



2013 - 2014 Annual Report

Sustainable Benefits for All



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Cover photo: Looking out onto Pachena Beach.

Header photo: Huu-ay-aht territory on the west coast of Vancouver Island.

Our Vision

Together, the Huu-ay-aht Economic Development Committee and group of businesses strive to achieve a flourishing Huu-ay-aht economy through initiatives that provide sustainable benefits for all.





Introduction

Welcome to the third annual report issued by the HFN group of businesses to Huu-ay-aht citizens, staff, government, and the public. This report summarizes business activities from April 1, 2013 to March 31, 2014 and shares the highlights from a group of businesses helping to achieve the economic vision of Huu-ay-aht citizens and leaders.

During 2013-14, the HFN group of businesses carefully examined existing Huu-ay-aht businesses, implemented improvements, and pursued new opportunities. As highlighted in this report, we also increased employment across the businesses and supported citizens to acquire skills, experience, and certification.

2013-14 Highlights:

- Began standardizing a management approach for each business within the HFN group.
- Established cohesive Operating Boards with a common purpose.
- Maintained businesses and increased available jobs.
- Purchased and upgraded The Market in Bamfield. Established temporary management, permanent staff, and training programs.
- Implemented improvements to Pachena Bay Campground and Bamfield East Dock.
- Continued implementing 2011 forestry roadmap and began to see results.
- Increased overall profitability of businesses.
- Provided work for over 66 staff and contractors, including more than 43 citizens and associates.



Message from the Chair of the Operating Boards

In 2013/14, the HFN group of businesses continued its journey towards achieving a flourishing Huu-ay-aht economy. Our structure became increasingly stable in our third year of operations, with operating boards working on active business opportunities, reviewing major operational decisions, and supporting and overseeing the CEO.

The support of citizens is critical to the success of our both our Nation and our businesses. This year we took opportunities to inform citizens about the businesses and plans through presentations and discussions at citizen meetings in Vancouver, Pachena, and Port Alberni, through a presentation at the 2013 People's Assembly, and through quarterly newsletters. In addition we issued our 2012-13 Annual Report and kept our website updated with relevant information and business highlights.

We also carefully measured the benefits of our actions and operations to ensure that they were advancing our vision. I am pleased to report that in the 2013/2014 fiscal year, the HFN group of businesses increased our assets by more than \$1 million. Additionally, we made huge strides propelling individual businesses within the HFN group forward through tighter management and financial control, and extensive research into competition and industry viability.

We also saw a significant increase in our employment numbers. Not only did we increase our overall manpower over the past year by 86%, but 70% of the increase was Huu-ay-aht citizens and associates. We also increased our overall payroll by \$250,000, much of which is now staying in the Bamfield/Anacla communities and benefiting citizens and their families.

Throughout the year we continued to build employee skills through training and mentoring. We offered courses such as first aid, emergency preparedness, and wildfire training, as well as on-the-job training in customer care and service, equipment operation, effective time management, and increasing productivity in the workplace. We also worked diligently on health and safety.

This year saw the HFN Forestry LP harvest the first 50,000 m³ of wood from Treaty Settlement Lands. This required that the Nation issue its first Timber Sale Licence and resulted in a significant stumpage payment being made to the Huu-ay-aht First Nations. In the coming year, we will be seeking approval for a lease on the campground as we continue to invest in and improve our world-renowned treasure.

The HFN group of businesses could not have achieved any of these efforts without the tremendous energy of our staff and the ongoing commitment of the operating boards. Community support is critical to our success. We all share the goal of a prosperous future with sustainable benefits, and we will achieve great ends by working together and supporting our businesses. Your feedback helps shape our future together. Please contact us with ideas, concerns, and suggestions by email (info@huyuayht.com) or phone (778-421-3577 or 250-728-3080).



Angela Wesley
Operating Boards Chair
HFN group of businesses

Message from the Chief Executive Officer (CEO)

The past fiscal year was a watershed year for the HFN group of businesses: a year when businesses and employees started to see results from the careful groundwork completed to date.

First, our stellar board provided the management framework we needed to focus on business profitability and success. With their support, we completed our first full year owning and managing The Market in Bamfield. Improvements to the facility and operations prompted the community and visitors to embrace Huu-ay-aht ownership and reflect this with customer sales.

