

[Chairman: Mr. Stiles]

[10:42 a.m.]

MR. CHAIRMAN: Now that we have a quorum, I will call the Private Bills Committee to order. The matter to be dealt with this morning is Pr. 14, the Central Western Railway Corporation Act. We have both Mr. Payne and Mr. Acorn here to enlighten us on this Bill.

Mr. Payne, you are already under oath from your previous appearance, if you would consider yourself to still be under oath. If Mr. Acorn is going to be giving evidence, which I suspect he might, perhaps he should be sworn.

MR. ACORN: With respect, I don't think I will be. My main objective is to explain the Bill. Any factual evidence would be given by Mr. Payne.

MR. CHAIRMAN: Very well. Would you like to give us an overview of the Bill, please, Mr. Acorn?

MR. ACORN: Thank you, Mr. Chairman. I'd like to make some general remarks on the Bill to begin with because, as members can tell, it's a rather unusual Bill.

In the early days of Alberta, railway incorporation Bills were quite common. It seemed that hardly any session in the 1910s, 20s, or 30s went by without at least one railway corporation being brought forward, normally with the request to construct a specific railway. The last of those Acts was passed in 1946.

One of the main difficulties we have had in preparing this Bill is the Railway Act of Alberta because of its vagaries and antiquities. To say that it is obsolescent is to make a drastic understatement. Hon. members may remember that in 1983, as one of the consequential amendments of the Legislative Assembly Act, this Legislature repealed section 191 of the Railway Act, which gave all MLAs, the minister, and their families the right to ride free on any provincial railway, and a car provided for the minister, with free baggage, et cetera. That is just one small example of the kinds of oddities one finds in the Railway Act. So it may come as no surprise that in this Bill we are asking for a great many exemptions from the Railway Act. But in place of that, the Bill provides for those inadequacies. So you have in this private Bill what amounts to a mini-Railway Act.

I think Mr. Payne and his fellow petitioners fully recognize, as does the government by now, that there will be a need in the next year or so to re-enact the Railway Act to bring it into the 1980s, because it is still quite literally back in the age of the steam engine. It was enacted in 1907 and, apart from some amendments in the 1910s, especially in 1919, it has remained virtually in that form ever since. When it was enacted in 1907, it was probably taken holubolus from the federal railway legislation at that time, which in turn goes back to the early days of Confederation. So you can see what we're trying to cope with here.

I should point out that the contents of the Bill, particularly the exemptions from the Railway Act, have been discussed with senior officials in the Department of Transportation. With two exceptions, they were content with the Bill the way you see it now, the way it has been introduced. There are two

other matters, which I will bring up as I go through the Bill, because they have brought forward some additional points as well.

Just to go through the Bill quickly, if I may. I don't suppose the definitions present any problem. The definition of "railway" is taken from the Railway Act, and of course section 2 is the incorporation provision. Then we have section 3, which is the application of the Business Corporations Act. Mr. Chairman, as you and hon. members will be aware, Mr. Clegg has written a letter to you, dated today, indicating the nature of these various provisions that are referred to. The reason we are taking this approach is that the Railway Act itself, in sections 6 to 69, provides a raft of provisions dealing with the corporate aspects of a railway company. They are indeed very antiquated, and they presuppose the typical example of the Railway Act special Acts of that time, whereby the promoters would come forward and promote the construction of a specific railway and then promote the subscription of stock, et cetera. Of necessity by law, shares had to be par value shares of \$100 each, and their debentures could not have a rate of interest greater than 5 percent.

To overcome all these obsolete provisions on the corporate aspects of the Railway Act, we have attempted to make as much as possible of the Business Corporations Act of Alberta apply to this corporation. The only aspects of it that we are not going to have apply to this corporation are these: the corporation will not be able to change its name from what the private Act says; the corporation is restricted in the businesses it may carry on to those that are specified in the Bill; it will not be able to continue itself in another jurisdiction; and if it were to amalgamate with another corporation, the amalgamated corporation must bear the name "Central Western Railway Corporation". So what we have called for is a filing of ancillary articles of incorporation with the Registrar of Corporations. What he will have on his file is a certified copy of the private Act, plus the ancillary articles. From then on he can deal with it as any other corporation incorporated under that Act, subject to these special provisions that we have in the Bill.

