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ATHABASCA BASIN DEVELOPMENT

BUILDING A FUTURE THROUGH INVESTMENT

BY CASSI SMITH

Photo: Stuart Kasdorf Photographics

Being open to new opportunities is key to the continued success of Athabasca Basin Development (ABD). As an investment company, ABD looks for businesses within the mining and resource sector of Saskatchewan that show potential for growth. The company's business model and long-term commitment to building and investing in successful businesses has led to over 32 per cent growth in this past year alone.

ABD recognizes each business as unique and addresses their potential investment in a venture as such. From startups to purchasing wholly-owned companies, ABD looks at every project as an opportunity for wealth creation and a chance to establish long-term benefits for all parties involved.

Currently, ABD has ownership in 10 Saskatchewan companies and has experienced remarkable growth since its inception in 2002. In the last 10 years, the company's annual consolidated revenues have increased from \$1 million in its first year to \$145 million last year.

ABD's current investments include partial or complete ownership in construction, underground mining, industrial security, electrical, diamond drilling, logistics and aviation. Although they are primarily focused on the mining and resource industry, the company is open to new ventures in a variety of areas provided the project is beneficial to both partners. "We are always on the lookout for new opportunities," says ABD's CEO, Geoff Gay. "Some of our current investments were established companies, some were startups, some grew out of a single project, but all have focused on the long term and experienced remarkable growth."

It is this willingness to invest and remain open to new opportunities that has fuelled ABD's success and ultimately allowed them to have the capital available to further their business strategy. "The growth we've experienced from our company's inception to where we are today is exceptional," says Gay.

Both the company and its CEO have come a long way in the industry. Gay has worked in the Athabasca region since 1998, and has been with ABD since its inception, starting out as company manager. Geoff's business background, combined with the invaluable experience he gained while living in Hatchet Lake First Nation earlier in his career, has contributed to his success. In 2002, Gay assumed the role of ABD's CEO when the seven communities of the Athabasca region formed the Athabasca Basin Development Limited Partnership.

Today, ABD continues to be owned by the seven Aboriginal communities in Northern Saskatchewan's Athabasca Region. These communities are largely Dene First Nations communities and include Fond du Lac, Stony Rapids, Black Lake, Hatchet Lake, Wollaston Lake, Camsell Portage and Uranium City. For these areas in particular, employment is always a key concern. "The median income in the Athabasca region is nearly 50 per cent less than the average Saskatchewan income," explains Gay. "With the cost of living also being high in the north, meaningful employment makes a huge impact on the health and safety of its residents."

The effort of some of ABD's companies in building local capacity has resulted in some of the highest employment rates the region has ever seen. "At last count we had 440 northerners employed by our companies of which 180 are from the

Athabasca region. Over the years, our companies have continued to employ many more from the area."

Despite their success, Gay and ABD have an eye on the big picture and are always striving for improvement. "We acknowledge our numbers are good, yet we always have to be working hard to improve the numbers as the north is still behind in many employment and economic indicators." ABD is dedicated to creating employment opportunities through investment and sees every opportunity to create revenue as an opportunity to further employment.

According to Gay, a huge influence on ABD's success as a company has been the unity of the communities within the Athabasca region. "ABD is the only partnership of its kind in the province and forms the foundations of the company's ability to grow to the level it has reached today," says Gay. "Our shareholders have been on board since the beginning with the idea that in order to get this company to grow, we needed to continually reinvest our profits." For a region that has no road access and is below average in many economic indicators, the level of discipline demonstrated by the communities is remarkable.

ABD's CEO also recognizes the company's significant partnership with industry giant Cameco as a catalyst for their recent success. "Cameco has been an important partner for us in the past decade, and we expect uranium mining to be a big part of our future opportunity to help fuel our growth and continue building a future through investment."

Today, ABD and its investments employ over 1,400 Saskatchewan residents. The company is proud to have each holding remain committed to hiring Aboriginal people wherever possible. With this goal in mind, many of ABD's companies have invested in training programs that provide transferable skills to help employees obtain meaningful employment. ABD and its investments are proud to have been a transitional employer for many Aboriginal people. "What we do with all our companies is we encourage them," Gay says. "We find out what their challenges are in hiring people and we attempt to make best efforts to educate our companies on how they can maximize local employment."

According to Gay, local employment in Saskatchewan's northern communities has been great for business. "With the





uranium mines being so close to the communities in traditional areas, as good neighbours they usually want to ensure the mines and their contractors maximize the local workforce.” The atmosphere and attitude of the area breeds loyalty and commitment. As Gay points out, “There’s a track record that if you have people from the north working in your mine site, there’s less turnover. Generally, northern people are loyal and will stay with a company a long time.”

A steady workforce and long-term employment are important to ABD as the company strives for longevity and continued success for future generations. For example, in the last three years, clients have hired over 100 of Points Athabasca’s employees for long-term positions. For Gay, examples like this show that ABD and its investments are creating a successful foundation for many Aboriginal employees to build a career on.

