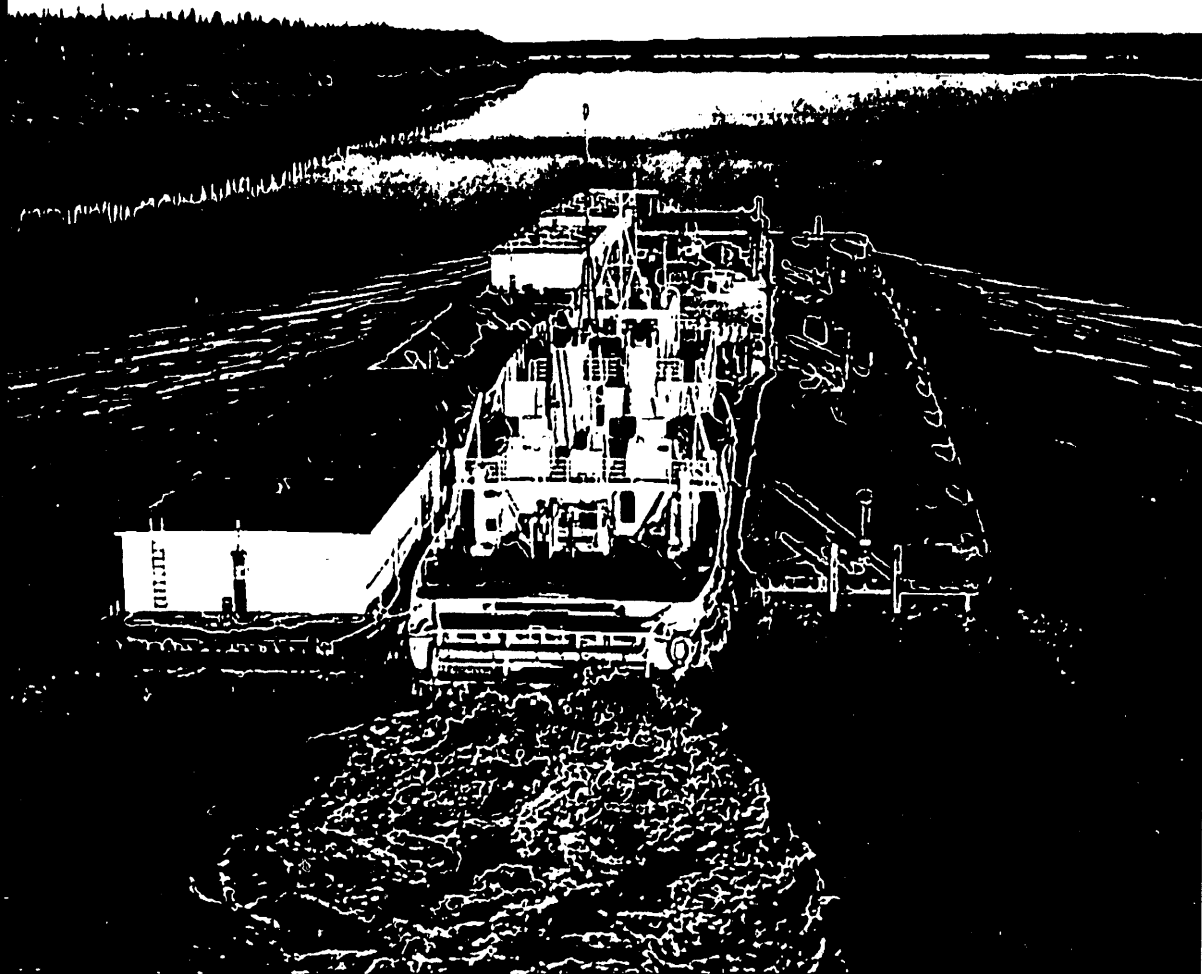


LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
7TH COUNCIL, 47TH SESSION

TABLED DOCUMENT NO. 6-47

TABLED ON JUNE 19, 1972

TD 6-47
Tabled on June 19, 1972

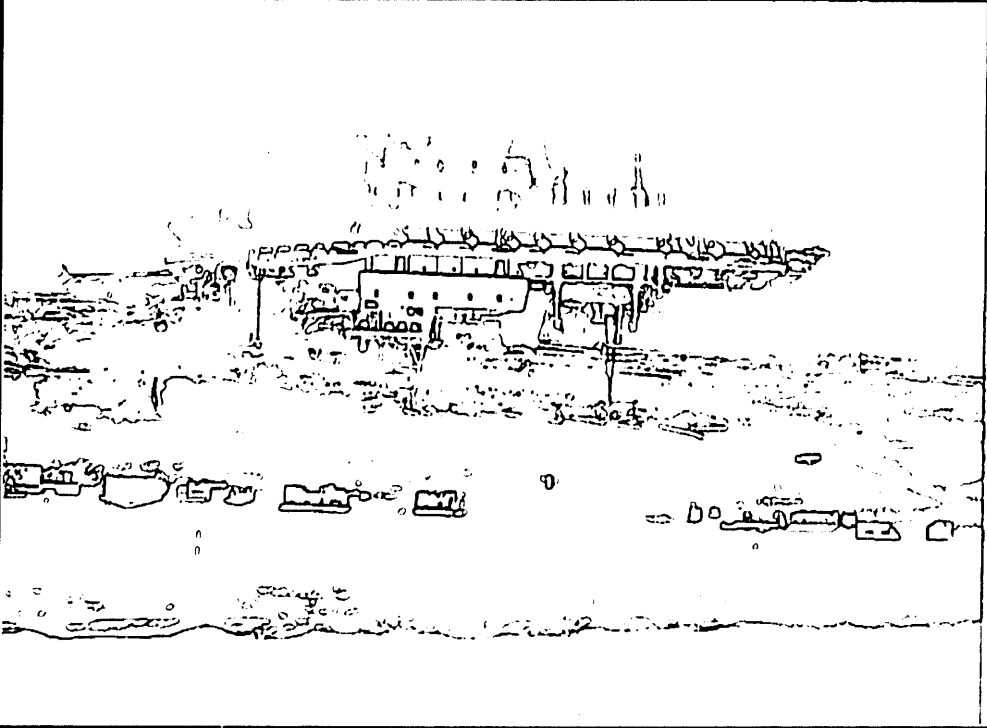


NTCL's Motor Vessel "Kelly Hall" sailing north on the Mackenzie River with a tow of nine barges.

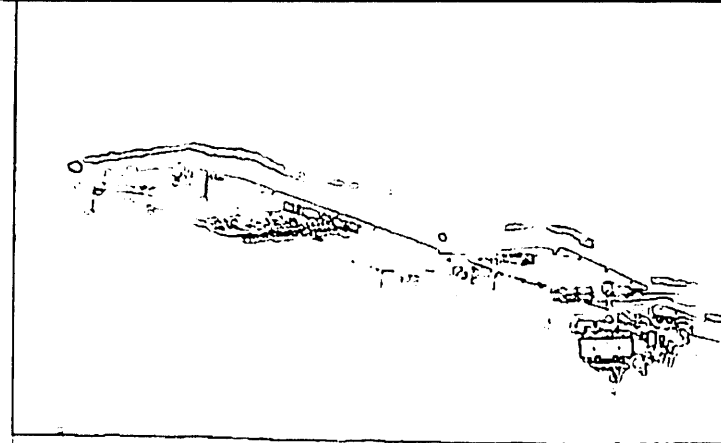
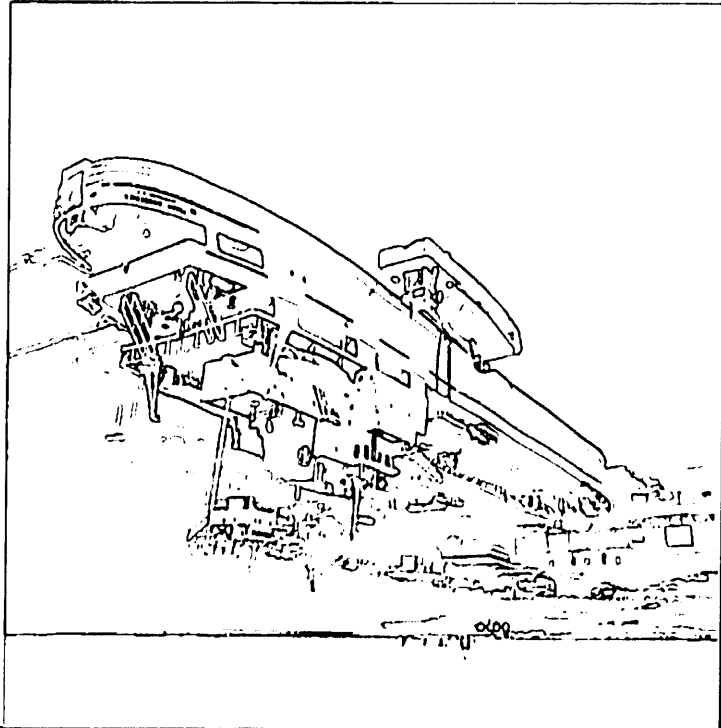
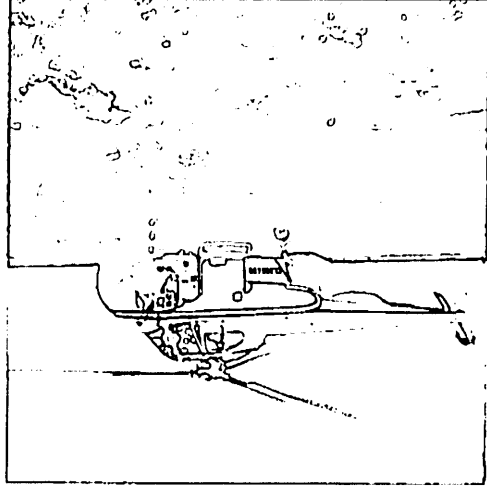


1971
ANNUAL
REPORT

Northern Transportation Company Limited



The Northern Transportation Fleet: No other fleet is quite like that of Northern Transportation Co. Ltd. Almost every unit is the evolutionary product of 40 years of experience in adapting to the challenge of sub-Arctic and Arctic conditions along a 4,800-mile system of inland rivers, lakes and the coastal waters. The motor vessel "Frank Broderick" (top left) was designed and built for Arctic operation and for beach landing of cargo where no harbour facilities exist. Barges of up to 250 feet in length carrying up to 9,000 tons of bulk product and deck cargo, are towed or pushed by the tugs, among them such 4,000 h.p. ocean-going types as the "Angus Sherwood" (top right); the "Knut Lang" (lower left) and the river tug "Vic Ingraham" (lower right), all equipped with the most modern of navigation and communication aids. The "Sherwood" and "Ingraham" are seen on the Mackenzie River, near Norman Wells; the Long northbound from Inuvik. The S55 helicopter is used for ice reconnaissance and stands by for search and rescue work.