Section 4 authorizes the corporation to operate a specific railway — that is, the Stettler subdivision of the CNR and, with the consent of the Minister of Transportation, any other existing railway — because, as members are probably aware, this corporation will be primarily engaged in the business of operating branch railways that the national railways, the CN and the CP, wish to abandon. There is the possibility of course that the railway may wish to construct some additional lines or, more likely, extensions, but Mr. Payne can speak to that.

Getting to the Railway Act itself, I want to deal in a very general way with the exemptions. As I say, sections 6 to 69 deal with the corporation matters. Sections 104 to 125 deal generally with expropriation. We have discussed this with the Department of Transportation as recently as Friday. They have some misgivings about this because of some of the other sections of the Railway Act that still apply according to this section. So what we have proposed to the department is the amendment to this so that additional sections will be exempted, so all of the powers of expropriation that are in the Railway

Act will not apply to this corporation. That is because the sections of the Railway Act are a mixture of both expropriation powers and procedures. What we would much prefer is that all of the procedures on expropriation be the procedures in Alberta's Expropriation Act, rather than have anything in this Railway Act apply. Therefore, what we are going to propose — and the department has given a blessing in principle to this, although they haven't seen the exact text; they will this morning — is to have the powers of expropriation spelled out in the Bill but in no greater or broader terms than the Railway Act itself. So it will be the same, only in a condensed form.

There is another provision that we feel we should be exempted from, and that is section 70. That will be in the amendments as well. The department has no difficulty with that either. The difficulty with 70 is it says literally that the construction of a railway by a railway company must be finished within two years from the date of incorporation of the railway. That made sense in the old days when the private Act itself authorized the construction of a specific railway, gave the petitioners two years to build, after which the private Bill, in effect, died on the vine. Because the corporation may construct railways under this Bill, with the consent of the Minister of Transportation, we are suggesting instead that the minister may make his consent subject to any conditions he may wish to prescribe, and those conditions in turn could put a time limit on the construction of the railway.

Sections 128 to 131 deal with crossings and junctions. Mr. Chairman, this matter is dealt with in the Public Utilities Board Act. In fact provincial railways are public utilities as defined in that Act. If this Bill is passed, this corporation would become the owner of a public utility under that Act. So its rates and tolls would be subject to the jurisdiction of the Public Utilities Board and, similarly, permissions for crossings, junctions, and whatnot would have to go through that board as well.

The exemption for sections 149(1), 151, and 152 have to do with fencing and cattle guards. We have made those inapplicable because the same subject matter is dealt with in section 8 of the Bill.

Dealing now with the next batch, 164 to 168, 170, 171, 174, 182 to 189, and 200 to 211: all of those have to do with the operation of the railways. Because they're all tied back to the day of the steam engine, we've made them inapplicable. Instead, in the Bill we make the uniform code of operating rules of the Canadian Transport Commission applicable to the railways of this corporation. That code applies to all railways in North America.

Sections 213 to 216 deal with tolls. As I indicated, tolls are dealt with by the Public Utilities Board. Another section that I didn't mention is 204, which has to do with liability. That section is rather extraordinary and unusual. While it's somewhat vague, it can be literally interpreted to mean that all the corporation need do in a law suit to avoid liability is to simply plead that it is a railway corporation incorporated by a special Act and that the Railway Act applies to it. In place of that, we have a liability limitation provision in section 9 of the Bill.

Section 218(2)(d), (3) and (4) deals with interchange. That's a Public Utilities Board matter. Sections 230 and 234 to 236 deal with returns and

statistics. The corporation will, in any event, be providing statistics and whatnot to the Public Utilities Board. Section 245 makes certain provisions of the Companies Act applicable, and of course we don't want that to happen because we're plugged into the Business Corporations Act.

Subsection 5(3) says:

Section 160 of the Railway Act does not apply to the Corporation in respect of any railway purchased by it that was being operated prior to the purchase.

That is intended to avoid the delay in the operation of the railroad, because it says that the railway has to be completely inspected from one end to the other before operation can commence. Of course that was geared for the days when each railway was coming in to construct a brand-new railway. Our suggestion is that if the railway has been operating under one of the national railways, it shouldn't need to go through another inspection before Central Western Railway Corporation can start to operate.

Subsection (4) in our suggested amendments would be recast so that the powers of expropriation would be excluded. Section 231(1) is simply a case of providing that the accident reports will be put in once a year rather than twice a year.

