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of the
Legislative Assembly of Manitoba
STANDING COMMITTEE
on
ECONOMIC DEVELOPMENT

31-32 Elizabeth II

Chairman
Mr. G. Lecuyer
Constituency of Radisson



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
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ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
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HARAPIAK, Harry M.	The Pas	NDP
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Thursday, 12 May, 1983

TIME — 10:00 a.m.

**LOCATION — Room 255, Legislative Building,
Winnipeg**

CHAIRMAN — Mr. G. Lecuyer, Radisson

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Mr. Cowan, Hon. Ms. Dolin, Hon. Mr. Parasiuk and Hon. Mrs. Smith

Messrs. Brown, Filmon, Harapiak, Johnston, Lecuyer, McKenzie and Scott.

APPEARING: Mr. Clement Jones, President and Chairman of the Board,

Mr. R.J. Kivisto, General Manager; and Mr. G.P. Trithart, Secretary-Treasurer appeared on behalf of Moose Lake Loggers Ltd.

Mr. Bill Bennett, President and Chairman of the Board; Mr. G.P. Trithart, Secretary-Treasurer; Mr. J. Benoit, General Manager, and Mr. G. Kemp, Foreman, appeared on behalf of Channel Area Loggers Ltd.

Mr. Bernard Wood, President and Chairman of the Board; Mr. Hugh Jones, General Manager; Mr. Alec Musgrove, Assistant General Manager; and Mr. Greg Goodwin, Secretary, appeared on behalf of Communities Economic Development Fund.

MATTERS UNDER DISCUSSION:

Annual Report of Moose Lake Loggers Ltd.

Annual Report of Channel Area Loggers Ltd.

Annual Report of Communities Economic Development Fund.

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MOOSE LAKE LOGGERS

MR. CHAIRMAN: Committee will come to order. The first item to be considered is the Report of the Channel Area Loggers Ltd. Sorry - we'll have to correct that. I am advised it's Moose Lake Loggers first to be considered.

Mr. Minister, do you wish to make opening remarks?

HON. J. COWAN: What I would like to do, Mr. Chairperson, is introduce some of the individuals who are here and will be fielding some of the questions in respect to the technical aspects of the report. We are here, of course, to review the Moose Lake Loggers Ltd. Annual Report for 1981-82. We have a new Chairperson this year, Mr. Clem Jones, and Gordon Trithart of course

is here and Reino Kivisto, General Manager of Moose Lake, is here.

I'll ask Mr. Jones if he wants to make a brief introductory statement.

MR. CHAIRMAN: Mr. Jones.

MR. C. JONES: Thank you, Mr. Minister. Mr. Chairman, members of the committee, ladies and gentlemen:

On behalf of the Board of Directors of Moose Lake Loggers Ltd., I wish to present the following report.

After six years of continual losses totaling in excess of half-a-million dollars, the corporation has had profits in the last three years of the last five years of operation. These retained earnings are sufficient to absorb our loss of \$98,286 for the year under review. While this loss is substantially larger than in the recent years, it can be attributed to the sharp decline in the cords produced. The worldwide recession affecting lumber and paper markets have necessitated a decrease in the amount of wood purchased by Manitoba Forestry Resources Limited in The Pas and our production is down some 16,000 cords from the previous year. This trend will continue into 1982 and 1983 fiscal year.

It is, however, interesting to note that in spite of the seven weeks of shutdown by the corporation, the average annual wages exceed \$24,000 and the employment levels were retained.

A major undertaking during the year was the acquisition of the camp facilities at Talbot Lake. This camp facility replaced the old camp on the north side of Moose Lake. Many of the older buildings were not worth repairing and the facilities which were of value were transferred to the new camp location, and the balance of the buildings were sold.

The new facility was purchased from the Manitoba Forestry Resources which allows for Manfor slashing crews as well as Moose Lake Logger crews to be housed together with a substantial savings to both parties. The additional benefits for the new relocation of the camp include: Being closer to the cutting areas, the fact that we will have 10 to 15 years of cutting in that area depending on the production levels and, of course, we'll have fewer maintenance problems.

I have with me today the General Manager of Moose Lake Loggers, Mr. Reino Kivisto, and his Secretary-Treasurer, Mr. Gordon Trithart, who will assist me in answering any specific questions you may wish to ask.

HON. J. COWAN: Mr. Chairperson, if I can, I believe Mr. Jones has given an overview of the activities of Moose Lake Loggers over the past year and welcome any questions on the general policies, or specific details of that, which I will then refer to the staff that are present.

MR. CHAIRMAN: The Member for Swan River.

MR. D. GOURLAY: Will there be copies available of the chairman's remarks that we may have for our files?

MR. C. JONES: I didn't quite hear you.

MR. D. GOURLAY: If there are copies available today. I guess that's my question.

HON. J. COWAN: Of the Chairperson's opening remarks?

MR. D. GOURLAY: Yes.

HON. J. COWAN: I believe we can have copies run off for you, yes. We'll have that done right away and distribute them to you.

MR. D. GOURLAY: Now the Chairman's remarks are relative to the report that we received recently, the period April 1, 1981 to March 31, 1982?

MR. C. JONES: That's correct.

MR. D. GOURLAY: I wonder if the Chairman could give us a brief rundown on the situation this past winter, with respect to the number of operators and the number of cords that were cut, and is there stockpiling or just what is the situation there this past winter?

MR. C. JONES: I'll refer that question to the General Manager, Mr. Reino Kivisto.

MR. CHAIRMAN: Mr. Kivisto.

MR. R. KIVISTO: No, Manfor took all our cords and we cut on our total year, approximately 57,000 cords which was down about 19,000 cords from our usual production.

MR. D. GOURLAY: Yes, I think I saw in here where there were 31 skidders, 19 of which were owner-operated skidders. Has there been any change in that number during the past year?

MR. R. KIVISTO: There are four or five operators that have left for Alberta and Saskatchewan and these operators haven't been replaced. The operators from Moose Lake haven't changed.

MR. D. GOURLAY: The present year that we're now into, how does the situation look with respect to markets for Manfor, and also the situation as it relates to Moose Lake? Are the number of cords anticipated cut going to be the same as last year, or cut back, or any increase?

MR. R. KIVISTO: Our present contract is for only 44,000 cords, which ends on September 30th. Then we're looking for a new contract at the end of September 30th, so we don't anticipate any increase really of production and we're not really sure exactly how much we're going to get at this time.

MR. D. GOURLAY: The situation as reported in the last report we have indicates that there is still a problem with absenteeism and getting people to work in the Moose Lake area. In view of the cutback and the amount of work to be undertaken this past year, has the

absenteeism still contributed to some degree to the loss as shown here?

MR. C. JONES: In regards to absenteeism, it has dropped off. We experienced absenteeism when we were into a poorer cutting area and now that we are into an area which provides good cutting absenteeism has dropped off considerably.

MR. D. GOURLAY: Are there still some ongoing training programs to assist the Moose Lake Loggers?

MR. C. JONES: I'll refer that question to Mr. Kivisto.

MR. R. KIVISTO: We're going to try to set up a training program for additional fellers and operators this summer.

I'm not sure yet where we can do this training because of the fact that we're not sure that there's going to be a job available for each one that we train at this time, but the Manpower people have indicated that they're willing to go ahead with a training program even despite the fact that there might not be a solid job waiting for the people that are trained.

MR. D. GOURLAY: What would be the total number of employees employed at Moose Lake operation this past winter?

MR. R. KIVISTO: We had approximately 68 people right through. We didn't reduce the number of employees because of the reduction in cords. We had to lay off earlier because of the cutback.

MR. D. GOURLAY: Yes, Mr. Chairman, what would be the - Reino had mentioned there was allocation of 44,000 cords. This is pulpwood you are talking about?

MR. R. KIVISTO: It's both pulpwood and logs.

The Manitoba Forestry slashers, they separate logs from the pulp as they slash it. We cut all our wood in tree length to roadside and we make the roads and that's the limit of our involvement in the production of the timber.

MR. D. GOURLAY: Manfor determines what goes into cutting logs and which is pulp?

MR. R. KIVISTO: That is correct.

MR. D. GOURLAY: So your total production or allocation is 44,000 cords to accommodate both pulp and saw logs?

MR. R. KIVISTO: That's correct.

MR. D. GOURLAY: Perhaps I could direct a question to the Minister responsible for Moose Lake Loggers and ask him what the current situation is with respect to involvement of the local people of Moose Lake with respect to the long-term objective of their operating the Moose Lake Logging operation. Has there been any change in this status?

HON. J. COWAN: I don't believe there have been any major changes in approach or in activities over the past

year. Certainly one should ascribe to that sort of process unfolding in an appropriate time frame, and we do that. One would like to see the control become more generated or more located in the specific area where the activities are being undertaken and we subscribe to that. I think it's an evolutionary process and one which one undertakes with some degree of caution, but at the same time with some motivation to keep the process moving forward. That is probably the way it has been done in the past; I can assure you that's the way that it's being done at the present time. It's a long-term objection which we hope will come to bear as circumstances warrant.

MR. D. GOURLAY: The reason I asked that question, I know there has been some representation made by local people wanting to have greater involvement in the operation there.

However, to go onto another question - in view of the economic situation that we have faced the last period of time, has the Minister any comment with respect to policy direction, with respect to the operation of Moose Lake Loggers in the immediate future?

HON. J. COWAN: Again, there would be no significant change that has been given on my direction. I do want to, at all times, make certain that the board is considering cost benefit analysis and factors that would affect that in their decision-making. One has to take into account not only the immediate economic effects of any particular decision, but one also has to take into account what sort of ripple effects that decision may have in the community or in the local economy, and I certainly have requested the board to do that when they are making decisions regarding changes or regarding continued operations, where there is some question as to whether or not those operations should be continued.

Basically, what we want to have in the end result is an operation that is as economically viable on its own as is possible, but one that certainly acknowledges it has a role to play in the development of an economy of which it is one part of many.

