

Group submit offer to buy part of railway line

Gilles Gagné

NEW RICHMOND: - A group of Bay of Chaleur business people, headed by Gilles Babin, has submitted an offer to Transport-Québec to buy the portion of the Gaspé rail line between Matapédia and Caplan. At the present time the amount of the transaction hasn't been disclosed.

Mr. Babin is president of Rail GD, the New Richmond shop which repairs rail cars and locomotives. He points out that the company itself isn't involved in the transaction. He's the group spokesperson and for now won't reveal the names of his partners.

"We're trying to buy the line between Matapédia and Caplan because the traffic is concentrated there. For now there is no traffic east of Caplan. It might be closed until projects justify further acquisitions. We are definitely interested in that section, but there has to be some business before we invest there," explains Gilles Babin.

Officially, the Matapédia to Gaspé line belongs to the Gaspésie Railway Society but that entity filed for court protection in November, while facing a debt of \$3.2 million. A creditor was threatening to seize the transporter's locomotives.

The total debt of the Gaspésie Railway Society is now \$4 million, as the assessment of the transporter's financial situation is more advanced. Its net debt is about \$3 million. Approximately \$1 million in receivables has not come in yet.

Its president, Éric Dubé, has committed to submitting a restructuring plan before February 4, the date set to return to Superior Court and inform the court about the



Photo: G. Gagné

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progression of the file.

Gilles Babin points out that the Gaspésie Railway Society wasn't in a position to submit a restructuring plan fast enough for the needs of the customers. He stated that, on the night of January 20, the receiver in charge of the Gaspésie Railway Society, was running out of money.

"Transport-Québec allocated \$100,000 to the receiver in order to assure the existence of the line for four to five weeks," explains Gilles Babin.

"When I saw that the GRS wasn't moving fast enough to submit the plan and considering the fact that Transport-Québec officials told me in the fall that the business sector had to take its responsibilities, I decided to make a move. I sincerely hope that it will work," he adds.

Submitting a purchasing offer to a ministry, Transport-Québec, that doesn't own the line isn't unusual, he says, because he thinks that the department will eventually have

a huge say in the future of the line.

"Whoever buys the line will need the collaboration of Transport-Québec, unless it is a major company such as CN (Canadian National). We are aware of the fact that some of the line's bridges will require thorough upgrading and Transport-Québec is likely the first source of funds," says Mr. Babin.

However, he and his group haven't received any commitment from the Quebec government regarding the money from the Dept. of Transport.

"Nobody has given us any guarantee. We had to move on to another step that could lead us to that commitment," he insists.

Gilles Babin's enterprise, Rail GD, needs the railway in order to carry out upgrading work on 15 passenger cars owned by British Columbia based tourist train operator Rocky Mountaineer. Two cars are currently in the New Richmond shop, and 13 more will be sent there over the

next three years. One car was upgraded a year ago, for a total of 16. The amount of the contract between Canarail, the consultant hired by Rocky Mountaineer, and Rail GD hasn't been disclosed but it is a multi-million dollar deal.

Temrex is the main freight customer on the Gaspesian line, with traffic ranging between 1,500 and 2,000 carloads annually. In 2014, Rail GD, New Richmond's Fabrication Delta and Caplan's Agriculture Coop and barley farmer Sébastien Brière were the other customers. Their combined number totals no more than 100 carloads but the economic impact of these companies is significant.

Gilles Babin envisions the return of the passenger train in his business plan. "It's an important source of revenue and it's important for regional development. It's a medium term issue. There is a lot of work ahead. I don't know how fast Transport-Québec can make decisions," he concludes.