



# W'áném't'a

HEILTSUK ECONOMIC DEVELOPMENT CORPORATION

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## Transition of businesses to HEDC on October 1

The Heiltsuk Nation and the Heiltsuk Economic Development Corporation signed an historic agreement on September 25, 2009 as a follow-up to the meeting of the two business trusts, HTC and HEDC on August 17 (please see following article for more details of that meeting).

Effective October 1, the business assets and inventories, not including land and tenures, were transferred to HEDC along with responsibility and accountability for the management of eight Heiltsuk businesses. These include the cablevision, fuel, fisheries, band store, hardware stores, airport, and freight businesses. The post office business will be fully transferred once the documentation with Canada Post is in place. The value of assets transferred was approximately \$1.5 million. The forestry and financial accounting businesses are already under HEDC management.

The shareholders of HEDC, called the Bare Trustees, now hold the assets in trust for the Heiltsuk Nation. The trustees include Connie Newman, Harvey Humchitt, Pat Housty, Leona Humchitt, and Alvina Duncan.

The transition of the businesses was in keeping with four agreed-upon

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*HTC Chief Councilor Marilyn Slett (centre) and HEDC Chairperson Sapphire Humchitt sign asset transfer agreement on September 25, 2009 as HEDC CEO Jim Richardson looks on .*

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### W'áném't'a

(pronounced *Wa nem da*) means to trade or exchange, reflecting historical Heiltsuk leadership in trading of furs, seaweed, and other products which underlie the important business relationships with outsiders to sustain our community.

## Transition under way *continued from front*

guiding principles:

- The transition will support the solvency of HTC.
- The transition will not affect the taxation status of HEDC.
- The transition will not put a “debt” on the books of HEDC.
- The transition will not impede HEDC’s ability to secure financing and loan capital going forward.

Saphire Humchitt, HEDC’s Interim Chair, said, “We are grateful for the trust and confidence the Heiltsuk Tribal Council has expressed in our ability and capacity to manage the Heiltsuk businesses.” HTC also committed to supporting those businesses that are not currently profitable until March 2010. (Please see right for a list of new companies.)

HEDC’s CEO Jim Richardson commented, “We can now move HEDC into full operations and get our new business

plans in place for each business. HEDC is committed to making the businesses profitable over time and improving both overall value and quality of service to the community.”

All the financial accounting for the various businesses will also transfer to HEDC’s subsidiary company – First Nations Business Advisory Services – effective October 1, 2009.

The transition of businesses to the HEDC is a major move by the Heiltsuk to separate politics from business. For legal reasons, the assets transferred become part of a series of new companies established by HEDC. As well, new bank accounts for the new companies have been set up with the Royal Bank.

The transition and activation of the development corporation puts the Heiltsuk people in a leadership position with funding partners and others and opens a new way for

HTC and HEDC to work together for a stronger Heiltsuk Nation. ❖

### New HEDC Businesses

- Heiltsuk Fisheries Management Ltd.
- Bella Bella Airport Authority Ltd.
- Waglisla Cablevision Ltd.
- Waglisla Band Store Ltd.
- Lama Pass Fuel Co. Ltd.
- Waglisla Hardware Ltd.
- Waglisla Freight Ltd.
- 0835906 BC Ltd. (Waglisla Post Office)

### Existing HEDC Businesses

- Bella Bella Asset Holdings Ltd.
- Heiltsuk Coastal Forest Products Ltd.
- First Nations Business Advisory Services Ltd.
- Heiltsuk Economic Development Corporation

## HTC leads discussions with HEDC and Business Trusts

On August 17, 2009 at the Elders Center, 16 representatives from HTC (including 6 Councillors and Chief Councillor Marilyn Slett), HEDC, and Business Trusts met to discuss the transition of businesses from HTC to HEDC.

