



NEWS RELEASE

For Immediate Release

March 29, 2007

Auditor General reports on the BC Rail Investment Partnership

VICTORIA – Acting Auditor General, Arn van Iersel, released a report today in which he concludes that, generally, the monitoring of compliance by Canadian National Railway Company (CN) with the terms of the BC Rail Investment Partnership is adequate.

The report, entitled *Switching Tracks – A Review of the BC Rail Investment Partnership*, sets out the results of a review of whether or not the Province, through British Columbia Railway Company (BCRC) or other agencies, is appropriately monitoring CN's actions in relation to its commitments and whether CN has, to date, met its one-time and other commitments under the BC Rail Investment Partnership.

Mr. van Iersel reports that “Since CN operates across Canada, the former BC Rail line is now under federal regulation and the Province's role is therefore much reduced. The Province's primary responsibility for monitoring is in respect of CN's one-time commitments and as landlord of the railway line, however it also has the power to take decisive action should CN default on its most significant commitments.” van Iersel expects that the Province would not take such action until all other remedies have been exhausted, but this would be at the Province's discretion.

With the exception of certain obligations relating to the time taken to deliver goods to or from competing carriers, federal regulation is largely a complaints-driven process. This requires a certain degree of sophistication in that stakeholders must be aware of both the railway's obligations and how to make a complaint should the shipper feel those obligations are not being met.

Mr. van Iersel noted “While BC Rail is monitoring CN, there is no provision for BCRC or the Province to receive notification of complaints made to the Competition Bureau, the federal agency responsible for monitoring a significant part of the terms of the Investment Partnership”. Therefore, van Iersel recommends that BCRC request that the Competition Bureau provide BCRC with a copy of any notice of non-compliance given to CN.

The Acting Auditor General also states that “It is too early to say whether CN is fulfilling all of its obligations under the Investment Partnership. Based on monitoring carried out by BCRC, and the apparent absence of formal complaints to any federal agencies, however, it appears that CN has met its commitments to date.”

- 30 -

2006/07 Report #12 – Switching Tracks – A Review of the BC Rail Investment Partnership

For further information, please contact:

Office of the Auditor General, 8 Bastion Square, Victoria, B.C. V8V 1X4

Tel: 250 387-6803 or Toll free *Enquiry BC* at 1 800 663-7867 (in Vancouver 604 660-2421)

A copy of the full report is available on our website at: <http://bcauditor.com>