

Indigenous Leadership: Governance and Development Project

Case Study

Beauval – The Beautiful Valley of Métis Development

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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, they begin with an informal discussion. If the leaders and representatives indicate an interest in participating, they proceed with sending them a formal letter of introduction, which they can use to obtain official permission to proceed. They know communities receive many requests for information, and they do not always see the results of the work that is undertaken. Its 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.

They 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.

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Beauval

An eco-system of Métis Development

Overview and Key Learnings

- The purpose of this case is to describe how several entities in Beauval, Saskatchewan and the surrounding region work together to create an eco-system of development for the community and the area.
- The entities are the Northern Village of Beauval (the Village), Beauval Development Inc. (BDI), Primrose Lake Economic Development Corporation (PLEDCO), and Primrose Resources Corporation (PRC).
- Situated in a beautiful geographic setting, the Northern Village of Beauval suffers from similar socio-economic conditions that plague many Indigenous communities.
- Historically, due to its location, Beauval has not been a supplier to the uranium mines and it has had minimal involvement in the forestry industry. Some community members, however, have been employed in mining and in forestry.
- There are several Indigenous and Métis financial institutions and support programs operating in the area, including SaskMétis Economic Development Corporation (SMEDCO), Clarence Campeau Development Fund (CCDF), and Beaver River Community Futures Development Corporation (BRCFDC).
- As part of the Primrose Lake Air Weapons Range settlement and the establishment of the Primrose Lake Economic Development Corporation (PLEDCO), the four municipalities of Beauval, Cole Bay, Jans Bay, and Ile a la Crosse have access to a source of capital for economic development.
- In response to these opportunities and with the support of the Business Ready Investment Development Gateway (BRIDG) Project operated by Westcap Management Limited (WML), the four municipalities established Primrose Resource Corporation (PRC) as their for-profit arm.
- The Northern Village of Beauval established Beauval Development Inc. (BDI) to be involved in businesses within its area to ensure the community is capturing business opportunities.
- Development in the area has proven to be a slow process. However, with a visionary community leader and a business leader with deal-making skills, PRC made its first investment in a larger business that serves industry. Three or four more such businesses are required before PRC is self-sustaining.

The Métis Entrepreneurship Eco-System

Entrepreneurship starts with the entrepreneur, whether it is an individual, group, or community. However, while entrepreneurs are important for the ideas they have and the energy they bring, additional elements are required to transform entrepreneurial initiatives into successful and sustainable businesses. Entrepreneurs need access to both equity and debt capital, and they need access to people with the skills and expertise required to start up and operate businesses.

The region around the Northern Village of Beauval in northwest Saskatchewan provides an example of a community where this entrepreneurial eco-system is beginning to develop. The communities in the area have become entrepreneurs, with the Village of Beauval creating Beauval Development Inc. (BDI), and the four municipalities in the region – Beauval, Cole Bay, Jans Bay, and Ile a la Crosse – creating the Primrose Resources Corporation (PRC). The other municipalities also have their own initiatives.

The development of these businesses, and the enterprises they then purchased and/or developed, was supported by a group of development organizations, several of which have a mandate to support Métis businesses. The Primrose Lake Economic Development Corporation (PLEDCO) and the Clarence Campeau Development Fund (CCDF) have resources available to assist in engaging a consultant to assist in putting together a business plan. Entrepreneurs can also apply to PLEDCO and CCDF for equity, quasi-equity, and no/low interest rate loans. Institutions such as SMEDCO and Beaver River Community Futures Development Corporation (BRCFDC) are available to provide debt financing. Support was also provided by the now-expired Business Ready Investment Development Gateway (BRIDG) Project operated by Westcap Management Limited (WML). Together, these institutions are important in supporting entrepreneurship in a region where there has been an historic lack of entrepreneurial capacity and access to equity and capital.

Challenges Establishing Métis Economic Development Corporations (EDCs)

Establishing Métis Economic Development Corporations (EDCs) like BDI and PRC are challenging due to the dispersed nature of Métis people in Saskatchewan, especially in regions where they are not the dominant population. However, as the BDI and PRC examples show, Métis EDCs are being established in areas like Beauval where Métis populations are highly concentrated.

