

Rail GD receives \$2.5 million loan from Investissement Québec

Gilles Gagné

NEW RICHMOND: – Investissement Québec, the financial arm of the Quebec government, is lending \$2.5 million to New Richmond's Rail GD to assist the Gaspesian firm (specializing in rolling material repairs) with its recent VIA Rail contract, a \$16.4 million agreement for the in-depth refurbishment of four dining cars.

The contract was announced on October 10 and will keep the New Richmond shop busy for two years. The president of Rail GD, Gilles Babin, points out that the loan comes after years of collaboration between his company and Investissement Québec.

"The money will be used for our cash flow, when we have big contracts. We have had a business relationship with Investissement Québec since 2012. They have often guaranteed some of our previous loans contracted with conventional banks, or parts of them," points out Mr. Babin.

"This time around, the loan comes directly from Investissement Québec. Its management has decided to be more active in that loan market," he adds.

He explains that a \$16.4 million contract requires a lot of cash flow considering the guarantees required by VIA

Rail and the suppliers of equipment working for Rail GD. "Some amounts are frozen until the delivery of the contract, so it takes a lot of wiggle room financially to proceed and that's where the Investissement Québec loan will be useful," further explains Gilles Babin.

The VIA Rail contract mobilizes 23 Rail GD employees and the intervention of local suppliers adds six or seven additional people to that workforce, for a total of about 30.

"We are still submitting bids elsewhere for other contracts. There is demand for our services but we must first deliver the contracts we have been chosen for," says Mr. Babin.

Rail GD's first contract goes back to the fall of 2010 when Gilles Babin still owned Gaspésie Diesel, a firm mainly specializing in repairing trucks and supplying truck parts.

That first contract was signed with VIA Rail and was carried out in the warehouse of Fabrication Delta, which has tracks going inside the building. At the end of 2011, Gilles Babin founded Rail GD and started the construction of the current shop, located in the south part of the New Richmond industrial park.

The first major contract started before the May 2012 opening of that shop and it was



Photo: G. Gagné

Rail GD owner Gilles Babin says that the Investissement Québec loan will be used to support the company's cash flow.

carried out for Rio Tinto, which uses a passenger train for its employees between Havre-Saint-Pierre and its iron-titanium mine.

Since 2012, Rail GD has refurbished the Rio Tinto passenger cars and carried out three other important VIA Rail contracts, excluding the current one. Moreover, the Amiral tourist train of the Gaspésie Railway Society was also refurbished in the New Richmond shop.

Some locomotives have also been repaired or repainted in that shop. The Gaspésie Railway Society woodchip cars were upgraded in New Richmond. The firm is also maintaining the cement cars used by McInnis Cement.