MR. D. GOURLAY: Were there any other changes on the board other than Mr. Jones replacing Mr. Christensen?

HON. J. COWAN: No, there have not been any changes since last year.

MR. D. GOURLAY: One other question is with respect to the camp facilities at Talbot Lake to replace the old camp on the north side of Moose Lake. I wonder whether either Reino or Mr. Jones could describe the camp facility that is there in a little more detail.

MR. R. KIVISTO: Well, we have a facility there that can house over 100 men at this time at Talbot Lake. We don't utilize all of it right now because we're in a less of a manpower situation at this time and Manfor stays also in camp, so at times they have up to 20 men and this then makes our facilities fairly well filled up. The camp at Talbot Lake, it's a pretty nice camp. It's fairly new. It's got a good kitchen facility. We're

working on upgrading the water because the well water is a little bit hard, so we're working to take water out of the lake, which is better tasting. Our sewage facilities are better there and the bunkhouses are newer and all in all, it's a much better situation than we were in at North Arm.

MR. D. GOURLAY: Are all the cutting operations directed from this camp, or are there separate individuals that work apart from the operations at Talbot Lake?

MR. R. KIVISTO: No, everybody works from the camp facility. There may be some that go home every night and come back to work in the morning, but there's no other base from where we operate.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Thank you, Mr. Chairman. Just one or two questions. I notice you have a bank loan guarantee of half a million dollars, guaranteed by the province. Could you tell me what portion of that loan is drawn down normally and what part of it is utilized at the present time?

MR. C. JONES: I'll pass this to Mr. Trithart.

MR. G. TRITHART: The amount of the loan varies considerably and at times, we're in credit balance and we have earned interest on the money at time, and at times we're in the red. I think for the current year, just off the top of my head, the net interest costs were about \$10,000 and that's at the prime rate.

MR. D. BLAKE: Under the Financial Statement, I notice you have Interest Income under Revenue of \$11,839.00. This would be from surplus funds that you have on deposit from time to time then?

MR. G. TRITHART: Not necessarily. Part of that interest would be from loans that we have made to the owner-operators who are buying skidders and we've assisted them with the down payment.

MR. D. BLAKE: Thank you, Mr. Chairman. I notice the services of the secretary-treasurer are provided by the Provincial Government and also they pay the Workers Compensation coverage. Could you give me an idea of what this cost would be?

MR. C. JONES: I'll refer that to Mr. Trithart.

MR. G. TRITHART: The cost is approximately \$35,000 for administration.

MR. D. BLAKE: Yes, the amount paid by the province on behalf of the workers, to cover their compensation requirements?

MR. G. TRITHART: There's actually no payment by the province. They're just exempt from Workers Compensation and I don't have that figure available.

MR. D. BLAKE: Yes, Mr. Chairman, the employees are covered under The Workers Compensation Act, and

yet no contribution is made to the Workers Compensation Act Fund on behalf of those workers. Is that correct?

MR. G. TRITHART: Not that I am aware of.

MR. D. BLAKE: I wonder if maybe the Minister might clarify that for me. I find that a bit odd.

HON. J. COWAN: I can indicate to you that the Minister finds it a bit odd, and thank you for asking a question. I will certainly look into it. I, quite frankly, don't know why that is. You having brought it to my attention, I will certainly look into it and report back to you in an appropriate manner as to why that situation exists. To my knowledge, it is not anything new; it is a matter of a longstanding nature, I have not previously taken the time to thoroughly review it. So having had it brought forward in this way, I will certainly undertake to do so and report back.

MR. D. BLAKE: I notice the proceeds from sale of fixed assets in the statement. I assume that's, Mr. Chairman, skidders and whatnot that have been sold to the employees. Is that correct?

MR. G. TRITHART: I'm sorry, I didn't get the question.

MR. D. BLAKE: There is an item, proceeds from sale of fixed assets of \$45,630.00. I assume that's skidders and various equipment that has been sold to the employees. Is that right?

MR. G. TRITHART: That was the camp move, and those buildings and/or equipment that was not required for the new camp were sold off.

MR. D. BLAKE: Thank you, Mr. Chairman.

MR. A. BROWN: You said that you were cutting logs both for pulpwood and for lumber, which just made me wonder. What length are you cutting these logs at?

MR. R. KIVISTO: We cut all our trees in tree length and our responsibility ends at roadside. We cut the trees and bring them out and pile them up in tree lengths. Our people make the roads to the front of these tree-length piles and that's where our responsibility ends. Manitoba Forestry Resources then slash the wood into 16 foot, and they separate the logs and the pulp at that time.

MR. A. BROWN: You said that the camp was located right in the midst of the cutting area, if I understood you correctly. Is that correct? Then my question would be, about how far do your employees have to travel to the actual cutting area from where your campsite is?

MR. R. KIVISTO: At the present time we are traveling varied lengths, because we cut on a block system. We cut one block and then we leave one block. It's in a checkerboard pattern.

Last winter, we were traveling sometimes 12 miles out from the camp. Some blocks were only 10 miles;

other blocks were only eight miles away from the camp. There is still timber that is right close to the camp, but Manitoba Forestry Resources, their foresters determine which blocks Moose Lake Loggers Ltd. will cut, so all these blocks are at different lengths from the camp.

MR. A. BROWN: I am not familiar with the operation, as you may have detected by the line of questioning that I'm doing and that is why I'm asking some of these questions. Do the cutters, those that do not go home, I take it that they stay in the bunkhouses is that right?

MR. R. KIVISTO: Some cutters take it upon themselves to go home every night. But it's fairly costly for them to make a trip home every night because The Pas is 92 miles away from the camp and Moose Lake is 50 miles, so most of the people elect to stay in the camp all week and cut from the camp.

MR. A. BROWN: These bunkhouses are owned by Moose Lake Loggers, I take it?

MR. R. KIVISTO: That's correct.

MR. A. BROWN: I wonder if you could describe the bunkhouses? Are they mobile? Are they easily moved from place to place, or what type of bunkhouses do you have?

MR. R. KIVISTO: Well, it's quite an undertaking to move our - we've got fairly large bunkhouses, one that accommodates 60 people so you have to have professional movers to move them. After we finish the present site, it's hardly likely that they'll be worth moving to another site. But at the present time the buildings are in good condition. The rooms are two people to one room and it's approximately 10 by 16, so there's adequate room for a bed and closets and they're kept in good condition.

MR. A. BROWN: There has been somewhat of an upturn in the construction industry. Are you feeling any of those effects at all over there or did you have quite a bit of stock on hand so that you will not be effected by this as yet?

MR. R. KIVISTO: Well, we sold all our wood that we cut but we're still feeling the effects of the recession because they haven't indicated that they're going to take any more total cords than what we've had last year.

MR. CHAIRMAN: The Honourable Member for Tuxedo.

MR. G. FILMON: Thank you, Mr. Chairman. I wonder if the chairman could indicate, do you have a survey that indicates what are the - I suppose to use an oil or mining term - proven reserves of wood in the area, in the catchment area, that's served by Moose Lake Loggers? In other words your cutting something in the range of normally close to 70,000 cords a year. How many years would this take to use up the given reserves that are there?

MR. R. KIVISTO: We estimate the wood at about 1,500,000 cords in the area and it could be more

because mostly the estimates are conservative. We think that in the camp area there's between 10 and 15 years.

MR. G. FILMON: Does that mean that there've been no estimates since the new government was elected? Just kidding, Mr. Chairman.

That indicates about 20 years of reserves, am I correct, 20 years or so at the present rate of logging?

MR. R. KIVISTO: That's correct.

MR. G. FILMON: I note the comment in the report that absenteeism remains a problem and I'm wondering what is being done to try and cut down on the absenteeism since it is indicated as being partially responsible for the current year's loss.

MR. R. KIVISTO: Well, we have a system of warning the people that are away for a period of time and if the person is away five days in succession, he's terminated. So really we can't do too much more.

The absenteeism has improved considerably since the time I started 10 years ago. It's not that much of a problem anymore, and I think in four or five years it should be virtually eliminated.

MR. G. FILMON: Has any consideration been given to undertaking counsellings or staff-relations programs to try and deal with the work force? I know from my time spent up north, both working there as a student and then later in years in government when I spent a number of times on trips up there speaking with people - not necessarily in Moose Lake, I wasn't there - but in other communities, they are anxious to try and find some means of economic development, particularly means of employment, for their residents. It seems almost impossible in many communities to come up with employment opportunities for sufficient numbers of the residents.

Here, with the opportunity that seems to be working out that has proven to be economically viable over the last five years and is encouraging I think in terms of an example, it seems strange that we can't motivate the course, encourage the work force to be there regularly and to contribute to their own best interests through it.

Has any opportunity been given for staff counselling and relations programs to try and motivate and encourage the staff to eliminate the absenteeism problems in their own best interest?

MR. C. JONES: Since I became Chairman of the Board and have taken this task, I am quite familiar with Moose Lake community and the idea of their absenteeism was, you know, my prime concern.

What I have been doing is with their supervisors, and with most of the Moose Lake residents who are employed by Moose Lake Loggers is trying to instill upon them a different type of attitude towards their employment. As has been mentioned already the Moose Lake Loggers is the sole source of income for the community with the exception of commercial fishing and trapping which is very minimal.

It appears to me at this time and by speaking to some of the employees personally that perhaps they

are entertaining a change in attitude towards employment and towards absenteeism. Even the younger loggers are starting to feel that perhaps they'd better start caring a little bit more for the only resource they have in their community. I feel on the whole that most of the loggers, and I speak for the younger ones, they realize this is their only chance to maintain a standard of living and some of them feel pretty close to the company, and I agree with Mr. Kivisto, I think we'll always have certain absenteeisms for various reasons and that, but it is improving, and this is a field that the company is trying to work on through their supervision and through Mr. Kivisto.

MR. G. FILMON: Well, I just would like to say, Mr. Chairman, that I encourage those efforts and hope that the company administration will keep that foremost in mind as a very important goal.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. W. MCKENZIE: Thank you, Mr. Chairman. The payroll, Mr. Chairman, 1.662 million this year, for 1982, do you expect to be about the same for the coming year?

