

**Announcement of BC Rail Investment Partnership**  
**Premier Gordon Campbell**  
**November 25, 2003**

*Check Against Delivery*

This is an important day for British Columbia. It's a day and a decision that has been some time in the making.

It started with a northern transportation conference project in November of 2002. We had a provincial congress in 2002 which MPs, MLAs, northern mayors and representatives attended. The northern mayors were quite clear and explicit in their recommendations. Mayor Colin Kinsley of Prince George brought those recommendations to the congress. He said: "We urge the provincial government to find innovative solutions that are consistent with the spirit of its commitment not to privatize B.C. Rail but to look for public-private partnerships. Our recommendation would be for the province to retain ownership of the rail bed and rail tracks and their partner to offer rail freight and passenger services."

Today, because of the work of those mayors and community leaders, because of the work of some exceptional public servants, because of the work of our northern caucus and our MLAs and because of the leadership of Judith Reid, I am pleased to announce a new investment for the province of British Columbia.

It's an investment that will open up our province and revitalize our rail services into a major new engine of economic growth. It's an investment that will unleash the full economic promise of the north. It will transform Prince George into a major new continental gateway. It's an investment to establish a new northern corridor of economic opportunity that will expand the port of Prince Rupert and establish a new North American gateway to Asia and create a new service corridor for our agriculture producers in the Peace and in the Prairies.

It's an investment that responds to the call of the north - that northerners be able to respond to northern opportunities. It will strengthen our resource and tourism industries and provide for a sustainable, long-term future for the northern part of British Columbia. This is an investment that will revitalize rail services for communities and their customers. It will deliver new infrastructure, new jobs and new promise for every region of this province.

Today the province is launching a partnership with CN that will generate an immediate billion dollars of investment for the people of British Columbia. Under the new partnership, CN will have the rights to operate the B.C. Rail network. The British Columbia Railway Company, a provincial Crown corporation, will own the right-of-way, the rail bed and the tracks. They will remain legally protected under public ownership through legislation.

In return, CN will provide in excess of a billion dollars of investment, not just in our rail infrastructure, but in our communities, our economy and our future. That investment will retire B.C. Rail's \$500-million debt. It will protect taxpayers from financial losses that have cost \$860 million in the last 15 years.

To put that into context: \$860 million is almost twice the write-down that was required for B.C.'s fast ferries. It was clear that we had to find a new way forward for our rail infrastructure in British Columbia. The interest savings alone will amount to about \$30 million a year.

Our new operating partner, CN, will assume responsibility for maintaining the rail network and rolling stock. B.C. Rail is currently spending about \$40 million a year on maintenance. That's the equivalent of \$3.6 billion over the potential term of this lease, which is 60 years with a potential extension for 30.

For the first time ever, communities up and down the rail corridor will receive direct municipal tax revenues instead of grants in lieu. That means an additional \$8.3 million a year for communities, more than four and a half times current levels of our grants in lieu. Again, if you look at this over the 90-year term, that's about \$750 million over the potential term of this lease.

Here are some explicit examples. In the city of North Vancouver currently they receive approximately \$5,500 a year in taxes, grants in lieu. They will get \$256,000 a year when this new partnership pays its full tax.

The district of North Vancouver currently receives \$156,000 in grants in lieu. That will go up to \$716,000. In the Peace River district currently they get \$59,000 a year in grants in lieu. They'll get \$1.3 million in taxes. Squamish-Lillooet: \$46,000 in grants in lieu. They will go up to \$497,000.

In Taylor taxes will double. In Tumbler Ridge taxes will double. In 100 Mile taxes will go up five times. In Quesnel taxes will go up three times.

It's important for us to note that when we look at this, if we look at the initial investment as well as the ongoing investments from the private sector in our rail infrastructure in our communities, that represents a total benefit to the people of British Columbia in excess of \$5 billion over the term of the lease. This partnership will generate direct investments in the rail system.

I'm joined today by Hunter Harrison, the CEO for CN, who will have more to say about some of the service improvements that CN expects to make. But here are some of the highlights.

There will be 600 new centre-beam cars will be added to the infrastructure. That responds to the needs of shippers in the province of British Columbia. Rates will be reduced by an average of seven per cent for interline shippers. Transit times from Prince George to Vancouver will be 30 per cent faster, saving shippers time and money. Even more importantly, B.C. Rail customers have new direct access to an integrated transcontinental network of rail services which reduces shipping time and costs to the U.S. and beyond.

A new Chicago express will be established. It will start in Prince George and will reduce transit times by about 35 per cent or two days to the eastern U.S. That will make our industry more competitive.

CN's rail upgrades at the port of Prince Rupert will help support a major new expansion of our province's northwest gateway, offering shipping times one and a half days closer to Asia. The Dawson Creek high subdivision will reopen to serve our grain shippers. A new regulatory protection for B.C. Rail customers will ensure the long-term integrity of the network with no route closures for at least five years.

The partnership will also provide direct investments in jobs and opportunities across the north - a first step. The Province is committing \$135 million to a new northern development initiative to be managed by northerners. It will be used to support investments in forestry, energy development, pine beetle recovery, transportation, tourism, mining, Olympic opportunities, small business and sustainable economic development.

A new head office for the northern development initiative will be located in Prince George. It will be funded by an ongoing \$25 million endowment.

