

Island Corridor Foundation

Strictly Embargoed

Not for release before 1:30 PM March 4, 2008

Notice of News Conference and Notes to Editors at the End of this Release

Rebuilding Rail Corridor to bring significant economic, environmental benefits to Island

Coalition of Islanders formed to support investment

The fact is it's Islanders who own the Corridor. By working together to support development of the Corridor to its full potential, we can help to develop our economy, create jobs, preserve our environment, create safe, green, efficient transportation for our families, and to build a gateway to the world for our businesses for the next 100 years. Chief Judith Sayers Co-Chair the Island Corridor Foundation.

VICTORIA, March 4, 2008 -- First Nations, business, environmental and community leaders today announced the formation of, *Our Corridor Coalition*, a group that will join the Island Corridor Foundation (ICF) and Southern Railway of Vancouver island (SVI) to urge senior governments to rebuild Vancouver Island's vital but long neglected E&N rail corridor.

The Coalition will ask the British Columbia government to partner with the federal government in securing \$103.8 million to bring the Island's rail corridor up to North American standards. Such joint funding has already been allocated to support short line railways in Quebec, Ontario, and Manitoba.

The Our Corridor Coalition is urging businesses and residents all along the Corridor to go to its website at - www.ourcorridor.ca - to add their names as supporters and to write or contact Premier Campbell, Transportation Minister Kevin Falcon, and their MLA's in support of the investing in their Rail Corridor.

"This is a vital opportunity that comes at a critical time for the Island and the railway," said Jack Peake, Chair of the Cowichan Valley Regional District Board. "Unless we make major investments to bring the rail infrastructure up to North American standards we could lose the Island's most important transportation backbone."

Peake said it's important to the Island that the corridor be restored to modern standards. "Island businesses need an efficient, safe, green transportation corridor for goods and passengers, offering the opportunity to significantly reduce greenhouse gases and truck and traffic congestion."

Ross Tennant, President, Three Point Properties and a member of the Coalition leadership group said, "The investment will have major paybacks for Islanders, business, communities and government now and well into the future. This investment in infrastructure will ensure that the Island has a cleaner, safer, and more efficient way of moving people and goods. It's a remarkably attractive return on investment."

Rail renewal will deliver benefits to a broad base of Island communities as 80 per cent of the population lives within 5 kilometres of the Corridor. A number of related business opportunities are also possible, including a planned enhancement of Port Alberni's popular Arrowsmith Explorer Steam Train, and significant community economic development opportunities in First Nations communities served by the Corridor.

In an economy where 8,700 jobs have been lost in primary resource industries, restoration of the rail corridor to modern standards will strongly benefit island communities, both in terms of job creation and economic development," said Mayor Ken McRae of the City Port Alberni.

Economic Development

"Top Shelf Feeds is the last remaining animal and poultry feed processing mill on Vancouver Island. Top Shelf Feeds manufactures feed for over 80 commercial farms and for back yard farm operations on Vancouver and surrounding Islands.

Top Shelf Feeds relies heavily on the railway to provide the ingredients going into manufacturing the feed. Without this rail line we would be severely limited in meeting the needs of the Island's Agricultural community." Mr. Robert Davison, President/Owner, Top Shelf Feeds Inc.

The proposed re-investment in the 290 kilometre rail facility will create more than 1,100 jobs in the short term and hundreds of millions of dollars in new economic development will occur. Over the longer term an enduring legacy of economic development opportunities will be created as communities and First Nations participate as partners in this vital transportation infrastructure and the opportunities it can trigger around the Island Corridor.

Economic development opportunities include:

- Transporting lumber by rail from Western Forest Products mills in Port Alberni to North American and Asia Pacific markets
- Moving inbound raw materials and potential outbound finished goods for Catalyst Paper mills that were discontinued earlier this decade
- Transporting outbound scrap steel and municipal solid waste to various North American destinations.

It is estimated that over the next five to eight years the rail upgrades could enable freight tonnage to increase to approximately 717,000 tonnes of goods per year, representing an approximate value of \$6.9 billion (\$2007). The upgraded rail line would take 18,000 truckloads off Vancouver Island's roads each year.