Garry Wouters of the Coastal First Nations group Turning Point provided facilitation for the discussions. The all-day meeting was an excellent forum for all groups to express their interests and concerns as well as strengthening relationships and understanding. A number of important decisions were reached:

- HTC will engage HEDC’s subsidiary company, First Nations Business Advisory Services, to do the bookkeeping for the HTC businesses commencing October 1, 2009.
- Four key principles for the transition of businesses were agreed upon as reported in the preceding article.

- A joint technical team has been established to work out transition details, including target date.
- A Strategic Planning proposal will be drafted by HEDC for approval by HTC that identifies the roles of each party, including the two trusts, for:
  - Scope of the plan
  - Development of the plan
  - Approval processes
  - On-going accountability
- The October 2007 MOU between HTC and HEDC will be redrafted to reflect these decisions.
- Conflict of Interest policy will be redrafted as it pertains to HEDC, HTC, and the two business trusts.

The meeting was very helpful to all parties in agreeing to move ahead in a timely manner. ❖

## Shawn Hunt – Heiltsuk artist and entrepreneur

*I always take risks; it is the only way I know how to work. If I am not risking everything, then there is no point.*

Shawn Hunt is from a family of Heiltsuk artists. His dad, Bradley Hunt, was an art teacher and an important carver and his younger brother, Dean, is also a carver. Through them, Shawn was exposed to art from the beginning of his life.

Born in 1975 in Vancouver, art was his favourite class in school, and he was “always drawing, even while in other subjects.” Despite his deep roots in Heiltsuk and other northern art, Shawn took an indirect path to becoming an artist. He says his career began “at the age of two” but for awhile he didn’t want to be an artist because he had seen how hard it was for his father to sustain a career and support the family. He later realized he was fooling himself and had always wanted to be an artist.

After high school, Shawn applied to the art program at Capilano College. When he wasn’t initially accepted, he helped his dad with a major totem pole project that provided both a focus and the material for a successful second application. At Cap College he



*Shawn Hunt hard at work creating a masterpiece.*

worked with sculptor George Rammell, who encouraged him to work with plaster and other material and develop his three-dimensional ideas and explore a variety of techniques.

Shawn then enrolled in the fine arts program at UBC which opened him up to the theoretical side and the history of art. University focussed him and showed him, in his words, “how to talk about my own work.” At his dad’s suggestion, and with strong family support, he started making jewellery. By the time he graduated from UBC in 2002, Shawn had built a considerable reputation as a jeweller.

He has spent most of the last few years deeply involved in major sculptural commissions which involve items such as a stunning building entrance with four poles carved completely around, and a large sculptural bentwood box and fireplace. Shawn maintains a studio on the Sunshine Coast, where he has been completing a number of projects. This work has prevented him from doing much else, though he has produced a small number of highly imaginative paintings which have “a bit of an edge to the imagery,” he says.

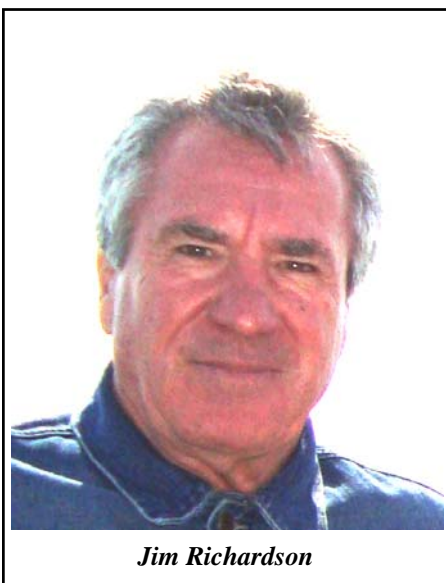


*“Box of Light”*

*Continued on p. 5*

# So you want to start a business...

by Jim Richardson, HEDC CEO



*Jim Richardson*

Many of us have had countless ideas about starting a business. I have also had the experience of being a banker and having people knock on my door for a loan to get their idea up and running. Having been on both sides of the fence, so to speak, I understand the perspectives of the entrepreneur trying to sell his or her idea and the banker looking for holes in the idea so as to protect the bank's investment.

