



Second Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

ECONOMIC DEVELOPMENT

40 Elizabeth II

Chairman
Mr. Jack Penner
Constituency of Emerson



VOL. XL No. 2 - 10 a.m., TUESDAY, APRIL 2, 1991



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARR, James	Crescentwood	Liberal
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Guizar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Cliff	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Tuesday, April 2, 1991

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Jack Penner (Emerson)

ATTENDANCE - 9 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Downey, Ducharme

Mr. Alcock, Mrs. Dacquay, Messrs. Helwer,
Lathlin, Laurendeau, Penner, Reimer

APPEARING:

Jerry Storie, MLA for Flin Flon

Rein Roelofs, Manager of Finance, Corporate
Secretary, CEDF

Harold Westdal, Chairperson, CEDF

Loretta Clarke, General Manager, CEDF

MATTERS UNDER DISCUSSION:

Communities Economic Development Fund
Annual Reports for the years ended March 31,
1989, and March 31, 1990.

* * *

Mr. Chairman: Good morning. Would the Standing Committee on Economic Development please come to order. This morning the committee will be considering the March 31, 1989, and March 31, 1990 Annual Reports for the Communities Economic Development Fund.

At this point I would like to ask the Minister responsible for Communities Economic Development Fund to make an introductory statement and to introduce any of the staff members that he cares to.

* (1005)

Hon. James Downey (Minister responsible for and charged with the administration of The Communities Economic Development Fund Act): Mr. Chairman, let me first of all indicate that at the last sitting we had not completed the '88-89, and it would be my wish to have committee pass it and then proceed to the '89-90.

I have Mr. Rein Roelofs with me, who is the finance manager with CEDF; Mr. Harold Westdal, who is the chairman of the board, and Mr. Dave Tomasson, who is my deputy minister.

Basically, Mr. Chairman, my only comments will be—they were made at the opening of the last committee. They still hold, and I may have a little bit more to say when we start on the '89-90 report. However, I am prepared to go right into questions from the members of the opposition or from the government side.

Mr. Chairman: Thank you, Mr. Minister, I would like to ask the critic from the official opposition whether they have any remarks at this time. Are there none?

Mr. Jerry Storie (Flin Flon): Just two comments. I am not the official critic, Mr. Chairperson, but the minister had requested that we begin by passing the 1988-89 Annual Report, and I think that we can do that fairly quickly. We do have some questions over the changes, so perhaps we can work them both at once.

There are some general questions about the direction the fund is taking, the staffing of the fund and its response to requests for information and so forth, given its new headquarters and some new stuff. Can the minister or perhaps the chairman start by indicating what changes there have been in staff between the '88-89 and the '89-90 report?

Mr. Chairman: Mr. Minister, before we allow you to answer that question, I am going to ask the second opposition party whether they have any remarks or comments to make at this time. I will return to Mr. Storie's question after that.

* (1010)

Mr. Reg Alcock (Osborne): I just have one quick question for the minister on process and that is simply that I think it is possible to pass both of these this morning rather than dealing with them report by report. We have in other committees, with the concurrence of the minister, simply dealt with the activities under review, and then at the end of the morning dealt formally with the reports. I would be

quite willing to do that, if we can move back and forth.

It is really the activities of the organization that we are interested in and some of the changes that have taken place as opposed to the specifics of either report, so with the minister's concurrence, that would be what we are prepared to do.

Mr. Chairman: Would you concur with that, Mr. Minister?

Mr. Downey: Yes, I have no difficulty with that. Probably there are some comments that I could make at the same time as it relates to the move which took place to Thompson. I think it has been most beneficial to the clients whom they are carrying out their business with, and the direct question that Mr. Storie asked, I believe, was the staff complement.

I do not believe there is any major change in staff complement, although there has been an additional office opened up in Swan River as well as the decentralization to Thompson. I will get those numbers as positions. I think all in all the numbers from 1988-89 as to the numbers of loans as opposed to 1989-90 were, as I indicated at our last committee meeting, that we expected to see some increases in loan activity. In fact, that has taken place, and from all indications that should continue to show some improvement as we do business in the northern communities of this province, and I am sure each annual report will show that.

Again, the numbers specifically—as the members are aware, MDC and CEDF had an operation working jointly when they were in the city of Winnipeg. They had something like a complement of 17 with the joint activities. Currently CEDF have 11 staff members in 1990, so we are sitting with 11—of which how many are in Thompson, Rein? I will get the finance manager to answer the current staff of Thompson.

Mr. Rein Roelofs (Manager of Finance, Corporate Secretary, Communities Economic Development Fund): Do you want the positions?

Mr. Downey: The numbers, just the numbers.

Mr. Storie: And where are the remaining staff?

Mr. Downey: Winnipeg and Swan River, and there is still a staff complement with MDC of which I do not have the specific numbers, but I will get that for the member.

* (1015)

Mr. Roelofs: In MDC there is left the general manager, finance manager and two secretarial staff.