With Southern Railway's proposed new \$11 million marine facility on Annacis Island, competitive shipping options for Island businesses to North American and Asia will dramatically expand. SVI, the railway operator, has identified numerous new business opportunities that rail upgrades to the Island Corridor will support.

"Columbia Fuels currently relies on trucking from Nanaimo to its plants on the Island. We would certainly use a more competitive rail service for shipments to Victoria and Courtenay. The government's demand for 5% bio product will only increase demand and we would be better able to serve customers with a better supply chain infrastructure. A revitalized SVI freight service could provide that." **Bruce Nagel, President, Columbia Fuels Ltd.**

Greenhouse Gas Reduction

At the same time, this reinvestment leads the way toward significant greenhouse gas (GHG) reductions by individuals and communities as more efficient rail replaces trucking and cars. Communities are recognizing the need to find better ways to move people and goods without building bigger roads and every municipality along the corridor has been working closely with the ICF to develop approaches in response to Premier Gordon Campbell's leadership on greenhouse gas reduction.

"Our Corridor plan is a cost effective way of meeting the provincial government's green targets," said Denise Blackwell, Chair of the Capital Regional District. "A shift of only 3 per cent from road to rail transport corresponds to a 10 per cent decrease in GHG-emissions. Keep in mind that an upgraded corridor would take 18,000 truck loads per year off the road and a commuter line would replace 280,000 passenger vehicle trips per year."

"When I took on the leadership of Southern Railway, I made the revitalization of our operation on Vancouver Island a clear priority. In partnership with the ICF, we are committed to offering Island businesses and passengers the first class service they should expect of us and the Coalition's plan to obtain government investment in the rail infrastructure is the clear route to that goal. We will play our full part in this exciting plan." **Frank Butzelaar, President of Southern Railway of Vancouver Island & Southern Rail of BC**

The ICF is a partnership of First Nations, five regional and 14 municipal governments which created the Island Corridor Foundation (ICF) and took ownership of the \$366 million rail corridor asset in 2006 on behalf of the people and communities of Vancouver Island. Under an agreement with ICF, SVI will continue to act as the rail operator for both freight and passenger services. VIA Rail, which offers the current passenger service, is fully supportive of the Coalition's plan.

Notes to Editors:

Notice of News Conference: 1:30 PM – Tuesday, March 4th 2008 - City of Victoria Council Chambers
Pandora & Douglas Victoria

Attached: Backgrounders on - Benefits – ICF – SVI- The Coalition

The Coalition Website can be accessed at <http://www.ourcorridor.ca/>

The full Case for Investment is at www.ourcorridor.ca/RailRedefined.pdf

Media inquiries regarding the Island Corridor Foundation and the Coalition should be directed to Ian Macaulay – 250-744-7831

Media Inquiries regarding Southern Rail Vancouver Island should be directed to Patrick Gossage 416–382-1836

Our Island. Our Corridor. Our Future.

Four years ago, an extraordinary partnership of First Nations, 5 regional and 14 municipal governments came together to create the Island Corridor Foundation (ICF).

The ICF's goal is to preserve for the benefit of all Vancouver Island people a transportation and recreation corridor that once renewed will be a driver of sustainable economic development for Vancouver Island's residents and businesses.

The ICF took possession of the Island Corridor in 2005. The 650-hectare property and its assets, including several historic railway stations, are valued at \$366 million. The Island Corridor currently supports daily VIA Rail passenger service between Victoria and Courtenay as well as limited freight traffic. The Corridor is operating well below its potential. In 2006, the ICF chose Southern Railway of Vancouver Island (SVI) as its partner to run rail operations on the Island Corridor.

An Investment of \$103.8 million is required to Renew the Island Corridor. That investment will bring the following benefits.

General Economic Benefits

Rail upgrades will generate 1,100 person years of full-time equivalent (FTEs) direct and indirect employment on the Island over a three to five year period.

The Province will recoup \$6.8 million in personal income taxes resulting from this employment and PST paid on goods and materials required for the project. In addition, the federal government is expected to recoup \$9.2 million in personal taxes alone.

Wages and salaries flowing to direct and indirect workers are estimated to amount to \$50 million (2004). Induced wages and salaries are not included in this figure, making the estimate a conservative one.

Most new jobs are expected to be high wage, and will replace some of the 8,700 job losses on the Island between 2001 and 2006 in well-paying industries such as forestry, fishing and mining.