Next, the forestry business began to see results. In previous years, the company struggled to reach production and cost targets, but after improvements to accounting, staffing, and management, the forestry business safely produced more than 130,000 cubic meters of timber. The company did this while meeting environmental legislation, safety standards, managing cut levels, and protecting culturally sensitive sites.

Additionally, Pachena Bay Campground saw a 50% increase in sales over the past two years. Not only are more guests visiting the campground, but they are also staying longer. This shift tells us that customers appreciate the improvements we have implemented.

But there is another reason to improve and expand our services: successful businesses create employment for HFN citizens and associates. In 2013, over 100,000 meters of timber from the forestry business went through our Spencer Dryland Sort, providing steady work for our crew. More than a dozen people now work at The Market. Watching citizens and associates gain skills and experience working for HFN businesses is the culmination of one of our goals.

This year also gave staff and management the opportunity to see how businesses are interconnected. I thank all staff who took initiative and embraced learning in 2013-14. We could not have reached any of these milestones without you.

Our success is firstly based on the talent of our team. From the employees and the Operating Board to the support from Executive Council: together we are building a positive future. I encourage anyone with an eye for teamwork and a passion for service to contact me. The HFN group of businesses offers untold opportunity. We hope you will join us as we continue on our path towards a prosperous Huu-ay-aht economy.



A handwritten signature in black ink, appearing to read 'Stan Coleman'. The signature is stylized with fluid, connected letters.

Stan Coleman
RPF, CEO
HFN group of businesses

About the HFN group of businesses

The Huu-ay-aht First Nations sets the vision and strategic direction for economic development for the Nation. Using that vision as guidance, the HFN group of businesses implements the strategic direction of all businesses owned by Huu-ay-aht First Nations. The following diagram summarizes the roles and responsibilities of those involved in the HFN group of businesses.



"Our success is firstly based on the talent of our team. From the employees and the Operating Board to the support from Executive Council: together we are building a positive future."

- Stan Coleman, RPF, CEO HFN group of businesses

About the HFN group of businesses

Board of Directors

Angela Wesley, Chair
Val Bellwood
John Mass
Cory McIntosh, CFP, CAFM, CGA
Bob Brough

Staff and Management Consultants

Stan Coleman, RPF, Chief Executive Officer
Paul Dagg, RPF, Planning Forester
Sarah Johnson, Administrative Assistant
Martha Johnson, Accounting Clerk
Mark Goddard, Safety and Environment
Ti'uu-paana-utl (Trudy Warner), MA, CEC, Communications and Human Resources
Uks ya k'waatuk (Kathy Happynook), Board Corporate Secretary
Trevor Cootes, Manager, Pachena Bay Campground
John Mass and Sheryl Ferguson, Transitional Business Managers, The Market

