



Photos: G. Gagné

Canada Economic Dev. demands a lien in Gaspésie Railway's case

Gilles Gagné

NEW RICHMOND: - Canada Economic Development, (CED) a Federal government organization, has recently submitted a \$10.7 million legal mortgage (a lien created to secure the repayment of a debt or the discharge of some other obligation by a borrower) regarding the Gaspésie Railway Society file, to the Superior Court. They will try to recuperate that amount, if the Gaspesian transporter faces the dismantling of its 202 mile network, or parts of it.

In 2007, CED budgeted a grant to the Gaspésie Railway Society when the company, formed by the municipalities from the south part of the region, got together to buy the line between Matapédia and Chandler. At that time, the transporter already controlled the Chandler to Gaspé stretch since 1997.

The 2007 acquisition was equally financed by the Provincial and Federal governments. \$16 million was earmarked for the acquisition, and \$19 million was added for infrastructure and maintenance work.

Canada Economic Development imposed a condition regarding the grant: a \$10.7 million legal mortgage should the Matapédia to Chandler line would be dismantled before 2020.

Considering that the Gaspésie Railway Society filed for bankruptcy protection in Superior Court on November 21 to prevent one creditor from seizing its locomotives, and that the dismantling of

the line hasn't been ruled out, CED decided to demand a legal mortgage.

Questioned by Radio-Canada on February 10, Minister Denis Lebel, who is responsible for CED for Quebec's regions, stated that his Federal agency "decided to protect Canadians' money" and explained that the lien can only be enforced in case of the dismantling of the line.

Part of the Gaspésie Railway Society's assets could be acquired by a private group formed by Gilles Babin. They submitted an offer to buy the Matapédia to Caplan stretch of line, the part where freight traffic is concentrated. That offer, submitted on January 22, is conditional to the approval of the Quebec government, given that the business group will need a guarantee that Transport-Québec will subsidize infrastructure repairs, essentially to the bridges. The MRCs would keep the line between Caplan and Gaspé.

Since the intervention of CED Gilles Babin has spoken to the Gaspésie Railway Society bankruptcy Trustee, Lemieux Nolet. "From what I understand, the Federal agency can't make a move if the line is still there," he says. As of February 13, he hadn't received an answer from Transport-Québec regarding his acquisition proposal. The next Superior Court sitting in that case is scheduled for February 25.

However, Philip Toone, the Member of Parliament for the Gaspé Peninsula and Magdalen Islands, strongly criti-

cized Canada Economic Development's decision to register a legal mortgage.

"In 2007, the Gaspésie Railway Society didn't have accurate information concerning the state of the line. Therefore, the Federal government should offer additional help to the Gaspésie Railway Society instead of playing the vulture, picking on what's left of the body. Moreover, after the type of message sent by CED, how can investors believe that they are dealing with a secure business venture? The Federal government should send positive signals instead of taking away the confidence of business people. CED's management should be ashamed of that move. The railway is vital to the Gaspé Peninsula's economy," stated Mr. Toone.

He intends to contact Minister Denis Lebel as soon as he returns to Ottawa, the third week of February.

"I have communicated with his office and haven't received a reply yet," points out Philip Toone.