MR. R. KIVISTO: According to the indications from Manfor that they're going to give us approximately the same amount of wood on contract again in the fall when our present contract runs out, it should be pretty well similar to this year's statement.

MR. W. MCKENZIE: Mr. Chairman, how do you deal with the payroll tax? Do you add that on the cost of wood, or are you absorbing the payroll tax?

MR. R. KIVISTO: The payroll tax is paid to us over and above our contract price from Manfor, so we're reimbursed for it.

HON. J. COWAN: I'm certain, although when they do that, they refer to it as the health and education levy.

MR. W. MCKENZIE: Could you explain that again? You charge it on the wood, am I correct?

MR. R. KIVISTO: Would you repeat that?

MR. W. MCKENZIE: I'm wondering how you deal with the payroll tax, is the tax then passed on to the price of the pulpwood?

MR. R. KIVISTO: It's part of our contract, so it comes onto the price of the wood.

MR. W. MCKENZIE: I noticed, Mr. Chairman, that you had a shutdown last year for some seven weeks. Are you expecting any shut-downs for 1983?

MR. R. KIVISTO: We are presently in a shutdown position. We shut down on March 26th. Virtually all cutting except a little bit of cleanup stopped on March 26th, and we don't expect to operate until August 15th again. We are presently going to go into a co-operation with the UIC and the Provincial Government on a

reforestation program, and participation from Moose Lake looks very encouraging. We supposed to start on the the 16th, and that's a 12-week program.

MR. W. MCKENZIE: Thank you, Mr. Chairman. Converting from the company-owned machines to skidder-owner operators - it's now what? - about 61 percent according to the Annual Report. Are you moving steadily to 100 percent, or are you satisfied the way it is?

MR. R. KIVISTO: We don't own any skidders; the company does not own any skidders. It's all 100 percent owner-operators.

MR. W. MCKENZIE: Oh it is, okay. Thank you.
I have one more question. In the auditor's report they mentioned the certain changes shown in Note 5 of the financial statement. Could you explain to me what the auditor is referring to there?

MR. G. TRITHART: This is a road that was built between the provincial trunk highway leading into the Community of Moose Lake to the old camp, and it's a road that's used for trucking in the wintertime by Manfor. We have negotiated a rate with Manfor at 10 cents a cord and therefore changed our depreciation level to exactly with that figure.

MR. W. MCKENZIE: Thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I don't have a question, but I would refer to Exhibit C and point out what appears to be a typing error. The \$127,544 at the bottom, I think your brackets should be beside the 98,286. The 127,544 is a profit, not a loss.

MR. G. TRITHART: You're correct that it's a profit, but it says, excess of expenditures over revenues, and the excess is 98,000; that's the way I read it. It's not very clear that way.

HON. J. COWAN: I think the Member for Sturgeon Creek has made a good point. For those who are reading the document with a background in normal accounting methods, they would read that as a loss rather than a profit. We'll make certain that next year's report shows that in what would be considered normal accounting practice.

MR. F. JOHNSTON: Because on Page two, we show the 127,000 in 1981 as a profit, and it's a little confusing.

A MEMBER: Agreed.

MR. D. GOURLAY: Mr. Chairman, I wonder if we could get an anticipated loss figure for the current year ending March, 1983. Would that information be available - approximately?

MR. G. TRITHART: We anticipate that it will be considerably better than last year. However, anything

that we do have is in unaudited form and I wouldn't like to put that forward at this time.

MR. D. GOURLAY: These losses in 1982 and anticipated loss this year, will that be cost-shared under the new Northern Development Agreement?

MR. G. TRITHART: No, it will not. The loss will be absorbed by the company through retained earnings.

MR. D. GOURLAY: Mr. Chairman, I don't have any further questions, but I'd like to thank the board and staff for being available to answer questions here this morning.

MR. A. BROWN: Mr. Chairman, I have a few more questions regarding the camp facilities and so on. When do you anticipate that you will have to be moving again?

MR. R. KIVISTO: It's hard to say, depending on the rate of cutting. If we're at 44,000 cords, it is going to be quite a long time before we have to move. If we accelerate cutting to 100,000 cords, then it could be maybe 10 years down the road, but I think we'll be at least 10 years to 15 years at this site.

MR. A. BROWN: The reason I'm asking some of these questions, Mr. Chairman, is that the firm that I am with, we just did a logging operation for somebody from out of province. They're going into smaller units, something that can be moved very readily, units that will sleep two people. We built a dining room facility for them, and it's going to seat 80 along with all the kitchen facilities. All of this is built in such a manner that it can be very easily disassembled and moved very readily. So that's why I have a bit of interest in what type of operation you have over there.

I would like to ask the Minister at the present time, is there any replanting going on in the areas that have been cleared out? Is there any replanting, reforestation going on?

HON. J. COWAN: I'll have to ask the staff to address that question in a specific way.

MR. G. TRITHART: At the present time, in fact on May 16th as mentioned previously, there is a reforestation program going on for a 12-week period. That reforestation program does not include planting as such, but it includes thinning in the area which will allow the growth to improve of those larger trees. In other words, you cut out the very small trees and allow the larger ones to blossom. It has proven very effective.

MR. A. BROWN: When an area has been cleared out of lumber, when you've cut all the lumber that's available in that particular area - and again I suppose I should direct it to the Minister, the question - is there any reforestation going on anywhere in any of the cutting areas at the present time that he is aware of, or how are we going to ensure that 50 years down the road we are going to be able to keep this operation going because there is going to be lumber available?

HON. J. COWAN: Again, I think I'll direct that question to staff and then perhaps make some general comments

if you wish, but I would like them to advise you of specifics that are anticipated or ongoing.

MR. R. KIVISTO: Every area that we cut is scarified. The scarification program makes a regeneration of - it's very good regeneration comes up. In fact, the regeneration comes up so good that we have to thin it after - and all our areas are 100 percent scarified.

HON. J. COWAN: I think what can be said is that there are different forest management practices that are suitable for different locales. In this particular area that the operation is ongoing now, it appears through this forest management practice which is not replanting per se, but is reforestation practices, we're able to maintain the type of long-term opportunity which the member references and which is so important to continued operations of this nature.

MR. A. BROWN: That's all the questions I have.

MR. CHAIRMAN: What is the committee's wish? Do you wish to approve the report?
Mr. Minister.

HON. J. COWAN: I would just like to thank the staff and the new Chairperson for the information which they have been able to provide. I will certainly attempt to get back on specific questions which have not been answered at this time in regard to Workers Compensation and get that information for the members who requested it, and once again thank the staff for their participation and the helpful way in which they have proceeded through these discussions.

HON. W. PARASIUK: I just wanted to ask the Minister if he would figure out if there is any way of cloning Mr. Kivisto. I have watched his performance over the years as a manager of Moose Lake. I think that his good performance has been exemplary. He has, I think, worked very well with the community and he has been doing two things, the community development and the commercial development. We wish him and the rest of the people involved with Moose Lake good efforts over the next year.

MR. CHAIRMAN: Mr. Minister, do you wish to answer the first part of that comment?

HON. J. COWAN: No, but the Minister of Mines and Energy having notified me that he is keeping an eye on Mr. Kivisto, I'm going to make certain that we keep even better eye on him and keep him in our operation and that he doesn't get stolen away from us. So I think all the staff, especially Mr. Kivisto, but all the staff do deserve credit for the way in which this operation has improved. I'm certain that they are proud of the progress which has been made and will continue to be made under such good stewardship.

MR. CHAIRMAN: There being no further questions, do we have approval for passage of the Report—pass.

CHANNEL AREA LOGGERS

MR. CHAIRMAN: The second report is that of the Channel Area Loggers.

Mr. Minister.

HON. J. COWAN: By way of opening remarks, Mr. Chairperson, I can take this opportunity to introduce a new Chairperson to Channel Area Loggers and also the staff which have accompanied him here to answer those questions which are brought forward by members of the committee.

Mr. Bill Bennett from Matheson Island is the new Chairperson, having just recently assumed that position. There is also a new board in place and, if there are questions in respect to detail on that, I'm certain we will be able to provide specific answers. Mr. Trithart, of course, is back at the table in a new capacity in respect to Channel Area Loggers, and we have as well George Kemp who is a foreman, a supervisor and Jim Benoit who is Manager.

I would like to thank them for being here today, and I'm certain they will be pleased to answer any specific questions of detail and I will try to answer any policy questions throughout the course of the discussion.

MR. CHAIRMAN: Mr. Bennett, did you wish to make opening remarks?

MR. B. BENNETT: Thank you. Mr. Minister, Members of the Legislature, ladies and gentlemen:

Channel Area Loggers Ltd. has been operating for eight years with substantial losses annually. It is, therefore, a pleasure to report to you on behalf of the Board of Directors that the results for the ending year of March 31, 1982, record the lowest loss in the company's history at \$17,262.00. While high production levels were instrumental in bringing about this favourable trend, the corporation is convinced that the cost-saving measures instituted by the new manager played a key role in the final results.

The Manager, Mr. Benoit, and his assistant, Mr. George Kemp, the Foreman, are deserving of considerable praise for their excellent efforts. Efficient owner/operators and employees work diligently for these results, and were rewarded in financial terms.

The year under review has been an enlightening process from which the corporation can plan future undertakings with a good degree of confidence. These include long-range cutting plans to maximize efforts and minimize costs, thus enabling the employees and the owner-operators to share in the financial benefits.

Mechanism has had a substantial effect on the operation by increasing wages and owner-operator payments. However, the corporation is aware of the limitation this places on employment. The company will require well thought out, long and short term plans in the future to obtain a good level of employment, jobs that will give meaningful financial return and maintain reasonable viability.

The corporation also has various governing factors, such as cutting limits placed on them by the needs of Abitibi-Price, the allowable extraction of spruce from that particular forest management unit, the abundance of small diameter spruce and terrain that is conducive to winter cutting unless substantial monies are spent on road systems.

