

Indigenous Leadership: Governance and Development Project

Case Study

Northern Resource Trucking (NRT)

Vern Bachiu

Priscilla Wolf

Murray Fulton

Johnson Shyama Graduate School of Public Policy

University of Saskatchewan

March 2023

Indigenous Leadership: Governance and Development Project

One of the key actions in Saskatchewan's Growth Plan 2020-2030 is to grow Indigenous participation in the economy. The success of this action depends on Indigenous nations in Saskatchewan building and maintaining their economic development activities. The Indigenous Leadership: Governance and Development project provides made-in-Saskatchewan tools for Indigenous communities to build the governance foundation that will support long-term economic development. An important part of the project involves capturing the experience of Saskatchewan Indigenous communities through case studies and toolkits based on this experience.

The case study in this document was developed by a team of researchers and their affiliates at the Johnson Shoyama Graduate School of Public Policy at the University of Saskatchewan. The project is funded by the Government of Saskatchewan's Ministry of Trade and Export Development.

The case studies are designed to be used first and foremost by Indigenous communities across Saskatchewan. The premise of the work is that economic development stories need to be shared among those involved in economic development, both in the community where the economic development activities take place and in other communities looking to undertake economic development. It is important to focus on what has and has not worked. One of the long-term goals is to develop a set of resources that is Indigenous-led and available to Indigenous communities across the province and the country. The cases may also be used as governance training components and/or strategic planning exercises, as well as in teaching.

The case studies combine material from websites and other publicly available sources with material gathered through interviews with leaders and representatives involved in economic development activities. The interviews last between two and four hours and involve a small group of economic development leaders in the community. The questions asked focus solely on the corporate entities and activities that have been developed, and those interviewed are asked questions in their role as a corporate leader.

When approaching community leaders and representatives, we begin with an informal discussion. If the leaders and representatives indicate an interest in participating, we proceed with sending them a formal letter of introduction, which they can use to obtain official permission to proceed. We know communities receive many requests for information, and they do not always see the results of the work that is undertaken. Our goal is to ensure that the case study is shared with the community in a way that is beneficial. To this end, a draft of the case study is shared with the community, and the case study is not finalized until the community gives its agreement. Once a set of case studies have been developed, leaders from the communities involved will be given the opportunity to discuss the findings.

We would like to thank the leaders and representatives for their time and effort. Their knowledge and insights are critical to understanding economic development in Indigenous communities.

Murray Fulton, Principal Investigator
Marilyn Black, Researcher

Johnson Shoyama Graduate School of Public Policy (JSGS)
University of Saskatchewan, Saskatoon SK

About the Authors

Vern Bachiu is President and CEO of Triall Consulting.

Priscilla Wolf is a graduate student in the Masters of Journalism program at the University of Regina.

Murray Fulton is Professor Emeritus, JSGS.

Northern Resource Trucking (NRT)

A good medium-sized trucking company that happens to be Indigenous.

Overview and Key Learnings

Northern Resource Trucking (NRT) is a limited partnership that was formed by First Nations and Métis partners in northern Saskatchewan, along with Trimac Transportation, to provide transportation services to the mining industry and other businesses in the region. NRT was formed with a collective vision for northern development and ownership, and is committed to building the northern economy by providing safe, reliable transportation services to its customers.

NRT's fleet of trucks is capable of hauling a wide range of commodities, including consumables, general freight, liquid bulk, dry bulk, machinery, and over-dimensional loads. One of NRT's main focuses is on the hauling of different types of fuel, including gas, diesel, and aviation fuel. They have coded tankers that can transport a wide range of chemicals. They also transport products such as propane, anhydrous ammonia, butane, and NGL in a liquid state under pressure to ensure safe transportation.

