

## Gaspésie Railway Society gets court protection until Feb. 4

Gilles Gagné

NEW RICHMOND: - The Superior Court has granted a second period of protection to the Gaspésie Railway Society. The transporter needs more time to prepare a restructuring plan and development plan for its creditors to assure the future of its activities.

On December 18 Martin Poirier, who is administering the Gaspésie Railway Society for receiver Lemieux Nolet, filed for that extension. On

November 21 the company asked for court protection because \$3.2 million was owed to its creditors, with one of them threatening to seize the locomotives.

Éric Dubé, president of the Gaspésie Railway Society, says it is a bit early to determine if the restructuring plan will be ready for the beginning of February. He anticipates that a fair amount of work will be completed by then. One option consists of having the users of the rail line, such as

Temrex in Nouvelle and Raid GD in New Richmond, invest to a certain degree in the reorganized entity, and take part in its management.

"We are working on scenarios like that (participation of customers in the future decision-making process). I hope that there will be involvement from costumers. As a matter of fact, a business plan in the future will be made to develop new uses for rail

Cont'd on page 9

### RAILWAY:

Cont'd from page 3

transport, not stick to usual activities. We must make a development tool with the network. More companies have to use the line," adds Mr. Dubé.

For a short period of time, the Gaspésie Railway Society was able to extend an agreement with CN for the supply of woodchip cars linking the Temrex sawmill in Nouvelle and the newsprint mill of White Birch Paper in Rivière-du-Loup. The previous five-year agreement came to an end on December 1. CN apparently wanted to use those cars, several dozen of them, on other lines.

"We can use some cars, although fewer of them, for awhile. We have lowered our tariffs charged to Temrex," says Mr. Dubé.

He favours the acquisition of woodchip cars by the Gaspésie Railway Society, or a long term lease from a car pool operator.

"Finding our own cars is

part of the scenarios on the table. Actually, we found them in the fall but our financial problems prevented us from buying them. We even had a buyer interested in leasing the cars to us for a five-year period or so, but the deal fell through following our filing of court protection. We couldn't guarantee the line would be open for the long term and the buyer couldn't take that risk," explains Éric Dubé.

The Gaspésie Railway Society was founded in November 1996 by the municipalities of Gaspé, Percé and Grand River. The communities wanted to protect the line between Chandler and Gaspé, slated for abandonment by Canadian National, which had been privatized a year earlier.

In 2006, the Quebec Railway Society, which had bought the Matapédia-Chandler line from CN in 1996, filed for line abandonment following the closure of New Richmond's linerboard mill.

This prompted the Gaspésie Railway Society to put pressure on the provincial and federal governments in order to buy that portion of track. A deal was reached in June 2007.

A study released in 2010 and updated a couple of times over the last four years revealed that up to \$107 million has to be invested over the next five years in order to make the line between Matapédia and Gaspé safe for the next quarter of century. The bridges would eat up almost all that money, mainly because they have been neglected by previous owners.

The Quebec government had not come up with money in 2014 for the line infrastructure, after allotting \$27 million in 2012 and 2013. The Federal government has not intervened on the line since 2011.

The Gaspésie Railway Society currently has receivables of approximately \$1 million, which leaves its net debt load at approximately \$2.2 million.