The Corridor renewal also would trigger:

- Over \$31 million in rail maintenance expenditures for goods and services by SVI over the next 10 years;
- An \$11 million investment by SVI and its sister companies to establish a new rail-marine terminal at Annacis Island with access to four North American Class One railways as well as ocean going rail vessels; and,
- Further impetus for a new \$5 million bulk barge facility to improve access and price competitiveness for Island importers and exporters.

Economic Benefits of Improved Rail Freight Transport

Island Corridor improvements will give Island businesses, especially those in the resource sector, better access to North American and Asian markets. Track upgrades will permit greater volumes of freight and will link to the Mainland rail network via SVI's barge service. Through this link, Vancouver Island businesses can gain access to a variety of Class One rail providers, including CP, CN, Burlington Northern Sante Fe (BNSF), and Union Pacific (UP).

It is estimated that over the next five to eight years the rail upgrades could enable freight tonnage to increase to approximately 717,000 tonnes of goods per year, representing an approximate value of \$6.9 billion (\$2007).

With Southern Railway's proposed new marine facility on Annacis Island, shipping options for Island businesses will dramatically expand. This will bring the possibility and economic advantage of competitive shipping rates for Island bound and out-going freight.

SVI has identified numerous new business opportunities that rail upgrades to the Island Corridor will support. Effective, low cost and efficient rail service is critically important for the survival and prosperity of industries producing heavy, bulk products especially in the mining, forestry, petro-chemicals and agriculture sectors.

The proposed rail upgrades will have a number of positive effects for these businesses including:

- improving reliability and efficiency of rail service;
- offering more competitive rates through access to multiple, mainline rail carriers; and,
- providing a more streamlined transport cycle between supplier and end users resulting from reduced transfers and handling along the way.

Passenger Rail Benefits

The revitalized Island Corridor infrastructure is the required foundation for increasing inter-city rail travel and establishing commuter rail potential. By linking the growing communities of Courtenay, Nanaimo, Cowichan Valley, Ladysmith, Duncan and Langford more thoroughly and directly to each other and to Victoria, a revitalized Island Corridor can provide a valuable transportation alternative.

The railway lies close to Nanaimo's proposed cruise facility which will facilitate the transfer of cruise passengers to the railway for tourist excursions. Day-trip destinations include such attractions as the Aboriginal Culture Centre in Duncan, the National Historic Site of the McLean Mill in Port Alberni, and other similar attractions.

The upgrades would create new excursion tourism opportunities, expanding the market for tour operators, hoteliers, restaurateurs and retail businesses. The long-term assurance of service with improved reliability and running times provided by the rail upgrades would offer an attractive basis for other excursion train opportunities linked with the major cruise ship sector in Campbell River, Nanaimo and Victoria, or minor cruise ship

and adventure tours in the Strait of Georgia, from the Port Alberni inlet and along the West Coast of the Island.

The proposed rail upgrades would also improve running times and permit an enhancement of existing VIA Rail daily train service. It could even permit the addition of an early morning Nanaimo to Victoria train and a late-day return trip at minimal cost while adding riders and revenue. Improved passenger service would also support increased tourist traffic.

The Role of VIA Rail

VIA Rail is a key player in the Island Corridor renewal project. It provides the only daily passenger rail service on the Island, carrying 35,000 passengers, including both Island residents and tourists, in 2007. VIA contributes financially to line maintenance and sustains rail operations on Vancouver Island.

Commuter Rail Benefits

The detailed West Shore Tram Line Assessment report released in January 2008 by the Communities for Commuter Rail Group (C4CR) makes a persuasive case for the feasibility of a commuter rail service between Langford and Victoria using the existing Island Corridor. The study was commissioned by the communities of Langford, View Royal, Colwood, Esquimalt, Victoria and Sooke, as well as the Capital Regional District (CRD), BC Transit, Island Corridor Foundation (ICF) and Southern Railway of Vancouver Island (SVI). The report's recommendations received widespread public support.

This level of engagement from the communities and the degree of public interest in the CRD for a rail solution to growing congestion provides important impetus for the Coalition's Island Corridor Renewal strategy. Rail line renewal in the heavily traveled Malahat corridor will also satisfy growing Cowichan Valley commuter demands and improve safety on a difficult stretch of road. Furthermore, it would extend the period before highway upgrades in that section are needed or even mitigate that need entirely.