NRT's expertise extends to the transportation of dry bulk products such as cement and fertilizer. For temperature-sensitive products, they use refrigerated trailers that are designed for hauling packaged products as well as food-grade and kosher-certified liquids in bulk. They offer heavy haul services tailored to the needs of their customers and are equipped to provide transportation services throughout Western Canada. From pickup to delivery, they strive to close the distance and ensure safe and efficient transportation.

NRT takes safety seriously and has an exemplary safety rating. NRT's team of highly trained professionals are dedicated to ensuring the safe and efficient delivery of goods. NRT has fostered growth and development among its drivers, dispatchers, and administrative staff through training and professional development opportunities. The success of NRT's partnership with owner-operators has allowed the company to build a sizable fleet of trucks and become a leader in the transportation industry in northern Saskatchewan.

Background and History

The Key Lake Board of Inquiry was established in 1979 to determine if there was support in northern Saskatchewan for the development of the uranium deposit at Key Lake. The Inquiry concluded that uranium development was acceptable as long as the benefits went to the north. The government gave Key Lake Mining Corporation (KLMC) a license to develop the Key Lake mine. It also gave a bidding preference to companies that were majority owned by northern Indigenous entities.

The Chief and Council of Lac la Ronge Indian Band (LLRIB) wanted to start economic development activity because they realized that unless the band was involved with a project, their people were the last hired and the first fired. As a result of the preference being given to northern companies through the KLMC license, LLRIB was approached by a number of different companies to partner with them.

LLRIB was approached by a non-Indigenous company in Saskatoon that wished to bid on the contract to provide the crushed aggregate for the Key Lake mine. The company would provide the crusher, while the band would provide six gravel trucks. When LLRIB went to the local credit union where they banked,

they discovered that despite having a lucrative contract in hand, they couldn't get a loan for the gravel trucks because the financial institution didn't consider Indian Bands to have legal capacity since they weren't persons at law.

To address this issue, LLRIB formed Kitsaki Development Corporation as the legal entity to get the loan and purchase the gravel trucks. As a result, LLRIB was able to partner with the gravel company. The irony is that while LLRIB couldn't get a commercial loan in its own name, Kitsaki was only able to get the loan if the band guaranteed it.

LLRIB bought six gravel trucks and supplied the drivers; its partner had the crusher, the loaders and other necessary equipment. This arrangement continued for several years. In about 1984, when the mine began operation, Key Lake approached Kitsaki and said that because Kitsaki was a northern Indigenous company and they had some involvement in trucking, they would get 20% of the trucking to the mine and mill and should prepare for this work. LLRIB's gravel-crushing partner didn't have the legal authority or interest to haul freight into the north. Its only interest was in the gravel crushing work at the mine site. Thus, some other arrangement was needed.

To take on the trucking work, Kitsaki acquired a company that possessed the authority to transport goods from Saskatoon into northern Saskatchewan (companies during this period had to apply and be given such authority). Kitsaki successfully obtained the operating authority and sold three of its gravel trucks which were not needed for the hauling business. Once the gravel boxes were removed on the remaining trucks and fifth wheels were installed, Kitsaki began transporting goods to the mine.

Kitsaki transported fuel and groceries to the mine and transported yellowcake out. Kitsaki soon realized that running a small trucking company was a challenging task, considering the numerous regulations and the capital-intensive nature of the industry. Recruiting drivers and maintaining the vehicles was also difficult. As a result, Kitsaki needed a partner that could assist them in doing the northern haul. They interviewed several groups and Trimac Transportation came to the top. Trimac Transportation was already providing transportation services for cement, lime, and propane.

Other potential partners had proposed "rent-a-feather" arrangements where the partner would operate the business and LLRIB would receive occasional payments. In contrast, the Kitsaki group proposed forming a company with Trimac and Northern Resource Trucking was born. Kitsaki owned 51% percent and Trimac owned 49 percent. Trimac brought in additional personnel and the company was incorporated in 1986 and began operation with six trucks.

