

APPENDIX A



TRANSITIONAL ASSISTANCE PROGRAM FOR RAIL INFRASTRUCTURES

**Direction du transport maritime,
aérien et ferroviaire
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1. INTRODUCTION

The Transitional Assistance Program for Rail Infrastructures is a transitional measure geared to the implementation of the memorandum of understanding between the governments of Canada and Québec on joint funding for transportation infrastructure work within Québec, including work on rail and intermodal infrastructures, as approved by decree No. 412-2005 dated April 28, 2005.

This specific program applies only to the secondary network and the rehabilitation of lines operated by shortline rail companies.

2. OBJECTIVES

The objectives of the transitional assistance program of the Ministère des Transports are as follows:

- To rehabilitate the secondary rail network operated by shortline rail companies;
- To foster the maintenance of rail infrastructures within Québec, in order to ensure the integrity of the rail network and Québec's transportation system;
- To achieve a better balance of modes within Québec's transportation system, in the interests of environmental protection and safety.

This program's objectives do not include the development of the current network, but rather its improvement.

3. PROGRAM DURATION

This program will span a two-year period covering the 2006/2007 and 2007/2008 fiscal years.

4. GENERAL TERMS

Financial assistance is provided in the form of a subsidy intended to support the rehabilitation of the secondary rail network.

Shortline rail companies that have already submitted their five-year plans, under the April 28, 2005 memorandum of understanding between the governments of Canada and Québec, are not required to submit another application. However, these companies are invited to identify which of the projects listed in their respective five-year plans they would like to carry out in the context of the transitional program.

Shortline rail companies that have not submitted their five-year plans and wish to submit a project under the transitional program must file an application according to the parameters set out in the *Financial Assistance Application Guide*. This guide is available on the Website of the Ministère des Transports, and from the Service du transport ferroviaire and all regional offices of the Ministère. The application must be sent to the Service du transport ferroviaire (STF).

a) Program eligibility

Eligible companies include shortline or regional rail companies that have taken over the operation of rail lines within Québec that were abandoned by the Canadian national (CN) or Canadian Pacific (CP) Railway. For the purpose of this assistance program, a shortline rail company is defined as a railway that operates what is called a secondary or low-density line, whose activities includes the transport of goods or passengers, and whose shareholders are independent from a large railway (CN, CP, Via Rail, CSX

Transportation). The companies that are excluded from the assistance program include the following companies and their subsidiaries: large railways that are generally recognized and known as category 1 companies (CN, CP, VIA Rail, CSX Transportation), mining and industrial companies, commuter rail operators, and railways that are the property of the federal or provincial governments or their agencies.

b) Eligible projects

- Rehabilitation of rail lines and structures;
- Initiatives to increase the bearing capacity of rail lines and structures to 286,000 pounds/wagon;
- Construction of a siding;
- Construction of a branch line.

c) Financial contribution

The Ministère will determine its financial contribution by analyzing the project and assessing it against all other projects submitted under the transitional program.

- The financial contribution of the Ministère will cover up to 66% of eligible project expenses.
- The contribution of the shortline rail company must cover at least 33% of eligible expenses.
- When a project benefits from financial contributions made toward eligible project expenses by other organizations of the Government of Québec, these amounts will be deducted from the program's contribution.
- When a project benefits from a financial contribution made toward eligible expenses by the Government of Canada, the Ministère reserves the right to adjust the program's contribution.

5. ADDITIONAL INFORMATION

For additional information or a copy of the *Financial Assistance Application Guide* and the relevant form, please contact:

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