Environmental Benefits



The Island Corridor offers Islanders the chance to significantly reduce the size of their environmental footprint whether derived from shipping, travelling or commuting.

With transportation generating 40 per cent of all greenhouse gas (GHG) emissions in British Columbia, and the Capital Regional District predicting an increase of 400,000 person-trips per day in the area over the next ten years, a commuter rail alternative alone could significantly contribute to the Province's plan to reduce greenhouse gas emission. It would accommodate the equivalent of 280,000 passenger vehicle trips per year. Commuter trains produce only one-quarter the emissions of automobiles in the urban travel environment.

Today, freight trains create only one-fifth the GHG emissions of trucking. Railways offer the most energy efficient performance on

both a passenger/km and tonne/km basis. A shift of three per cent of traffic from road to rail transport corresponds to a 10 per cent decrease in GHG emissions. Moving from road to rail is key to achieving the Kyoto Protocol and BC Government mandated targets.

SVI currently carries the equivalent of 2,900 large trailer trucks of goods per year. With upgrades, this number could rise to almost 18,000 truck loads per year. The result would be 18,000 truck loads removed from congested highways each year resulting in safer road use for everyone, less pressure for capital to expand the highway system and reduced air pollution.

Smart Growth, Recreation, Cultural and Heritage Benefits

Viable rail transit options will support and enhance denser forms of development within east coast communities and will, therefore, mitigate pressure for development in pristine, natural areas on the west coast.

The Island Corridor Foundation's long-term plan envisions an integrated transportation system that uses trains, buses, park-and-ride facilities, and bicycle/walking paths along the Island Corridor.

These will contribute to a greater quality of life for Island residents and protect natural areas threatened by increasing development. In 2007, the Capital Regional District moved forward with an \$11.5 million project to develop a regional commuter trail made possible through a cooperative

agreement with the ICF. Discussions with the Cowichan Valley Regional District and the Regional District of Nanaimo about similar opportunities are currently underway.

The Island Corridor up-grade will also create new opportunities for municipalities and First Nations to restore historic train stations as tourist attractions, together with retail facilities and as centres of cultural, artistic and community activities. The cost for historic rehabilitation of the remaining five stations has been estimated at around \$1 million per station

First Nations Benefits

The Island Corridor passes through many First Nations communities. It will become an essential part of their community and business development plans in the future. The plentiful, natural environment on Vancouver Island and rich cultural traditions of the Coastal Salish, Nuu-chah-nulth and Kwakwaka'wakw peoples can also provide abundant opportunities for new cultural attractions and tourism. Improved rail travel will stimulate the growth and development of First Nations businesses and communities across the Island.

According to Aboriginal Tourism BC's (ATBC) BluePrint Strategy, Aboriginal tourism is the fastest growing sector of the tourism industry. Many First Nations are considering investing in Aboriginal tourism and the increase in passenger rail traffic will make these businesses more attractive and sustainable. For example, the Hupacasath First Nation will soon be breaking ground for an Interpretive Centre in the heart of Port Alberni, encouraged by the reality of one million cars passing annually on the highway to and from the West Coast and now the possibilities of rail tourism traffic.

Aboriginal-owned ventures throughout Vancouver Island will benefit from the increase in tourism traffic derived from an improved passenger rail service, including the I-Hos Gallery (Comox), Quw'utsun' Cultural and Conference Centre (Duncan) and Choo Kwa Ventures (Port Alberni).

There are excellent opportunities for First Nations to use the Corridor Renewal program to improve business activities and investments in areas such as:

- Rail line construction and maintenance;
- Vegetation management within the Island Corridor; and,
- Steam or alternative weed (pest) control in the Corridor and elsewhere.

Developing social programs and initiatives is just as important as economic development to improve the quality of life within First Nations communities. First Nations history and culture could be showcased on the trains, in train stations and at First Nations kiosks dedicated to educating travellers about the historical and contemporary influence along the Island Corridor by Aboriginal peoples!

