

CNR Beattyville – Chibougamou Line

Tenders, to be submitted by Oct. 25 to K. Huffman, Chief Engineer, Central Region, Canadian National Rys., Toronto, covering clearing, grading, culverts, trestles and bridge sub-structures on the line to be built from Beattyville northeast to Chibougamou, Que., have been requested by W. H. Kyle, Regional Vice President. Separate bids are asked Beattyville – Bachelor Lake and Bachelor Lake – Chibougamou sections.
(See June issue, pg. 321.)

Canadian Transportation, October 1954.

Brief mention was made in the May issue, pg. 271, of the fact that Parliament would be asked to approve of the expenditure of about \$40 million for the construction of Canadian National Rys. branch lines, viz., about 139 miles north westerly from St. Felicien and 149 miles northeasterly from Beattyville, to serve the Chibougamau mining country, and a 27 mile line from Hillsport into the Manitowadage mining area. Since, Commons Bill 442 was introduced, to provide for the construction of these lines; it received first reading May 11, and received second reading and was referred to the standing committee on railways, canals and telegraph lines, on May 19.

The estimated cost of the lines comes to \$38,750,000, but the bill provides for exceeding this sum by not more than 15%, which brings the total amount for which the Government asked to \$44,562,500. The bill specifies that the C.N.R. must call for competitive bids on such construction work as is not performed by railway forces. It provides for "An Act respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the Province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitowadage Lake, both in the Province of Ontario."

The bill is one of eight sections, and states as follows —

"Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows —

"1. The Governor in Council may provide for the construction and completion in whole or in part by Canadian National Railway Company (in this Act called "the Company") prior to the 31st day of December, 1964, or such later date as the Governor in Council may fix, of the lines of railway (in this act called the "railway lines") described in the Schedule and referred to therein as Branch Line Number 1 and Branch Line Number 2.

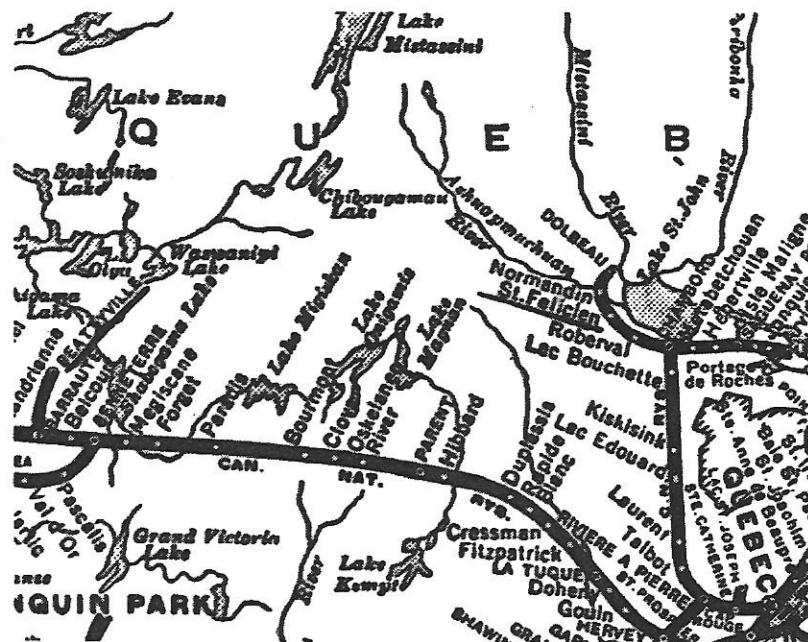
"2. The Company shall adopt the principle of competitive bids or tenders in respect of the construction of the railway lines in so far as the Company decides not to perform such work or any part thereof with its own forces, but the Company is not bound to accept the lowest or any bid or tender made or obtained nor precluded from negotiating for better prices or terms.

except with the approval of the Governor in Council, the Company shall not in performing the work of construction and completion exceed such estimates by more than fifteen per cent.

"4. Subject to the provisions of this Act and the approval of the Governor in Council, the Company may, in re-

Issue under section 2.

"6. (1) The Governor in Council may authorize the guarantee by Her Majesty in right of Canada of the principal and interest of the securities that the Company may issue under the provisions of this Act. (2) The guarantee may be in such form and subject to such terms and conditions as the Governor in Council may determine to be appropriate and applicable



The Upper Portion of the Map Shows the Chibougamau Area to be Served by the C.N.R. Branch Lines Extending Northeast from Beattyville and Northwest from St. Felicien

spect of the cost of the construction and completion of the railway lines, or to provide amounts required for the repayment of loans made under section 5, issue notes, obligations, bonds, debentures or other securities (in this Act called "securities"), not exceeding in the aggregate, exclusive of any securities issued to secure loans made under section 5, the sum necessary to provide the Company with the net amount of forty-four million five hundred and sixty-two thousand five hundred dollars, bearing such rates of interest and subject to such other terms and conditions as the Governor in Council may approve.

"8. To enable the work of construction and completion of the railway lines to proceed forthwith, the Minister of Finance, upon application made to him by the Company and approved by the Minister of Transport, may, with the approval of the Governor in

thereto and may be signed on behalf of Her Majesty by the Minister of Finance or such other person as the Governor in Council may designate, and such signature is conclusive evidence for all purposes of the validity of the guarantee and that the provisions of this Act have been complied with. (3) Any guarantee under this Act may be either a general guarantee covering the total amount of the issue or a separate guarantee endorsed on each obligation. (4) With the approval of the Governor in Council, temporary guarantees may be made to be subsequently replaced by permanent guarantees.