From then on, the rest of the Bill deals with the filling in of the gaps that have resulted from these various exemptions; i.e., standards and operating rules, employee qualifications, fences and cattle guards, and liability and insurance. Then we propose a section 10 which would deal with the general powers of expropriation.

That's my general summary of the Bill, Mr. Chairman. If you or hon. members would like to present questions to me or Mr. Payne . . .

MR. CHAIRMAN: Is there anything further you wish to say now?

MR. ACORN: Not at the moment. I think I've summarized the Bill sufficiently.

MR. CHAIRMAN: Very well. We do have some questions from members.

MR. CLEGG: One quick question. You say the uniform rules are issued and authorized by the Canadian Transport Commission.

MR. ACORN: Yes.

MR. CLEGG: I think it would be a good thing if we inserted those words in the Bill, just to show which rules they are, if that's their proper title.

MR. ACORN: I believe that's in the definition.

MR. CLEGG: Okay.

MR. ACORN: . . . "prescribed by the Canadian Transport Commission pursuant to the Railway Act (Canada)."

MR. WEISS: Mr. Chairman, my question is to either of the two gentlemen. It has three parts, and they all deal with the safety aspect. I appreciate that while section 8(2) deals with some specific areas of construction and maintenance of cattle guards, I'm particularly concerned about the overall length of the

track. Are there any areas that were specifically identified prior to this as being in need of controlled crossings? Were the prior operators reluctant to install these controlled crossings? What is your intention? And if, say, public reaction were to indicate that there was a need for it in a specific area, would you be able to undertake that?

Secondly, in item 9, your liability, while I realize that the corporation shall not exceed \$20 million in liability, I'd like to have the clarification with regard to anything that might exceed that. I don't know if that's clear in item (2). In particular, I'm thinking of a lawsuit that could very well exceed the \$20 million. Just so there's proper clarification to me and other members who are perhaps not familiar with that, is it just, as you indicated previously, sir, the fact that you make a declaration that you're exempt under this?

The third and last item is the maintenance of equipment. While I realize that it's still a safety aspect and comes under the overall jurisdiction of the associations, are there sufficient funds being set aside in your incorporation? I can appreciate that all of us like to feel that we're buying good equipment, and I'm sure you've had it looked at and everything else. But there could be an awful lot of cost involved initially in getting some of this rolling stock into current position and others.

I'd appreciate clarification on those issues.

MR. T. PAYNE: Certainly. On the level crossings, are you particularly referring to road crossings on the railway?

MR. WEISS: Yes.

MR. T. PAYNE: The current protection on the line would be maintained. If a need were shown for additional lights, bells, a gate, or whatever is required at a level crossing, those are matters that would be dealt with by the Public Utilities Board. They have the ability, upon application of any interested party, to have a level crossing protection device installed. The PUB can order that, and we'd be delighted to install it. We have no difficulty whatsoever with crossing protection.

The current practice in level crossing protection is to have the crossing devices activated 20 seconds in advance of the movement of a train across a crossing at the highest permitted subdivision speed. The current gates on the crossing were installed when VIA was running a dayliner at 60 miles an hour on that line. You would get a 20-second warning from the time the dayliner hit the bond till it got to the crossing. We'll be running freight at 25 to 30 miles an hour, so the warning time will of course be double. We'll maintain the existing facilities; there's no problem with that.

On the liability question, I took the worst case I knew of a railway wreck of late which involved a major expense to a railway, which was a coal train that went into the Illecillewaet canyon and had to be picked up out of 200-odd feet of canyon, with 17 locomotives and cars plus 190-odd coal cars. Canadian Pacific ended up picking that out of the canyon. The damage to the national park, waterways, bridges, highway, and everything else that was involved was less than \$20 million. There have been very few railway accidents that have

exceeded that.

Of course we will not be handling dangerous commodities on the line. There are no facilities for handling dangerous commodities at present. We'll be strictly a grain haul, and with the low speeds we're operating at, I wouldn't contemplate that we'd ever be in a position where we'd exceed that. I was in an accident a number of years ago when we went into the ditch at 45 miles an hour with 145 cars, and none of the cars ended up outside the right-of-way. There was no public damage at all.

