

HUU-AY-AHT FIRST NATIONS



Report of Executive Council on People's Assembly on HFN Investment in HDC

**For consideration at the session of the
Huu-ay-aht First Nations People's Assembly
on Saturday, June 22, 2013**

Prepared By: Executive Director

Date: June 5, 2013

BACKGROUND:

At the December 8, 2012 People's Assembly the following motion was passed by vote:

MOTION #2012-224

WHEREAS Huu-ay-aht has invested \$1.7 million in the HDC Group of Companies;
and

WHEREAS it is in the best interests of present and future generations of Huu-ay-aht Citizens that our businesses:

- (a) are profitable and earn a Return on Investment for HFN of greater than 10% to fund important HFN programs and services; and
- (b) create sustainable job opportunities for our people;

THEREFORE BE IT RESOLVED to recommend that Executive Council, as the major investor in the HDC Group of Companies,

- (1) Retain an independent financial expert, in consultation with the HDC Group of companies, to complete a sustainable financial and business strategy plan for HDC businesses by March 31, 2013 which reviews current and future businesses and identifies
 - (a) which businesses are most viable and capable of generating sustained profits and a return on investment of greater than 10%;
 - (b) which businesses are not viable and capable of generating sustained profits and a return on investment of greater than 10%;
 - (c) recommendations and an action plan for HFN investments in the HDC group of companies which supports viable HDC businesses and a wind down of HDC businesses that are not viable;
 - (d) such other recommendations as the independent financial expert considers appropriate.
- (2) Require the HDC Group to fund the study from funds (the \$1.7 million) invested by HFN in HDC;
- (3) Present the plan to the Spring 2013 People's Assembly for our review and further recommendations;
- (4) Take such other actions as are necessary and within the scope of HFN authority to ensure HDC businesses are viable and will contribute to achievement of the HFN Wealth Plan and increased HFN Employment.

INFORMATION / UPDATE:

Due to the significant level of effort associated with implementing the spring legislation, including the comprehensive *Economic Development Act* and Government and Fiscal Agreement Regulation, the comprehensive sustainable business strategy plan has not been completed by an independent expert. Not only did the *Economic Development Act* require considerable effort in drafting and review, but once passed required the establishment of numerous new legal business entities, as well as the formation of policy and governance procedures.

The *Economic Development Act* is an important step in separating business from political interference, a separation that is essential to successful and profitable business enterprises. On April 11 & 12, 2013 the HFN Economic Development Committee in coordination with the HDC Management Board, the HFN Executive Council and the HFN Administration, conducted a two day strategic planning session with an external facilitator. The purpose of the strategic planning session was to identify the high level values and goals that can be used to begin the development of a comprehensive strategic and operating business plan as part of the larger Economic Development Plan. The strategic and operating business plan will need to integrate many aspects of business development, business growth, strategy, marketing, as well as HUU-AY-AHT values as determined through consultation with many stakeholders including the HFN Citizens. The process and timelines to be followed in the development the HDC Strategic and Operating Business Plan are still being drafted.

The new *Economic Development Act* brings considerable structure, review and approval to the Nation's investments in HDC or with HDC investing in new businesses or projects. During the planning and acquisition of the Tides and Trails Market, the HFN Finance Committee not only undertook detailed review of the HDC Business Plan for the Market, but sought out an independent financial review for input and advice from a qualified financial advisory firm. Many factors, and much information, were considered before the HFN Finance Committee recommended to the HFN Executive Council to authorize the investment.

The HFN *Economic Development Act* requires that Executive Council is responsible for overseeing HUU-AY-AHT economic development and that by March 31, 2014, the Legislature must:

- (a) consider an Economic Development Plan recommended by Executive Council under section 6 (d), and
- (b) approve an Economic Development Plan.

In addition to the Economic Development Plan, the Act requires the HFN Executive Director to appoint an Economic Development Officer who will have the authority and responsibility to manage the economic development activities of the HUU-AY-AHT, support the Executive Council and the Economic Development Committee, assist with the management of the HDC Limited Partnerships, prepare and review business plans, feasibility studies and the assist the Committee and Board in preparing the Economic Development Plan.