Northern Village of Beauval

Beauval, meaning "Beautiful Valley," is situated in northwestern Saskatchewan, offering a picturesque view of the Beaver River Valley and its surrounding area. The Beaver River is renowned for its world-class pickerel fishing, and nearby lakes stocked with abundant trout and northern pike make Beauval an ideal destination for anglers. Beauval is a vibrant Métis community of more than 800 residents. It takes pride in its rich cultural heritage, language, and history. And it enjoys a central location that connects with neighboring towns and villages, making it a hub for economic activities and cultural exchange.

Beauval's economy depends on trapping, mining activities, government services, and limited commercial fishing. Tourism and recreational pursuits also contribute to the local economy, with the river and nearby lakes offering excellent fishing opportunities.

Beauval Development Inc.

In 2014, the Village established Beauval Development Inc. (BDI), formerly known as the Amisk Development Corporation, with the aim of driving economic development initiatives for the community.

BDI prioritizes economic development and community prosperity by creating jobs and wealth. It aims to develop or acquire businesses with profit potential, reinvesting earnings into community ventures. BDI seeks financial independence from Village subsidies and focuses on strengthening governance and operations. Effective communication and marketing strategies are employed to engage stakeholders and enhance visibility. Strategic business ventures, including acquisitions and partnerships, are pursued to foster economic growth.

Businesses

BDI began its business by acquiring the Sister Simard Center in 2014, providing office spaces for rent. It

then expanded its portfolio later that year by purchasing a local water bottling business, which became known as Blueberry Hills Water Bottling.

In 2015, BDI began development of an office and gymnasium complex. The \$2.3 million-dollar complex was successfully completed in July 2016 with the assistance of organizations like the Primrose Lake Economic Development Corporation (PLEDCO) and the Clarence Campeau Development Foundation (CCDF). Today, this complex houses various entities, including the Northern Village of Beauval Administration, the Gabriel Dumont Institute (GDI) - Training & Employment Beauval Office, and the Saskatchewan Government Insurance (SGI) - License Issuer office. Within the same building, BDI also established the BDI Kitchen & Catering business in October 2016, which has been operating successfully ever since.

In 2019, BDI acquired MDeez Confectionary & Gas Bar Ltd. BDI is actively exploring various business opportunities, including the establishment of a cannabis retail outlet, the development of motel/travel suites, and the formation of a regional contracting company, all aimed at furthering economic growth and prosperity in the community.

BDI remains committed to exploring both local and regional business opportunities. Beauval serves as a strategic hub for traffic traveling along Highway 155, both north and south, as well as for through-traffic on Highway 165, making it a promising center for economic activities and growth.

Governance

BDI's board of directors is currently comprised mainly of council members. Efforts are being made to train community members with business expertise to join the board, gradually replacing political representatives. The board currently includes two community members and two observers, preparing them for full membership. As this transition proceeds, it is important to maintain effective oversight of BDI's operations and decision-making processes.

BDI is currently operating without a CEO. As a result, its day-to-day business manager plays a crucial role in overseeing operations.

BDI invests in training local talent, using online training and development courses. Training three local community members in bookkeeping and management, as well as providing opportunities for others to learn human resources and policy development, demonstrates a commitment to building a skilled workforce within the community. It's essential for the continuity and growth of the businesses to have capable individuals ready to step into management roles when needed.

The fact that individuals are considering moving back home because of the opportunities being created by BDI, speaks volumes about the positive impact these initiatives are having on the community. Providing avenues for education and training, coupled with job opportunities, not only strengthens the local workforce but also fosters a sense of pride and connection to the community.

Indications of Success

The ability to navigate challenges like the Covid-19 pandemic without experiencing business closures is a testament to the resilience of the community and its economic initiatives. Another indicator of success is the continuous support from the local community, which serves as a crucial measure of satisfaction and

trust in BDI's endeavors.

BDI is a significant employer in the region, with more employees than the Village. At its peak, BDI employed approximately 25 individuals. However, with the closure of a restaurant and the downsizing of Blueberry Hill, employment has fallen to around 18. The combined revenue generated by all BDI businesses, including the store, is estimated to be just under \$2 million.