To put this in context, there's a total in the northern development initiative of \$135 million; \$25 million of that will create an ongoing operating fund that will actually fund the new head office in Prince George. The endowment will be used to fund operations, to develop research that meets northern economic needs. The northern development initiative board will be established through legislation.

There are two specific goals that we've set. First, \$60 million will be allocated to four regional funds. That's \$15 million for each of four regions: the Peace region, the Prince George region, the northwest and the Cariboo-Chilcotin region. Each of those regions will have advisory boards that will recommend on how those \$15 million will be invested. There will be no strings on the investment. The investment framework is suggested, but the regional advisory councils will be making those recommendations.

On top of that there will be \$50 million available for cross-regional initiatives. Those cross-regional investments will be meant to stimulate jobs and opportunities, again within the framework.

What we are trying to do in establishing the northern development initiative is provide the people of the north with the tools they need to make the decisions they need to build an economic future that responds to their particular assets.

Additional investments will be made to establish Prince George as a continental gateway to the north. We want to revitalize Prince George to full economic potential. We believe we can realize that with a number of additional investments.

First, I'm announcing the Province will direct \$4 million to the Prince George airport expansion to support its \$10 million terminal and runway improvements. That expansion in itself will create 75 direct jobs at the airport over three years and 300 jobs for the region.

As our operating partner, CN will establish a new B.C. north division office in Prince George, along with a new \$1 million state-of-the-art wheel shop at the B.C. Rail mechanical complex in Prince George. It will serve the needs of CN's western Canada operations. It will bring jobs home to British Columbia from the west and from south of the border.

CN will work with the city of Prince George in its plans for the redevelopment of its downtown yard. Under that plan, surplus land will be made available for commercial development in the downtown core, including a portion of the land being donated to the city to expand Cottonwood Park. The smaller rail yard that will be required by CN will reduce the city's costs to build a new crossing of the Nechako River.

As we open up Prince George, as we create new opportunities in the central region of the north, the Province will also invest in our northwest gateway to Asia. Today I'm announcing that the province will commit \$17.2 million towards a major expansion of the port of Prince Rupert, in addition to direct investments by CN.

That funding will go to support the containerization of the port and the development of a new terminal. The port's redevelopment will create up to 500 direct jobs in the northwestern part of this great province. It will attract new customers wanting to take advantage of Prince Rupert's faster shipping times to Asia. It will create new customers in Asia wanting to have faster shipping times to the centre of our continent. It will open up our northern corridor from Alberta on the east to Rupert in the west in a way that creates jobs and opportunities all across the north.

We will continue working with the federal government to ensure it contributes its share toward fully realizing the vast potential of the region.

As we look at the potential for this partnership, we also recognize that there are communities in the southern part of the B.C. Rail infrastructure that are wondering about their future. The mayor of Squamish, Ian Sutherland, has made clear his city's commitment to secure B.C. Rail's surplus lands for the city so they can help facilitate redevelopment of the Squamish waterfront and downtown core. Obviously, as we move towards 2010, Squamish sees an incredibly bright future for it.

I'm proud to say today that because of the work that Judith Reid has carried out with the city of Squamish I'm able to announce that the province will be transferring 71 acres to the city for that downtown redevelopment. By allowing Squamish to move forward with its revitalization plan, we hope this agreement will help offset the transition costs which will occur as some rail positions are relocated to Prince George.

Squamish has asked us to look at the transfer of an additional 80 acres of land, and we will do that.

It is the intention of the Province to work with First Nations and communities and industry up and down the line to ensure that the land that is excess of demand for rail services is made available for economic development to meet local needs and create local opportunities. We will work with First Nations and local communities over the next 18 months to put these lands in community hands at the most advantageous value. We're going to do the same for communities up and down the rail lines.

Squamish, like many other communities in British Columbia along the B.C. rail line, was very concerned that we look at the rail as a potential for tourism development. I am pleased to tell you today that as the new operating partner for the province, CN and B.C. Rail will be issuing requests for proposals for new passenger tour trains between Vancouver, Whistler and northern British Columbia.

Those services will create hundreds of jobs. Already, three potential routes have been identified: Vancouver to Whistler, Whistler to Prince George to Jasper, Whistler to Prince George to Prince Rupert, Prince Rupert to Prince George to Jasper. There are substantial opportunities that are available.

There will also be investments made for our First Nations. There are 25 First Nations along the B.C. Rail corridor, each with a unique set of interests and each trying to build their own future. We want to make sure that they share in the social and economic benefits of this partnership. So the province is committing \$15 million for the B.C. Rail First Nations benefits trust. It will support economic development, educational advancement and cultural renewal.

This fund could be used for aboriginal business and joint partnerships, funding to protect and promote First Nations languages and to support initiatives for aboriginal youth apprenticeships.

The trust will be administered by a board to be established, again through future legislation, and appointed in consultation with First Nations. In addition, the Darcy to Lillooet and Takla shuttle services will continue.

Today I've had the opportunity to highlight for you some of the benefits that we see this new partnership will provide. The value of the partnership will be far, far more than the initial proceeds. By restoring the health and viability of the economic lifeline of our northern communities, the B.C. Rail investment partnership will mean new jobs, new growth, new opportunities in every community and every region and every industry of this province. It responds to the call of the north for new investment. It frees the north to establish and to follow a new path of its own choosing to a brighter future. That future starts today.