

# Moving Forward

## BC Rail Investment Partnership



### COMMUNITY BENEFITS

#### SQUAMISH

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 Squamish. 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 B.C. communities.

#### **New land for economic development and jobs**

CN's partnership agreement to run BC Rail will create an unprecedented opportunity for Squamish to realize one of its most important community priorities—the revitalization, diversification and beautification of its downtown south area.

The Province will help facilitate a major new redevelopment of the Squamish waterfront and downtown core by transferring 71 acres BC Rail's non-railway lands that were leased to Nexen. The Province will also continue working to identify other adjacent parcels that could potentially be made available to Squamish.

The provincial government is working with Mayor Ian Sutherland and his council and the Squamish Chamber of Commerce to make economic development and job creation a reality. In doing so, new opportunities will more than offset any impacts as a result of the partnership agreement between the two railways.

#### **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.

In addition, CN will work with the province to facilitate the upgrading of the Sea-to-Sky Highway and ensure rail alternatives for a successful 2010 Olympics.

#### **New tax revenues will help fund local services**

The BC Rail Investment Partnership will generate new local government revenues that will help Squamish reduce the tax burden on residents and businesses and fund municipal services. CN will begin paying municipal taxes. Based on current assessment levels, the District of Squamish could receive an estimated \$650,000—double the amount paid by BC Rail in 2003.

In addition, Squamish 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 approximately \$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*.

#### **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.

#### **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.

### **Local suppliers protected**

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

### **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.

### **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.