



Legislative Assembly of Alberta

Standing Committee

on

Private Bills

Wednesday, October 17, 1984

11 a.m.

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LEGISLATIVE ASSEMBLY OF ALBERTA

THE 20th LEGISLATURE

Standing Committee on Private Bills

Chairman: STILES, MR. STEPHEN, Olds-Disbury (PC)

Members: ALGER, MR. HARRY E., Highwood (PC)
APPLEBY, MR. FRANK P., Athabasca (PC)
BATIUK, MR. JOHN S., Vegreville (PC)
BRADLEY, HON. FREDERICK D., Pincher Creek-Crowsnest (PC)
BUCK, DR. WALTER A., Clover Bar (Ind.)
CLARK, MR. LEWIS (Mickey), Drumheller (PC)
ELLIOTT, DR. C. ROBERT, Grande Prairie (PC)
HARLE, MR. GRAHAM L., Stettler (PC)
HYLAND, MR. ALAN W., Cypress (PC)
KOPER, MRS. JANET, Calgary Foothills (PC)
LYSONS, MR. THOMAS F., Vermilion-Viking (PC)
MARTIN, MR. RAY, Edmonton Norwood (NDP)
MUSGREAVE, MR. ERIC C., Calgary McKnight (PC)
NELSON, MR. STAN K., Calgary McCall (PC)
OMAN, MR. ED, Calgary North Hill (PC)
PAPROSKI, MR. CARL M., Edmonton Kingsway (PC)
PAYNE, HON. WILLIAM (Bill), Calgary Fish Creek (PC)
PENGELLY, MR. NIGEL, Innisfail (PC)
SHRAKE, MR. GORDON, Calgary Millican (PC)
SPEAKER, MR. RAYMOND A., Little Bow (Ind.)
STROMBERG, MR. GORDON, Camrose (PC)
SZWENDER, MR. WALTER RICHARD, Edmonton Belmont (PC)
THOMPSON, MR. JOHN M. Cardston (PC)
TOPOLNISKY, MR. GEORGE, Redwater-Andrew (PC)
WEISS, MR. NORMAN A., Lac La Biche-McMurray (PC)
ZIP, MR. BOHDAN (Bud), Calgary Mountain View (PC)

[Chairman: Mr. Stiles]

[11 a.m.]

MR. CHAIRMAN: May I call the Private Bills Committee to order, please? Our purpose in being here this morning is to deal with the matter of an application to bring a private Bill before the House at this time without the petitioners first having completed advertising. Of course, as the Standing Orders provide, the Bill must be brought within 15 days of the commencement of a session, and that was last spring. We're now being asked to waive the Standing Orders in this connection and allow this Bill to come before us in the fall sitting. I'll ask Mr. Clegg to deal with the technicalities of this application.

MR. CLEGG: As you have explained to the committee, Mr. Chairman, at this point in time the requirement is only to deal with the issue of whether or not the committee would recommend to the Assembly that Standing Orders be waived. What is necessary is a motion that Standing Order 89, suborder (2), be waived so that the Bill can be proceeded with. If accepted by the Assembly, the decision would only allow the Bill to be brought before the committee. Any decision of the committee today on this motion would not have any bearing on whether the Bill was finally approved; it is merely to permit it to be brought before the committee.

MR. CHAIRMAN: Thank you, Mr. Clegg. We have before the committee this morning Mr. Tom Payne and Mr. Ralph Garrett, who are the petitioners for this Bill. I'll ask Mr. Payne to explain what the Bill will be doing and why it's necessary to bring it at this time. In addition, why you couldn't bring it in the spring needs to be answered. Before we hear your submissions, though, you'll have to be sworn as a witness before the committee, Mr. Payne, and I'll ask Mr. Clegg to do that. If Mr. Garrett is going to give evidence, he should be sworn also.

[Messrs. Payne and Garrett were sworn in]

MR. T. PAYNE: Members of the committee, you have before you this application to incorporate a provincial railway company, which I think is the first provincial application for a railway charter in a considerable number of years. The most recent legislation in Alberta is the Alberta resources railway act for the provincial railway that the province owns. Our application is before you so that we might become an operator of branch lines that are being abandoned by both Canadian National and Canadian Pacific. We have had an extensive time of analysis of several branch lines, and the present line we're considering operating is the Stettler subdivision of the Canadian National Railway, which is scheduled to be abandoned on December 31 of this year.