I think the liability exceeds anything we would be faced with as an operating company. The major roads self-insure for public damages. They just take the money out of their own jeans. I think this provides to the government and the people of Alberta a means of ensuring — a provision of our Bill is that we'll insure for this and provide copies of the policy to the minister so the public is assured there is protection in place. I think that's a better way to proceed, rather than leaving it in this nebulous section of the Railway Act that says we stand and say: well, we were operating according to the Railway Act; we're scot-free. I think the provision of the liability is better.

On the maintenance of equipment, the CTC in its various provisions under the UCOR provides for safety appliances and equipment on the engines and locomotives and how it must be maintained, and we would comply with that. There's a statement of mechanical fitness, if you will, that is required to be filed with Canadian Transport Commission or the ICC in the United States for any locomotives or equipment that runs. The Association of American Railroads has provided a mechanical standard that I suppose would, if you put it in your library, cover half this wall. It deals with everything down to how you fasten ladders and handrails to the side of the car.

The cars we would handle would be delivered to us at interchange off the major roads. They of course have to comply with that standard. We can't interchange any equipment off our line to them without meeting those standards for clearance, safety appliances, and locomotive appliances. We're not interested in running with thin wheels either. I'm going to be out there running engines up and down this line, and if a locomotive goes into the ditch, I'm going to be the first guy in. So I suppose that's some of the protection we can look for. The standards are very carefully thought out and complied with by everybody that operates equipment; hence we've applied the American association standards. They're common for all roads throughout Canada, Mexico, and the United States. If you want to interchange a car with any other road, you have to comply with them.

MR. LYSONS: Mr. Chairman, I have three small questions. I've had a number of people ask about investments in the corporation. How is that going to be handled? Are you going to allow the smaller type of investments, or are they all going to be from major sources? Another question is: you're having the Public Utilities Board regulate rates and I'm delighted, except does the Public Utilities Board have the expertise to handle this type of question? I've never known it to do that before. The final question is on the name of your railroad. Have you looked at the possibility of calling it the Central Alberta

Railway Corporation, rather than Central Railway? That's my question.

MR. T. PAYNE: With respect to investments, we have been dealing with financing the company through a private placement. We have not turned our mind at this particular moment to the issue of public subscriptions. We would certainly not be adverse to that, but for the ease of start-up at this particular moment in time, we would prefer staying with a private placement. Possibly one of the means by which people could make investments in the corporation is through equipment leases and leasebacks of equipment to the railway. For example, if some farmers wanted to pool their money and buy a car, the railway would lease the car for them to handle and give them a more than adequate return under a car lease rate. There are all kinds of ways of doing that, and we'd most certainly be prepared to entertain them.

With respect to the Public Utilities Board and rates, we would file with the board the rates that are laid out for grain handling under Bill C-155. We would operate under the provisions of Bill C-155 and the rates as they are now and as they may be amended by the federal jurisdiction. We would certainly fall under those rates. The task of the Public Utilities Board to scrutinize rates becomes very simple, in the sense that we would not be party to a tariff that hasn't been through the review process at the federal level or has not been accepted by the Canadian Freight Association, which all the major roads are signatories to. We will be forwarding traffic in interchange, which of course makes the necessity of falling under those rates a virtual certainty for us.

One of the things we can do as a provincial road, though, is that for local and short-haul traffic we can apply to the Public Utilities Board for a rate that in some cases is lower than can be generated under the current Canadian Freight Association rates. We would file appropriately with the PUB that we wish to forward certain traffic at a lower rate than is laid out in the current CFA tariffs.

There may or may not be a conflict with respect to the idea of naming the corporation the Central Alberta, by virtue of the fact that in 1913 there was a Central Alberta Railway Corporation, which then got swallowed up in the federal jurisdiction in 1955, I believe. Rather than run into any conflict whatsoever, we saw the Registrar of Companies and had him scrutinize our name, and this name was acceptable to him.

MR. PAPROSKI: Mr. Chairman, my question to either of the presenters deals with section 231 and its proposed amendment. I'm wondering why you are recommending that there be a filing of accident reports only one time per year. How does this compare to present legislation for, as an example, the CN and the CP?

MR. T. PAYNE: Under present federal jurisdiction, CN and CP have an internal accident investigation. Unless requested by the CTC, they don't file anything. The return CTC would get from a railway company would be: we had five derailments in a yard, three side collisions, and no loss of life; if you want any details, please ask and we'll give you the

particulars of the internal investigation if the CTC commissioners require it.