Northern Transportation Company Limited

HEAD OFFICE: Suite 800, 151 Slater St., Ottawa, Canada, K1P 5H3
OPERATIONS OFFICE: 10040 - 105th Street, Edmonton, Alta.

DIRECTORS

A. B. Caywood	P. L. P. Macdonnell
C. S. Cosulich	L. R. Montpetit
W. M. Gilchrist	J. H. Parker
W. B. Hunter	H. Basil Robinson

Murray Watts

OFFICERS

President: W. M. Gilchrist
Executive Vice-President: L. R. Montpetit
Vice-President Operations: W. B. Hunter
Secretary: R. C. Powell Treasurer: J. C. Orr

President's Report

The Honourable Donald C. Jamieson,
Minister of Transport,
Ottawa, Canada.

Sir:

On behalf of the Board of Directors, and in accordance with Section 75 (3) of the Financial Administration Act, I have the honour to submit the Annual Report of Northern Transportation Company Limited for the year ended December 31, 1971.

Your company recorded a net loss of \$1,221,820 in 1971, its second consecutive loss, comprised of \$1,159,778 in debt servicing charges, and an operating loss of \$62,042. This compares with a net loss of \$544,452 in 1970, comprised of financing charges of \$1,019,333 less an operating profit of \$474,881.

The deterioration in operating profit is due primarily to a narrowing of the spread between fixed freight rates and escalating costs, and it is timely to note that the company has not effected a general increase in its tariffs for more than 40 years, but has, in fact, because of improved productivity, been able to reduce its rates three times in that period. However, the point has now been reached where the service is operating at a loss and therefore the company has filed for a general increase in freight rates to be effective in 1972. This increase, coupled with the anticipated growth in traffic, makes it possible to forecast a return to a profitable operation by 1974.

Total freight revenue for the year amounted to \$7,754,107, a decrease of \$760,525 or 8.9% compared with revenues of the previous year. Operating costs at \$7,894,146, not including interest on loans, decreased by 1.5% from \$8,149,481, and with financing charges added, total costs at \$9,053,924 were 1.2% lower than in 1970.

Tonnage handled was about 1% higher than in 1970, for an all-time high of 283,321 tons. However, as in 1970, the year's revenues were unfavourably influenced by a cut-back in long-haul freight for oil exploration in the Canadian sector and a complete absence of any freight to the Prudhoe Bay area of Alaska, reducing this type of freight movement by some 23% compared with the previous year.

While successful efforts have been made over the past years to

contain costs in the face of an inflationary trend, the results of these efforts have been significantly eroded by the general reduction in per-ton revenues already referred to, due principally to an increase in short-haul, and a decrease in long-haul, freight movements. Moreover, due to the vagaries of planning for activities in the North, in both the private and public sector, operating costs are unfortunately, but inevitably, increased by an uneven flow of traffic. During the first half of the short navigation season, freight receipts are often insufficient to take full advantage of the generally high water levels, while during the later months, when water levels tend to deteriorate and barges cannot be loaded to capacity, the demand for freight movement usually accelerates. Efforts continue towards a smoothing-out of this traffic pattern.

The company is seeking to increase its revenues from activities other than water transportation. Considering the strategic location of the main bases — Hay River and Inuvik — in relation to oil exploration activities, there appears to be an opportunity to broaden the earnings base and to diversify beyond traditional interests. With this in mind, winter warehousing and forwarding services were undertaken commencing in the winter of 1971, and it is expected that, in time, this type of shore-related business will increase and result in more opportunities for year-round employment, bringing greater stability to the work force.

During 1971, total operating costs were slightly reduced against a prevailing trend to escalating labour and other costs. The most significant reduction came in the maintenance sector, due in part to less bottom damage as a result of a conscious policy of restricting draft in loading barges.

Generally speaking, water levels in 1971 did not serve to provide any real improvement; however, viewing the system as a whole, it would appear that the downward cycle has possibly bottomed and it is hoped that the coming years will see an upward trend in the amount of water available. The major dredging project, undertaken at the Sans Sault Rapids, was essentially completed by year-end and the full effects will be evident in 1972.

All deliveries of north-bound freight were accomplished during the season, but low water conditions, fog and snow in late October made it impossible to complete south-bound movements of equipment on the river, with the result that 8 tugs and 68 barges are being wintered at Horn River instead of at the Hay River shipyards. Ice conditions in the Arctic were unusually good during the 1971 season.

