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Gaspésie Railway Society authorized to invest 5% of revenues

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NEW CARLISLE: – The new five-year agreement linking the Gaspésie Railway Society and Quebec's Department of Transport will authorize the regional transporter to invest as much as 5% of its annual revenues to acquire equipment and repair its buildings.

Five percent does not look like much but the president of the Gaspésie Railway Society, Éric Dubé, emphasizes that the annual revenues of the company now reach $5 million and they are still rising, due to increasing traffic. Five percent of that sum amounts to $250,000 a year.

"Such an amount must be seen as a tool increasing our borrowing capacity. If we have to buy a $1 million locomotive, we will borrow the money and the 5% share will facilitate our capacity to do so. Until now, we were limited to renting equipment if we needed it, like track mobiles to support our shunting operations," explains Mr. Dubé.

Until the end of 2016, the annual revenues of the Gaspésie Railway Society were hovering around $600,000 a year. The integration of windmill blade traffic and, a year ago, of cement traffic, have multiplied the transport revenues of the company under municipal control.

The imminent signature of the five-year agreement with Transport Quebec will also provide increased means to the Gaspésie Railway Society. The agreement calls for the allocation of $12.5 million over five years to the regional transporter, or $2.5 million yearly.

Photo: G. Gagné

Two particularities of the new agreement with Transports Québec will enable the Gaspésie Railway Society to make investments in its development, including the acquisition of additional locomotives.

That announcement was included in the March 27 budget but the agreement was still not signed at the beginning of July. It needed final approval of the cabinet.

The amount is used to support some operational aspects of the Gaspésie Railway Society, including track maintenance, the main cost factor. The money can also be used to buy some maintenance equipment. In some cases, that equipment is owned by the Gaspésie Railway Society even if the money comes from Transport Quebec.

"That amount of $2.5 million received annually for five years will also help our borrowing capacity when we need some equipment," insists Éric Dubé.

The Gaspésie Railway Society used to own the Matapedia to Gaspé railroad but underwent financial difficulties at the end of 2014 and was forced to ask for the protection of the court in order to avoid bankruptcy. The Quebec government stepped in to buy the line for the value of the Gaspésie Railway Society debt, which was $3.9 million.

Until recently, Transport Quebec kept the regional transporter as the line operator, an agreement that included some conditions, including a highly limited capacity to invest for the Gaspésie Railway Society. "We couldn't even change a window at our New Richmond office, despite the age and condition of the building. Now, with the 5% clause, we can proceed with development," says Éric Dubé.

As of July 18, Mr. Dubé was trying to get confirmation from the provincial government that the cabinet had approved the final version of the five-year agreement. "From my contacts, I am told that it was approved but I have no proof of that," states Mr. Dubé.

Meanwhile, Mr. Dubé was recently informed that the section of line between Caplan and Port Daniel received a "business opportunity" status from the *Bureau des grands projets*, the body in charge of conducting the $100 million line refurbishment program announced in May 2017 by Premier Philippe Couillard in New Carlisle. That amount will essentially be used to upgrade a number of bridges.

"Such a status means that plans and specifications can proceed for the repairs of four bridges located between Caplan and Port Daniel. It also means that once the Cascapedia-St-Jules bridges will be replaced, we will be able to reach the Port Daniel cement plant at the same time. It will be the best way to increase our traffic," explains Mr. Dubé.

Currently, the limited capacity of the Cascapedia-St. Jules bridges and the dormant state of the line east of Caplan, a decision made in 2015 by Transports Québec, have forced the Gaspésie Railway Society to build two temporary terminal, in New Richmond and Nouvelle to serve McInnis Cement. The fact that the line is not serviceable at the Port Daniel plant also translates in lost volumes for the railway, notably the loads going to New Brunswick.

Luc Lévesque, director general of the Gaspésie Railway Society, says, "up to 40,000 ties will be replaced on the line this year, with 20,000 of those ties changed between Caplan and New Carlisle over the fall."

The transporter will also soon add two rented track mobiles, relatively small vehicles able to replace locomotives for certain shunting duties. They will be used to move windmill blade cars in New Richmond, as well as woodchip, lumber and cement cars in Nouvelle.