

News Release

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THE GOVERNMENTS OF CANADA AND QUEBEC INVEST IN THE RESTORATION OF QUEBEC SHORTLINE RAILWAYS

TROIS-RIVIÈRES, Quebec — The governments of Canada and Quebec, in the presence of representatives of some of the railway companies involved, today announced a total investment of more than \$75 million over five years to restore the infrastructure of shortline railways.

The Honourable Christian Paradis, Secretary of State (Agriculture), on behalf of the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, Ms. Julie Boulet, Quebec Minister of Transport, and Mr. Pierre Fallu, President and CEO, Société de promotion de l'industrie ferroviaire, met in Trois-Rivières to announce the eligibility of the funds for this project. Nine shortline railways in various regions of Quebec will benefit from the governments of Canada and Quebec's contributions to realise major work, which will have an impact on several Quebec regions.

"Shortline railways play a unique role in Canada's railway system and are very important to the development of the local and regional economy," said Mr. Paradis. "This initiative is the result of a partnership between the Government of Canada, the Government of Quebec and the shortline railways, and will significantly improve the quality of life of residents in all Quebec regions."

The investment announced today will be used to improve the shortline railways' condition and operability in order to ensure a more efficient and competitive rail network that is better integrated into the main rail network, especially in key transport and trade corridors. It will support economic development in Quebec and its regions in order to promote interregional, interprovincial, and international trade and commerce.

"These investments will help maintain and develop a healthy and competitive network of rail infrastructure that meets shippers' needs," said Minister Boulet. "This will also result in better integration and smarter use of Quebec's freight transportation networks and systems, with a view to competitiveness, safety, and sustainable development."

Shortline railways service regional railways and constitute an essential element of commercial trade for Quebec businesses. They operate over 38 per cent of Quebec's railway network, which accounts for over 2,300 kilometres of track. In Quebec, over 80 per cent of the products transported by shortline railways are shipped to a final

destination in the United States. These regional railways transport mainly wood, paper, pulp, particle board, mineral ore, and aluminium. Shortline railways thus play an essential role in Quebec's economy.

"In addition to helping bring the Quebec regional railway network up to North American standards, the contributions of the two levels of government and the private investment will ensure the sustainability of this infrastructure, which is essential to shippers in the regions," said Mr. Fallu.

The Government of Canada will contribute \$30 million to this project, the Government of Quebec \$20 million, and the shortline railways \$25 million. The federal contribution falls under the Canada Strategic Infrastructure Fund (CSIF), which supports projects of major national and regional significance in areas that are vital to sustaining economic growth and supporting an enhanced quality of life for Canadians. Restoring Quebec's shortline railway infrastructure was identified by the Government of Quebec as one of their priorities and is included in the program. Funding railway infrastructure through CSIF is a first in Canada.

The Government of Quebec will also invest an additional \$21 million over five years towards its Assistance Program for Modal Integration. This program, announced by Transport Quebec in October 2006, is the result of the portion of the agreement in principle that deals with intermodal projects.

"This undertaking is a major socio-economic and environmental project for all of Quebec," said Minister Cannon. "It also fulfills the promise we made when we formed the Government – to work to strengthen Canada's economy in the long term."

A backgrounder on the shortline railway restoration project is attached.

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BACKGROUND

SHORTLINE RAILWAYS

The rail infrastructure improvement project has nine components, each involving investment in one of Quebec's shortline railways (SLR). The work concerns a total of 1,641 km of track, all located in various parts of Quebec.

Three types of work are involved:

- **Restoring tracks and structures:** This is necessary when tracks deteriorate to such an extent that the permitted speed is reduced and maintenance costs become excessive.
- **Increasing load capacity:** This work increases the capacity of track to reflect North American standards for Class 1 railways, i.e. a weight-on-rail of 129,844 kg (286,000 pounds) per car. Currently, the capacity of SLR tracks is approximately 119,402 kg (263,000 pounds) per car.
- **Adding sidings:** This work allows passing, as well as greater flexibility when assembling trains, making the railway system more efficient.