Capital expenditures made in 1971 amounted to \$2,177,177, almost two million dollars less than had been forecast. This is due to deferment of certain projects originally contemplated — primarily the staging base

on Banks Island and the new marine repair depot at Hay River. The Syncrolift was the major project in 1971, accounting for \$1,311,507 of the total expenditure; other capital outlays were related to expansion of the Inuvik terminal, necessary new housing, replacement of automotive equipment, repowering of vessels, and a computer installation in Edmonton. A capital program of \$1,800,000 in 1972 will be directed at essential upgrading and expansion of shore-based facilities and the repowering of certain vessels.

While it is always difficult to predict tonnages far in advance, the company is anticipating that increased oil exploration activity in the Mackenzie area may serve to raise 1972 freight tonnage to a new record, and eventually the construction of gas and oil pipelines will place substantially heavier demands on the system. Beginning in 1972, the company hopes to offer as a new service, in conjunction with Canadian National Railways, a through container movement from points in Alberta to Inuvik.

Late in the year, Captain S. Thorsteinson retired after 33 years with the company, and has been succeeded as Superintendent of Marine Operations by Captain C. Kirkland.

In the 1971 operating season, the work force reached a maximum of 561 persons, of whom 144 were residents of the area serviced by the company. Wages and salaries paid amounted to \$3,620,600 and the company's share of the cost of pension, group insurance and medical welfare plans totalled \$172,225.

It is again a privilege to acknowledge the resourcefulness and loyal cooperation of the company's many employees in a job well done in a difficult year.

For the Directors,



President.

Ottawa, Canada
February 29, 1972.

NORTHERN TRANSPORTATION COMPANY LIMITED

and subsidiary company

Consolidated Statement of Income and Expense

for the year ended December 31, 1971

(with comparative figures for the year ended December 31, 1970)

	1971	1970
Income:		
Freight earnings	\$ 7,754,107	\$ 8,514,632
Expense:		
Operation and maintenance:		
Salaries and wages	\$ 2,950,579	\$ 3,037,042
Depreciation	2,208,308	1,946,660
Repairs and maintenance	865,180	1,227,422
Fuels and lubricants	555,904	555,113
Messing	143,611	194,219
Pallets and shrinkwrap	123,328	207,083
Transportation of employees	97,785	87,936
Grants in lieu of municipal taxes	68,772	54,122
Wharfage, demurrage and railway spur	27,444	21,730
Insurance	13,687	141,290
Miscellaneous	148,496	85,386
	<u>7,203,094</u>	<u>7,557,503</u>
Administration:		
Executive officers' salaries	137,771	99,351
Other salaries	180,329	152,570
Head Office	66,000	72,006
Provision for doubtful accounts	59,875	27,859
Advertising and public relations	58,146	56,355
Travel	33,759	35,152
Business tax	32,517	37,059
Telephone and telegraph	30,866	25,630
Depreciation	15,669	17,871
Stationery and office supplies	14,606	18,270
Miscellaneous	61,514	49,855
	<u>691,052</u>	<u>591,978</u>
	<u>7,894,146</u>	<u>8,149,481</u>
Net loss (income) from operations	140,039	(365,151)
Other income:		
Interest on investments	73,890	103,894
Gain on disposal of capital assets	4,107	5,836
	<u>77,997</u>	<u>109,730</u>
Other expense:		
Interest on loans from Canada	1,159,778	1,019,333
Net Loss	<u>\$ 1,221,820</u>	<u>\$ 544,452</u>

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Retained Earnings

for the year ended December 31, 1971

(with comparative figures for the year ended December 31, 1970)

	1971	1970
Balance at January 1	\$ 6,816,828	\$ 7,361,280
Transfer to reserve for insurance	200,000	—
Net loss for year	1,221,820	544,452
Balance at December 31	<u>\$ 5,395,008</u>	<u>\$ 6,816,828</u>

The accompanying notes are an integral part of the financial statements.

Statement of Source and Application of Funds

for the year ended December 31, 1971

(with comparative figures for the year ended December 31, 1970)

	1971	1970
Source of Working Capital:		
Net loss for year	\$ (1,221,820)	\$ (544,452)
Depreciation	2,228,821	1,969,377
Loans from Canada	3,600,000	7,500,000
	<u>4,607,001</u>	<u>8,924,925</u>
Application of Working Capital:		
Capital expenditures	2,177,177	8,034,730
Loans from Canada repayable	1,000,000	3,500,000
Insurance investment fund	200,000	—
Deferred income tax	—	136,623
	<u>3,377,177</u>	<u>\$ 11,671,362</u>
Increase (Decrease) in Working capital	<u>\$ 1,229,824</u>	<u>\$ (2,746,437)</u>

NORTHERN TRANSPORT

and subsidiaries
(Incorporated under the laws of the State of Michigan)

Consolidated

Balance Sheet
at December 31, 1971
(with comparative figures for 1970)

