

APPENDIX I

Regulation and Inspection

When and if the Truro-Sydney rail line is sold to a private company incorporated in Nova Scotia, the shortline will come under the jurisdiction of the provincial regulatory authority.

The Committee wanted to discover and define the extent of the safety and operational demands that would require the Government of Nova Scotia to identify a regulatory agency to replace the federal agency now in place.

The most useful example was found in Ontario. After a public hearing, Canada's newest railway, the Goderich-Exeter Railway Company, was given authority to operate on 3 April 1992. The 112 kilometres of track will be operating as an independent shortline, swapping freight traffic with CN at the Stratford, Ontario interchange. The new owner, RailTex Service Company Inc. of San Antonio, Texas, took possession more than two years after CN announced its intention to seek a buyer for the branch lines, and 18 months after the sale to RailTex was announced.

The Committee contacted the Ontario Municipal Board, the provincial regulatory agency, to learn its *modus operandi* in regulatory matters. The following information respecting the operation of the Goderich-Exeter line was provided in the form of an Order of the Board.

In brief, and in accordance with two Ontario Acts, the *Railways Act* (R.S.O. 1950, c. 331) and the *Ontario Municipal Board Act* (R.S.O. 1990, c 0.28), the Order requires as follows:

The new railway company must provide annually to the Ministry of Transportation of Ontario a certificate from a professional engineer to the effect that the line is being operated in accordance with generally accepted railway practices. The Ontario Municipal Board anticipates contracting with a retired federal inspector who will provide an ongoing independent inspection service for the Board.

The railway must comply with the standards established by the *Railway Safety Act* (R.S.C. 1985, c.32 (4th Supp.)) and, in particular, and without limiting the generality of this requirement, with the General Orders, Rules and Regulations of Transport Canada or its predecessor, as set out in the schedule below, and as amended from time to time.

The railway must comply with the *Transportation of Dangerous Goods Act* (R.S.C. 1985, c. T-19) and the regulations thereunder.

The railway must permit inspection, by the person appointed by the Municipal Board, of the facilities, equipment, operations and personnel, and make available to the inspector any information reasonably requested. The railway must pay all costs and expenses incurred by the Board in performing this inspection, upon receipt of the proper account signed by its Secretary.