

Gaspésie Railway Society looking for an expert for restructuring plan

Gilles Gagné

NEW RICHMOND: - The Gaspésie Railway Society will soon hire a rail expert in order to prepare its restructuring plan, a document its president Éric Dubé would like to submit to the transporter's creditors before mid-February.

Mr. Dubé says the company's board doesn't have the competence to put together a detailed restructuring plan. The receiver, Lemieux Nolet, cannot accomplish the job either considering the expertise and work load required to manage the railway in its day-to-day operations.

"Our responsibilities are to make sure that we have sufficient interim financing and that we can submit an excellent restructuring plan. We don't have the knowledge to prepare a plan in such a complicated field. Therefore we are looking for a specialized resource person to put together a restructuring plan. Finding such a person won't be all that difficult because we already know of two or three people, but it could cost \$50,000 to hire an expert for that kind of mandate. The railway belongs to the MRCs and they will try to find the money," explains Mr. Dubé.

Jacques Côté, appointed director general of the Gaspésie Railway Society in October, submitted his letter of resignation at the beginning of December, two weeks after the company filed for court protection. Former Director General Olivier Demers is also on his way out. He will stay employed for a short period of time in order to guide the receiver through the transporter's

financial statements.

Gaspésie Railway Society's financial situation prompted the company to file for court protection, as it owes its creditors \$3.2 million. The transporter has receivables for about \$1 million.

On December 17, receiver Martin Poirier, of Lemieux Nolet, will ask the Superior Court for a delay of 45 days, a period required to maintain court protection while the restructuring plan is prepared. Another period of time will likely be requested for the beginning of February.

Éric Dubé points out that one of his tasks during the December 9 board meeting was to inform other board members that "we have to repair the first rung of the ladder before we can repair the top one. It means that first we have to secure the rail line between Matapédia and New Carlisle, where the freight traffic is concentrated, and where we are likely to get VIA Rail back first, an important source of revenue. We will work as soon as possible on the New Carlisle to Gaspé stretch."

The Gaspésie Railway Society operations are being maintained despite the court-protection. "Interim financing now allows us to pay for our locomotives fuel and our employees. Our main customer, Temrex, will close its sawmill for two weeks during the Christmas break. The employees will probably be temporarily laid off. Our insurance is paid," says Éric Dubé.

The interim financing began when Investissement-Québec allotted \$100,000 to have the restrictions removed

from the transporter's line of credit, the result of its filing for the protection of the bankruptcy and insolvency law. So far, Quebec's Dept. of Transport has allocated \$60,000 mostly used to pay some professional services, such as the maintenance of railway sig-

nals.

The GRS was expecting some funding from Transport-Québec this year in order to carry out some much needed repairs on a certain number of bridges but the money never materialized. In return, Transport-Québec expressed some

dissatisfaction over the way the transporter managed its funding, especially by using a saline solution as a defoliant in August 2013. That solution caused damage to a certain number of level crossings. VIA Rail suspended its service after that.