The kind of thing we would run into is where an elevator agent, for example, is rolling a car down; he's released the hand brake on the car; it's rolled down a siding and gone over the derail, and he has one set of wheels on the ground by virtue of a derail. I went up and down the line a little while ago and saw a couple of cars in that situation. The railway practice now is to rerail the car, take the car to a shop for a detailed bearing inspection, and then forward the car if there's no damage and bill the people responsible for the derailment. That would be listed as a derailment.

I am not certain the minister wants to have a detailed report, with employee statements and everything attached, filed with him at the moment of every accident. We would certainly make available to the minister forthwith the particulars of accidents that involve any public liability of a major sort or a personal accident which involves injury or loss of life. That would be a normal procedure for us. But the formal report listing all these various things will be filed annually.

MR. PAPROSKI: Mr. Chairman, when you say you're not certain whether the minister would like this detailed report, will that be clarified? Will you obtain that information as to whether indeed he wants that after each accident?

MR. T. PAYNE: The returns and statistics provision of the old Act provided that the minister would provide us with forms and the appropriate means to file these reports. I think what we would rather do is use the standard form that the UCOR already provides, rather than having the minister generate another set of particular forms for the Alberta jurisdiction. We would rather have the UCOR provisions for accident reports apply, and we would file them in the standard form as they're presented in that way. That's already in place inside the UCOR, which provisions we've already allowed for.

MR. PAPROSKI: UCOR means what?

MR. T. PAYNE: Uniform code of operating rules.

MR. STROMBERG: Mr. Payne, when the railroad is in operation, approximately how many people will you be employing?

MR. T. PAYNE: The current employee provision for operating engineers, for maintenance of way, for shop, for staffing of the offices in Stettler is 15. The shop would be built in Stettler this coming spring, which would provide maintenance of way facilities for equipment of maintenance of way, maintenance of locomotives, to do the 90-day data inspections we would do, car repair if required. We would inspect cars at interchange, and if they are bad order we ask the originating road whether they want us to return the car to them bad order or whether they wish us to repair it. We would repair, in the facilities in Stettler, cars that become bad order through wear and tear on our line. We will have an ongoing training program for people to become trained in maintenance of way as well as locomotive and car maintenance. We'll be offering that to people who

maintenance. We'll be offering that to people who present themselves to us who are interested in either part-time or full-time work with us. We'll put them through the training programs.

I think the expenditure in Stettler for those employees plus equipment would be in the range of \$350,000 a year for fuel and parts and supplies to local people. Of course we would maintain the tax base as well. The employees will provide a significant benefit locally in all the communities along the line.

MR. STROMBERG: A supplementary. Will these employees be unionized?

MR. T. PAYNE: We wouldn't have any objection to people forming a union if they want it. I think that's up to them. However, I think some of the provisions we've made in our consideration for employee contracts provide a substantially better wage and benefit package than the average on the major roads right now anyway.

MR. STROMBERG: A supplementary. Members of this Legislature received letters this past fall and summer from a union that's very perturbed about the railroads dropping cabooses. Will you be operating cabooses? If not, why not?

MR. T. PAYNE: At this time we haven't planned to operate with a caboose. We have studied operations in the United States; for example, the Florida East Coast Railway that's been running a pick-up and set-off service and a through-haul main track for approximately 20 years, since the mid-60s. They have had virtually no greater accident rate than those roads that are operating with cabooses.

We're not going to have a long enough train. We'll have a 50-car train; we can put a tail-end sending unit on the train, which will give brake-pipe pressure and auxiliary reservoir pressure off the brake line, which is more information than the head-end gets from cabooses now anyway. We would have this in the cab. There are monitors you can put on your tail-end car that will give you the condition of the track. There are scanners that could be put on track-side places — and certainly if we were handling dangerous commodities we'd install them — that will pick up anything from a piece of dragging wire to a bearing that's running five degrees over its standard operating temperature.

I support the major roads in this. The idea of a caboose in this day and age is gone. These trains of anywhere up to 200 or 300 cars operate through the mountains, where the visibility from the tail-end and the head-end of the train is maybe 10 or 15 cars. The middle of the train, with 150 cars on it, goes hundreds of miles never being seen by human eyes. Those cars operate millions of miles that way. If the middle of the train can go the distance, the tail-end cars can go the distance as well.