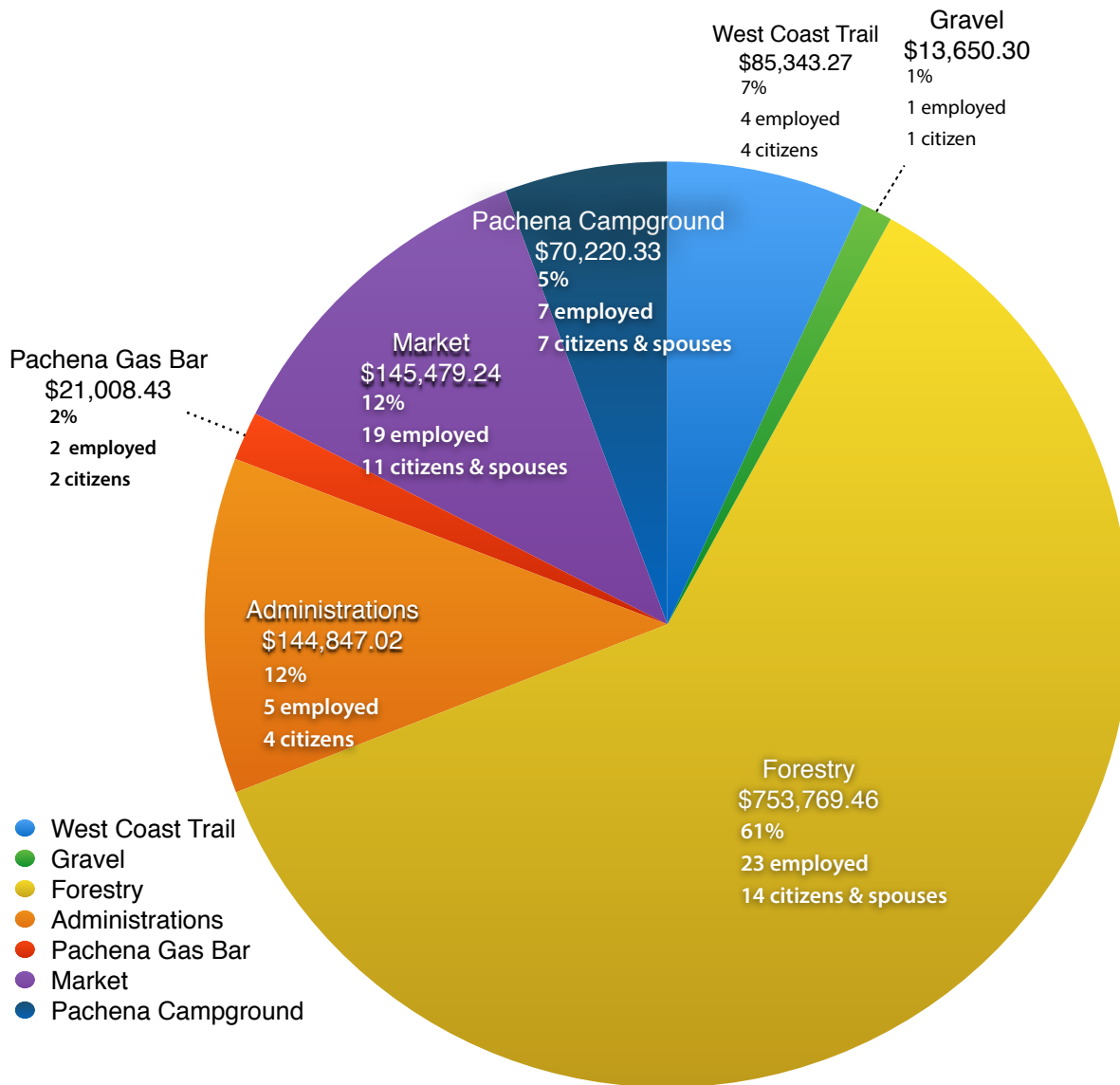


"The summer of 2013 was a great learning experience for me as an employee... In order to be successful there is a tremendous amount of hard work and dedication that is needed, not just in one business or department, but in all HFN-owned businesses.."

- Sarah Johnson, Administrative Assistant

Business Highlights and Achievements

Wage Comparison by Business: April 2013 - March 2014






Business Highlights and Achievements

Our businesses achieved the following highlights between April 1, 2013 and March 31, 2014:

Management

- Provided jobs for 22 people, including 16 Huu-ay-aht citizens and associates.
- Provided management services for businesses in the HFN group.
- Recruited, trained, and coached staff and contractors for Huu-ay-aht owned businesses.
- Created and maintained positive business relationships with suppliers and Huu-ay-aht administration.
- Began delivering medical and pension plans to eligible employees of Management LP.
- Expanded communication to citizens through newsletters, Annual Report, and website.



“I would have to say I am proud to be Huu-ay-aht! Seeing first hand our CEO and his staff busy all hours of the day, supporting each other while our businesses continue to succeed. The leadership that Stan role models is guiding our canoe to brighter futures for all of Huu-ay-aht.”

–Molly Clappis, Temporary Financial Support

Business Highlights and Achievements

Campground:

- Compiled a business plan to improve and expand campground services.
- Began upgrades to campground facilities and infrastructure.
- Provided jobs for seven Huu-ay-aht citizens.

Gas Station:

- Trained staff and streamlined internal cash flow exchanges.
- Provided jobs for two Huu-ay-aht citizens.

West Coast Trail:

- Oriented and trained staff to successfully maintain 25 km of West Coast Trail for the 2013 season.
- Provided jobs for four Huu-ay-aht citizens.



“The HFN group of businesses puts a lot of emphasis on training. I really think it helps us out and keeps us up to speed on safety and other requirements as guides.”