"7. (1) The proceeds of any sale, pledge, or other disposition of any guaranteed securities shall in the first instance be paid into the Consolidated Revenue Fund or shall be deposited to the credit of the Minister of Finance in trust for the Company, in one

Under terms of transport, and some form of control is indicated. But this same control meant that the railway in competitive areas must sell its services, not at prices it judges best in its own interest, but on a scale judged best in the public interest," he explained. "The railway is handicapped in not being able to bear its full economic strength on its marketing problem."

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Mr. Fairweather noted that there is
a large area where such competition
exists between rail and road trans-
port and where the latter is operating
under the umbrella of railway rates.
"The competition is unfair in the
sense that road transport can pick
and choose its routes, services and
commodities. It is also unfair to the
extent that road transport does not
pay adequately for the use of
highway," he declared.

both rail and road transport have their proper sphere of operation, according to Mr. Fairweather. "The national economy would be best served if each performed the service for which it is best fitted. In a free economy this adjustment would take place economically, but there is a degree of artificiality in the competition between rail and highway transportation to the extent that this encourages the movement of goods by highway at higher costs of production than by rail, an inefficiency results and a burden is laid on the national economy.

"This simply means that as a result of artificial competitive conditions Canada is paying \$150 million per year more for its transportation than it needs to," he continued.

"Perhaps what is needed to deal with the situation is not more regulation but less. It might be that if the railway industry were given wider freedom to meet actual and potential competition, an end would be put to much of the artificial advantages which the trucker now enjoys and the end result would be that the public would receive cheaper transport and the railways would obtain greater earnings," he explained.

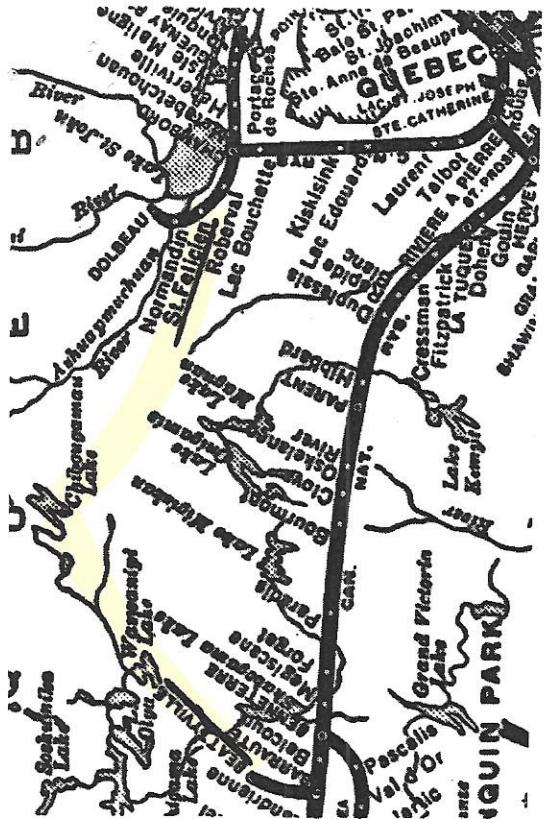
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2. The Company shall adopt the principle of competitive bids or tenders in respect of the construction of the railway lines in so far as the Company decides not to perform such work or any part thereof with its own forces, but the Company is not bound to accept the lowest or any bid or tender made or obtained nor precluded from negotiating for better prices or terms.

d. Estimates of the mileage, the amount to be expended on the construction and the average expenditure per mile of the respective railway lines are set out in the Schedule, and,



The Upper Portion of the Map Shows the Chilhoweean Area, to be Served by the C.N.R. Branch Lines Extending Northeast from Beattyville and Northwest from St. Pelican.

respect of the cost of the construction and completion of the railway lines, or to provide amounts required for the repayment of loans made under the section 5, issue notes, obligations, bonds, debentures or other securities in this Act called "securities", not exceeding in the aggregate, exclusive of any securities issued to secure loans made under section 5, the sum necessary to provide the Company with the net amount of forty-nine million five hundred and sixty-two thousand five hundred dollars, bearing such rates of interest and subject to such other terms and conditions as the Governor Council may approve.

"15. To enable the work of construction and completion of the railway lines to proceed forthwith, the Minister of Finance, upon application made to him by the Company and approved by the Minister of Transport, may, with the approval of the Governor in Council, make temporary loans to the Company out of the Consolidated Revenue Fund, not exceeding forty-four million five hundred and sixty-two thousand five hundred dollars, repayable in three annual instalments, the first of which shall be paid within six months from the date of the making of the loan, and the second and third within twelve months respectively thereafter, and the interest thereon to be paid at the rate of four per centum per annum.

"(1) The proceeds of any sale, pledge, or other disposition of any guaranteed securities shall in the first instance be paid into the Consolidated Revenue Fund or shall be deposited to the credit of the Minister of Finance in trust for the Company, in one or more banks designated by him. (2) The Board of Directors of the Company may authorize application to be made to the Minister of Transport for the release of any part of the proceeds