Remember, most people who start a business and make it successful are not any smarter than you or I. It is often said that success is the dividend of hard work, and in the case of starting and growing a business, I believe that to be true. Yes, there can be some luck involved, but in the end it is taking forward your idea based on an understanding of what will make your business a success and the effort you put in to making it a success.

Everyone has had a good idea from time to time, but it has not gotten beyond their imagination or a

brief mention to family or friends. My experience in dealing with entrepreneurs is that they have generally had more than one or two ideas that they have acted on. If you look at the basic evolution of a business, it generally starts as being conceived by someone who then follows up with researching the idea and convincing themselves and others that it is a viable idea. Finally, they achieve their idea through the business plan that they develop and use as their guide to managing the business. In other words, we can look at the evolution of an idea as conceive it, believe it, and achieve it.

Let us take the idea of a coffee shop, say a Tim Horton's. You noticed on your recent trip to Nanaimo, when you stopped by a Tim Horton's, that cars were lined up waiting at the drive-thru and people were waiting inside to be served. You think...what a great idea if I were to open a Tim Horton's in Bella Bella! You have conceived your idea; now you want to take your idea to the next step...to believe it is possible.

It is natural to become emotionally attached to your idea, but you must become a critic as well in order to convince yourself and others that it is possible. You will have to convince others, too, because you will need financing or other forms of assistance to convince the Tim Horton's corporation that you can run a successful franchise here – construct the restaurant, hire the workers, and get it up and running. To do this, you must research your idea and find answers to numerous questions such as, do you have a location where you can build your restaurant? Can you get the workers needed? Can you get enough



customers to generate the revenue required to pay back your loan, pay your employees, buy your supplies, pay your utilities, and pay yourself? Remember, you must sell a lot of coffee and donuts to make that happen!

Once you have convinced yourself that the business can be successful, then you will have to put more structure to the research you did by preparing a business plan. You need a business plan to move forward. Don't fret if you know little about a business plan, because you can get help in putting your business plan together. The important point is that you have done the research necessary to convince yourself and others that you can attract enough customers and sell enough coffee and donuts to make a profit after all expenses are paid. The business plan is basically a map that lays out your route to success. As the famous ballplayer Yogi Bera once said, "If you don't know where you are going, you will end up somewhere else." The business plan will outline a strategy to attract and keep your customers and lay out a budget which basically identifies where your revenue will come from and the costs associated with operating your business.

Now, armed with your business plan, approach a bank. ❖

*(In the next newsletter I will be writing about how to prepare your approach to a bank and what to do if a bank says no.)*

## Shawn Hunt *continued from p. 3*

Still a young man, Shawn hasn't made much in the way of masks or other traditional forms but he is "anxious and excited to do them. Button blankets, bentwood boxes . . . there is so much that I want to do."

Because of his exceptional artistic skills, Shawn has become a successful entrepreneur and a role model for Heiltsuk interested in pursuing art as both a vocation and a business. If his work to date has messages, we can be assured that his future endeavours will be original and provocative. He responds, "My art should make you ask questions, question your government, the art form, the role of the curator. The art does not provide the answer but prompts the question." ❖

**Reference:** *Challenging Traditions: Contemporary First Nations Art of the Northwest Coast*, Ian M. Thom. Douglas and McIntyre, Vancouver, 2009.



*"Entrance"*

## HEDC planning to move ahead with scallop farming operation

Over the past several years, the Turning Point group of 10 First Nations organisations has completed trial production of growing Japanese scallops at various farm sites on the central coast. One of the more successful trials has been the Heiltsuk farm at Peter Bay. Carl

Humchitt has run the project since 2007 and was recently certified in 2008 by Vancouver Island University in Shellfish Aquaculture.

Chief Councillor Marilyn Slett has represented the Heiltsuk on the Turning Point board. She oversaw their efforts to set up several new corporations to provide scallop seed with a Chinese partner and an overall marketing and management organisation – the Great Bear Business Corporation and the Coastal Shellfish Corporation. The Heiltsuk have created Waglisla Shellfish Ltd. to put in place a fully-operational company to establish and operate a large scallop farm at Peter Bay.