The original date for the scheduling of the abandonment was the end of August this year, but the Canadian Transport Commission pushed that date on to the end of December as the result of an appeal which was filed this spring with Mr. Axworthy. In the spring we could not present an application for this private Bill by virtue of the fact that we were not in position to complete the analysis of the line, which

we'd started.

We had incorporated under the Business Corporations Act in the fall of the year before, and we applied to the Minister of Transport for powers to own and operate a railway subject to section 197 of the Railway Act. He issued a letter of intent to us, to the effect that he would issue an order for us to operate. The purpose of that was to enable us to negotiate for equipment, for personnel, for a purchase price of the line, and for the scheduling of the purchase of the line. These have all taken place from the spring to this date.

We are now in a position where we have completed negotiations with Canadian National regarding the purchase of the line. We have reached a mutually acceptable price. We have negotiated for equipment, for personnel. We now need to have the corporate powers to operate the railway so that we may be ready when the abandonment takes place on December 31. We have had dealings with Mr. Mazankowski's office in Ottawa. His special assistant has advised me that it would be of great convenience if we had these powers done this fall; hence this application for the private Bill. They have also done an analysis of our proposal and have found that it is viable and that substantial savings would result in the grain handling network as a result of provincial operation of branch lines.

For those reasons — that we might have the legal corporation so we can proceed with our finance and purchase of the line and then go out and operate it at the end of the year — we ask your consideration for the private Bill to go forward this fall. Should the abandonment take place in December and this Bill be put off till next spring, depending on when the session opens in the spring, there's going to be a cessation of service which would result in a loss of tonnage on the line. Well over 60 percent of the traffic would immediately disappear, and the viability of the line would be severely hampered at that point. It would be extremely unlikely that any operator would be able to pick up on the operation and make a go of it after that. We've examined a number of branch lines in the United States, and we've found that after branch lines close, the start-up costs once again are sometimes doubled or quadrupled compared with keeping the lines open.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Payne. I should have mentioned to you that it's not necessary for you to stand unless you feel more comfortable that way. Unless Mr. Garrett has something to add, I will open the meeting to questions from members.

MR. LYSONS: I have no objections to this Bill going through this fall, but there are a number of technical questions I'd like to ask. When will we have that opportunity?

MR. CHAIRMAN: In terms of today's meeting of the committee, we're dealing with whether or not we should waive the Standing Orders. To some degree, I suppose we could hear some of the technical side of this, but I think it would be preferable to wait until the Bill is actually before the committee. If it is the committee's decision to let it proceed this fall, we should wait until the Bill is actually before the

committee.

MR. THOMPSON: With the ruling you just made, Mr. Chairman, I pass on my questions.

MR. CLARK: Mine was the same, Mr. Chairman. Mine were in the technical end of it. As far as I'm concerned, I can't see why we can't go ahead and hear the Bill. I'm in favour of that.

MR. WEISS: In view of your preliminary remarks, Mr. Chairman, I too will waive my remarks.

MRS. KOPER: Mr. Chairman, one of the remarks Mr. Payne made was that if there was a delay, the track would disappear. I wonder if you could clarify that.

MR. T. PAYNE: As the abandonment procedures are laid out, prior to the approval of an abandonment the Canadian Transport Commission and the Canadian National make an evaluation of the line, the land, the track, and the other track material on the line, and they strike a value for that as a salvage item. The railways have found that in some cases the cost of lifting the rail is not worth picking it up, and they have left lines in place. By virtue of weather and nonmaintenance and water problems, lines have just deteriorated, but the steel is still there. The technical ability to run a train over them no longer exists after about a year to a year and a half, I would say. In this case though, as in the case of the Endiang subdivision and certain others that have been abandoned — I'm thinking of the Alberta Central that CP abandoned — there would be a date of abandonment and then a very immediate lifting of the track. It's certainly easier to lift the track when the ground is hard, and it would be a very easy job for the CN to pull that up. There is a substantial cash value in their salvage on the line, so they would probably proceed to lift the track very quickly after the date of abandonment. That would certainly eliminate any question of the line's ever being reopened at this particular moment in time without an expenditure of the better part of \$35 million or \$40 million.