MR. SZWENDER: Mr. Payne, I am wondering if you could elaborate. If your railway expanded, because there is provision for that in the Act, do you anticipate carrying commodities other than grain in the future? Are you permitted to do so under this Act if you had longer stretches of line or if the market allowed you to get those kinds of

commodities?

MR. T. PAYNE: Yes, the Bill provides for the railway to operate for the carriage of freight and general merchandise. So that would cover all aspects of freight. The only thing we're not empowered to do is operate a passenger line, and of course VIA is doing that. If they wanted to operate trains on our lines, we'd be delighted to make an arrangement for them. We are not particularly interested in the passenger business. It requires a level of service which we are certainly not equipped to provide at this time. It's very specialized and very expensive. The passenger business, in both the United States and Canada — a great change of equipment and technical standards. So we'll leave that to the people who are designing and operating that. Let the VIA people come up with a specification for operation. If they want to operate a train, we'd be delighted to let them. The American roads provide for a mileage charge for Amtrak to run on their lines. Amtrak pays the wheelage fee and runs their trains. We'd be delighted to allow them to, but they're operating the passenger train, not us.

MR. SZWENDER: A supplementary, Mr. Chairman. My concern was basically with the safety factor. You've assured us that it would be largely grain and, as such, the trains would be short, short haul, and the safety factor would be minimum. I was thinking more along those lines. But also, if you did expand maybe to shipping cattle or dangerous goods in future years, what provisions have you got in place for eventual expansion?

MR. T. PAYNE: The provisions for handling dangerous commodities are laid out nationally. Any railway, whether a provincial or federal jurisdiction, has to comply with certain marshalling instructions, speed restrictions, the kinds of commodities that are placed next to another in a train consist. We would have to follow them as an operating procedure, as part of the federal railway provisions that flop over into the provincial jurisdiction.

MR. SZWENDER: Just as a final comment, I'd like to wish you the best of luck in your venture. As an Albertan, I think this is a bold venture and it's very good to see this happening.

MR. ALGER: Mr. Chairman, to Mr. Payne. I regret that you're leaving the cabooses off. That's seems to be a kind of shame. A train doesn't look right without a caboose. But I suppose it's an awful attachment to the expense, if you can get away without it.

I'm sure you may have touched on this, but I'd like to know where this railroad starts and ends geographically. I think I'll put a few questions all together, Mr. Chairman, if you don't mind. He can answer them pretty quickly. How many employees will you have? Will there be section gangs to look after the railroad? How long is it? Will you be using grain tanker cars, which I think would keep you out of the position of having to keep cars in condition? If you're using the heritage trust fund style cars, you really don't have much more going for you than a tow job style of thing, and consequently I think you should get out of a lot of expense. I don't know whether that's clear in your head; I know it isn't clear in mine.

MR. T. PAYNE: The cars are peculiar, in particular grain cars operating under Bill C-155 in the provincially and federally provided grain pool. When the Wheat Board makes a request for a given delivery in a given grain week, it asks the elevator companies and grain purchasing companies all over the prairies where they have this grain. They advise the Wheat Board where it is. The Wheat Board then says, fine; we will hand this information over to the Grain Transportation Authority. In a given grain week, the Grain Transportation Authority allocates cars, as they travel all over the country, from the pool to that particular subdivision and grain block. They say: on week number 26, or whatever it is, 55 cars turn up at Stettler for this particular line. They would interchange to us at interchange points, and we would spot the line, turn around, pick them up, and service the line that way.

The only repairs we would make to that equipment are normal wear and tear things: brake shoes, operating levers for couplers, a wheel. You have a carman that inspects the wheels when the train comes on. There's a wheel gauge, for example. He would apply the wheel gauge and say, this car is starting to get a thin wheel, beginning to wear. We would then go back to the GTA and say, do you want us to replace this wheelset or not? We would maintain as necessary. The equipment isn't ours; it's the Grain Transportation Authority's. We work under the railway rules to qualify a car, and then we would repair it if necessary. So I don't anticipate that we're going to have a great number of repairs, but there may well be and we have to be prepared to make those repairs as they're required. That really deals with the equipment question.

MR. ALGER: The distance and where it runs from?