The HEDC board has spent the past 6 months assessing and evaluating the risks and opportunities in order to be a major player in the scallop production business. The markets appear to be very strong and the sample product from the Peter Bay trial operations is

of high quality with reasonable survival and prospects for future expansion.

More than \$2 million will be required to get the business underway. It is planned to access approximately \$1 million from the Coast Opportunity Fund and \$500,000 from the Cape Fund, a private lending organisation established by Paul Martin, the former Prime Minister. Representatives of the Cape Fund were recently on-site at the Peter Bay farm to assess their planned investments. As well, the project will require up to \$550,000 in additional capital from conventional lending sources such as a bank.

The initial business plan shows that up to 6 full-time staff will be hired and in place by April 2010 and up to 12 at Year 3. Training and assistance will be provided by the Coastal Shellfish Corporation in

***Scallop farm continued on p. 6***



*Carl Humchitt has been the project coordinator for the Heiltsuk shellfish project for two years .*

# Scallop farming operation continued from p. 5

which the Heiltsuk Nation will hold shares.

At its Sept. 29, 2009 meeting, the HEDC Board unanimously approved going ahead with the shellfish project and will consider taking an investment in the hatchery facility expected to be established in the Prince Rupert area. The hatchery will be in joint ownership with a Chinese partner and the Coastal Shellfish Corporation.

Several other potential First Nations partners in the Coastal Shellfish Corp. have recently indicated they have not completed their due diligence on this project. As a result, there will be some delay in a collective decision to move forward. Any change in the detailed share structure would affect the current business plans.

The current business plan shows a modest return on investment by Year 2 of operations with full production by Year 5. It is estimated that by Year 5 there could be up to 150 large rafts or long lines to support the growing scallops, and the annual production would be about 850,000 kg of large scallops and steamer scallops.



*Larry Greba from Turning Point examines the pens and scallops at Peter Bay during a visit from Cape Fund staff Peter Forton (centre) and Alex Farley .*

The HEDC board has an obvious strategic interest in seeing some of the processing occur through the Heiltsuk fish plant in Bella Bella.

Jim Richardson, HEDC CEO, commented, “The scallop business represents a huge financial and employment opportunity for the Heiltsuk. No business investment is without risks, but this business appears to be sound with lots of potential for future expansion as the water and growing conditions in Heiltsuk territory are ideal.”

It is intended that the community will have a chance to sample this delicious seafood from the existing trial operation over the next few months. Those community members who have an interest in working for this new enterprise should drop off their resumes at the Heiltsuk Business centre.



*Eight-month-old Japanese scallops from the Heiltsuk farm at Peter Bay. Photo courtesy Carl Humchitt.*



**HEDC structure:**

**Heiltsuk Tribal Council**

Chief Councilor Marilyn Slett

- Earl Newman Sr.
- Rhoda Bolton
- Medrick (Bo) Reid
- Elroy White
- Don Vickers
- Marilyn Hall
- Vanessa Gladstone Brown
- Maria Housty
- Joann Green
- Mavis Windsor
- Cameron Brown

**Bare Trust (5 people)**

The Heiltsuk First Nation Economic Development Corporation Trust or “Bare Trust” Trustees are Alvina Duncan, Connie Newman, Leona Humchitt, Harvey Humchitt, and Pat Housty. As the Shareholders of the HEDC, the Trustees appoint and oversee the HEDC’s Board of Directors. The Bare Trust’s primary responsibility is to appoint and oversee the BoD of the HEDC. The Bare Trust and the Trustees reside on Heiltsuk First Nation Reserve land.

