus of \$539,263. Notwithstanding rising prices, operating costs were reduced from 88.4 cents per mile to 76.9 cents per mile or 13%. The additional services operated during the year contributed to this reduction.

## GENERAL

### War Conditions:

Every phase of civil aviation has been affected by war conditions. Trans-Canada Air Lines is no exception. Many employees have been granted leave of absence to join the fighting forces, principally the Royal Canadian Air Force. The loss of one of the original Trans-Canada pilot group, Captain W. G. A. Coulson, killed on active service overseas, is recorded with regret.

The company's instrument shop at Winnipeg was doubled in capacity and is working full time in the overhaul and repair of aircraft instruments for the Royal Canadian Air Force. Under contract with the Department of Munitions and Supply a shop was established at Malton Airport (Toronto) for the overhaul and repair of military aircraft, and is now in operation.

The facilities of the company at the various airports across Canada are extensively used for the servicing of military aircraft, and radio coverage is furnished as required. Flight personnel of the company have assisted in the delivery of training aircraft purchased in the United States; in the ferrying of military and training aircraft between the different training depots in Canada; and in training civilian pilots proceeding overseas. A considerable amount of this work was done by employees in their own time as a contribution to the war effort.

### Trans-Atlantic Flights:

During the Summer and early Autumn, five round trips were operated over the North Atlantic route between Southampton, Foynes, Botwood, Montreal and New York by British Overseas Airways Corporation. Trans-Canada Air Lines, as agent of that corporation, handled the Canadian arrangements.

**Service Extensions:**

It is proposed, about April 15th., to increase the present schedule between Montreal and Moncton from one to two round trips daily, and concurrently it is planned to extend the service to Halifax.

The rapid growth of mail and passenger business during the year indicated the desirability of a third transcontinental trip between Montreal, Toronto and Vancouver. The date for the inauguration of this schedule has not yet been decided upon as developments in the Spring will govern the decision.

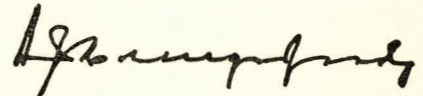
Trans-Canada Air Lines' application for license to operate a direct service between Toronto and New York has been favourably reported upon by the Examiner of the Civil Aeronautics Board of the United States. As a Canadian license has already been granted it is planned to commence the service between the two cities as soon as possible after the United States' license is received—probably about April 15th.—with an initial schedule of two round trips a day.

Under the terms of a recent understanding between the Governments of Canada and the United States regarding international air services, Trans-Canada is relinquishing its Vancouver-Seattle service. This service, owing to its competitive nature (a United States operator is also giving service) has not been profitable, and its abandonment releases equipment and personnel for other routes.

It is with deep regret that your Board record the loss of the passengers and crew in an accident to one of the Company's aircraft near Armstrong, Ontario, on February 6th., 1941. They desire to place on record their sympathy with the families of those who lost their lives. From the inception of passenger service to that date 8,165,000 miles had been flown by Trans-Canada aircraft without a fatality.

Acknowledgment is made of the loyal service of the Company's personnel during a year of increasingly exacting demands as a result of war conditions.

For the Directors,



President.

Montreal, 19th. March, 1941.

## BALANCE SHEET AT

ASSETS		
CURRENT ASSETS:		
Cash.....	\$ 503,061.64	
Working Fund Advances.....	3,718.35	
Special Deposits.....	2,067.73	
Accounts Receivable.....	475,206.73	
Traffic Balances Receivable.....	139,791.66	
Balances Receivable from Agents.....	21,676.71	
Motor Fuels and Lubricating Oils.....	8,298.85	
Materials and Supplies.....	294,838.90	
Other Current Assets.....	14,066.80	\$1,462,727.37
DEFERRED DEBITS:		
Prepayments—Insurance.....	\$ 27,441.04	
Other Deferred Debits.....	2,871.45	30,312.49
CAPITAL ASSETS:		
Property and Equipment.....	\$4,858,548.73	
Less Accrued Depreciation.....	1,332,153.71	3,526,395.02
		<u>\$5,019,434.88</u>

## CERTIFICATE

We have examined the books and records of the Trans-Canada Air Lines for  
 We certify that, in our opinion, the above Balance Sheet is properly drawn  
 31st. December, 1940 and that the relative Income Account for the year ended

18th. March, 1941.

31st. DECEMBER, 1940.

LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable.....		\$ 390,542.64	
Traffic Balances Payable.....		18,913.19	
Salaries and Wages.....		57,103.85	
Other Liabilities.....		43,173.69	\$ 509,733.37
DEFERRED CREDITS .....			13,611.12
SELF INSURANCE RESERVE .....			206,827.24
CAPITAL STOCK:			
Common Stock Subscribed—Par Value.....		\$5,000,000.00	
Less Uncalled Subscriptions to Common Stock.....		1,250,000.00	3,750,000.00
SURPLUS.....			539,263.15
			\$5,019,434.88

T. H. COOPER,  
Comptroller.

**OF AUDITORS**

the year ended the 31st. December, 1940.

up so as to exhibit a true and correct view of the affairs of the Air Lines as at the the 31st. December, 1940 is correctly stated.

GEORGE A. TOUCHE & CO.,  
Chartered Accountants.

## INCOME ACCOUNT

YEAR ENDED 31ST. DECEMBER, 1940.

<b>GROSS REVENUE:</b>		
Passenger .....		\$1,574,217.33
Mail .....		2,832,363.20
Express .....		39,488.84
Excess Baggage .....		9,192.36
Other Transportation .....		27,744.63
Incidental Services .....		109,377.03
<b>Total</b> .....		<u>\$4,592,383.39</u>
<b>OPERATING EXPENSES:</b>		
Aircraft—		
Operation and Maintenance .....	\$2,041,590.04	
Depreciation .....	595,723.68	\$2,637,313.72
Ground Facilities—		
Operation and Maintenance .....	\$ 688,869.99	
Depreciation .....	105,775.50	794,645.49
Incidental Services .....		63,830.97
Traffic and General Administration .....		301,256.51
Tax Accruals .....		58,887.35
Exchange, etc. ....		9,686.20
Interest on Capital Invested .....		187,500.00
<b>Total</b> .....		<u>\$4,053,120.24</u>
<b>Surplus</b> .....		<u>\$ 539,263.15</u>

## STATISTICAL DATA

YEAR ENDED 31ST. DECEMBER, 1940.

Route Mileage Operated .....	3,662
Plane Miles Flown—Revenue .....	4,770,219
Plane Miles Flown—Training .....	488,765
Revenue Passengers Carried .....	53,180
Percentage of Passenger Occupancy .....	63%
Average Passenger Journey—Miles .....	551
Mail Carried (Pounds) .....	927,037
Express Carried (Pounds) .....	105,788
Excess Baggage Carried (Pounds) .....	50,559