I have with me Mr. James Benoit, the Manager for the period under view, his assistant, Mr. George Kemp,

and the secretary-treasurer, Mr. Gordon Trithart, who will assist in answering any questions you might have.
Thank you.

HON. J. COWAN: I believe we're having copies of that made and we'll distribute them as soon as they're ready.

MR. D. GOURLAY: Yes, I noticed in the Annual Report that it mentions the corporation produced some 27,000 cords of pulpwood during the year ending March 31, 1982. It shows in the book later on where the production was 22,000 cords. That would indicate that there was a 5,000 cord carry-over?

MR. CHAIRMAN: Mr. Benoit.

MR. J. BENOIT: Yes, that's correct.

MR. D. GOURLAY: As I recall, Channel Area Loggers had serious difficulties right from conception with respect to the general cutting area that was allocated to the Channel Area operation. It was also plagued with a lot of absenteeism, particularly from people from the Berens River area that were allocated jobs in the area, and I think from time to time there was a concern with Abitibi not maybe paying enough for the product. I wonder if we could get some comment with respect to those problem areas: the cutting areas, the absenteeism and price.

MR. J. BENOIT: I think probably it would be better if Mr. Trithart would answer that, due to the fact that this concerns the time when I wasn't there.

MR. CHAIRMAN: All right. Mr. Trithart.

MR. G. TRITHART: As far as the cutting areas are concerned, we, as a company, have decided on certain other areas north of the Bradbury River, which was the questionable area. Up to two years ago, there were two very severe fires in that area, which does not make that particular area as valuable as it used to be. Therefore we, with the assistance of the Provincial Government last year, did what's commonly called cruising, which means that you're taking stock of the timber in the area at the ground level; in more finite terms, I suppose, than that that are taken by aerial photos and we hope that will continue this year, so that more proper planning can take place.

Insofar as the price, there was a considerable increase made by Abitibi-Price a couple of years ago, which in part brought things into line and in fact is somewhat responsible for our net result for the year under review. There are other factors that are included in that, of course, which include having the owner-operators feed themselves and then not necessitating the large kitchen and housing and all those costs that go along with that.

I'd like to ask the member what the final one was, please.

MR. D. GOURLAY: Absenteeism.

MR. G. TRITHART: I think that of the workers that we had coming out in the past year it was considerably improved from prior years. I think that, like Moose Lake,

it's going to take time and effort on behalf the management at the site and that looks as though it's taking place.

MR. D. GOURLAY: A question on the absenteeism. As I understand it, over the years there was good participation in filling the jobs by the Metis Community and also the Peguis Indian Reserve. The absentee problem seemed to be centered in the Berens River area. You say the situation has improved. Are the jobs being picked up by other communities, or is the Berens River area co-operating and picking up the jobs that are there?

MR. G. TRITHART: As it refers to Berens River, yes, we are having better success in Berens River, much better success, and that is what I was referring to. In fact, I think in part that success stems from the fact that the leaders of the community are participating, including being on the board now, and they seem to be taking a renewed interest in the corporation and it's improved all the way around.

HON. J. COWAN: If I can just add to that. I had indicated earlier that we had made some changes to the board in the last little while. Those changes involved a visit of myself to the community to discuss with the Mayor of the Community Council and the Chief of the Band some of these situations and also some long-term goals and objectives which they had and the province had, in respect to the operation of this particular company.

I was impressed at that time that there was a willingness to co-operate with the province, to discuss options, to work together to increase the efficiency of the operation. Only time will tell if, in fact, we are able to translate that willingness into absolute results which show up in a report such as you have before you today. I'm encouraged though and optimistic that that will be the case.

When we did discuss the new board with them, one of the requests which they made to us, and a request which was ultimately accepted, was that the Community Council would have three representatives on the board, and that the Band would have three representatives on the board, and that the board would then have three other representatives. They felt that gave them more influence on the board. I believe that accomplishes that as well. That is important because if the operation is going to flourish and prosper, then the people who are most involved in the area and in the operation itself must be working together. By getting that sort of community representation on the board, I believe we have accomplished that.

I think it's also noteworthy that the chief of the band is now one of the members of the board. Perhaps, for the members opposite, I can outline who the new board members are. Mr. Bennett, of course, is chairperson. From the community council is Henry McKay, Ernest McKay and Jack Clarkson. From the band is Chief Lester Evert, Bill Hudson and Edmund Berens. Two other board members that were on previously and also stayed were Bruno Zipala (phonetic) from the Department of Natural Resources and Maureen Prenderville who is a private entrepreneur in the forestry industry and who is, I'm certain, familiar to members opposite and has considerable expertise in that area.

MR. CHAIRMAN: Does the Member for Swan River have further questions?

The Member for Swan River.

MR. D. GOURLAY: I wonder if one of the members could indicate the situation this past year with respect to the cutting operations. I think this is the second year that the camp facilities as existed previously are no longer operational and that the contractors, I think it was indicated in the opening remarks, supply their own camping facilities. What is the situation there this past year with respect to private operators? How many, and what is the situation with respect to the production?

MR. J. BENOIT: The production has increased considerably with private operators. They're all private operators now, including the local people, and then there is one outside operator we have. There seems to be more harmony with the production end of it, and I feel it's improved considerably.

MR. D. GOURLAY: Mr. Benoit, did you say there were two local operators and two outside operators?

MR. J. BENOIT: Negative. There is one outside operator and there has been a total of 11 operators from the local people.

MR. D. GOURLAY: These are owner/operators?

MR. J. BENOIT: That's right.

MR. D. GOURLAY: What is the current situation with respect to this year and the arrangements with Abitibi? Has the allocation been finalized, or is that in the process at the present time?

MR. J. BENOIT: That's in the process now.

MR. D. GOURLAY: When will the new contract, when is the time for that to come up?

MR. J. BENOIT: October, I believe, is when it's . . .

MR. D. GOURLAY: October the 1st. It's gratifying to see the losses for the year ending March 31, 1982, have been considerably reduced to the point where it's almost at break even. Will the Channel Area Loggers be able to maintain this level of operation, or do they anticipate it will improve in the current year, or will it foresee some further difficulties ahead this current year?

MR. G. TRITHART: The productions levels have been cut back to 18,500 for the year ending March 31, 1983, which includes approximately 6,000 cords of carryover. However, management has worked hard and diligently and with sustained interest to overcome this situation, and we anticipate for that year ended with unaudited figures a similar position or close thereto.

As far as the current year is concerned, it looks as though levels of production will be the same as the prior year, although negotiations have not been finalized.

The problems that are occurring in the area are the company's ability to get at the wood from the point of view that the ground is not the kind of ground that you

have in Moose Lake where you can work 10, 12 months of the year. There are a lot of areas where you have to go in after it's fully frozen up, which means, at the best, mid-December and into latter March or April, depending on the weather.

The company is at the present time, with the assistance of the government, trying to more properly plan these areas so that the summer cutting isn't done in the wintertime and that type of thing which will place us in a bad position.

MR. D. GOURLAY: Are there any activities going on in the Channel Area operation right now, or is everything shut down?

MR. G. TRITHART: Everything was shut down at approximately mid-March. Through the assistance of the Provincial Government again, we are trying to locate an area near the camp which can provide the same kind of jobs this summer as those provided through the reforestation program at Moose Lake; that is thinning the timber. That will be done within the next week or so and, in all probability, some activity will commence in June.

MR. D. GOURLAY: That's fine for now.

MR. D. BLAKE: I would put the same question to the Minister in connection with the employers here on their worker benefits to see if he can give me that same answer.

Mr. Chairman, I notice they approved a non-resident contractor this year, and I notice production of 22,000 cords. There are three owner/operators that produce 17,781 cords. There is one contractor with highly mechanized equipment. Would that be the non-resident contractor that produced 7,200 cords?

HON. J. COWAN: Perhaps, Mr. Chairperson, I will answer the first part of the question and then refer the second question to Mr. Trithart.

I can indicate that I will review the matter of Workers Compensation benefits and report back through the committee to the member, as the case may be, to advise him of why things are done in the way in which they are. I can't give him further information at this time.

Mr. Trithart.

MR. G. TRITHART: In the year under review, the contractor was operating on a method of cutting and delivering his wood to the landing, whereas in the current year just ended, he is doing all the snipping and the slashing, and the local people are limbing it, topping it and hauling it to the roadside in tree length. So, it's a co-operative kind of thing, and there seems to be a fair amount of interest by the local people, especially those owner-operators locally, who in such a short season have difficulty meeting their interest payments, and this method provides them with a little more money to do just that.

MR. D. BLAKE: Well, all I can say is if that's going to be successful, Mr. Chairman, I certainly encourage it. It just appears on the surface that a couple of operators accounted for the largest portion of the production.

Another question, the cord wood itself that is located on the landing site, is this shipped in barge method down the lake to the Abitibi Plant at Pine Falls, and how much is shipped out by truck on the winter road?

MR. J. BENOIT: It's all shipped by barge, there is none goes by winter road. Winter roads are not in a condition to haul wood over them.

MR. D. BLAKE: I noticed there was \$43,000 expense to overhaul a bulldozer, and there is some \$100,000 additional cost for road improvements, I wonder if the General Manager could elaborate on that for me?

MR. J. BENOIT: Yes, the dozer had reached a time where it would not operate any more in the condition it was in and required this major overhaul. The roads that are built due to the territory, the wood is in bluffs and fairly small bluffs and requires a considerable amount of roads to perform a season's operation.

MR. D. BLAKE: Is this road work done by the Channel Area Loggers themselves with their own equipment, or do they bring in any outside contractors to assist with this work?

MR. J. BENOIT: This road work is being done by Channel Area Loggers with their equipment.

MR. D. BLAKE: On the barging operation, could the general manager indicate what loss is suffered in floating the wood down the lake. I know a few years ago there was absolute disaster — (Interjection) — yes, some experiment in getting the wood down to the mill site. Could he give me some indication what the losses are now suffered in barging the pulp down the lake?