In 1992, Sinco Trucking Ltd., which was owned by the Federation of Saskatchewan Indians (FSI) (FSI later became the Federation of Sovereign Indigenous Nations (FSIN)), was hauling into the Cluff Lake mine. However, they went bankrupt that summer, and the Cluff Lake owner, Amok, approached Northern Resource Trucking to take over the contract. Northern Resource Trucking agreed to operate for both KLMC and Amok. Sinco's drivers and owner operators, some of whom were First Nations people from northern Saskatchewan, were able to find new employment opportunities with NRT.

Since 1986, there has been a progression of mining corporations in Saskatchewan. AMOK became Cogema Resources, then AREVA, and now Orano. Saskatchewan Mining Development Corporation (SMDC), which was one of the owners of the Key Lake mine, and Eldorado Resources merged to form Cameco Corporation. Through its work with the Key Lake mine, NRT was linked to Cameco Corporation.

NRT approached Cameco to secure a longer-term cost-plus contract to meet Cameco's requirements for hiring and training Residents of Saskatchewan's North (RSNs). It is important for Cameco to keep track of residents of Saskatchewan's North because the company operates several mining operations in the region and is required to fulfill various regulatory obligations related to community engagement and employment. One of these obligations is to hire a certain percentage of local residents or residents of Saskatchewan's North to work at the mine sites. By keeping track of Residents of Saskatchewan's North, Cameco can identify potential candidates for employment and ensure that it is meeting its obligations to hire from the local community.

Moreover, Cameco is also required to engage with the local community and provide various benefits to residents of Saskatchewan's North, such as training, education, and economic development opportunities. By keeping track of RSNs, Cameco can better understand the needs of the community and tailor its programs and initiatives to meet those needs.

NRT was operating on one-to-three-year contracts with KLMC, which made it difficult to allocate the necessary funds for meeting these requirements.

Cameco indicated they would agree to the request for a longer-term cost-plus contract but said it would be a challenge for them to give the contract to a business owned by just one northern community. As a result, in 1994, NRT decided to sell 41% of the company to multiple northern groups. A partnership group was formed for NRT, resulting in the re-organization of the corporation into a limited partnership. This change enabled revenue to flow through NRT's hands and be taxed in the hands of the limited partners. Given that the Indigenous partners are tax exempt, only Trimac paid tax on its profits. Table 1 outlines NRT ownership.

Table 1. NRT Ownership

Owner	Ownership (%)
Kitsaki Management	30%
Trimac	29%
Waterfound	20%
<ul style="list-style-type: none"> • Black Lake First Nation • Fond du Lac First Nation • Hatchet Lake First Nation 	
Other Indigenous Groups	21%
<ul style="list-style-type: none"> • Buffalo Narrows (3%) • Clearwater River Dene Nation (3%) • Cumberland House (3%) • Des Nedhe (3%) • Montreal Lake Business Ventures (3%) • Peter Ballantyne Group of Companies (3%) • Sakitawak (3%) 	
Total	100%

As a result of expanding the ownership group, NRT secured a six-year exclusive cost-plus contract with Cameco; it continues to operate under similar contracts to this day. In contrast, NRT operates under three-year contracts with Orano.

By 2000, NRT had experienced tremendous growth due to the expansion of uranium mines in northern Saskatchewan (e.g., Rabbit Lake and McArthur River). In 2000, however, the price of uranium fell dramatically, and when NRT renewed its contract with Cameco, Cameco significantly reduced the rates and volumes. As a result, NRT faced challenging times. Instead of laying off employees and reducing their truck fleet, they explored other business opportunities.

Woodland Cree Logging Ltd. was a company that had a log delivery contract with Weyerhaeuser in Prince Albert. It was owned by Lac la Ronge Indian Band, Peter Ballantyne Cree Nation, and Montreal Lake Cree Nation. NRT came to haul logs for them and noticed that WCL was in need of harvesting equipment and put in the equipment. As a result, Woodland Cree Logging Limited Partnership was formed with WCL being 51% owners and NRT 49% owners. The new company went deeper into the logging business by purchasing a feller-buncher, a de-limber, and a grapple skidder, and eventually expanded to a 20-man camp with two mechanical lines. They also acquired a processor, which enabled them to cut logs in the bush. However, Weyerhaeuser's closure of its pulp mill in Prince Albert in 2005 put an end to NRT's logging activities and NRT auctioned off its logging equipment.