ASSETS	1971	1970
Current Assets:		
Cash	\$ 84,030	\$ 273,041
Short-term deposits	700,000	200,000
Accounts receivable	901,091	818,297
Operating and general supplies, at cost	545,252	582,619
Prepaid expense	1,000	9,646
	<u>2,231,433</u>	<u>1,883,603</u>
 Short-term Deposits held for		
Insurance Investment Fund	<u>700,000</u>	<u>500,000</u>
 Capital Assets, at cost:		
Land	279,488	241,770
Buildings, including equipment	10,975,081	8,960,463
Boats and barges, including equipment	30,892,969	30,825,271
Automotive equipment	2,386,560	2,350,654
Other	233,162	217,544
	<u>44,767,260</u>	<u>42,595,702</u>
 Less: accumulated depreciation	<u>22,523,562</u>	<u>20,300,360</u>
	<u>22,243,698</u>	<u>22,295,342</u>
	<u>\$ 25,175,131</u>	<u>\$ 24,678,945</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board

W. M. GILCHRIST, *Director*

MURRAY WATTS, *Director*

ATION COMPANY LIMITED

ary company
Canada Corporations Act)

Balance Sheet

per 31, 1971
es at December 31, 1970)

LIABILITIES

	1971	1970
Current Liabilities:		
Accounts payable	\$ 788,618	\$ 514,278
Loans from Canada due within one year (Note 2)	2,722,974	3,879,308
Income tax payable	172,653	172,653
	<u>3,684,245</u>	<u>4,566,239</u>
Loans from Canada (Note 2)	<u>13,600,000</u>	<u>11,000,000</u>
Deferred Income Tax	<u>640,392</u>	<u>640,392</u>
Capital:		
Capital Stock:		
Authorized — 50,000 shares of no par value		
Issued — 1,520 shares, fully paid	152,000	152,000
Reserve for insurance	700,000	500,000
Contributed surplus	1,003,486	1,003,486
Retained earnings	5,395,008	6,816,828
	<u>7,250,494</u>	<u>8,472,314</u>
	<u>\$ 25,175,131</u>	<u>\$ 24,678,945</u>

I have examined the above Consolidated Balance Sheet and the related Consolidated Statement of Income and Expense and have reported thereon under date of March 16, 1972 to the Minister of Transport.

A. M. HENDERSON,

Auditor General of Canada

NORTHERN TRANSPORTATION COMPANY LIMITED
and subsidiary company

Notes to Financial Statements

1. Subsidiary Company

The Company has one wholly-owned and inoperative subsidiary company, Yellowknife Transportation Company Limited, whose assets were taken over and liabilities assumed by Northern Transportation Company Limited in an earlier period.

2. Loans from Canada

The Company has borrowed \$21,100,000 subject to terms and conditions prescribed by the Governor in Council. Outstanding principal and interest at December 31, 1971 amounted to \$16,322,974, of which \$2,722,974 is due to be repaid within one year and the balance of \$13,600,000 is payable by October 15, 1976.

3. Supplementary Information

The Company has nine directors and five officers, three officers are also directors. Remuneration of directors as directors was \$1,800 and remuneration of officers as officers was \$73,000.

AUDITOR GENERAL OF CANADA

Ottawa, March 16, 1972

The Honourable Donald C. Jamieson,
Minister of Transport,
Ottawa.

Sir,

I have examined the accounts and financial statements of Northern Transportation Company Limited and its subsidiary company for the year ended December 31, 1971. In compliance with the requirements of section 77 of the Financial Administration Act, I report that, in my opinion:

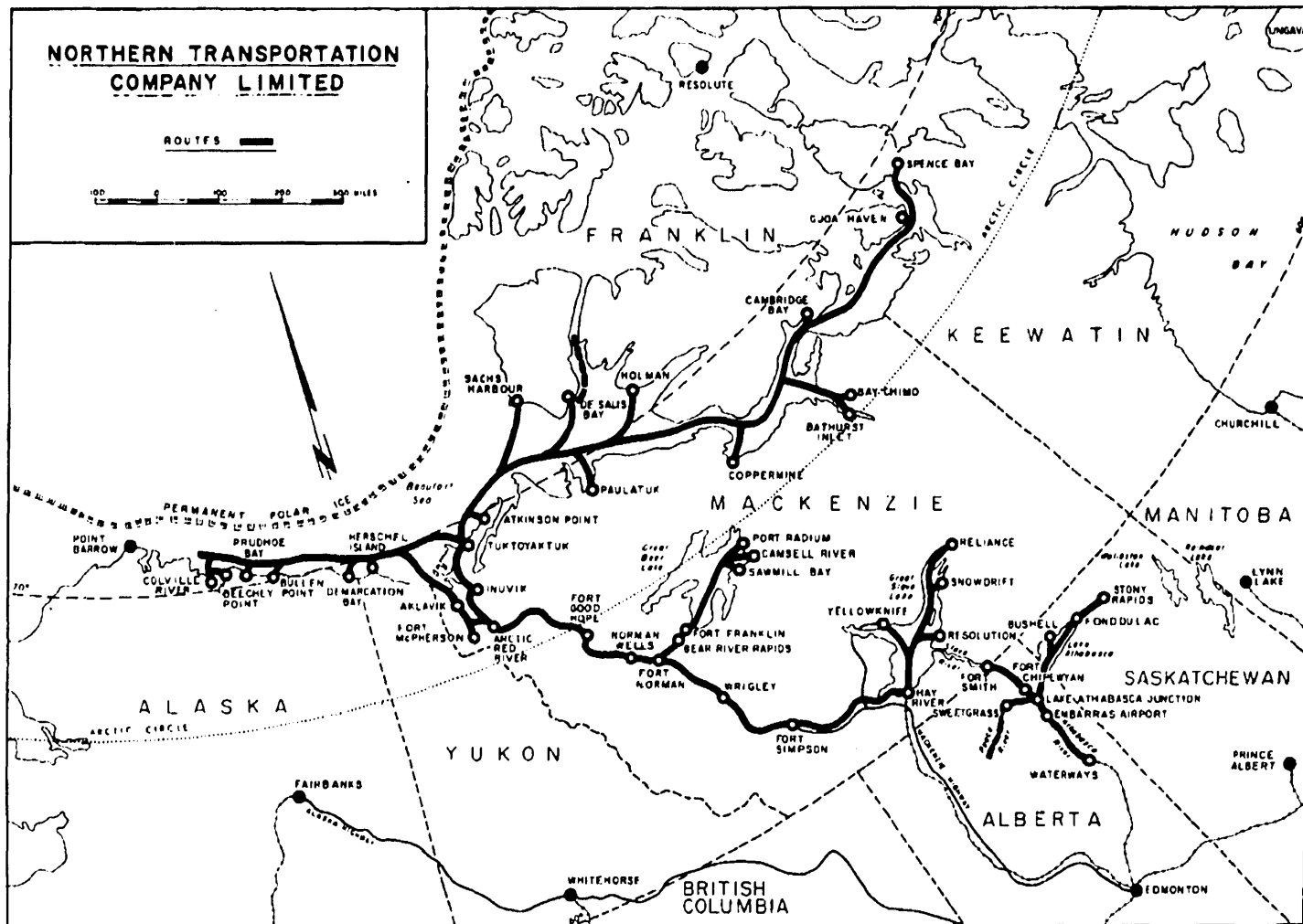
- (a) proper books of account have been kept by the Company and its subsidiary;
- (b) the financial statements of the Company and its subsidiary
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the affairs of the Company and its subsidiary as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Company and its subsidiary for the financial year; and
- (c) the transactions of the Company and its subsidiary that have come under my notice have been within the powers of the Company and its subsidiary under the Financial Administration Act and any other Act applicable to the Company and its subsidiary.

Yours faithfully

A. M. HENDERSON,
Auditor General of Canada.

NORTHERN TRANSPORTATION COMPANY LIMITED

ROUTES



SAILING — MILEAGES

ARCTIC AREA		MACKENZIE AREA		ATHABASCA AREA			
WESTWARD	EASTWARD	WESTWARD	EASTWARD	WESTWARD	EASTWARD		
TUKTOYARTUK	0	TUKTOYARTUK	0	PORT SIMPSON	0	WATERWAYS	0
ATKINSON POINT	81	HERSCHEL ISLAND	155	PRINCE ALBERT	150	EMBARRAS AIRPORT	115
SACHS HARBOUR	569	DEMARCATION BAY	189	YELLOWKNIFE	218	LAKE ATHABASCA JUNCTION	182
PAULATUK	512	BULLFINCH POINT U.S.A.	315	SNOWDRIFT	218	FORT CHAMPLAIN	200
DE SALIS BAY	518	PRUDHOE BAY U.S.A.	337	FORT RELIANCE	215	SWEETGRASS	210
HOLMAN ISLAND	518	COLVILLE RIVER U.S.A.	410	FORT NORMAN	215	FORT SIMPSON	210
COPPERMINE	618	BEECHLEY POINT U.S.A.	448	ANTIC RED RIVER	223	BUSHNELL	212
BAY CHIMO	715			FORT WILKINSON	280	FOND DU LAC	218
BATHURST INLET	745			AKLAVIK	1028	STONY RAPIDS	218
CAMBELL BAY	1002			INUVIK	1092	PORT RADIUM	218
SPENCE BAY	1155			TUKTOYARTUK	1122	BEAR RIVER RAPIDS	218

(Normally approaches require longer hauls)

MILEAGE REPORT BY SERVICE LTD.

The History of Northern Transportation Company Limited

For the past 40 years the service provided by Northern Transportation Company Limited and its predecessor companies has been the principal lifeline for communities of the Mackenzie Basin and the Western Arctic. It has been a key factor in the continuing development of the Western Canadian Arctic and its role has never been more important than it is today when increase in demand is making possible the development of the vast resource potentials of the Arctic regions.

The fleet of Northern Transportation Company now comprises 28 tugs, three of which are of the 4,000 hp ocean-going type, and all equipped with the most modern of navigation and communication aids, 145 all steel barges of various types and sizes, ranging up to 1,500 tons, including some refrigerated units and two cargo vessels, one of which was especially designed and equipped for service in the Arctic ocean.

In 1971 the Company transported a record 283,300 tons of cargo. Forecasts place the 1972 tonnage at about 300,000, with a rise to 750,000 tons projected by 1975. The shipping season on the Mackenzie system normally runs from May to October, but Arctic operations usually are limited to August and September. In recent years the Company has been transporting oil drilling rigs and equipment and heavy tonnages of supplies, including pre-fabricated buildings, to far northern sites, often involving landings under unusual and difficult conditions. Vessels and barges of types which evolved during wartime, coupled with ingenuity and skill, come into play to serve island and coastal sites lacking in any type of dock facility and where landing can be made only on beaches.