This year, ABD was proud to have three of its investments appear on *SaskBusiness Magazine’s Saskatchewan’s Top 100 Companies of 2013*. It was a first for the three companies and ABD itself was also recognized as a *Top 100 Alumni* for its appearance on last year’s list. “I am very proud to have three of our 10 investments listed among *Saskatchewan’s Top 100 Companies*,” says Gay. “To have three of our investments reach

such a milestone says a lot about the level of success each of these companies has reached and proves our strategy of reinvesting for long-term growth is working.”

Ensuring the success of its investments is top priority for ABD. In order to facilitate this, ABD looks for businesses with a strong management team in place or a clear succession plan. For startups, ABD’s goal is to have each investment company successfully established without the need for support as soon as possible. Until then, ABD may provide financial support as well as services such as marketing, strategic planning or accounting.

When purchasing a business, ABD inserts a board of directors and does not consider size as a necessary criteria for investment. “When considering a new investment, we really focus on potential for growth,” says Gay. “We’ve invested in startups, and established companies ranging in size from a few contracts to over \$40 million in annual revenues. The common factor in all our investments is that each has a lot of room for growth over the long term – this focus is what has allowed us to build and continue to build value for our shareholders.”

As an investment company, ABD’s mandate is to build wealth for shareholders by investing in and growing sustainable businesses. By keeping the focus on creating wealth for the



ATHABASCA BASIN

DEVELOPMENT

Athabasca Basin Development currently has investments in 10 companies providing a wide range of services.

Athabasca Basin Security

ABD OWNERSHIP: 100%

Your trusted partner for industrial and mine site security, Athabasca Basin Security provides some of the Canadian mining industry's top companies with a full range of industrial security solutions.

Athabasca Labour Services

ABD OWNERSHIP: 100%

Athabasca Labour Services provides a core workforce to Northern Saskatchewan's mining and construction industry, as well as recruiting, developing, employing, and contracting.

Double Diamond Industrial Structures

ABD OWNERSHIP: 66%

Double Diamond Industrial Structures is a Saskatoon-based manufacturing facility specializing in the production of high-quality modular structures.

Flyer Electric

ABD OWNERSHIP: 68%

Flyer Electric has been providing a wide range of industrial and commercial electrical services in Saskatchewan for over 30 years.

Lonona Contracting

ABD OWNERSHIP: 100%

Lonona Contracting coordinates activities and provides operational management for a variety of remote area services.

Mudjatik Thyssen

ABD OWNERSHIP: 29.5% AND 35%

Mudjatik Thyssen Mining Joint Venture (MTM) was created to undertake mining contract work in Northern Saskatchewan.

Points Athabasca

ABD OWNERSHIP: 75%

Points Athabasca is an Aboriginal contracting company with divisions in industrial construction, skilled workforce supply, commercial construction, and more.

Points North Group of Companies

ABD OWNERSHIP: 48.3%

Points North Group of Companies acts as both a base camp for companies that have mineral interests in the area and as an expediting service.

Team Drilling

ABD OWNERSHIP: 50%

Team Drilling provides long-term, safe, and productive drilling services for the minerals industry.

West Wind Aviation

ABD OWNERSHIP: 29.85%

Based in Saskatoon, West Wind Aviation operates a fleet of 25 aircraft and employs over 250 people. The company was established in 1983 to provide corporate air charter service.

future and reinvesting the majority of its profits, ABD has grown to the point where the company now pays out a stable annual dividend to each community. The sum goes directly to the unit holder and its use is not dictated by ABD, however is generally used for reinvestment locally and for community improvements such as playgrounds and needed equipment like garbage trucks. Over the last seven years, ABD has paid a total of \$2.4 million in community distributions.

In addition, the company benefits its shareholder communities through its sponsorship program. ABD's sponsorship program places a special focus on improving the quality of life for the residents in their shareholder communities, and recently, the company donated \$249,000 to help bring cell towers to the northern region. This contribution represents the single largest corporate donation the company has made in its 11-year history. "By working with our partners, SaskTel and Huawei Canada, we are able to be part of a \$5.8 million investment into the communities," says Gay.

"There is incredible potential for business and economic development in the Athabasca region," explains Gay, however

one of the most significant challenges the remote area faces is accessibility. "These cell phone towers will greatly increase connectivity, which leads to many benefits for the people and business climate in the region." The contribution allows ABD to make a real and lasting impact on the Athabasca communities and Gay says ABD is "very pleased to be a partner in this exciting initiative for Saskatchewan's north."

With their eye on the big picture, ABD is poised to continue its success in acquiring, building and growing new and successful businesses. "One of the key drivers to our success is remaining focused on building wealth for the long term, and supporting our investments to maximizing their potential," says Gay. The long term is always an important factor, as ABD is not concerned with short-term solutions. It's about establishing a foundation and a future for the company, its holdings, its employees and consumers, the market and Saskatchewan as a whole. It's about investing in a solid business plan and supporting local startups and it's about eagerness and genuine enthusiasm for new ideas. Athabasca Basin Development really is building a future through investment. ■