



**Southern Railway of
Vancouver Island Limited** (250) 521-1966
2102 River Drive (250) 526-0914 fax
New Westminster, B.C. www.sryrailink.com
Canada V3M 6S3

Subject: Rail Safety Paramount

VIA passenger rail service operated by Southern Rail on Vancouver Island was always in compliance with BC Safety Authority requirements.

Southern Railway of Vancouver Island Limited (SVI) commenced rail operations July 1, 2006 of the former E&N Railway on behalf of the Island Corridor Foundation. SVI is a provincial railway, regulated by the British Columbia Safety Authority (BCSA). BCSA and VIA performed regular safety inspections of the track between 2006 and 2011.

In March 2011, SVI engaged in joint track safety inspections with BCSA and VIA. Discussions with regard to track conditions took place between the parties at that time. Out of those inspections and following discussions, SVI made the unilateral decision to suspend the passenger rail service indefinitely, pending required infrastructure upgrades. The joint track inspections in March 2011 included a total of 4 parties, namely SVI, ICF, BCSA and VIA, all having the primary interest of passenger and public safety. All parties were united and in agreement with the ultimate decision on the part of SVI to suspend the passenger service, pending required track improvements. Note that SVI continues to maintain a safety record of zero mainline derailments, freight and passenger, since commencing operations in July 2006. SVI is an experienced rail operator that is aware of track safety standards and the capabilities of railway track to safely handle rail traffic. SVI's policy is to always revert to the safe course and that policy is what was behind the decision in March 2011 to suspend the passenger service.

Specific track safety standards are primarily based on operating speed. SVI continues to safely operate the freight rail service between Duncan and Parksville on Vancouver Island by reducing the operating speed to suit specific track conditions. In the case of passenger service, reduction of operating speed was not a feasible option, as the service would be rendered ineffective due to required passenger service scheduling.

We have now completed a Train Service Agreement approved by VIA, SVI and ICF covering reinstatement of the Vancouver Island passenger rail service. Our engineering staff has produced a railway upgrade plan in consultation with the BCSA that is currently being reviewed by the federal and provincial governments. We look forward to completing the required railway infrastructure upgrades over the course of the next few months, leading toward reinstatement of the passenger rail service by mid-2015.

SVI has a comprehensive Safety Management System encompassing all aspects of train operations, including track safety. The complete railway is patrolled and inspected a minimum of twice weekly and extensively on quarterly basis. In addition, annually, instrumented vehicles ultrasonically test for rail defects and dynamically for track geometry. Any defects encountered with any of these inspections are repaired promptly within prescribed periods consistent with the type and severity of defect. These inspections and repairs are audited by the BSCA, as our railway safety regulator.

A handwritten signature in black ink, appearing to read 'J. Butzelaar', with a long horizontal flourish extending to the right.

Frank J. Butzelaar
President – Southern Railway of Vancouver Island Limited