

## **MINISTERS RAIL ADVISORY COMMITTEE (MRAC)**

### **Terms of Reference**

#### **1.0 CONTEXT**

Genesee & Wyoming Inc. (formerly Rail America) intends to file with the Nova Scotia Utility and Review Board (NSUARB) for abandonment of the rail segment between St. Peters Junction (at Point Tupper) and Sydney (Sydney Subdivision) under Section 42 of the Railways Act. The application can only be filed after the agreement with the Province expires in September 30, 2014 (per section 3.4 Company's Obligations).

Mayor Cecil Clarke, on behalf of the Cape Breton Regional Municipality has asked the Province to obtain a one-year extension with the operators of the Sydney Subdivision, Genesee & Wyoming Inc.

#### **2.0 BACKGROUND**

The Cape Breton and Central Nova Scotia Railway (CBNS) is a 395 km railway operating in Nova Scotia between Truro and Sydney with spurs at Stellarton, Trenton, Point Tupper and Sydney. Sydney Subdivision is 189 km.

The main line (and related spurs) were formerly owned by CN and were sold to the short line railroad holding company Rail Tex in October 1993 and subsequently to Rail America in February 2000.

The Sydney Subdivision has been operating at a financial loss since 2001. In 2002, the Company filed for the abandonment of the Sydney Subdivision due to sustained losses suffered after the closure of Devco and Sysco. Since 2003, the Province has been providing a subsidy of approximately \$2 to \$3 million annually, totalling approximately \$21 million.

In July 2012, Genesee & Wyoming Inc. acquired Rail America. Genesee & Wyoming Inc. employs 50 full time employees, with an office in Stellarton, and a Canadian corporate office in Montreal. Six employees are currently dedicated to the Sydney Subdivision. Average annual rail traffic on the Sydney Subdivision is less than 500 railcars. The Company states that it would require 10,000 railcars per year to breakeven.

#### **3.0 MANDATE**

The MRAC will work together to ensure Cape Breton continues to have the necessary transportation links – whether they are at the port, on the tracks, or on the highways – so freight can continue to move on and off the Island cost-effectively. That includes looking for another buyer/operator who recognizes the potential of the container port and other economic

development initiatives planned for the Port of Sydney.

The mandate of the MRAC will be to:

- Review previous studies prepared on the Sydney Subdivision for the Province
- Inform Cape Breton stakeholders on the current situation
- Review business case, consider likelihood of increasing rail traffic/client base
- Advise on the likelihood of Sydney Port development opportunities and the potential increase in traffic
- Advise on the likelihood of a new, experienced rail operator acquiring the Sydney Subdivision, Scope out the opportunity to find a new operator or buyer for the Sydney Subdivision

Report back to Province on their findings.

This mandate does not include issues around railway crossing fees and property leases. These items are best dealt with in another forum.

#### 4.0 MEMBERSHIP

The composition of the committee is as follows:

<b>Organization</b>	<b>Representative or Alternate</b>
ACOA	Peter Hogan
Transport Canada	Senior representative
Transportation Infrastructure Renewal	Paul LaFleche, Brian Gallivan
CBRM CAO	Michael Merritt
Inverness County CAO	Joe O'Connor
Richmond County CAO	Warren Olsen
Victoria County CAO	Sandy Hudson
Port Hawkesbury CAO	Maris Freimanis
CBRM Mayor's Office	Eileen Oldford
Economic and Rural Development and Tourism	Simon d'Entremont, David Oxner
Cape Breton Partnership	Ian McNeil
Cape Breton Rail Users Group	Sean Burke/Denis Lanoe

Genesee & Wyoming Inc. and additional representatives may be invited to attend certain meetings as deemed appropriate by members.

## **5.0 REPORTING STRUCTURE**

The MRAC will report jointly to the Honourable Michel Samson, Minister of Economic and Rural Development and Tourism and the Honourable Geoff MacLellan, Minister of Transportation and Infrastructure Renewal.

They will share updates and the findings of the MRAC report with elected officials included but not limited to the following key stakeholders for their comments:

- The Honourable Lisa Raitt, Minister of Transport Canada
- Mark Eyking, MP
- Roger Cuzner, MP
- Cecil Clarke, Mayor of CBRM
- Warden Duart MacAulay, Inverness
- Warden Steve Sampson, Richmond
- Warden Bruce Morrison, Victoria
- Billy Joe MacLean, Mayor of Port Hawkesbury
- Pam Eyking, MLA
- Alfie MacLeod, MLA
- Frank Corbett, MLA
- Alan MacMaster, MLA
- Eddie Orrell, MLA
- Gordie Gosse, MLA

## **6.0 TIMELINES & MEETING FREQUENCY**

The MRAC will meet on a monthly basis or as required and may hold workshops or information sessions to engage with stakeholders. The MRAC will submit an interim report in December 2014 and following consultations with stakeholders, they will submit their final report in the Spring of 2015.