MR. G. TRITHART: Channel Area Logger sells the wood to Abitibi at the barge landing, and Abitibi takes all responsibility for payment and for hiring whomever to get the wood down to Pine Falls. There was an experiment done a few years back to bundle the wood and put it in large boats and just tow it down the lake, but as those of you who know Lake Winnipeg, it can get pretty severe, and the experiment didn't go off that well. Out of some I think it was almost 2,000 cords, approximately 1,100 cords got to Pine Falls.

MR. D. BLAKE: I just wonder if any attempts had been made to recover those logs from along the lakeshore. They are strewn for quite a large mileage down the lakeshore. I noticed that when I was up the year after that unfortunate incident. I suppose it wouldn't be a profitable operation to try and salvage that at all. Well, I'm glad that is working out a little better. Was there consideration given to trucking or is it the road condition are just not suitable for trucking that wood out?

MR. J. BENOIT: If I understood you right, the roads are not suitable for trucking wood out. We maintain roads from the cut area to the landing, and there's a winter road comes in going to the community of Berens River where there is some transportation freight comes in on that, but so far has not been used for hauling the cord wood out.

MR. D. BLAKE: That's fine, Mr. Chairman, thank you.

MR. W. MCKENZIE: Mr. Chairman, on page 6 of the report, in the training, it's mentioned the shortage of training funds that makes it difficult to acquire facilities and retain persons. Has that problem been resolved?

MR. G. TRITHART: Some plans are afoot to improve training, however, nothing is in place yet. However, we hope that within the next, say, three months some type of training will be taking place in addition to that on-the-job training which is carried on at all times.

MR. W. MCKENZIE: I just have one other question, Mr. Chairman, and I should maybe know it. It's regarding the lodging and the meals. You provide the meals and the lodging at what? A monthly rate, a daily rate, or at cost to the employees, is that it?

MR. J. BENOIT: I believe that's the way it used to be done previously. As it is now, we supply items that they might require at their camp, and they buy them at roughly Channel's cost and take them to their own operation and use them up there.

MR. W. MCKENZIE: That's all I have, Mr. Chairman.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Chairman.

One of the problems that we faced a number of years ago was that we had amortized some of the so-called capital outlays to try and, I think, reduce the operating losses. I wonder if maybe Mr. Trithart or somebody could inform the committee whether or not the amortization of the main roads of the machinery and equipment is of an amount that truly sort of reflects the infrastructure as well as the cost of the recoverability of the equipment that's being used up there.

MR. G. TRITHART: As far as the roads are concerned there are only about \$3,000 remaining to be depreciated, so we're in a good situation there. However, with the changes in the operation over the past six or seven years, the whole camp structure is not the most convenient and the least expensive way to operate. However, there are plans afoot to revitalize this kind of thing over the next few years.

We're in an area now where we're running out of wood and we're just trying to hang on until we have to move. We don't want to spend a lot of money in that area at this time.

MR. R. BANMAN: Once you have run out of wood, is there an alternate site and will you be using, for instance, the trailers and some of the fixed assets that you have over there at a new site?

MR. G. TRITHART: Yes, there are new areas that are being looked at now and will continue to be looked at over this current year. The company is trying to properly plan where the most feasible place is to move to and continue to cut in that area now.

One of the reasons why the outside contractor is there is that we're in an awful lot of very small wood,

and it's difficult to operate in with a skidder and without using a slasher and snipper. So that's one of the main reasons for having that outside contractor.

We hope to be able to utilize part of the buildings that we have there, although there are some which will not be used, and those buildings would be sold at that time.

MR. R. BANMAN: Having been up there at a time when there was a lot of rain, I can appreciate some of the problems and difficulties you have with your roads, but I wonder - have you done any projections as to the costs of moving the operation? Are you looking at a fairly substantial cost that you would be incurring in a move?

MR. G. TRITHART: That depends where the move is, of course. We're looking at that and we should have some of that information available no later than this fall.

MR. W. McKENZIE: I have one question, Mr. Chairman. What price, Mr. Chairman, do you get from the wood per cord from Abitibi? What are they paying?

MR. G. TRITHART: Would you repeat the question, please?

MR. W. McKENZIE: What price are Abitibi paying for the pulpwood today?

MR. G. TRITHART: \$17 per cubic metre stacked, \$64.16 a cord.

MR. W. McKENZIE: \$64.16, thank you. Per cubic metre stacked; that's interesting.

MR. CHAIRMAN: There being no further questions - the Member for Swan River.

MR. D. GOURLAY: On the losses experienced this last year, will this be cost-shared with the Federal Government under the new Northern Development Agreement?

MR. G. TRITHART: No, it was paid by the province.

MR. D. GOURLAY: There is no further participation to absorb any of the losses under the new agreement for this project?

MR. G. TRITHART: Not that I am aware of; although under the Northern Development Agreement, there are avenues by which the company can improve their situation through planning and implementation of those plans.

MR. D. GOURLAY: Well, those are all the questions I have, Mr. Chairman.

I'd like to congratulate the Channel Area Loggers for making a big improvement this past year and wish them well in the year ahead.

HON. J. COWAN: Basically, we share the sentiments of the Member for Swan River and others in the

committee, and I want to once again thank the chairperson and the staff for their participation in a very helpful way throughout these proceedings.

MR. CHAIRMAN: There being no further questions, do we have approval for the report? Pass.

HON. J. COWAN: Do you want to proceed with CEDF today? We're prepared. Yes, okay.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

MR. CHAIRMAN: The meeting will come to order. We are now considering the report of the Communities Economic Development Fund.

Mr. Minister.

HON. J. COWAN: Yes, if I can by way of opening remarks, Mr. Chairperson, introduce the new Chairperson of the Communities Economic Development Fund, Mr. Bernard Wood. Of course, we have with us, Mr. Hugh Jones, General Manager; Mr. Greg Goodwin, Secretary; and Mr. Alec Musgrove, Assistant General Manager.

With that, I'll ask the Chairperson if he wants to make his opening remarks on behalf of the Fund.

MR. CHAIRMAN: Mr. Wood.

MR. B. WOOD: Thank you, Mr. Chairman, ladies and gentlemen.

First, I'd like to start off by reading the names of the Board of Directors of the Communities Economic Development Fund. We have Bill Bennett from Matheson Island; Barbara Bruce from Winnipeg; Paul Dupres from Winnipeg; Elijah Harper from Island Lake; Douglas Hastings from God's Lake; Elizabeth Isbister from Norway House; and Bernice O'Connor from Churchill.

That's the list of directors, and what I'd like to do today in the presentation is I'd like to discuss some of the things that took place at our board meetings over the past few months.

The first thing that we did as a new board was review some of the policy, the previous policy of the Communities Economic Development Fund, and through the information shared at that board meeting and through response from the communities, it was decided by the board that one of the first things that we have to do as a board is provide further information to people in the community so that they understand what the Communities Economic Development Fund is all about.

We've tried to do that in directing the staff to begin setting up community visits, community meetings in communities throughout Manitoba so that we could not only encourage people at the communities to have the Fund available to them, but also to understand the programs and how the Fund works, what the criteria of the program is.

We've started that; we've had visits to Garden Hill, God's Lake Narrows, at the request of the communities, and we've also had an open-house board meeting in Thompson in February of 1983. I think, from some of

the feedback we've received from communities, that it's going to assist communities to understand what the Fund is all about.

The Board has also made recommendations on some changes to the Fund, to the policy of the Fund, and three of the major areas are the restriction on geographic location of businesses to be established, and that was lifted.

Under the new policy, Indians of treaty status may apply to the fund. Another change was the applications limit, which the board could make decisions on and that's been increased to 150,000 from 75,000 and the chairperson and general manager of the Fund can consider applications up to \$25,000 and that's a change from 10,000.

So I think those are the major changes that we've looked at, and I think that the Annual Report of the Communities Economic Development Fund lists some of the activities and financial accounts of the fund. We will attempt to answer any questions that you have through our staff, through myself, and through our Minister. Thank you.

MR. D. GOURLAY: Well, I'd like to thank Mr. Wood for his opening comments and informing us of some new policy direction for CDF. I wonder if Mr. Wood could tell us, in a little more detail, about the geographic location of the fund? Is it open now to anywhere in the province?

MR. B. WOOD: Yes, the Fund with the new change, is open to anywhere in the province. The reason for that was we had a lot of communities in some areas of the south that felt they were being excluded from having access to the fund. Now the board decided to open it up, but the major emphasis will always be on those communities that are most in need, which are the Northern communities.

MR. D. GOURLAY: Was it the board's feeling that communities in the south didn't have access to lending institutions that would meet their needs?

MR. B. WOOD: Yes, that was considered by the board and we feel that because there are institutions in the south, doesn't mean that they're accessible to some of the people that would like to use them and that was considered in the decision of the board.

MR. D. GOURLAY: The board now is accepting applications from Treaty Indians that live on reservations. How many applications have been received since the policy change, applications from, in fact, Treaty Indians on reservations?

MR. B. WOOD: We've had three applications that were received, one that was approved, one that the board is still considering at this point. I'm sorry, there were two applications that were approved, one that is being considered at this point.

MR. D. GOURLAY: I wonder if you could give us in the committee the information as to the amount and the type of loans that have been approved?

MR. H. JONES: Mr. Chairman, the first one that was approved was to the Interlake Reserves Tribal Council.

It's a conglomerate of a number of Indian Bands that established a company to purchase an existing business in the Interlake, to purchase the Ashern Lumber Company, and it's quite an unusual and rather innovative idea. The assets of this particular business are not on reserve land, so the Fund has been able to take the normal commercial security. That was the first one.

There's another one which I'm not sure how detail I should give at this stage, because it's being considered by the board. The amount involved is about 290,000 which takes it over the board's authorizing limits, so there is not an approval yet. It has to be considered by the government and that's for a building supplies operation in Scantebury.

The other one is a small one, Gilbert North of Oxford House whom we dealt for a number of years under the old restriction from a contract point of view, but this time, he's a Treaty Indian and he can apply in a normal way.

