

Clients to have a role in the Gaspésie Railway Society

Gilles Gagné

NEW RICHMOND: - Customers of the Gaspésie Railway Society will likely have an important role to play in the administrative future of the railway, if a satisfactory restructuring plan is submitted and eventually accepted by its creditors.

In the same breath, the mayors will play a lesser role in the company, a condition that was discussed after the Gaspésie Railway Society filed for court protection on November 21. That legal step was made when one creditor wanted to seize locomotives in an attempt to get paid.

Gaspésie Railway Society President Éric Dubé, points out that Transport Quebec, the main administrator of funds to the transporter will impose a lesser role for the

mayors in the future.

"Ministry officials are convinced, and they have convinced me, that the mayors cannot be the main administrators of the railway. We are not specialists. Everyday I personally discover new aspects about the railway world. It is fascinating but I also discover the hard way because the current situation is not rosy. I followed a Railway 101 course filled with errors," explains Mr. Dubé.

Following the recourse to protect the Gaspésie Railway Society from its creditors, Mr. Dubé discovered several things that he hadn't expected, especially a freeze on funds that came in after the intervention of the receiver.

"Investissement-Québec

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RAILWAY:

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had guaranteed our line of credit and they stopped that guarantee, which prompted Caisses Desjardins to freeze our line of credit. We received critical payments from CN for the cars we haul on our line and we couldn't cash the cheques because the account was frozen. Apparently, it is standard procedure, but it almost paralyzed our operations. Preparing a proposition for our creditors was even harder," points out Éric Dubé.

As SPEC was going to press, Mr. Dubé had "bought" some time to try to find about \$70,000, an amount that would be sufficient to avoid the transporter's bankruptcy before submitting a proposition to its creditors.

"If our line of credit can be unfrozen, we will have a \$200,000 margin of manoeu-

ver, which would be enough to run until mid-January. We are owed some money as well. We would then have time to submit a restructuring proposition," he adds.

Operations have been maintained since November 21. Employees were not paid as expected on November 27. However, a client of the company agreed to pay for the locomotives fuel and two employees worked the freight train for a few days without getting paid.

The receiver, Lemieux Nolet, is looking for an interim financing of \$500,000. Transport Québec still owes the Gaspésie Railway Society approximately \$750,000 for work that was primarily carried out in 2013. The money was partially conditional on an administrative change at the helm of the transporter. The details of

these changes have not been divulged by the ministry.

In the meantime, a committee of clients has met a couple of times since November 21 in order to plan the railway's future. Temrex, by far the largest source of revenue for the railway, Raid GD, Fabrication Delta and McInnis Cement are represented on the committee.

"They will have an important role to play in the future of the railway. Discussions have only started but it is clear that we have to get closer to our clients," stated Éric Dubé.

According to Mr. Dubé unpaid bills total approximately \$2 million, but considering Transport Québec's receivable, they are in fact slightly more than \$1.2 million, with some verifications of the bills remaining to be carried out.