The efficient and far-flung operation of Northern Transportation Company today is a far cry from that operated by its predecessor, Northern Waterways Limited, when it made a modest beginning in 1931 with one wooden vessel and two barges serving as a common carrier on the Mackenzie River between Waterways, Alberta, and Akla-

vik, N.W.T. In 1933 the service was extended into Bear River and Great Bear Lake to meet the needs of the developing Eldorado Mine at Port Radium.

The company changed hands in 1934 and the name was altered to Northern Transportation Company Limited. Eldorado Gold Mines Limited acquired the Company in 1936, primarily to assure continuing and adequate service to its mine, but operation as a common carrier was maintained and the fleet was enlarged and modernized. Northern Transportation Company Limited became a Crown corporation after its parent, Eldorado Mining and Refining Limited (now Eldorado Nuclear Limited), was expropriated by the Government of Canada in 1944.

Initiation of the Canal Project in 1941, and re-opening of the Port Radium Mine in 1942, brought all Northern Transportation equipment into service for the duration of World War II. When the Canal Project was abandoned in 1944 the Company contracted to bring out 25,000 tons of equipment and materials. When this task was complete, the Company carried on as a carrier of a growing volume of commercial freight.

In 1946 all transportation on the Mackenzie system was brought under regulations of the Board of Transport Commissioners. When Hudson's Bay Transport discontinued operation as a common carrier in 1947, Northern Transportation added vessels to handle the additional freight.

The Company extended its operations into the Western Arctic for the first time in 1949, when it was requested by the R.C.A.F. to operate the supply ship "Snowbird" between Tuktoyaktuk and Cambridge Bay. Subsequently, the "Radium Dew" and three steel barges were designed and built to deliver construction materials for six DEW Line installations in the Mackenzie Delta, beginning in 1955. Three years later the Company began re-supply of 25 DEW Line sites along the Arctic Coast, operating LST's and tankers made available under a loan agreement between the

United States and Canadian governments. A floating dry-dock became a part of the repair and maintenance facility at Tuktoyaktuk. Experience gained in the DEW Line re-supply proved of great value when the Company was called upon in recent years to move heavy and bulky equipment to such remote areas of the Arctic as Prudhoe Bay, on the Alaskan Coast, and Banks Island.