**Reversionary Trust (3 people)**

The Heiltsuk First Nation Business Trust or “Reversionary Trust” is the initial limited partner in each limited partnership, and its primary responsibility is to receive and hold in trust, on behalf of the Heiltsuk Tribal Council, surplus funds received from the HEDC’s business interests until such time as directed by the HTC as to their distribution. **The current trustees for the Reversionary trust are Stephen Hunt Jr. and Gilbert Jackson. One additional appointment is to be made.**

**HEDC Board of Directors**

- Saphire Humchitt
- Lois-Anne Arnold
- Bill Dumont
- Allen Edzerza
- Larry Jorgenson

**HEDC CEO Jim Richardson**

**Shared Administration**

(e.g. bookkeeping/accounting services, etc. subcontracted to First Nations Business Advisory Services Ltd.

**Treasury**

**Operational Business Unit Managers**  
(forestry, fisheries, retail, etc.)

## Slight market improvement results in logging startup

Initial plans were that Heiltsuk Coastal Forest Products would probably not start up operations in 2009 after a disastrous 2008 operating year. However, domestic mills have now committed to purchasing Heiltsuk logs at a guaranteed price – just enough to justify starting up logging again.

HCFP is currently harvesting one heli-logging project located in Johnson Channel. This is the first project for 2009. The markets in 2009 have been very inactive and this has meant HCFP has had to reduce their logging activity accordingly and focus on cost controls until harvesting activity can pick up.

John Mohammed of A+A Trading, HEDC's partner in the forestry business, has been monitoring the log market closely and provides the following log market information for *Wanemta* readers.

The collapse of U.S. housing starts has directly impacted the coastal forest industry. Total logging production on the coast is about one third of normal production. In fact, the harvest in 2009 is expected to be less than in 1930! The first half of the year was very quiet with most mills shut down and Asian log exports markets very weak. Pockets of demand started to strengthen late in the summer. Low harvesting rates and a high fire season caused a dramatic shortage in log inventories in the Vancouver log market. This then allowed us to take some orders for log sales and begin the Johnson Channel Heli-project.

Demand has increased mostly in the Red Cedar markets. Mills have some orders and are running at 70% of capacity (which is more than the first half of the year). The lack of supply in the system has caused prices to increase slightly. Another concern is low inventories for the winter months, so buyers are trying to buy now to build stock for the winter. We were able to take advantage of this and lock in sales from the Johnson Channel project for our cedar customers.

Cedar Gang price has increased about 4% and the orders for tight knot decking and standard grade have increased from the U.S. As a result, mills are looking for this item. The Cedar Merch log price has remained flat, but due to the low inventories in the river, customers are looking to buy and stock up for the winter so that they are ready for next spring's order file. Cedar Shingle prices are up 5% and should remain up for the winter months. We are making cedar house logs from this project, too; prices are strong for this sort. Most of our cedar buyers are familiar with cedar from HCFP's chart area, having bought from us before, and they are also satisfied with the quality of sorting and grading, so they are comfortable with pre-commitments for wood from the Johnson project.

The Hemlock volume from this project will be sold to Korea.

The Korean market has picked up, and fewer logs coming from Alaska and the U.S. have allowed us to take orders and supply Korean customers with logs. Japan log imports from North America are down 26% this year, so demand for hemlock to Japan is weak.

However, the Spruce from this project will be sold to Japan for interior housing use. Spruce from HCFP projects sold to Japanese customers was suitable for their interior house lumber grades and produced good results for customers, so we are able to get repeat orders. Prices are stable and support the cost to harvest it.

All log prices and lumber sold from Coastal BC are based in U.S. dollars so the currency exchange from Canadian to U.S. dollars is very important to watch. For the second and third quarter of '09, we have seen the Canadian dollar strengthen over 8% and this directly impacts the pricing of logs. Log prices have been held down due to the strong Canadian dollar.

The outlook for 2010 is steady improvement in the log markets. Housing starts in the U.S. have bottomed out, and we expect a slow rise in starts for next year. Prices will reflect this, but will not increase dramatically. Logging production should increase next year compared to '09 to match the increase in demand. ❖

### Contact Us!

Heiltsuk Economic Development Corporation

Box 950

Bella Bella, B.C.

V0T 1Z0

[www.HeiltsukDevCo.com](http://www.HeiltsukDevCo.com)

Tel. 250-957-2217

Fax 250-957-2247