However, as NRT went out of the logging business, uranium prices began to rise and Cameco wanted NRT to increase its trucking capacity to match Cameco's plans to increase production. In 2015, the Fukushima tsunami struck Japan, causing uranium prices to fall and prompting the permanent closure of Rabbit Lake. Key Lake and McArthur River were temporarily shut down in 2015 and 2018, respectively, resulting in NRT laying off 20 owner-operators and multiple company drivers. Then when everyone thought the situation couldn't get worse, the Covid-19 pandemic struck.

As a result of the boom-and-bust cycle of the commodity business, NRT decided to diversify and expanded its hauling business into Winnipeg. Now, in 2023, uranium prices are once again surging which has resulted in Key Lake and McArthur River resuming operations.

Impact of NRT and Its Future

NRT has formulated a business strategy which calls for it to continue to serve its uranium mining clients while also becoming a prominent regional carrier from Thunder Bay to Edmonton. NRT is looking at leveraging its expertise and equipment to venture into hard rock mines in northwestern Ontario, northern Manitoba, and possibly the oil and gas industry in Alberta. Presently, NRT boasts 105 trucks, 235 trailers, and 37 years of operational experience; the Winnipeg branch alone accounted for \$7 million in business revenue in the previous year. NRT's total revenue in 2022 was \$50 million.

However, business is business and there are always challenges and constraints. NRT is faced with the challenge of continuing to provide safe and high-quality service to its primary uranium mining customers in northern Saskatchewan while also diversifying geographically in markets that have greater predictability. NRT's growth is affected by supply chain problems in the purchase of new equipment, an aging workforce, and challenges in recruiting new drivers. But such is the life of an active business.

NRT's Goals and Objectives

When NRT was first established, its focus was on creating job opportunities and providing benefits to its owners. However, as the company gained experience in the business world, it became apparent that profitability was a crucial factor in achieving success. As with any company, employees are a controllable

expense and hiring too many people makes the company unprofitable. Therefore, NRT learned to place a greater emphasis on generating profits. They learned both the benefits and responsibilities of business ownership.

Once the company became profitable, NRT was able to create job opportunities, though it was less labour-intensive than other businesses that create an abundance of jobs as part of their business model. NRT's operations are capital-intensive, with a significant investment in expensive trucks and trailers, and only requiring a few employees. To create a better pipeline of local RSNs, the company established a training program to help prepare northern drivers.

As NRT's profits grew, they were able to provide operating and investment capital to Kitsaki, its parent company. In the early years, NRT was a source of seed capital for Kitsaki to grow and expand into other business ventures. NRT has also been able to pay dividends to the owners. To the end of the 2021 fiscal year, NRTLTP paid over \$18.0 million in distributions to its partners and over \$60.0 million in salaries and independent contractor pay to RSNs. While NRT doesn't track purchases it makes in the north, their trucks buy fuel from gas stations in La Ronge on their way through town.

The trucking industry is extremely competitive, and NRT has to maintain high safety and training standards while offering competitive rates to remain competitive. Despite the low margins, the company has continued to pay distributions to its shareholders.

It was a proud day when we were able to sit around the board table and we were able to pay a million dollars dividend to the Band.

Dave McIlmoyl, Chief Executive Officer, Northern Resource Trucking

Although the years from 2015 to 2020 were difficult, NRT persevered, and with the resurgence of uranium development, there's optimism for the future. The company is proud to have come a long way since their inception and remains committed to providing jobs and contributing to the community while running a profitable business.