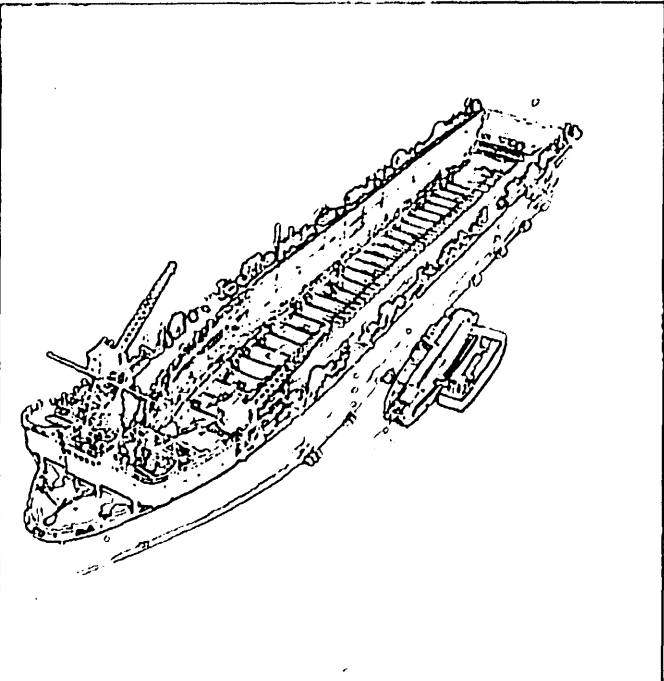
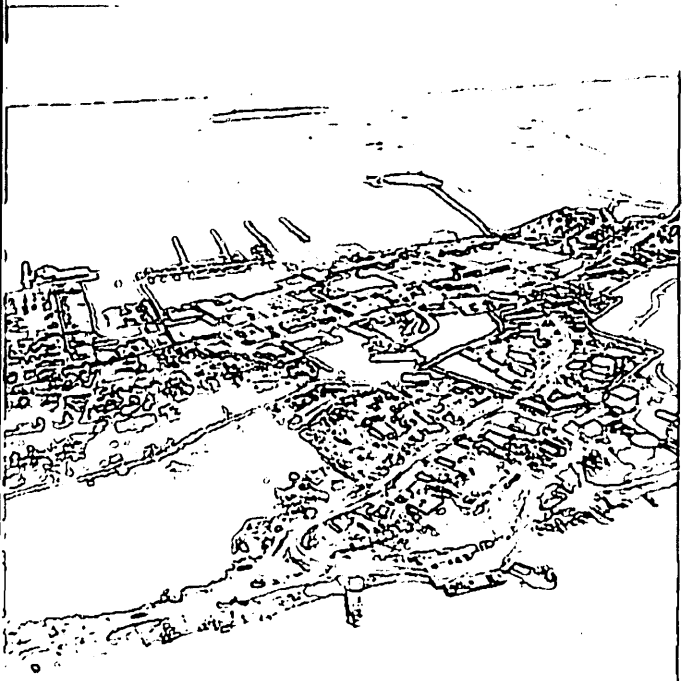
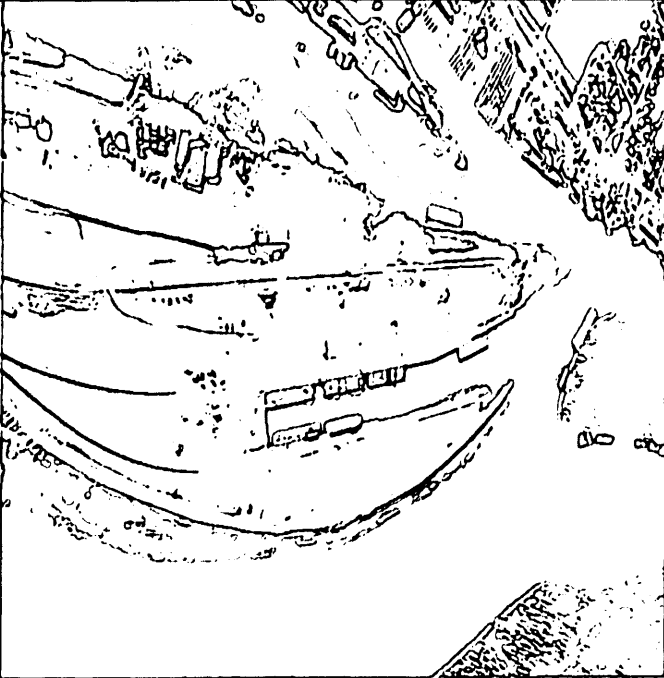
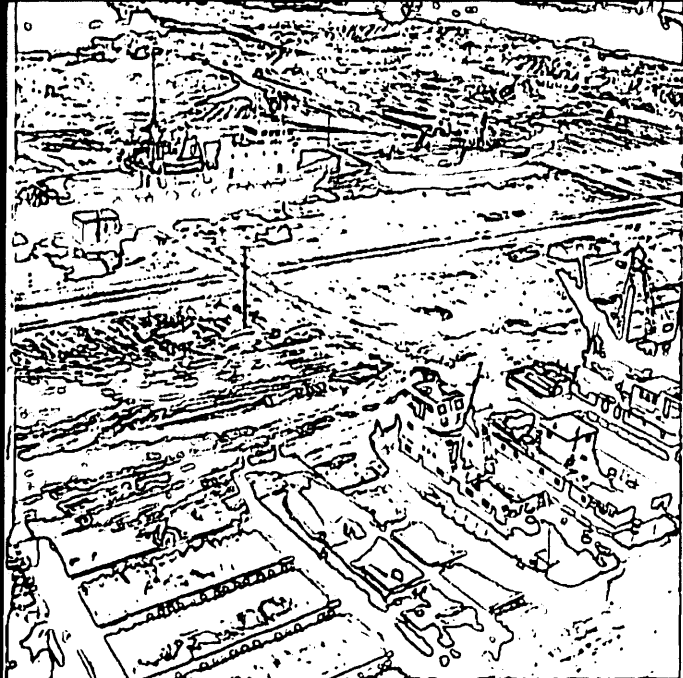
When mines around Lake Athabasca were coming into the development and production stage for the uranium boom of the mid 1950's, Northern Transportation built three new vessels and 27 steel barges to take care of the heavy increase in freight. Some of this equipment went into mothballs in 1960 when five mines in the Beaverlodge area, as well as the Port Radium mine, ceased operations.

In 1963, at the request of the Hudson's Bay Company, Northern Transportation Company took over the Arctic freight service which had been provided by that organization, and acquired the motor vessel "Banksland". In July, 1965, the Company put into service the motor vessel "Frank Broderick", especially designed for operation in the Arctic. Subsequently, the vessel was extended to increase her capacity.

Early in 1965 the Company acquired Yellowknife Transportation Company Limited which had carried on somewhat parallel shipping services, now integrated with those of Northern Transportation.

Concurrent with the growth of its fleet in recent years, and planned to meet current and foreseeable needs in light of rapid resource development in the Far North, the Company has created a modern terminal at Hay River, an expanded Arctic operations base on a new site at Tuktoyaktuk, and other facilities throughout its system.

During the operating season Northern Transportation employs more than 550 persons, many of whom are residents of the region the Company serves.



NTCL Facilities: Fast-growing and changing requirements, particularly in light of extensive resource developments in the Far North, have necessitated the creation of extensive new facilities and the up-grading of old ones along the 4,800 mile system of NTCL. A modern Syncrolift System (shown top left and back cover) supplements the Hay River shipyard, used for construction, maintenance and storage. On nearby islands is a new heavy equipment terminal designed for an ultimate loading capacity of 10,000 tons per day (top right). The facilities are particularly suitable for handling heavy oil field equipment and large diameter pipe. The facilities at Inuvik (lower left) have been expanded by the construction of a new modern terminal. The "ARD" floating drydock (lower right) at Tuktoyaktuk handles all maintenance and repair of Arctic vessels.