—Duane Nookemus, Crew Supervisor, West Coast Trail

Business Highlights and Achievements

Forestry

- Provided jobs for 23 people, including 14 Huu-ay-aht citizens and associates.
- Harvested from three main forestry tenures: the First Nations Woodlands Licence, the Community Forest Agreement, and the Treaty Settlement Lands.
- Safely produced more than 130,000 cubic meters of timber while meeting environmental legislation and safety standards, managing cut levels, and protecting culturally sensitive sites.
- Processed over 100,000 meters of timber through Spencer Dryland Sort.
- Cut firewood for distribution to Huu-ay-aht elders and for sale to the public.
- Reforested almost 200 hectares of land, planting 155,660 trees.
- Worked with crews following workplace accidents to review safety procedures and implement improvements.



"Since I started my association with the forestry company in 2006, it has grown from a shingle salvage and round log contractor to a full-fledged forest products company. I am very grateful to be a part of the success of the Nation and its growth in business and stature in the communities they live in."

—Mark Goddard, Safety and Environment Consultant

Business Highlights and Achievements

Fisheries

- Established a management contract for Huu-ay-aht fishing licences that permits quota pooling for efficiency and enhanced financial returns.
- Established partnerships with contractors to employ Huu-ay-aht citizens.
- Successfully harvested more than 15 wet tonnes of kelp.
- Conducted major maintenance on Bamfield East Dock, including replacing rotten timbers and planking, and updating wiring and running water access.

Lands

- Restructured HFN Lands LP into a holding company to maintain assets including The Market land and building; the East Bamfield Wharf Agreement; and Temporary Interest Permits for the campground, gas bar, and firewood site.



Business Highlights and Achievements

Gravel Pit

- Provided a job for one Huu-ay-aht citizen.
- Maintained pit in regulatory compliance.
- Worked with provincial government to clarify and expand gravel pit boundaries.
- Repaid loan to Nuuchahnulth Economic Development Corporation (NEDC).
- Prepared work plan to assess viability of business expansion.
- Began a business review to assess keeping pit profitable and active.



"We're investing in our current businesses to keep them healthy, whether that's repairing, fixing, purchasing equipment, or improving facilities so that they last over the long term."

- Stan Coleman, RPF, CEO HFN group of businesses

Business Highlights and Achievements

Market

- Provided jobs for 19 people, including 11 Huu-ay-aht citizens and associates.
- Established transitional ownership and management to maintain and improve services offered at The Market.
- Conducted repairs and upgrades to building, including painting, cleaning, electrical and equipment.
- Established partnerships and positive relationships in Bamfield, including a lunch program at the Bamfield Community School. Successfully catered events.
- Sold crafts made by Huu-ay-aht artists. Partnered with Pachena Bay Campground to order and sell joint products.
- Conducted computer upgrades to improve reliability and communication.
- Promoted other HFN businesses, including West Coast Trail, Pachena Bay Campground, and Bamfield East Dock.



"One thing that has really struck us is the incredibly positive feedback we hear from customers, especially the ones who only come here once or twice a year. They are amazed at the changes and tell us so. Those kind of exclamations are great to hear."

- John Mass, Transitional Business Manager



Building a Successful Economy One Piece at a Time

Many steps are involved in building a successful economy. Acquiring new businesses, retaining or expanding existing ones, developing a local workforce, and supporting entrepreneurs: each of these steps is equally important, and each requires time and planning. But with persistence and hard work, these steps lead to results. For the HFN group of businesses, those results began to show in 2013-14. Says CEO Stan Coleman, "In the last Annual Report, we talked about our vision for a prosperous Huu-ay-aht economy and how we were assembling the pieces we needed for success. I'm pleased to say that those pieces are now coming together."

Acquiring New Businesses:

In 2013, the Huu-ay-aht Development Corporation purchased The Market in downtown Bamfield with substantial investment from Huu-ay-aht First Nations. After the first full year of operation, The Market is already providing new opportunities. In addition to offering employment for Huu-ay-aht citizens and associates, The Market partnered with the Bamfield Community School Association through a school lunch program. During this program, The Market provided lunch for school children and provided a monthly themed lunch open to community members. Market management now oversees the float home at the Bamfield East Dock, along with the wharfinger duties for the Fisheries LP, which brings businesses closer together and makes good economic sense.