Contact

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Campaign Leadership bios

Mary Ashley, Campbell River – Ms. Ashley is a former Mayor and Councillor for the City of Campbell River. Professionally she is a Labour Market Analyst and Consultant working with many companies, organizations and individuals over the years on economic development and related social issues. She is a founding Director of the Island Corridor Foundation. She now serves as Co-Chair of the ICF, as a Board member of Coastal Communities Credit Union, Chair of the Port of Call Committee for Campbell River's new cruise ship development, and as a Director of the Campbell River Community Foundation.

Frank Butzelaar, Vancouver – President, Southern Railway of British Columbia Limited and its subsidiary, Southern Railway of Vancouver Island Limited. Mr. Butzelaar has been a management member of the Washington Group railway operations for a number of years and responsible for business development activities. Mr. Butzelaar is a graduate of Simon Fraser University in economics.

Wayne Coulson, Port Alberni – President/CEO of the Coulson Group of Companies. The Group's operations center around Coulson Forest Products Ltd., a second generation family owned business engaged in logging and milling in and around Port Alberni. The Coulson Group is most famously known for having acquired two historic Martin Mars water bombers for use in forest fire suppression.

Robert Davison, Duncan - President and Owner of Top Shelf Feeds Inc. which he purchased in 2003. Prior to purchasing Top Shelf, Mr. Davison gained over 18 years of experience in commercial lending, international banking, corporate and investment banking. Mr. Davison was an Associate Director in the Corporate Banking Division of CIBC which arranged financing for Western Canada's largest corporations; his last position was Commercial Sales Leader for Western Canada. Mr. Davison holds a BA degree from McGill University and also holds an MBA degree.

Robert Duncan, Vancouver – President, Naut'samawt Resources Group, the economic development arm of the Naut'samawt Tribal Council, Tsawassen, BC. Prior to his current appointment Mr. Duncan was Economic Development Officer for the Campbell River Indian Band and was responsible for gaining approval for a casino/hotel & convention centre project, initiating the plan to develop Campbell River as a cruise ship 'port of call' and for development of the Discovery Harbor Shopping Centre. Mr. Duncan is an expert in complex negotiations and has served on a number of fisheries, First Nations and civic

boards and commissions. He accepts the privileges and responsibilities of a Bighouse Chief and actively participates in Kwakwaka'wakw culture.

Ernie Elliott, Duncan – Mr. Elliott is General Manager/CEO for Cowichan Tribes. Prior to that he gained experience as both an elected Chief and Band Councillor and in the management of various aspects of Native justice and welfare services. He has worked in the banking business and during the 1980's was District Superintendent of Lands, Reserves and Trusts as well as Head of Band Operations for the Department of Indian and Northern Affairs in Williams Lake.

Doug Hinton, Vancouver – Mr. Hinton is a Professional Engineer and holds the position of Senior Vice President with Hatch Mott MacDonald, one of the largest firms of consulting engineers world-wide. He has an extensive career of engineering, project construction, and corporate management, both in Canada and worldwide. Born and raised in British Columbia, Doug's broad range of experience reaches from mining to transportation, specifically with rail, transit, aviation, tunnel and transportation infrastructure and includes such projects in the Vancouver area as Canada Line-RAV Project, Sea-to-Sky Highway Project, Lower Mainland Rail Infrastructure Study for the Greater Vancouver Gateway Council, Millennium Project- Rapid Transit Project 2000 Ltd. and Sacramento RT Amtrak / Folsom Corridor Project in Sacramento CA. Mr. Hinton is a Director of the BC Construction Roundtable and an active committee member for the CEBC's Road to Green Conference.

Gerry Kelly, Victoria – Dr. Kelly is retired from his most recent post as founding President of Royal Roads University. Prior to that he was President of Grant MacEwan Community College in Edmonton where he orchestrated the development of a \$150 million campus that has transformed the heart of the city. Gerry earned his Ph.D. in Educational Administration from the University of Alberta. His career has consisted of teaching, coaching and administration at schools, colleges and universities throughout Canada and in Europe. He is currently helping to establish an innovative College Learning Commons in the West Shore of Victoria.

Jack Peake, Lake Cowichan – Mayor of the Town of Lake Cowichan, for a third term. Mr. Peake brings career experiences in retailing, the railroad industry and the trucking industry to his numerous community involvements. He was first elected in 1993 and currently serves as Chair, Cowichan Valley Regional District and of the Island Coastal Economic Trust as well as being on the Board of Island Corridor Foundation since its inception.