MR. T. PAYNE: I have a map, if you'd care to look at it. The line runs from just slightly south of Camrose to slightly north of Drumheller. The towns on the line are Edberg, Meeting Creek, Donalda, Red Willow, Stettler, Big Valley, Rumsey, Rowley, and Morrin. Munson is just off at the south end. That would virtually be our south junction.

MR. ALGER: And the section gangs?

MR. T. PAYNE: Today there's a move in railway maintenance to have a kind of flying gang, equipped with cars, vehicles, and equipment, that would operate out of a central point, inspect the line, and make light inspections: tamping a switch, lining the track. Light work would be done by these forces out of Stettler, which we would employ directly. There would be a roadmaster, two road foremen, and two section men that would run out of Stettler with a complete complement of equipment to do light repairs.

We contemplate that we would farm out heavy repairs, things like bridge maintenance. If you had to put in a bridge pylon, there are railway contractors currently doing work for CN, CP, and the LRT companies that have more than sufficient heavy equipment to do the heavy kinds of maintenance of way that may be required once in a while. We don't see that we should make the expenditure. If you buy a tamping machine, you're going to have to go out and spend virtually \$400,000. We don't see that we

should have to make that expenditure when we can hire a contractor to come and do that work twice as effectively as we can do it and at half the cost.

MR. ALGER: Another supplementary. It seems to me that you'd be travelling mostly in the daylight, so your safety feature should be improved quite a bit. That isn't necessarily so, but it seems to me you would be on a short haul and that sort of thing.

If you don't have a caboosse, who is the brake and how do you get these trains put together and taken apart and that sort of thing?

MR. T. PAYNE: On the engine there would be an engineman and a second qualified engineman who would act as brakeman, and these employees would be in a pool. The current railroads have enginemen in one union, brakemen in another — conductors used to be in a third union — and never the twain shall meet. A conductor won't do an engineman's job, an engineman won't do a brakeman's job, and a brakeman won't do an engineman's job. We will hire employees who are currently operating as enginemen, who would be qualified under the UCOR, and they would be in a pool. We have kind of left it to them to decide how they want to operate. They are the ones who are going to be out at 40 below in January pedalling boxcars, so let them regulate how they want to handle the car. If they feel that they want to run a three-man crew on the engine, by all means; then they can have two brakemen out spotting cars.

Right now what will happen is that you will pick up 100 or 120 cars off an interchange, and the two guys on the tail-end stay on the tail-end. They never walk up 100 cars in 40 below in January to go and help the poor head-end brakeman who goes out and spots the cars. So it's virtually an engineman and one brakeman doing the job now. We contemplate operating like that, and if the operating employees feel that they want to take an extra man along, by all means, let them go. Rather than being on a mileage basis, which the current railroads are, or an hourly basis, we're going to have a fixed annual contract for our employees to be in place to provide service, and that's what they've signed up to do. So we think we're going to have a much better thing. As well, we're going to have a provision for participation by the employees in the share capital of the company for a productivity bonus. So great; let them get out there and do their job.

MR. ALGER: One supplemental. I think that's allowed. I've always found the railroad business rather fascinating and romantic, and I too wish you well in your new endeavour. I wonder if you'd consider my name as an employee at a later date, when I get done here.

MR. T. PAYNE: I think the chairman of the committee has volunteered to come out and spot cars on our first train, and you'd be welcome to join him.

MRS. KOPER: Mr. Chairman, it's really a most interesting initiative. I am not quite sure whether my question was answered. I hope you'll indulge me by again mentioning how many employees are actually anticipated to be hired with your company. I also wonder if you would comment briefly on the kind of support you're receiving from any of the towns

along the way and any spin-off companies or industries that, I guess, would be out of operation if you didn't operate the line.

The second question I have is regarding the seasonal nature of grain handling. I wonder if the railway will be operated in that way. Will it be a seasonal operation? The last question is regarding section 5 under the Railway Act, with regard to the kinds of inspections that the railway would receive regularly as being under that Act.

MR. T. PAYNE: Immediately upon start-up, we contemplate having 15 employees in place, which would be the office administration, the mechanical side, the maintenance of way, and the operating employees. The chief engineer of the company, Ralph Garrett, who appeared when I was last in front of you, is asking all of the heavy contract equipment owners in the towns along the line to supply us with an inventory of equipment in hand and what their long-term as well as per diem rate would be for us to hire them in the event of, say, a washout or something like that, where we needed equipment very quickly. Ralph is going to have an inventory of all these equipment owners and suppliers on the line. Rather than having our own equipment, I think we'd farm that out locally.