MRS. KOPER: Thank you.

MR. APPLEBY: Mr. Chairman, I'm not quite clear on the question that was raised by the Member for Vermilion-Viking. If this committee should agree to recommend the waiver of the requirement for submission of the Bill, would it be the intention to have Mr. Payne come back before the committee?

MR. CHAIRMAN: Yes. It would not be the intention, other than it would be required. What will happen next will be that the petition will be presented to the House, will be read and received, and then the Bill would have to be introduced. The Bill is then referred to the committee, and at that point in time, it would be necessary for Mr. Payne to come back.

MR. STROMBERG: Perhaps Mr. Payne could also explain the urgency as it pertains to the number of elevator companies that are on that line; that if the abandonment goes through, they decide to fold up their tents and walk away.

MR. T. PAYNE: It's very difficult for me to speak for the elevator companies, because we have had very different reactions from different companies. We have had an indication from Cargill that should we take over the line, they would be delighted to build new terminals on the line. We have had indications from one of the operators on the line that if we take over the line, he's not interested in doing anything. It's a curious question that the elevator companies have left us with.

However, at the moment there are well over 230,000 tonnes of wheat and various grains being delivered on that 108 miles of line. If turnover time was tripled or quadrupled, the delivery facilities elsewhere could probably handle the facilities after a trucking distance in some cases of 35 and 40 miles over very difficult geographical conditions. I imagine that alternate provisions could be made to handle the grain at great expense. If the line closes, I think the last deliveries that the grain companies would accept would be very shortly after the beginning of the year, assuming the abandonment date holds.

MR. CHAIRMAN: If there are no other questions, that will conclude . . . The hon. Member for . . .

MR. THOMPSON: [Inaudible] going to make a motion.

MR. CHAIRMAN: The Chair isn't open to a motion at this time.

MR. CLARK: A question, Mr. Chairman, if I could. Say the CNR has no desire to see you people operate the line when they abandon the railroad, I was just wondering if they could actually pull their tracks whether or not . . . I guess what I'm trying to say is that forming the Bill is not going to force them to leave the tracks there.

MR. T. PAYNE: They certainly cannot lift the track prior to the date of abandonment. They could be out there tearing up their tracks the day after the date of the abandonment. However, we have negotiated with them. They advised us in the spring that if we were successful in obtaining the powers to operate the railway, they would be delighted to sell us the land, the track, and the OTM in place for the net salvage value of their cost. They would leave it in place to enable us to purchase the land, track, and OTM.

MR. GARRETT: I don't believe the CNR have any particular objections to our operating the line. They just do not wish to operate it themselves.

MR. CLEGG: Mr. Chairman, I would just like to advise the committee of the status of the advertising. You have heard from the witnesses that they have only been able to commence this procedure very recently because of their negotiations and also because of the long lead time which is required to get advertisements into the Alberta Gazette. Their first advertisement will appear in the Gazette on October 31. The second will be on November 15, although it's possible that the Bill will have been dealt with in this committee, if the motion permits, before the second insertion. It certainly would not be before the first insertion. The advertisement in the newspaper has

already appeared in the Edmonton Journal on October 10 and will appear on the 17th, which is today, and on the 24th. Therefore there has been a significant degree of public notice of the Bill. If the session proceeds to the normal probable four to six weeks in the fall — even if it were only to proceed for four weeks, the advertising would be complete before the Bill had been passed into law.

I just thought I should mention that to advise members what the actual status of the advertising is.

MRS. KOPER: This then brings up the question: has there been any reaction from the public advertising so far, Mr. Chairman?

MR. CHAIRMAN: Not to my knowledge.

MR. CLEGG: We have received no official notification from any party of an intent to intervene.

MR. CHAIRMAN: If there are no further questions, would you want to say something in the way of a closing remark, Mr. Payne?

MR. T. PAYNE: Mr. Chairman, I would be pleased to wait until after your meeting has finished here this morning. If any members have any questions they would care to ask of me after your meeting, I would be delighted to stay and entertain them.

MR. CHAIRMAN: Thank you very much.

If that concludes the meeting, the Chair would entertain a motion to adjourn at this time. Thank you, Mr. Appleby. Are you agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you.

[The committee adjourned at 11:17 a.m.]

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