Judith Sayers, Port Alberni – Dr. Sayers is the elected Chief of the Hupacasath First Nation, a position she has held for over thirteen years. She has degrees in business and law from the University of British Columbia and an honorary Doctor of Laws from Queen’s University. Dr. Sayers practiced law for 18 years in Alberta and British Columbia and among her honours includes the Bora Laskin Fellowship on Human Rights award. Judith is the President of Upnit Power Corporation, Chair of Eagle Rock Minerals Ltd. and on the Board of Tsu-ma-uss Transformation Society, all of which are First Nations enterprises. She is Co-Chair of the Island Corridor Foundation, on the boards of Tourism BC and the Pacific Salmon Endowment Fund and was elected to the three member political executive of the First Nations Summit, Summit Task Group.

Ross Tennant, Victoria – Mr. Tennant, as the President and co-founder of Three Point Properties Inc, which he has built. into a substantial land holding, development and real estate investment business in the south coastal area of British Columbia. Prior to that he held executive sales and marketing positions in emerging and successful high-tech and software businesses – Beduin Communications Corporation, Sun Microsystems, Octel Communications Canada and Lucent Technologies. Mr. Tennant is a graduate of University of Victoria.

Duncan Kerr, Duncan – Mr. Kerr has been Senior Vice President and Chief Operating Officer since August 2005. Prior to that he spent 12 years with RLG International, an international consulting company, the last seven years as a senior project manager, advising a number of clients on performance improvement measures in the lumber, logging, pulp and paper, and energy sectors. Prior to that, Mr. Kerr was a mining engineer with Westmin Resources Limited. He has a Bachelor of Engineering from McGill University.

About the Island Corridor Foundation

The Island Corridor Foundation (ICF) is a non-profit charity incorporated in 2004 as a partnership of unprecedented magnitude between the Regional Districts and First Nations along the E&N railway land. It came about through the vision of the Cowichan Tribes, Mayors and Councilors from Vancouver Island communities, and railway enthusiasts who did not want to see the corridor divided and sold off in parcels to private interests to be lost forever to the people of the Island.

A 12-person Board of Directors governs the ICF. Five directors represent the Regional Districts and five directors represent First Nations.

On February 27, 2006, the ICF announced it had reached an historic agreement with Canadian Pacific Railway (CPR) which saw the CPR-owned portions of the Rail Corridor donated to the Foundation in perpetuity.

This agreement included over 100 miles of corridor, from Victoria to Nanaimo and Parksville to Courtenay and six historic railway stations in Duncan, Ladysmith, Nanaimo, Parksville, Qualicum Beach and Courtenay. CPR also provided seed money to ensure the financial viability of the Foundation

On March 21st, 2006 the ICF brought their vision of owning the Island Rail Corridor to full completion with the signing of an agreement with RailAmerica for the remaining portion of the Rail Corridor between Nanaimo and Parksville. This agreement gave ICF complete control of the 139.9 mile Rail Corridor, bringing to a successful conclusion over three years of intensive negotiations with two of North America's rail giants, CPR and RailAmerica.

To learn more about the Island Corridor Foundation please visit www.islandcorridorfoundation.ca

About Southern Railway of British Columbia and Southern Railway of Vancouver Island

Southern Railway of British Columbia (SRY) is a major transporter of freight in British Columbia providing the highest quality service at a competitive cost. Southern Railway of Vancouver Island (SVI) is an operating company of SRY. Based in Nanaimo, SVI provides a seamless transportation Corridor to the mainland and to world markets through its sister company, Seaspam Coastal Intermodal.

With over a century of tradition providing the best possible service, SRY's diverse customer base includes over 150 shippers of lumber, paper, automotive, forest, building, agricultural, chemical, consumer and steel products.

SRY handles over 75,000 carloads annually and owns over 125 miles of track, of which 62 miles are mainline, and interchanges with four North American Class 1 railroads at six locations. SRY provides personalized, market driven, customer oriented and neutral short line service.

Combined with long-haul partners Canadian Pacific, Canadian National, Burlington Northern Sante Fe and Union Pacific SRY, has connections to all rail-served points in North America.

To learn more about SVR and SVI, please visit www.sryrailink.com