Future Prospects

BDI aims to become a key player in the community's service sector by integrating into local commerce and supporting local businesses. The focus is on sourcing goods and services locally to boost economic activity and create a self-sustaining economy. BDI plans to diversify its involvement across sectors, sustain existing businesses, and foster growth. Additionally, strategic investments in larger ventures aim to secure additional revenue streams for the community, paving the way for long-term prosperity.

Primrose Lake Economic Development Corporation (PLEDCO)

In 2007, Primrose Lake Economic Development Corporation (PLEDCO) emerged from agreements for economic development established with the Governments of Canada and Saskatchewan that stemmed from negotiations regarding the loss of land used for the Primrose Lake Air Weapons Range. PLEDCO oversees trust funds, totaling \$17,500,000, designated for the long-term benefit of the four affected communities: Beauval, Cole Bay, Jans Bay, and Ile-a-la-Crosse. Managed by an independent professional money management firm under a 99-year trust agreement, the annual income from the fund, which varies annually due to market conditions, is used for development.

The allocation of the annual income is determined by PLEDCO's Board of Directors. This income supports economic development projects, infrastructure, scholarships, and operational costs such as salaries and office expenses. Audited financial statements, annual reports, and project lists are accessible to residents, and the Annual General Meeting is widely publicized for community participation. PLEDCO operates within agreements signed with the Canadian and Saskatchewan governments, which dictate governance, fund usage, and reporting requirements. Ex-officio board members appointed by the governments, contribute to discussions, while each community appoints two voting board members.

PLEDCO offers several programs to support economic development and primary producers within the member communities. The Primary Producer Incentive Program provides loans and grants to individuals involved in trapping, fishing, and wild rice harvesting, recognizing the importance of these activities to traditional livelihoods. The Business Incentive Program offers business loans with a built-in grant contribution for those requiring more than \$10,000 in funding to start their businesses. Lastly, the Economic Development Assistance Program assists residents in launching their projects by providing grants that can be used as equity, although they may not cover the entire project cost. These programs reflect PLEDCO's commitment to fostering economic growth and supporting local initiatives within the community.

Primrose Resources Corporation (PRC)

A sibling of PLEDCO, the Primrose Resource Corporation (PRC) is a for-profit corporation based in northwest Saskatchewan. Its shareholders are the four predominantly Métis communities of Beauval, Cole Bay, Jans Bay, and Ile-a-la Crosse. PRC is dedicated to making investments and establishing

successful businesses that generate wealth, provide employment opportunities, and offer training programs for its shareholder communities. The creation of PRC was facilitated by Westcap Management Ltd.'s Business Ready Investment Development Gateway Program (BRIDG).

The mission of PRC is to develop sustainable business ventures and partnerships in an accountable and transparent manner, with the goal of generating employment and wealth for the benefit of its shareholder communities. PRC achieves its mission by forming partnerships and/or acquiring ownership stakes in established, successful companies. Additionally, the corporation actively works to create and develop businesses within the local area, contributing to economic growth and sustainability.

The choice of the name "Primrose Resources" holds historical significance, tracing back to the 1950s when the federal government appropriated traditional hunting and fishing lands of the local Indigenous people for use as the Primrose Lake Air Weapons Range, primarily for bombing and gunnery practices. This name reflects the resilience and determination of the Métis communities to turn a historical challenge into an opportunity for growth and prosperity.

Legal Structure

PRC faces taxation as a corporate entity. However, since its shareholder municipalities are tax-exempt, they plan to create a limited partnership that would provide tax advantages. The creation of the limited partnership requires professional assistance from accountants and lawyers. When the change is complete, the municipalities will serve as limited partners, providing financial investment without involvement in daily operations. PRC will act as the general partner, managing day-to-day activities while retaining liabilities. This setup allows the shareholder communities to receive income tax-free from PRC's ventures, enhancing financial benefits while safeguarding against liabilities.