Investing in Existing Businesses:

The past year also saw investments in existing Huu-ay-aht businesses. After improving washroom and

dishwashing facilities in time for the summer season at Pachena Bay Campground, the HFN group of businesses created a longer-term plan for the business. Further improvements and additions got underway in March of 2014. According to Campground Manager Trevor Cootes, "We want to add convenience to people's visit to improve their



experience and their level of satisfaction. Each year is about building on the one that came before."

Already those additions have been paying off: in 2013 more guests visited the campground, and those who visited stayed longer. Revenue jumped from \$72,000 in 2012 to \$102,000 in 2013.

"We're investing in our current businesses to keep them healthy, whether that's repairing, fixing, purchasing equipment, or improving facilities so that they last over the long term," says Stan.

Building a Successful Economy One Piece at a Time

Developing a Workforce:

Training for employees was another priority for the HFN group of businesses in 2013-14. In addition to routine safety and first aid training for work crews, the HFN group offered mentorship opportunities for employees wishing to strengthen their skills in their



chosen field. Craig Charleson and Loretta Sirois, employees at The Market, began pursuing their Red Seal certifications in cooking under Transitional Business Manager, John Mass. "Cooking was something I wanted to do for a long time," Craig says. "When I got here it was the perfect time and the perfect spot. This place is very supportive. There was lots of time to learn without pressure."

The HFN group of businesses also worked to expand employment by cultivating partnerships with skilled professionals. "This year Patrick Nookemis spent time training with a grapple-yarding crew. This could lead to employment elsewhere in the forest industry," says Stan. Stan and staff also helped set up training for Crystal Clappis, who took a truck driver-training

program in partnership with Western Forest Products and contractors.

"Crystal has been a great first candidate for this program with her background in the RCMP. We're always looking for a success story in a first candidate and she certainly fits that bill," says Kevin Somerville of Western Forest Products.

Supporting Entrepreneurs:

The word "entrepreneur" refers to someone who identifies and starts a new business, facing both the risks and the rewards. In economic development terms, entrepreneurs stimulate the local economy by establishing new ventures and taking advantage of new opportunities.

"One of the ways to encourage entrepreneurship is to make sure all the people that work for you get trained," Stan says. "In some cases, they will be this community's future entrepreneurs." In addition to supporting entrepreneurship through training, the HFN group of businesses offers entrepreneurial opportunities to build on. This year, local artists received exposure through The Market, which displayed their work to the broader community. In

"These training partnerships [with HFN] actually bridge the person from the skill-set that they have to the skill-set that they need to become employable."

—Kevin Somerville, Western Forest Products



Building a Successful Economy One Piece at a Time

addition, the HFN group maintained an online Huu-ay-aht business directory at www.hfndevelopmentlp.org. The HFN group also partnered with the Nuu-chah-nulth Economic Development Corporation (NEDC) to bring entrepreneurial support services to Anacla.

"We're here to help guide businesses from the beginning. We encourage people to come and talk to us about their business ideas as early as possible," says Caledonia Fred, NEDC Business Development Officer.

Putting it All Together

Careful planning and hard work leads to success, and the HFN group of businesses was proud to see results in 2013-14. Says Stan, "The initial work we put in is allowing us to grow and create healthier businesses. Today, as a group of businesses we've become self-supporting. We're proud of the work that we do and the employment that we supply."