LLRIB's Business Culture

A unique aspect of the Lac la Ronge Indian Band in comparison to other First Nations is that despite changes in political leadership, the administrative staff remained consistent. This allowed for the development of strong band administration and budgeting, attributes that carried into the business entity.

Chief Myles Venne, the Chief of LLRIB when Kitsaki and NRT were founded, was instrumental in allowing the business side to develop, as he recognized the importance of not taking too much money and potentially harming the fledgling company. This discipline and ability to separate politics from business decisions has been carried on by subsequent chiefs, such as Chief Harry Cook and Chief Tammy Cook-Searson, and this political continuity has been key to their growth and prosperity. The success of NRT can be attributed to good people, supportive leadership, along with some luck and hard work. Despite

economic downturns and other challenges, NRT has persisted and thrived. There have been no shortcuts. It has been a long-term process requiring discipline.

NRT Governance

NRT is a limited partnership governed by the laws of the Province of Saskatchewan. The partnership agreement covers the 11 entities that own partnership units. The limited partners of NRT are passive financial investors and do not participate in the day-to-day operations of the company so they are only exposed to the amount of their investment. The general partner manages the business.

The general partner has seven board members, three from Kitsaki, three from Trimac, and one from Waterfound Developments. NRT management reports to the board of directors on a quarterly basis.

Role of Trimac

The partnership between NRT and Trimac began with Trimac providing substantial advice to NRT in the early stages. Equipment purchases were financed through cash flow and Trimac provided an employee to handle billing and a general manager. As NRT grew, it hired its own internal capacity and gradually took over most of the operating functions that Trimac historically performed. NRT now uses Trimac's financial reporting system for equipment, dispatch, driver pay, billing, and financial reporting. The partnership also has access to Trimac's national account prices for fuel, tires, trucks, and trailers, taking advantage of volume discounts due to Trimac's buying power. As a result of this partnership, NRT has become a self-standing medium-sized trucking company. While Trimac continues to provide support and resources to NRT, NRT has gained the autonomy to run most of its operations independently.

Challenges of Operating a Trucking Company

The trucking industry is a challenging industry; it is highly regulated and capital-intensive, with tight margins. Finding highly experienced drivers who can operate safely and cost-effectively is a difficult task.

These features are different from those of other Kitsaki businesses, which require entry-level positions with limited previous experience and training that can be provided on the job. Additionally, these businesses do not require large amounts of equipment, allowing for a high gross margin.

NRT stands out as a unique trucking company with a one-stop shopping approach for clients such as Cameco and Orano. They offer a wide range of services from hauling groceries to heavy equipment and dangerous goods, including fuels, propane, and chemicals. This is different from other trucking companies that may specialize in only one type of service. In addition, approximately 65-70% of the goods they transport are classified as dangerous goods, including radioactive products such as yellowcake. Their Winnipeg operation follows the same one-stop shopping model as their main operation.

What Makes NRT Indigenous?

NRT is majority owned by Indigenous entities, it employs many Indigenous people, and it provides benefits to Indigenous communities. However, being Indigenous owned and operated no longer grants NRT any special treatment. Although NRT received a 10% bidding preference when it started, it now competes with other businesses that are not held to the same requirements as them. NRT must meet

the same qualifications and safety standards as everyone else in the bidding process. While their owners may prioritize hiring and training northern people and using profits to benefit their communities, they must still operate efficiently to survive. If NRT were to lose its contracts with mining companies like Cameco or Orano, they could be replaced by non-Indigenous companies. While NRT's location in northern Saskatchewan does give them a competitive advantage, as not many companies are interested in operating in the area, this advantage is only present in the uranium mining industry in northern Saskatchewan, and NRT must be competitive if it wishes to operate in other markets.

NRT's development as a company that is competitive outside of northern Saskatchewan is similar to that of other mature Indigenous-owned businesses, including Des Nedhe and Athabasca Basin Development Corporation.