<i>Railway company</i>	Total value of work	DISTRIBUTION OF COST		
		<i>Canada</i>	<i>Quebec</i>	<i>SLR</i>
Chemin de fer de la Matapédia et du Golfe	\$14,600,000	\$5,840,000	\$3,893,820	\$4,866,180
Chemin de fer Charlevoix	\$10,600,000	\$4,240,000	\$2,827,020	\$3,532,980
Ottawa Central Railway	\$2,370,000	\$948,000	\$632,079	\$789,921
Québec Gatineau Railway	\$21,160,000	\$8,464,000	\$5,643,372	\$7,052,628
St. Lawrence and Atlantic Railroad	\$7,580,000	\$3,032,000	\$2,021,586	\$2,526,414
Montreal, Maine and Atlantic Railway	\$15,230,000	\$6,092,000	\$4,061,841	\$5,076,159
Ottawa Valley Railway	\$2,010,000	\$804,000	\$536,067	\$669,933
Chemin de fer Lanaudière	\$650,000	\$260,000	\$173,355	\$216,645
Chemin de fer Québec Central	\$800,000	\$320,000	\$213,360	\$266,640
Grand total	\$75,000,000	\$30,000,000	\$20,002,500	\$24,997,500

Details

Chemin de fer de la Matapédia et du Golfe (CFMG)

Owner: Société des chemins de fer du Québec

Work: CFMG's goal is to upgrade the load capacity of its track to North American standards. Both CN and shippers want to see the company improve its infrastructure so that the track can more efficiently accommodate heavier cars. The work will cover a distance of 347 km.

Chemin de fer Charlevoix (CFC)

Owner: Société des chemins de fer du Québec

Work: CFC wants to upgrade track load capacity to North American standards. Also, at several locations where the track runs next to the shoreline, rock fill is needed for protection against tidal action. The work will cover a distance of 145 km.

Ottawa Central Railway (OCRR)

Owner: Société des chemins de fer du Québec

Work: In recent years, the OCRR has lost significant share in the lumber and panel market as a result of the state of its tracks and the associated loss of efficiency. To rectify the situation, the railway will upgrade the load capacity of its track over a distance of 36 km.

Québec Gatineau Railway (QGRY)

Owner: Genesee & Wyoming Canada

Work: This railway's infrastructure has come to the end of its useful life, mainly because of the state of the rails, but also because of the substructure, ties and ballast. The project will not address the load capacity of the rail but will rather rehabilitate the infrastructure over a distance of 483 km.

St. Lawrence and Atlantic Railroad (SL&A)

Owner: Genesee & Wyoming Canada

Work: SL&A needs to upgrade the load capacity of its track to North American standards over a distance of 153 km. With the increasing continental trade, competition to serve the U.S. East Coast is high. A number of the railway's existing clients (Kruger, Domtar, Scott Paper) would like it to improve its infrastructure in order to provide better service. In addition, a number of temporary speed restrictions are in effect on the line, causing delays in the movement of cars and additional switching costs.

Montreal, Maine and Atlantic Railway (MMA)

Owner: RailWorld, Inc., a Canadian subsidiary of Montreal, Maine & Atlantic Railway, Ltd.

Work: The operators of this line want to upgrade the load capacity of the track to North American standards and do major tie renewal work, over a distance of 381 km.

Ottawa Valley Railway (OVR)

Owner: Rail America

Work: The stretch between Mattawa, Ontario and Témiscaming, Quebec includes 64 km in Quebec. Rail and tie rehabilitation work will be done on this section, as well as surfacing work.

Chemin de fer Lanaudière (CFL)

Owner: Bell-Gaz Ltd.

Work: Since CFL carries hazardous materials, investment in the project is mainly to improve safety and reliability of the infrastructure in order to limit the potential for derailment. Siding work is also being planned. The work will cover a distance of 16 km.

Chemin de fer Québec-Central (CFQC)

Owner: Express-Marco

Work: Track and structures will be rehabilitated over a stretch of 16 km between Charny and Saint-Lambert.