

No matter who operates the line, apart from government intervention, nothing can guarantee its future viability if it does not make a profit;

The decision of the Government of Nova Scotia to withhold an operating permit from a successful bidder may be shortsighted if the alternative is the eventual abandonment of the line by CN;

Provincial incorporation of a shortline company and the granting of an operating permit would allow the province a degree of control over the operator that might serve the best interests of Nova Scotia over the long term; and

There are really only three practical options for the Truro-Sydney line: sale to a shortline operator; continued operation of the line by CN with possible application for abandonment at a future date; and government intervention to protect the line for the foreseeable future.

In light of these conclusions, the Committee is of the opinion that the position of the Government of Nova Scotia on the sale of this rail line is somewhat unrealistic, especially with respect to the possibility of federal government intervention to guarantee the future of the line at this time. Why indeed, would the government step in at this point? To date, no sale has taken place; the National Transportation Agency (NTA) has not examined this matter because no sale agreement has been put forward. All the statistical evidence points to the fact that the best option for the future viability of the line would be to proceed with the sale to a shortline operator. For these reasons there does not appear to be any justification for federal government intervention at this time.

It would appear that the Government of Nova Scotia is relying totally upon the Government of Canada in this matter. It either wants the federal government to intervene immediately and guarantee the future of the line or, should NTA allow the sale to go through, to overturn its recommendation. Either of these options really means that the federal government would likely have to provide a subsidy to keep an unprofitable rail line in operation.

The province appears to be basing its case, in the absence of any federal obligation that would give Nova Scotia a "right" to this service, upon s. 3(1)(d) of the *National Transportation Act, 1987* which states:

3. (1) It is hereby declared that a safe, economic, efficient and adequate network of viable and effective transportation services making the best use of all available modes of transportation at the lowest total cost is essential to serve the transportation needs of shippers and travellers and to maintain the economic well-being and growth of Canada and its regions and that those objectives are most likely to be achieved when all carriers are able to compete, both within and among the various modes of transportation, under conditions ensuring that, having due regard to national policy and to legal and constitutional requirements,

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