We have two or three pending applications that are very small, that have not yet got to the board level.

MR. D. GOURLAY: The name of the one that was approved in the Interlake was called Interlake . . .

MR. H. JONES: Interlake Reserves Tribal Council.

MR. D. GOURLAY: And I understand this is for a business located outside of a reservation?

MR. H. JONES: That's correct - in Ashern.

MR. D. GOURLAY: So then this policy change really doesn't - the existing policy would have covered this type of application, would it not?

MR. H. JONES: Well, one could debate that, Mr. Gourlay. Under the old policy, the Fund was expected to exert some pressure on the Department of Indian Affairs. In this case, there was a contribution from the Federal Government not, as I recall it, directly from Indian Affairs and the fund, because of the nature of the business and the employment and the potential, concluded it's something it should address itself.

MR. D. GOURLAY: I just missed the last part of Mr. Jones's answer.

MR. H. JONES: A year or so ago, we would have taken the view that this applicant should have gone to, and we would have tried to push them into the Indian Affairs system. They had been through the federal Special ARDA Program and received a grant contribution from them and they came to us and Mr. Gourlay, I think I said that the nature of the business, the kind of employment, and the location and the potential viability was such that the Funds Board concluded it's something we should do without redirecting them to Indian Affairs which, as you will recall, is a pretty horrendous process.

MR. D. GOURLAY: Does Indian Affairs still have available to Treaty Indians, the economic lending program, would you know?

MR. H. JONES: Well, it's still in existence, Mr. Gourlay, but as far as we know, in the Fund - there's no money there.

MR. D. GOURLAY: With respect to lending money to Treaty Indians on reservations, how do you obtain the necessary security for loans of this nature? I recall a problem that the Province of Manitoba experienced some years ago with extending funds to an Indian Reservation for a trailer park in The Pas, which was located on an Indian Reservation. Subsequently, that operation ran into difficulty and there was no way that the province could obtain any security for money expended because of the fact that it was on the Indian Reservation. How now are you obtaining the necessary security to cover loans made to Treaty Indians on reservations?

MR. H. JONES: I don't want to go back to the policy issue; perhaps Mr. Wood could review that again. But from taking charges over security on fixed assets on Indian land, of course, is extremely difficult. The only instrument available, and we've been doing some more research this month on this, is a conditional sales agreement over equipment or whatever, and under that instrument, one is allowed to go on because the title doesn't change and remove the assets. But there is a very limited protection. I think I am right in saying that the board has been taking the view here that on all applications that come in from Indians of treaty status, while we want to leave the door at the front open, the board is giving very careful consideration. In other words, trying to measure the risk in terms of recognizing the fact that in the majority of cases we are not going to be adequately protected from a physical security point of view. But the loan may be "secured," if I can use the word in quotes, Mr. Gourlay, in another respect; that the business, the generation of revenues and so on are such and the potential will be such to satisfy the directors that the viability is sufficient. But the fact remains that, in general terms, physical security is a difficult process.

MR. D. GOURLAY: I appreciate the fact that the Indian people are citizens of the province and should be accorded the same privileges as other citizens. However, as I indicated earlier an example that was given, one of the main reasons the Fund did not extend monies to Treaty Indians on reservations was because of the severe difficulties that had been experienced in the past in order to get the necessary security to protect the monies and to protect the taxpayers of the province.

If this situation can be overcome to the satisfaction of the board, then this is fine and I accept that. However, I would caution the board that this is a situation that, I think, has to be dealt with with extreme - well I think we should tread very lightly on it. Also, I think that there should be some participation or some communication with the Department of Indian Affairs to obtain some input from that department, if necessary, to secure some of the loans that are made as this responsibility really falls largely on the Department of Indian Affairs.

HON. J. COWAN: If I can just respond to that, I do appreciate the comments from the Member for Swan River and I do want to make some general response to it.

It must be clearly stated that by the removing of the restriction that existed previously, we are not creating

a circumstance that is different for Treaty Indian people than for any other individual on making application to the loan. They must meet the standards and the criteria by which the board undertakes considerations of loans. If they are successful in their application, then there must be some security. There must be some way by which the board can feel comfortable in securing its loan.

In that way, Treaty Indian people are at somewhat of a disadvantage if they are operating on reserve, because what would normally be a way by which the board could recover its security is not, therefore, available to them. That is taken into consideration during the deliberations on any specific application. If in fact other ways can be found by way of agreement or other innovative measures or other existing practices to secure the loan, then they, like any other individual have in fact met the test of security for a loan, which has to be included in each of their applications. Their application would be looked upon favourably from that perspective. Then it has to meet all the other criteria.

So in essence, the safeguards which the Member for Swan River indicates are necessary, I believe, are in place. The caution is a caution that is exercised no more so in respect to these loans or any other loans. The caution which he says should be applied is one which, I think you would agree, should be applied to all loans. If you are going to give a loan, you want to have the most secure loan possible. So, in fact, that caution is a part of the normal processes normally exercised, and I would like to think that we review every application with that sort of caution and consideration for the long-term benefits of the Fund itself.

MR. D. GOURLAY: Just to indicate on the record, of course, applications received from people not of treaty status or on reservations, this was part and parcel of the policy, that security had to be provided and could be provided, but the difficulty was not so easy on the other situation.

I'm wondering with respect to the limit; that same limit applies, I would presume, to the Treaty Indians on reservations as to any other application - it's dealt with the same way.

MR. B. WOOD: Yes, that same limit would apply to everyone. To answer further to your question there, the board in our discussions on this new policy change, will be taking every precaution to ensure that we're acting in the best interests of the fund, and that applications with respect to Treaty Indians on reserves will be considered very closely and will be monitored very closely, because it is a concern of the board. We will be monitoring these projects closely to ensure that the projects are viable, can work. I don't think it's a situation where we are going to have a huge influx of applications from reserves that the board really can't deal with properly.

MR. D. GOURLAY: Has the board had any consultation with the Department of Indian Affairs with respect to this new policy change and CEDF?

MR. H. JONES: Mr. Chairman, at staff level, we have been talking to the Department. I mean, of course, that's an ongoing process.

If I could just add something to what Mr. Wood just said, in one of the loans that has at least been considered at board level, the directors gave general agreement to it and this may be an example, Mr. Gourlay, that you are thinking about. The staff were instructed to meet with Indian Affairs and to go over the proposal to pursue several other avenues; one, the possibility of getting a direct or a partially direct guarantee from the department itself. It's something that we are still exploring. The degree of success, I just don't know, but these meetings and the relationship is still there and we are certainly in direct consultation with them.

I don't think for one minute they are under the impression - I know they're not - that the Fund - well, their applicants can now henceforth be directed to the Fund. That's not the case.

MR. D. GOURLAY: Even though the Department of Indian Affairs may not be in a position to give any financial security to the loan, does the board seek the recommendation or approval from the Department of Indian Affairs before final approval is given to an application?

MR. H. JONES: Not as such, Mr. Chairman. We haven't sought their approval. As I say, we are discussing these things with them, but we haven't gone to them and asked for their approval on any of these if that's what you mean.

MR. D. GOURLAY: Perhaps approval isn't the right word. Seek their recommendations with respect to the board approving an application to receive from the band?

MR. H. JONES: I'm not sure this will answer the question, Mr. Gourlay, but, you know, when the analysis is being done in-house at staff level and at management level, we have to be assured about many things, but you want to be reasonably assured, you know, about the background to a particular Indian band and to a particular applicant who quite often, almost always the Indian Affairs people have more detailed knowledge than we do. So we consult to that extent. But, certainly, I don't think the board would want to see us getting their approval in any way.

MR. D. GOURLAY: I think the recommendation was a better choice of words rather than approval.

To go on another avenue then, when you receive an application from a Treaty Indian on an Indian reservation, in order to get the necessary security on the loan, do you seek out any bank guarantees. for instance, from the Band Council?

MR. H. JONES: Well, under the one that is presently under review, one of the conditions of that approval will be that we receive guarantees. There are actually eight Indian bands involved in this particular one, and we've asked for a joint and several guarantees from those eight bands, and we are pursuing with the department and with legal counsel right now the method for getting that kind of guarantee support, and it's available.

MR. A. BROWN: On Page 5, you give a list of the years and the number of applications that have been approved and the amounts. I wonder, of the entire total over there, there are 373 applications that have been approved since 1972, can you tell me how many of these businesses would still be in operation?

MR. H. JONES: Well, could I delay answering that question, I'd like my staff to look into that, because I can't do that off the top of my head, but we'll certainly provide it to you.

MR. A. BROWN: For the last year then, could I have that figure. Would you know what the figure would be on the last year, 1982? There were 46 applications approved, are these businesses still in business?

MR. H. JONES: Mr. Chairman, if the member would look at Page 13, which lists the loans approved for that fiscal year, there are the Pi-Mi-Chi-Ka-Mac Development Corporation, which is down towards the end of the page, as far as the Fund is concerned is no longer in existence, at least in that format. It was not successful from the Fund's point of view. I believe there are three others that ran into difficulties and are no longer in existence, but the rest of them still are and they're operating.

MR. A. BROWN: I notice that on the same page, Page No. 5, as a total, there has been 1,197 jobs created with \$11,564,000, roughly \$10,000 per job. I wonder if there will be any figure available and how many of these jobs would still be there?

HON. J. COWAN: If I could answer that, Mr. Chairperson, because it is an area which is under active review right now by the government in regard to the way by which we determine how many jobs have been created or retained.

I'm not certain that those figures are accurate reflections of real jobs created and/or retained as a result of loan applications. I can assure you that they have been compiled in the same way in which they have been compiled in the past. We have not made any changes in respect to how they were put together, but we are currently reviewing, or the the board is currently reviewing I should say, at my request, a better way of identifying exactly what jobs were created and what jobs were retained over a long period of time so that we have what I would hope to be a more accurate picture.