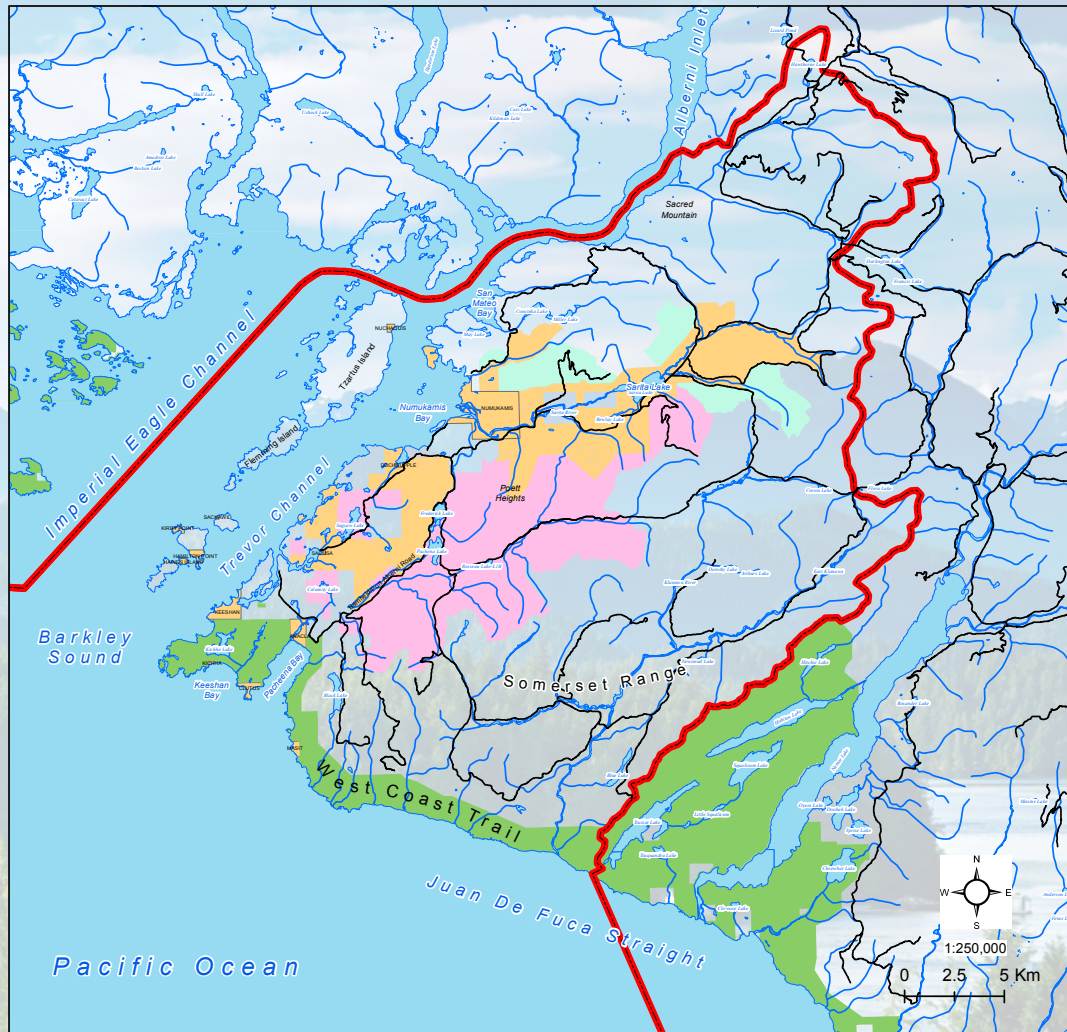
New Opportunities and Activities for 2014-15

The HFN group of businesses is dedicated to pursuing activities that align with the economic, environmental, and cultural values of Huu-ay-aht First Nations. Some activities in the works for next year include:

- Streamlining policies to improve efficiencies.
- Proceeding with next phase of the Sarita Clean Energy Project.
- Studying the HFN Gravel LP business model to determine the potential volume of business in the service area and changes required to maximize revenue.
- Planning for all businesses in the HFN group.
- Reviewing potential aquaculture partnerships and industry feasibility for HFN tenures.
- Developing an expedited land purchase process to better position the HFN group of businesses to act quickly when key properties come up for sale.
- Securing a long-term lease for the Pachena Bay Campground from the HFN government and implementing the second phase of campground upgrades and improvements.
- Educating and supporting all employees of HFN business enterprises about the four pillars of success: 1) Health and Safety, 2) Customer Service, 3) Representation, and 4) Capacity Building.

"We are not on the sidelines any more. Now we are in the boardrooms, talking with businesses and people about the full range of opportunities available."

–Tyee ḥáwíłth ʔiišín (Derek Peters)



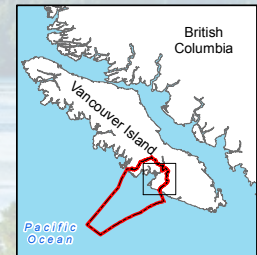
Huu-ay-aht First Nation

Treaty Settlement Lands and
Crown Forest Tenures Overview



Legend

- Transportation
- Water Courses
- Traditional Territory Boundary
- Pacific Rim National Park
- Huu-ay-aht First Nation Woodland Licence
- Huu-ay-aht Treaty Settlement Lands
- Huu-ay-aht Community Forest Agreement
- Oceans and Lakes



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