It was decided some time ago that we wanted to make as many equipment purchasers and suppliers on the line be suppliers to us rather than buying through central stores in Edmonton or Calgary, which is the current railway practice. For example, we contemplate spending \$110,000 a year for fuel, which will be supplied by a local bulk dealer. Some local bulk dealer is going to be delighted to see us as a railway buying diesel fuel from him.

Seasonal operations: as it is right now, the railway runs weekly or biweekly. We would continue the service as it's ordered by the Wheat Board. Last year there were only two times when the railway didn't run per week. So it would be a weekly operation.

MRS. KOPER: The last part of my question was regarding the inspections under the Railway Act.

MR. ACORN: Mr. Chairman, to begin with, while the Bill says that section 160 does not apply to a railway that's purchased by this corporation, it would nevertheless apply to one that was constructed from scratch. So there would have to be a complete inspection of the line before that railway could be operated.

The sections of the Railway Act that are in still in place and that still apply are 161, 162, and 163, which deal with ongoing inspections of the railway and which allow the Department of Transportation to order repairs or to order the condemnation of rolling stock that has become unsafe, et cetera. So that would still continue to apply to this railway.

In answer to that question and an earlier comment, this Act — as I say, it comes as a surprise that there should be a provincial railway now, after all these many decades. The Department of Transportation of course has been caught by surprise. They are going to have to learn something about the railway business and obviously are going to have to hire somebody who knows railroading, who can inspect these provincial railways. Similarly, if the Public Utilities Board has no expertise in railway rates, they're going to have to

get it soon. One would expect them to apply the same public utilities' principles to railways that they do to gas and power companies.

MR. CHAIRMAN: Thank you. There are no further questions from committee members.

Mr. Clegg, for the record, I wonder if you would please give us your report on the Bill.

MR. R. SPEAKER: Mr. Chairman, could I just . . .

MR. CHAIRMAN: Oh, I'm sorry. The hon. Member for Little Bow.

MR. R. SPEAKER: I won't ask a question, but I find the proposal very interesting. It's very refreshing to hear someone take some initiative and try to get government out of the transportation business. Very excellent.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 14, Central Western Railway Corporation Act, pursuant to Standing Order 99. Under the Railway Act, in order for the corporation to own and operate a railway in the province, a private Act is necessary. There is no model Bill on this subject, but the private Act incorporates by reference to the significant parts of the Railway Act and the Business Corporations Act. I do not consider any of the powers that will accrue to the corporation pursuant to this Bill to be exceptional. In my opinion, they are consistent with the powers that will be needed by a corporation that is authorized to operate a railway in the province, in the context of the public legislation on this subject.

MR. CHAIRMAN: Thank you.

There are no further questions. I believe that concludes our session this morning with respect to this Bill, unless you have some closing . . .

MR. ACORN: If I could just make a couple of closing comments, because I don't think I made this clear at the beginning. Once the Department of Transportation brings forward new railway legislation to replace this present obsolete Act, I expect that as part and parcel of that Act there would be the repeal of sections 5 on of this Bill, because they would not be needed.

Mr. Chairman, the other thing I want to indicate is that between now and the time your committee next meets, we will have in your hands amendments to the Bill that I referred to earlier, approved by the Department of Transportation. They will be approved by the Department of Transportation, when I present them to you. They are approved in principle, except they have only got the text, because I just got it through the machine this morning. So we will be talking to them, and we will have in your hands the amendments approved by the Department of Transportation. They will be approved by the Department of Transportation when I present them to you. They are approved in principle, except that they have only just got the text; I just got it through the machine this morning.

MR. CHAIRMAN: Thank you, Mr. Acorn and Mr. Payne.

MR. ACORN: On behalf of Mr. Payne and myself, may I thank you and the members of the committee for your courtesy.

MR. CHAIRMAN: Could we please have a motion to go in camera?

MR. HARLE: I so move.

MR. CHAIRMAN: The hon. Member for Stettler so moves. Are the members agreed?

HON. MEMBERS: Agreed.

[The committee moved in camera at 11:40 a.m.]