Right now, we're relying much on what the applicant says will be job creation by way of the loan. Well, oftentimes, that money is coupled with other monies as well and those jobs are included, they're double counted sometimes, or triple counted in respect to jobs being created by certain activities. So, I can't with any confidence tell you that is an accurate picture that you're looking at right there. I can tell you it's based on the same premise that has been used in the past on reports. Hopefully next year we'll be able to discuss a different methodology with you.

MR. A. BROWN: Well, if you're going to try to determine how many of these businesses are still existing, then

maybe at the same time we could also then get the figure of how many jobs have been retained. It's really the only way that we can evaluate the benefits of programs such as this, and I certainly would appreciate receiving that figure. If we can't have it today, if it could be made available whenever they've been able to work on it, I certainly would appreciate that.

HON. J. COWAN: We agree to that gladly and with enthusiasm, and I hope that by getting a better way by which we can gage a number of jobs created, we can make the Fund more sensitive to the evaluation mechanisms which the member just indicated are necessary to him and are necessary to the board and to the government as it reviews the work of the Communities Economic Development Fund. So we'll get those figures for the member. If not today, we'll have them available to him as soon as it is possible.

MR. A. BROWN: On the top of that same page, you said during the fiscal year under review, an additional \$584,211 was provided for an Allowance of Doubtful Accounts, mainly because of a major operation at Cross Lake. What was that operation at Cross Lake?

MR. H. JONES: That was the Pi-Mi-Chi-Ka-Mac Development Corporation, Mr. Chairman, again, on Page 13 it is listed three times. The Fund was involved for a number of years in this Cross Lake - really in effect the community of Cross Lake's sawmill and lumber operation. The Fund lived for a number of years, installing management and so on, but as a commercial enterprise from the Fund's stance, it just did not work, and bluntly the loan became a bad loan. That, in effect, comprises the major portion of the allowance that had to be made in that fiscal year.

MR. A. BROWN: I'm sorry, did you say what Pi-Mi-Chi had been involved with, what it's group function was?

MR. H. JONES: It's a community sawmill and lumber operation.

MR. A. BROWN: On Page No. 9, Schedule 1, I noticed that there was a big increase in consultant fees, I wonder who are these consultants and why do we have so much more expenditure in consultants' fees?

MR. H. JONES: Mr. Chairman, there's a bit of an anomaly there in the terminology. There are, certainly, some consultancy fees involved, but it also covers those cases where the Fund has gone out and found management for remote operations where the Fund's board and staff have felt that a normal monitoring process is not enough. We've had to go out and actually find someone to manage, in conjunction with the community, actually manage the operation. So, roughly \$40,000 of that category covers that issue.

The consultancy studies - there are major ones, major in terms of the Fund, which have subsequently been recovered, one of them completely from the Federal LEAP Program and one partially from the province. There is, as the member says, an increase of about 45,000, but when the recovery is taken into account, which will be reflected in the next annual report, you will see that the figure really hasn't changed significantly.

MR. A. BROWN: Have you been using the same consultants fairly consistently over the past number of years, or does that change?

MR. H. JONES: It changes from time to time. We have some consistency, for example, in the accounting firms we use. We use outside accountants on many occasions to set up systems for certain businesses. They haven't changed too much but certainly the consulting firms change from time to time. We don't go back to the same people.

MR. A. BROWN: Mr. Chairman, I'll have some further questions on Page 13 once we get to that, but I'll defer to - I believe that the Member for Roblin-Russell has some questions.

MR. W. McKENZIE: Mr. Chairman, I was wondering on the matter of the doubtful accounts. The only ones, apparently that have been written off are the ones at Cross Lake, as I understand, in the past year.

MR. H. JONES: That's the major one, Mr. Chairman. There are about 10 or so smaller ones also included in that category, but it really is an allowance. Those accounts haven't been written off, with the exception of Pi-Mi-Chi, they've not been written off yet. The board has felt that in conjunction to provincial law, an allowance should be made where there are danger signals coming. It doesn't mean to say it's lost automatically.

MR. W. McKENZIE: Mr. Chairman, can the chairman advise the committee, what's the present interest rate that you're charging for loans?

MR. H. JONES: Today's rate, Mr. Chairman, is 11 percent. It's directly related to the government's borrowing rate, the medium-term borrowing rate. It's been fluctuating on a monthly basis in the recent months, but it's 11 percent today.

MR. W. McKENZIE: Has the board considered, or have they started already, to review or adjust some of these rates, like on Page 13 - 17.5 percent, etc.? Are those being reviewed or adjusted?

MR. H. JONES: Yes, as a matter of fact, Mr. Chairman, there was a review undertaken two months ago - the meeting before last, and I'll ask my assistant in a minute, to give me the exact details. But a number of the loans in the existing portfolio were reviewed and the interest rate was reduced to 13 percent where, for example, as you point out, we've got 17.5 and 16.5 and so on, depending on the account. But at today's rates and today's climate, it was considered unreasonable and the board agreed to reduce the rate to 13 percent.

MR. W. McKENZIE: Mr. Chairman, then on the applications today you're asking for 11 percent on new applications? In the list on Page 13, there's a couple there that interest me - the Caddy Shack Ltd. bank guarantee fee, and then John Morrisseau, bank guarantee fee, 2 percent. How do those type of loan guarantees work?

MR. H. JONES: Mr. Chairman, that's an interesting question, because in the last number of years, we've not had too many, if any at all frankly, of assistance coming from the Fund by this mechanism. And, of course, the main reason has been with the interest rates outside on the street, the board has considered it unreasonable to use the guarantee as opposed to a direct loan.

What we've tried to do is, where the assistance is really truly operating capital, and where the applicant can deal with the local bank in a given community in the North and the bank has expressed reluctance, in this list you will see two guarantees and Caddy Shack is a business in Leaf Rapids and it seemed at that time, a fairly reasonable way to approach it. They only required assistance for one year, and if I recall correctly, that has subsequently been withdrawn and the bank is carrying on in its own.

So it's accomplished two things. It's developed a relationship between a Northern business person and a local bank. Admittedly, the 2 percent per annum is a fee laid down by the board of directors for the provision and for the risk of that guarantee. The other one, the Morrisseau one, was issued to a bank, but the loan was never taken up and the guarantee was canceled.

MR. W. MCKENZIE: That's all I have, Mr. Chairman, at the moment.

MR. A. BROWN: Yes, again, and we notice that there are some very high interest rates that are being paid by some of these people, going as high as 17.5 percent. Is it possible for these businesses to refinance at a lower rate at the present time?

MR. H. JONES: Mr. Chairman, as I said, the board, in reviewing the portfolio, became so concerned with that issue, that in the March meeting they agreed that 35 of the existing loans in the portfolio should be refinanced and, in fact, they were refinanced within the Fund at 13 percent, which was the rate applicable at the time.

MR. A. BROWN: I notice that you have a Beef 'N Reef Restaurant, which is a substantially large loan of \$343,000.00. Can you tell me where this restaurant is located?

MR. H. JONES: That's in Lac du Bonnet, Mr. Chairman, and I'll get the figure in a minute, but the loan has been reduced somewhat by the provision of a Special ARDA grant. We had to provide the bridge financing, so the balance has come down. I think I've got it here. No, I'm sorry, there are more monies to come. It's still at about the \$300,000 level.

MR. A. BROWN: Okay, if this in Lac du Bonnet, I would have imagined that this would have been in some out-of-the-way place someplace, where it was difficult to get financing, but certainly in Lac du Bonnet, if it was a viable operation as such, then they should have access to a bank, I would think. Now was there any particular reason why this loan was granted? Had the banks refused them, or what was the situation?

MR. H. JONES: For a number of reasons, Mr. Chairman. I should point out firstly, and without going into too much detail, I don't think that would be correct, but there is a reasonably good level of direct equity investment by the applicants themselves. In addition, they went to and received approval for a significant grant from the Federal Special ARDA Program.

But under that program's previous guidelines, the grant is not payable until the business or the premises are constructed and the business is open. So they had to bridge finance the grant. They went to the Federal Business Development Bank initially, ran into problems, in that they could get, or at least they were offered the term portion, but not the bridge portion. They then came to CDF and the board of CDF took a very hard look at this thing and felt it unreasonable, from the provincial point of view, only to do the bridge financing and have virtually have no security. So we took the package in and provided the bridge and the term. The local bankers - and this was some time ago as you know - expressed considerable reluctance to make that kind of loan. It's not because of viability, they just weren't in the business at the time of making this kind of loan. This is the information we were provided with.

Beyond that also, there are a number of jobs that are involved of some significance and there is a partial ownership by some principals of Native ancestry, which again, made it fall within the guidelines of the Fund.

MR. A. BROWN: So you are the major people financing this operation at the present time then? The FBDB is not involved with it at all?

MR. H. JONES: No.

MR. A. BROWN: I have further question on the Centre Street Film Productions Ltd. Where is that business located and what are they doing?

MR. H. JONES: Mr. Chairman, that loan was approved. The proposal that came to us indicated that they would be established in Rivers, in Manitoba, in the old training centre at Rivers, the beginnings of a small film industry.

The applicants came to us for working capital to begin to finance the production of one film. It's an extremely unusual and somewhat unorthodox issue for CEDF. The Board at the time looked at it and agreed that we would provide that money subject to participation by the Canadian Film Development Corporation and on several other major conditions, such as the employment of Native people in the area and so on. It's a little difficult for me to go fully into that, because the process now is a legal process and I think I should stop there.

MR. A. BROWN: Is that firm still in operation at the present time?

MR. H. JONES: No, Mr. Chairman.

MR. A. BROWN: Okay, Decor World Inc.- could we have some information on that one? What do they do and where are they situated?

MR. H. JONES: This is a business, Mr. Chairman, in The Pas. It's a hardware store, retail lumber operation.

The amount that was authorized in that listing of \$225,000. Part of that amount is a revolving credit facility. The Fund's board agreed to do it on that basis.

