

Moving Forward

BC Rail Investment Partnership



COMMUNITY BENEFITS

PEMBERTON

Communities and customers of BC Rail told the provincial government that a new investment partnership was needed to secure the long-term future of this vital transportation network.

The BC Rail Investment Partnership responds to their concerns by delivering significant benefits to communities like Pemberton. CN's billion-dollar investment in British Columbia will inject needed money into capital improvements, and free taxpayers from BC Rail's \$500 million debt. A focus on growing the business, lower freight rates, faster, more reliable service and improved infrastructure will be strong incentives for B.C.'s resource industries to move more of their products on rail. This will in turn create new jobs, both within the railway and within Heartlands communities.

New passenger/tourism services

CN will issue a request for proposals (RFP) for passenger-tourist train service providers. CN will provide access to the rail line on reasonable commercial terms to accommodate passenger services. New passenger-tourist train services are estimated to create hundreds of new jobs in B.C.'s tourism and hospitality industry.

Possible routes could include all or portions of BC Rail's line between North Vancouver and Prince George—through Pemberton—and on all or portions of CN's network between Prince Rupert, Prince George and Jasper.

New land for economic development and jobs

BC Rail has a substantial real estate portfolio that is not required for railway purposes. The province will negotiate with First Nations, communities and tenants to transfer ownership of those properties, where appropriate. This land represents a significant potential benefit for communities for economic and commercial development.

New tax revenues will help fund local services

The BC Rail Investment Partnership will generate new local government revenues that will help Pemberton reduce the tax burden on residents and businesses and fund municipal services. Because CN will be fully taxable at the municipal level, Pemberton could receive an estimated \$31,000 in revenues, based on current assessment levels—more than four-times what it received from BC Rail in 2003.

In addition, Pemberton will benefit as a result of significant new tax revenues payable by CN each year to the Squamish-Lillooet Regional District. The regional district could receive an estimated \$497,000 in municipal tax revenues from CN—a nine-fold increase over what BC Rail paid in 2003.

Lower rates and costs

Shippers will receive an average rate reduction of seven per cent for interline rail shipments. Lower rates will help make B.C. forest products more competitively priced and that will help companies protect and create jobs. Virtually all of BC Rail's current customers will enjoy the benefits of lower freight rates with CN, and there will be regulatory protection for rates—for the first time ever—under the *Canada Transportation Act*.

Competitive transportation choices for shippers

CN will establish an Open Gateway Rate and Service Commitment to ensure competitive access to other interline carriers at Vancouver. Shippers will have the choice to use CN's improved service to reach their markets or use competing alternatives at Vancouver. These choices include CN's single-line services to key markets, or continued competitive access to other railroads at Vancouver at lower average rates than currently charged by BC Rail. In addition, the Open Gateway rates are backed up by a service commitment that will ensure shippers using BC Rail to reach competing railways in Vancouver receive the same service as shippers using CN.

Investment in new rail cars

Shippers have indicated that BC Rail was unable to provide sufficient rail cars to meet their needs. This concern will be answered by a contractual commitment by CN to purchase 600 centre beam cars and to upgrade 1,500 cars to ensure customers have access to rail cars when and where they need them.

New benefits for First Nations

CN has extensive experience in working with First Nations and they support the BC treaty process. They will honour BC Rail's existing agreements and protocols with First Nations.

In addition, a \$15 million First Nations Trust will be established to support economic development, educational advancement and cultural renewal for the 25 First Nations along the BC Rail network. This may include funding to: build capacity and provide seed-capital for aboriginal enterprises and joint partnerships; protect and promote First Nations' languages; and support initiatives for aboriginal youth apprenticeship training.

The trust will be administered by a board to be established by future legislation.

Long-term protection of the rail network

CN's substantial investment in the BC Rail system underlines its commitment to protect the long-term integrity of BC Rail's line.

Fair treatment for BC Rail employees

CN has prepared a comprehensive plan to minimize and mitigate job impacts. BC Rail employees have worked hard to build the company and all will be treated fairly, respectfully and generously. Employment impacts will be minimized considerably through early retirement, attrition, relocation, and severance payments where no alternative exists. Throughout the entire BC Rail network of 1,380 employees, there will be only 180 involuntary job reductions over the next three years.

Local suppliers protected

CN will honour all current BC Rail contracts, including those with local suppliers in Pemberton.