

# Capital Regional District

## Rail on Vancouver Island

### Update

July 13, 2022



Island Corridor  
Foundation

Thank you!



- We very much appreciate this opportunity to provide an update
- It has been some time since I was last before you
  - Would have liked to be here sooner - COVID
  - A lot has happened – it's been a journey!



# Our Discussion Today



- Critical Events
  - The provincial assessment
  - The legal issues
  - The weather event
  - Business Case Release
- Next Steps



# The Assessment



- The Assessment
  - 2019 Province initiates the Island Corridor Condition Assessment
    - Independent third party assessment
    - Released spring of 2020
    - Outcome provided three operating scenarios with varying price levels
      - \$326 million to \$728 Million
    - Extremely important
      - Provides a common base



# The Legal Issues



- Snaw-Naw-As Case
  - Filed in 2015 – Decision July 2020
    - Lands held for Railway purposes
- The Appeal – Sept 2021
  - Appeal was denied with conditions
    - The court places primary responsibility on Canada to:
      - Determine if the corridor is in the public interest and if it will fund improvements – Northern Region
    - If it is not in the public interest and it will not be funded
      - The matter can be brought back to the courts
      - Very likely reversionary rights will be applied by the court
    - The Province is also singled out
  - Deadline of March 2023



# The Weather Event



## The Weather Event

The Closure of the Malahat

Sinkholes north of Nanaimo

- Exposed the lack of transportation options on Vancouver Island
- Graphic display of the risks of reliance on a single highway

The Rail Corridor had a small slide

- Cleared in 4 hours

It was an eye-opener for everyone



# The Initial Business Case



## The Initial Business Case

- Business Case – released May 16, 2022
  - Outlines the Economic Opportunity
  - Justifies investment in Rail
  - Provided to Province and Feds
    - Review
    - Meetings with MoTI, Transport Canada, Infrastructure Canada
  - The Service
    - Commuter – Westhills to Victoria
    - Intercity Commuter
    - Regional Passenger
    - Freight Service
    - Excursion and Events Trains
  - This is **not** the Dayliner Service
    - Multiple trains each day
    - Duncan origination and termination
    - Trains start in Courtenay



# The Initial Business Case



## The Initial Business Case

- Total Capital Investment
  - \$381 million for infrastructure
    - Contingencies at issue
  - \$50 million for equipment
  - Costs are reasonable
    - Mainland projects = \$340 million/KM
    - Island Project = \$1.48 million/KM
- Economic Viability
  - Fully Operational - Combined Pass & Freight – Conservative estimates
    - Profitable first year
      - Modest pass modal shift 6%
      - Freight -half of historical levels
  - Opportunity for substantial growth
    - Each 1% modal shift -\$1m profit
    - Historical freight -\$5 m profit





# The Initial Business Case



## First Nations

### Recognition and Consultation

- Business Case outlines the history behind land issues
  - The E&N Land Grant
- Business Case recognizes
  - Need to prioritize reconciliation
  - Need to address the Land grant
  - Responsibility of government
- First Nations must benefit
  - Open engagement and consultation
    - Opportunities & Benefits
    - How to Capture Value
      - Completion will result in an asset with a value approaching \$1 billion
    - Everything is on the table
      - IBA's to First Nations-owned railway
    - Addressing Concerns



# Next Steps



- The Business Case for rail is strong
- Tremendous amount of work to be done
  - First Nations Engagement – ICF
  - First Nations Reconciliation – Senior Government
  - Refining Business Case – getting to yes
- We need your voice and your assistance
  - Clear demonstration of support
    - Provincial and Federal
  - Get the Feds and Province in the same room
  - Establish a joint multi-disciplinary team
- The Best way to protect the corridor – Use It
- The Clock is ticking
  - There is a lot at stake

Thank you for this opportunity!