Normally that kind of revolving credit would come from a chartered bank, but because the business was brand new and had no track record, they couldn't get the financing from a bank. Subsequently, we've had the experience for a year and it's a very successful business. The Board has recently looked at this thing and we're now in the stage of negotiating with a bank to take the Fund out of that revolving credit of \$100,000, which would reduce it down to less than \$100,000 because the payment have been coming in. It's a successful business.

MR. A. BROWN: Well, I'm glad to hear that, Mr. Chairman.

The other one I was going to ask about is the Paint Lake Marina. I imagine that's on Paint Lake. Is that operating successfully?

MR. H. JONES: It's still very new, Mr. Chairman, but every indication is that it is very successful; so successful in fact that our projection for once were wrong on the other side. We were obviously pessimistic. We believe very strongly that it's going to be very successful.

MR. A. BROWN: The final one is Wabman Towing Services Ltd. Where is this is situated? It seems to be a large amount of money to go into in towing business.

MR. H. JONES: This loan was approved, Mr. Chairman, for an operation in Wabowden based entirely upon major contracts with Manfor. It's true it was approved at \$500,000, but that did include bridge financing and the Special ARDA grant is now down to about \$220,000.00.

MR. A. BROWN: They're still in operation?

MR. H. JONES: Yes, very much so, Mr. Chairman.

MR. A. BROWN: Of all these businesses on Page 13, could we have a figure as to how many of these are still in operation or how many are not in operation?

MR. H. JONES: Mr. Chairman, there are three accounts of those listed on Page 13 that are no longer in existence - only three.

MR. A. BROWN: Thank you.

MR. D. GOURLAY: Mr. Jones indicated there were three that were no longer in existence. Is that Pi-Mi-Chi-Ka-Mac Development Corporation?

MR. H. JONES: No, I'm looking at that as one, Mr. Chairman. Pi-Mi-Chi-Ka-Mac is one; Edgar Botelho, who is higher up on the page is another one; and there's one other one, Centre Street.

MR. D. GOURLAY: The operation at Cross Lake, what is the situation there now? I think Mr. Jones indicated there was a change in operation there now. Is the plant no longer functioning at the present time?

MR. H. JONES: To be quite frank with you, Mr. Chairman, I'm not up to date on exactly what's happening on this issue. As far as the entity Pi-Mi-Chi-Ka-Mac as far as I know, certainly for the Fund's point of view, it died on the vine, although I gather that the community is trying to promote, promote perhaps is the wrong word, trying to reactivate the saw mill. I gather that there is some work being done on that.

HON. J. COWAN: If I can, what the government is trying to do through the Department of Northern Affairs is work with the Communities Development Corporation in that area, and the community residents to see what advantage can be made of the existing facilities and the experience that was gained in operations in the past. We're trying to look at a more efficient operation in the future because there were some inefficiencies built into the previous operation. We certainly think there's potential there and are trying to find it and promote it as much as is possible and we're actively engaged in reviewing options at this time in that area.

MR. D. GOURLAY: Just before the government changed, I know that we were looking at that operation because it obviously had difficulties. Some preliminary studies indicated that the plant really was located in the wrong place and should be relocated. I think it required a Hydro line to come into it, and although the raw material was certainly there and the people were there to work, and it had provided a good product, the estimate at that time was going to cost around \$1 million to relocate it and get it into business again. I'm sure that figures probably much higher today.

Did the CEDF lose this \$230,000 that was put into the Pi-Mi-Chi-Ka-Mac Corporation?

MR. H. JONES: Yes, that's correct, Mr. Chairman.

If I could just make just a brief comment here. From the point of view, without taking new comments from the physical facilities and so on, the financing arrangements frankly, and I'm expressing a personal view, if I may here, debt financing that operation to that extent or any extent through CEDF - CEDF really wasn't the right mechanism, if I could put it that way. I think the community will is there and there are facilities there, but there has to be some other way rather than, you know, 100 percent debt financing. That's my comment.

MR. D. GOURLAY: What are the value of the assets that are still there? Would the Fund have any idea?

MR. H. JONES: Quite frankly I don't. Maybe Mr. Musgrove has.

MR. CHAIRMAN: Mr. Musgrove.

MR. A. MUSGROVE: No.

MR. D. GOURLAY: Does the Fund have any security on the assets that are there or what is the situation?

MR. H. JONES: We had security on the mill asset, Mr. Chairman, but the value frankly in relation to the loan was minimal.

HON. J. COWAN: Well, we can certainly provide you detailed information - I'm speaking to the Member for Swan River - in regard to what assets currently exist and also provide you more information with what is actually ongoing now by way of development of an alternative source of employment using the same mechanisms as much as possible in that area. I'd be pleased to get that back to you. I don't have it right now in front of me, but I can assure you we are undertaking some activities and will continue them in conjunction with the community itself.

MR. D. GOURLAY: I'd be pleased to get that information. Really, we're getting out of the bounds of CEDF at this point, I think, in discussing this maybe a bit further, but if you could supply some information with the operation at Cross Lake because it is of interest to us and, certainly, I'm sure that the community was proud of that operation.

It also leads me to another question. Applications by George A. McIvor, is that George McIvor from Cross Lake?

MR. H. JONES: Yes.

MR. D. GOURLAY: As I understand it, he obtained loans for a trucking operation that tied into the Development Corporation, did it not?

MR. H. JONES: That's true; that was the original intention, but it had to move from there, and there are other contracts involved and so on now.

MR. D. GOURLAY: So that McIvor and his operation, he's still being able to function by getting contracts from other sources?

MR. H. JONES: Yes.

MR. D. GOURLAY: The application by John Morrisseau, the bank guarantee that was described earlier, is this the same John . . .

HON. J. COWAN: That is indeed the same Mr. Morrisseau and the application was, as I understand it, never fulfilled; that it was withdrawn.

MR. W. MCKENZIE: Mr. Chairman, I am very excited about this report we got on the Churchill Northern Study Centre, and I wonder if the Minister some day, and there's an empty aircraft going north, would take the members of the committee and the press to spend the day in Churchill. I would very much like to spend a day in that exciting development in Churchill.

HON. J. COWAN: I'm going to make some very brief comments on the Churchill Northern Study Centre, and then I'll let Mr. Jones probably make more detailed comments because it is an area in which he has been actively involved for a long time and quite justifiably should take some pride in the report you have before you.

Certainly, this is something that we want to promote as a province by way of alternative education opportunities in Northern Manitoba, and the report that

you have before you for the Churchill Northern Study Centre activities for 1981-82 I think very clearly demonstrates that progress has been made, although much too slow for everyone. It is, in fact, a successful operation and one which is proving its viability over the long term. It does provide for an innovative and I think an exciting - to use the Member for Roblin-Russell's comments - approach to this sort of educational opportunity.

Now, in regard to a plane, perhaps if sometime we have an empty DC-3 going up that way, then we'll try to make arrangements, but I can't be more committal than that at this point.

MR. H. JONES: Well, I could go on talking about this, but I think I'd better not. I'd be happy to respond to the questions that the members may have.

HON. W. PARASIUK: Again, in this respect, I think that Mr. Hugh Jones, ex officio member of the Academic Advisory Board, who is also on the Board of Directors of the Study Centre, is to be commended. We have civil servants who, I think, serve the province well and I think often we have people who go beyond the call of duty in a sense and work very hard to help organize something. I know there are other people involved in this, but I do believe this is something that doesn't fall completely within the terms of reference of CEDF, but it's something that I think required a catalyst and required someone to work hard and diligently to see that it happened. The easiest thing for people to do is to say no and to give all the reasons why something can't happen; and this is a case, I think, of people working together to overcome odds and have something happen.

MR. D. GOURLAY: Well, I would like to follow-up on a comment by the Minister of Mines. I did have the opportunity when I was Minister of CEDF to accompany Mr. Jones to this centre. I was interested in the project and, certainly, I was impressed with the work that was going on there and did give some encouragement to Mr. Jones to carry on with the work that he was doing. I thought that money spent by CEDF in helping to foster along the activities of the study were well justified, and I am pleased to see that this study centre is continuing. I haven't had the opportunity to be back there since I think it was 1981 or 1980 - I'm not sure - but, certainly, anyone who has the opportunity to go there, they'll certainly tell you and show you what activities are going on.

I, too, would like to commend Mr. Jones for his input into this centre and, certainly, I think it's gratifying and I'm sure that anything we can do to help the community of Churchill is money well-spent.

MR. H. JONES: I appreciate the comments, Mr. Chairman. If I could ask the members to turn to Page 28, you will see the level of donations that we'll be pleased to accept.

MR. D. SCOTT: Just before we adjourn, Mr. Chairman, I've known a number of people who have gone up both on the courses for the Northern Study Centre; I've talked to a number of the academic community who are

participating there as well, both from the U of M and U of W and other universities. I'm familiar with the activities of the Naturalist Society and people running photography schools like Bob Taylor have run in the area. It is, I think, just at its naissance, if you wish to call it that. The centre has a tremendous future in front of it, and when we have facilities such as we do there, it's just foolish for us not to continue the promotion as you have been in the past couple of years.

I, myself, very much look forward to getting up to Churchill. This morning I was out with the Minister of Natural Resources and a group of people at the Oak Hammock Marsh observing the bird life there, and I know from not simply past experience, but from seeing many slide shows and presentations, that Churchill is countless times more plentiful as far as bird life in particular go, and for us to not take the opportunity that we have with the Churchill facilities to continue our research there would be very very short-sighted and very foolish.

So I would like to once again congratulate - and I see the Minister of Mines has already made a donation, so that's fantastic.

Thank you, Mr. Chairman.

MR. CHAIRMAN: There being no further questions - Mr. Minister.

HON. J. COWAN: Just in closing, Mr. Chairperson, I would like to thank again the staff and the members of the committee for the productive dialogue we've had. I'd like to thank the Minister of Energy and Mines for his lifetime contribution to the Churchill Northern Study Centre; although just because you've become a lifetime member doesn't mean that you don't have to make more donations.

Thank you very much.

MR. CHAIRMAN: 2—pass.
Committee rise.