

# Determining Net Salvage Value

## A Guide on the Transfer of Railway Lines to Governments



Canadian  
Transportation  
Agency

Office  
des transports  
du Canada

Canada

### Introduction

Effective July 1, 1996, the National Transportation Act 1987 was repealed, and certain new provisions relating to rail transportation were included in the Canada Transportation Act (the Act). The new legislation created the Canadian Transportation Agency (the Agency) to replace the National Transportation Agency. Among other duties, this quasi-judicial body is responsible for resolving disputes arising between railway companies under its jurisdiction and other interested parties.

The Agency has prepared a series of guides to highlight the changes brought about by the new legislation. This particular guide explains the way the Agency determines the net salvage value of railway lines. It is designed to inform federal, provincial, district and municipal governments, as well as other interested parties.

### Legislation

The Act permits railway companies to discontinue the operation of railway lines provided certain procedures are followed. Section 143 of the Act states, in part, that a railway company must advertise the availability of the line that it intends to sell, lease or otherwise transfer for continued operations and its intention to discontinue operating the line if it is not transferred. If no persons, including VIA Rail, indicate any interest to purchase, in accordance with the advertisement, the line must then be offered in sequence to federal, provincial, district and municipal governments.

Subsection 145(1) of the Act further requires that the railway company shall offer to transfer all of its interest in the railway line to the governments, listed above, for not more than its net salvage value, to be used for any purpose when:

- ◆ no person makes their interest known to the railway company;
- ◆ an agreement between the railway and the interested person is not reached within the required time; or
- ◆ an agreement is reached but the transfer is not completed.

### Disputes

When a government has accepted the offer to transfer a line but there is a disagreement on its net salvage value, subsection 145(5) of the Act presents the Agency as a possible avenue for solution. Under this subsection, the railway company and the government have 90 days, after the acceptance of the offer, to agree on the net salvage value. If they cannot agree on this value, either party can ask the Agency to determine the net salvage value.

Before filing a request to the Agency to determine net salvage value, the government must accept the railway company's offer to transfer the line. The railway, in turn, should ensure it receives a valid acceptance of the offer to transfer. If you need assistance in reaching a railway company, the Agency can provide you with a contact name and number.

If you doubt the validity of either an offer to transfer a line or an acceptance, you may also ask the Agency to help you resolve this dispute.

**Please submit your requests to the Agency, in writing, at the following address:**

Secretary  
Canadian Transportation Agency  
Ottawa, Ontario K1A 0N9

Fax: (819) 953-5564

In addition, you should send a copy of the request to the parties involved in the transfer or proposed transfer.

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## Process

After receiving a request to determine net salvage value, the Agency ensures that each interested party has the opportunity to comment on the position presented by the other. The Agency reviews the request, invites the other interested party to comment on the applicant's determination of the net salvage value – generally within a 30-day time frame – and then allows the applicant 10 days to respond to the other party's submission.

Agency staff may visit the site to examine the physical characteristics of the specific rail line and to better understand the issues of the case.

The Agency will process each application as quickly as possible. It must make a determination of the net salvage value within 120 days of receiving the originating documents, unless all parties agree to an extension. The Agency's decision is binding on both parties.

Upon request, the Agency shall provide information on procedures, relevant legislation or precedents to any party considering involvement in the railway line discontinuance process.

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## Confidentiality

All documents filed with the Agency become part of the public record and may be made available for public viewing. If you ask, the Agency may consider certain aspects of a submission confidential and handle them in accordance with the Agency's General Rules.

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## Documentation

To help the Agency make its determination, you should provide all relevant documentation along with your application to determine net salvage value. This documentation should include the following items:

- ◆ a copy of the offer and acceptance;
- ◆ all relevant correspondence between the parties;
- ◆ any valuations or appraisals of the railway line (track structure and land);
- ◆ a title and a legal description of the land; and
- ◆ maps showing the location of the railway line and land boundaries.

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## Helpful Publications and Relevant Legislation

- ◆ Canadian Transportation Agency Annual Report
- ◆ The Canada Transportation Act and the Rail and Marine Branch
- ◆ Agency General Rules
- ◆ Canada Transportation Act

These publications are also available in alternative formats.

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For more information or to obtain copies of the above publications, please contact the Rail Rates and Cost Development Directorate:

Director	Manager, Financial Analysis
Telephone: (819) 997-2036	Telephone: (819) 997-6105
Fax: (819) 953-5564	Fax: (819) 953-5564

You can find additional information about the Agency and its responsibilities, decisions and orders on its Internet site:

**<http://www.cta-otc.gc.ca>**

For copies of the relevant legislation, please contact the following office:

Canadian Government Publishing Centre  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S9  
Telephone: (613) 956-4800 1-800-635-7943

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This guide has been prepared for information purposes only. In all cases, the language of the legislation and regulations is the final authority.

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This publication is available in alternative formats upon request.

On peut également obtenir le présent guide en français : *Détermination de la valeur nette de récupération – Guide sur le transfert de lignes de chemin de fer à un gouvernement*