Impact Mechanical Services

In June 2023, PRC acquired 50 percent of Impact Mechanical Services Ltd., PRC's first investment in a business serving industrial customers. The acquisition reflects PRC's commitment to create wealth for its owners and to enhance Indigenous representation in the trades. Impact Mechanical is a comprehensive industrial service provider offering a range of solutions to meet the needs of its clients. Based in Prince Albert, Saskatchewan, the company specializes in construction, project management, maintenance turnaround, and mechanical services. With a focus on delivering turnkey solutions, Impact Mechanical Services Ltd. caters to various industries, providing expertise in areas such as plant maintenance, metal fabrication, welding, and repair services.

Funding

PRC's investment in Impact Mechanical represents its first venture outside its owner communities. With limited equity, assembling capital for the deal posed a challenge, but support programs proved instrumental in making the deal happen.

Assistance from PLEDSCO facilitated the development of a business plan for PRC. Subsequently, a grant from PLEDSCO furnished the 10 percent equity that was required to access other funding. Additional support came from CCDF, which provided a grant and a non-interest-bearing loan totaling approximately 45% of the required capital. The remaining capital was secured through a loan from SMEDCO at prime plus 1 percent.

Acquisitions like the one with Impact Mechanical enable Indigenous businesses to develop a presence in commercial markets. These investments offer higher-volume and higher-margin opportunities that align with PRC's objectives of wealth and opportunity creation. PRC acknowledges that several more investments, like the one with Impact Mechanical, are needed to achieve self-sufficiency and build up investment capital. Support programs from organizations like PLEDCO, CCDF, and SMEDCO have been instrumental in facilitating deals like the one with Impact Mechanical.

Analysis and Insights

Initially, PRC's focus was on establishing a presence and securing opportunities through joint ventures, a common approach both at that time and among groups that are just starting out. However, it became evident that joint ventures lacked sustainability and often placed the partner in the dominant position, leaving others with limited influence. Recognizing this, the decision was made to pursue ownership instead. This change in focus, along with the business expertise and funding capacity to execute, has started PRC on a different path.

Leadership

Leadership plays a pivotal role in a company's success. The experience of other development corporations consistently highlights the importance of this expertise, which is cultivated over years of industry experience and networking. An extensive network is one of the most valuable assets gained through industry experience. Interactions with players across various sectors provide invaluable insights and connections.

Two individuals have played a critical role at PRC – Nick Daigneault and Darrel Burnouf.

Nick Daigneault, a native of Beauval, left the community in 1999 to pursue higher education, eventually settling in La Ronge for 12 years. During this time, he worked for organizations like Keewatin Career Development Corporation (KCDC) before becoming an online educator in 2006. In 2011, Nick returned to Beauval and became involved in local government, serving on council from 2012. Prior to his council tenure, he worked as a client service consultant with the Ministry of the Economy, later shifting gears towards economic development as the executive director of Primrose Lake Economic Development. Eventually, he assumed the role of CEO at BDI. He was urged to run for mayor in 2016 and has held the position since then, focusing on community and economic development initiatives. Nick is committed to enhancing his community and spearheading businesses, including a confectionary store and accommodations, with further ventures on the horizon.

Darrel Burnouf is the Manager for Northern Business Development and Community Relations at Cameco, a uranium mining company. He also acts as a consultant to PRC. With roots in Beauval, Burnouf has been involved in consulting and regional development work for the past three years, often assuming the role of acting CEO. Burnouf's tenure at Cameco has been instrumental in shaping his expertise in supply chain management, deal structuring, and business valuations. Through direct involvement in industry transactions and mentorship, he refined his negotiation skills and his ability to execute agreements, while his immersion in the mining sector provided insights into supply chain intricacies, industry standards, and customer expectations. Burnouf's leadership training and prior roles, including as a loans officer at Northern Enterprise Fund, equipped him with the skills for effective negotiation, business valuation, and business plan assessment. In addition to his work experience, Burnouf pursued education

in entrepreneurship and community economic development, enhancing his strategic decision-making and business management abilities.

Future Trajectory

For PRC's future trajectory, establishing diverse revenue streams is essential. Multiple revenue sources are needed to provide the company with the funds it needs to hire and retain a CEO with the skills, expertise, and experience needed to meet the company's long-term goals and to sustain its operations.

One of the issues that will have to be addressed is the best location for head office and the CEO. While Saskatoon is the desired location because of its centrality to the business community, it will also be important to build capacity within the community.

Resources

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