While NRT's owners cannot be involved in the day-to-day operations of the company, they can leverage political support when needed. The company holds annual partner meetings where they discuss financials, history, benefits, training programs, and other issues. They also sponsor various events and organizations, such as sporting teams and career days, to encourage young people to stay in school and consider careers in the transportation industry. The company also works closely with community leaders to address issues that may arise with NRT trucks, and they strive to be a good corporate citizen in the community.

Community Impacts and Benefits

The impact of businesses like NRT is not just in the jobs it creates, but the effect of these jobs on the people in the jobs. For many of its employees, NRT has created a career that spans 20 or 30 years and in the process sustains families and changes lives. NRT's longevity, breadth of work, and scale of operation means young people can, for instance, enter the business as trainee drivers, receive on-the-job training, be promoted from junior company to senior company driver, and then transition to dispatcher, all the while being mentored by those with experience in the industry. These careers have allowed NRT employees to earn a good living, buy a house, and see the country. These employees have, in turn, promoted the trucking industry to young people by participating in career symposiums and sharing their stories.

NRT also has other benefits, which, although they are less tangible, are nonetheless very important. According to Terri-Lynn Bevereye, a board member appointed by the Waterfound shareholder group, opportunities to partner with people in the north are limited, which is why having businesses and companies that are interested in having an Indigenous partner is beneficial. Partnering with other organizations allows board members to learn and gain knowledge. Therefore, it is crucial for First Nations to have business partners.

Sitting as a board member, I gain valuable insights into how companies evaluate potential partners or businesses they want to do business with. It's fascinating to see how NRT works when it's assessing other businesses for potential partnerships or acquisitions. Yes, I am definitely learning a lot from them in this area.

Terri-Lynn Bevereye, Board Member

NRT's impact is also found at the community level. The limited partners receive distributions from NRT (in limited partnerships, profits – typically referred to as dividends – are paid as distributions), although these have decreased since the COVID-19 pandemic. However, there are still benefits to having a partnership with NRT. For example, individual communities can contact NRT directly for training opportunities for truck drivers or for specific freight hauls or items they may need. If a community wants to purchase a truck, NRT will help them find one. There are also opportunities for one-on-one assistance.

Training is an area where communities benefit, especially if there are community members interested in taking the training. NRT recently sold their property in La Ronge and partnered with someone in Prince Albert, where it is easier for trainees to attend training (e.g., they can stay with relatives instead of worrying about hotels).

The northern communities include NRT in their career fairs, where they can talk about different career opportunities in the trucking industry. It's not just about driving a big semi-truck; there are opportunities to work, for example, as a dispatcher or a mechanic.

Government Support and NRT's Growth and Development

Generally, NRT avoids government assistance because the process can be slow and the opportunities may be lost by the time funding is received. Although NRT initially received a 10 percent bidding preference in accordance with the recommendations from the Key Lake Board of Inquiry, it believes that more business opportunities have been lost while First Nation entities wait for government grants than have been gained.

Advice to Indigenous Groups Starting Out in Business

Businesses need retained earnings to buy new equipment and invest in expansion. To create funds for investment, NRT cautions against employing more people than the business needs and instead advocates focusing on profits and reinvesting them in solid business activities. To ensure this focus, it is crucial to separate politics and business – without this separation there is always going to be pressure to use the company to increase employment or address other community needs and concerns.

References

McIlmoyl, D. and Ertell, G., (2023, February 10). [Zoom interview]. Interviewed by Vern Bachiu and Priscilla Wolf. Unpublished raw data.

Northern Resource Trucking (n.d.). Home. Retrieved February 24, 2023, from <https://www.nrtlp.com>

Settee, Ralph, (2023, March 3). [Zoom interview]. Interviewed by Priscilla Wolf. Unpublished raw data.

Beavereye, Terri-Lynn. (2023, March 4). [Zoom interview]. Interviewed by Vern Bachiu. Unpublished raw data.