

Gaspésie Rail Society files for court protection

Freight operations are maintained

Gilles Gagné

NEW RICHMOND: - Gaspésie Railway Society filed for court protection on November 21, due to unpaid bills amounting to \$1.2 million. The emergency financial support from the Quebec government was slow to come in.

The decision was made following a conference call between Gaspésie Railway Society's board, held on the morning of November 21. A Montreal receiver was appointed to administer the company for the next few weeks or months. A restructuring plan will eventually be submitted to the creditors.

"One creditor was about to file for a court order with the purpose of seizing our locomotives. We will now have a few months to restructure our finances and submit a proposition to our creditors. That step has to be done within six months," explains Éric Dubé, the president of the Gaspésie Railway Society.

Day-to-day operations are being maintained between Matapédia and Caplan, where the transporter mainly serves Temrex, the Nouvelle sawmill generating close to 95% of the carloads on the network. New Richmond's Rail GD and Fabrication Delta, as well as two grain producers based in Caplan are the Gaspésie Railway Society's main customers.

Since the government's election in April, the company has repeatedly filed for financial support from Quebec's Transport ministry. In June, the Gaspésie Railway Society laid off almost all its maintenance workers because they



Photo: G. Gagné

Creditor about to file for a court order to seize Gaspésie Railway Society's locomotives.

couldn't pay them. Line maintenance was strictly reduced to essential tasks.

The company's request was twofold, getting relief money to pay its short-term creditors and receiving grants in order to keep improving the line infrastructure, essentially some bridges. The short-term claim was valued at \$1.3 million and the long term refurbishment program was between \$35 and \$45 million for the next three years. Over five years, the Gaspésie Railway Society's infrastructure program is now valued \$70 million.

"Right now what we are experiencing is a cash flow problem. The value of our assets surpasses the amount owed to our creditors. The book value of our assets reaches \$32 million and we

could probably get \$18 million, if we are forced to sell everything quickly. We are far from there," Éric Dubé explains.

During an interview given to the regional press just hours before the receivership recourse announcement by the Gaspésie Railway Society, Regional Minister Jean D'Amour pointed out that his government "currently has in its hands a request for emergency funding. We will make a decision soon."

VIA Rail operations have been suspended east of Matapédia since October 2013, due to the state of the infrastructure, according to various spokespersons of the federal corporation. The last train that travelled on the line was August 2013 and was replaced by a bus until October of that year.