Mr. Storie: So right now, just to be clear here, as it stands, CEDF has seen a reduction in staff from 17 to 11.

Mr. Downey: No, that is not correct. The joint staff of CEDF and MDC made up 17. Currently we have 13, I believe, left with the CEDF of which there are 11 in Thompson. -(interjection)- Sorry, it is a total of 11 left with CEDF.

Mr. Storie: If I heard the minister correctly, or I should say his manager correctly, that there are four staff in MDC?

Mr. Roelofs: That is right.

Mr. Storie: So we have the reduction of two staff. The other two staff, there are nine in Thompson?

Mr. Roelofs: That is true.

Mr. Storie: Mr. Chairperson, could we have the position, the level of the position of the other two staff? I assume there is one in Winnipeg, and the minister indicated one in Swan River. What level of positions are those?

Mr. Roelofs: The Swan River office as well as the Winnipeg office hold one consultant. The secretarial portion of that work load is done in Thompson, so each office has one consultant.

Mr. Chairman: Could I ask the members to pull up their mikes just a wee bit when you are answering or asking questions. We are having some difficulty picking up the voices. Thank you.

Mr. Storie: The remaining person is what position and what level? There are nine in Thompson, one in Swan River, and the remaining position is where?

Mr. Downey: In Winnipeg.

Mr. Storie: What level?

Mr. Downey: Consultant.

Mr. Storie: Mr. Chairperson, out of the nine staff that are in Thompson, how many act as development officers, and how many are what we call clerical staff?

Mr. Roelofs: There are two consultants in Thompson. There are two secretaries in Thompson that cover all three offices as a matter of fact. There

is the general manager, the manager of finance, an accountant, and an administrative assistant.

Mr. Storle: Perhaps we could move back to the minister and could ask the minister, when was the new general manager appointed?

Mr. Downey: Mr. Chairman, as that falls within the jurisdiction of the board, I will let the chairman of the board answer anything to do with the hiring of the manager.

Mr. Harold Westdal (Chairperson, Communities Economic Development Fund): I believe it was in August of 1990. I may stand corrected, but I believe it was about August 1990.

Mr. Roelofs: I think I can correct that right away. The new general manager was appointed in May 1990.

Mr. Storle: Mr. Chairperson, could the chairman indicate how many applicants there were for that position? Was it publicly advertised? What was the process for soliciting candidates?

Mr. Westdal: When we were looking for a new general manager, we first went to the Civil Service Commission to make sure we understood what normal procedures were. We advertised the position in the Winnipeg papers. We advertised it in Thompson, I believe Flin Flon, and maybe The Pas. There were 35 or 40 applicants for the job. We ended up with a short list of four, of which we finally interviewed three in Thompson.

* (1020)

Mr. Storle: Were most of the applicants from northern Manitoba?

Mr. Westdal: The people on the short list that we ended up with, I believe, were all from northern Manitoba. They were not necessarily from Thompson. They may have been from the northern Interlake, from The Pas, from Flin Flon, that kind of thing. The balance of the people who made the original application was pretty widely distributed. I would have to speculate, though, that probably 75 percent were from Winnipeg.

Mr. Storle: Could the chairman indicate whether he has received any criticism or sensed any cynicism amongst the clients and CEDF about the political nature of the general manager—political, I guess, background connection?

Mr. Downey: Mr. Chairman, I think it is fair to ask the question as to the hiring procedure and process, but to get into asking the chairman of the board a question of political nature, I would prefer it be directed to me, as a politician, rather than to the chairman of board. I think the questioning, and I say this with respect, should be directed at the process and the qualifications of the individuals rather than any political connotation that it may have. I think people would be better served, the committee would be better served, if we dealt with the aspects of qualifications and that type of thing.

Mr. Storle: The minister may feel that my question was directed to the chairman because there are people in northern Manitoba who are very cynical about the position, the way it was appointed, and the fact that this person was a Tory candidate, was a minister's special assistant, had obvious political ties. There are serious questions about, I guess, the ability of that person to operate on a nonpartisan professional way with all applicants.

My question was to the chairman, as chairman of CEDF, as to whether anyone had raised this issue with the chairman directly.

Mr. Westdal: I suppose just to make off with two thoughts, and the first was that the board was very interested in selecting the best candidate. There is no question in my mind that the board was adamant. When we interviewed the short list of candidates, we were going to hire the best candidate, and in this case it happened to be Loretta Clarke. She was, in the opinion of the board, quite superior to the other candidates that we interviewed. There was no question about that whatsoever.

On the actual question, I personally have not heard anything from anybody indicating that they are unhappy with our general manager. I am not saying that there are not people, but I personally have not received a letter or a telephone call or any such information. Most of the information that I have received, in fact, people indicate that they are quite, quite pleased with her performance.

Mr. Storle: Mr. Chairperson, I had not commented on Ms. Clarke's performance. What I commented on was that there is perception or there may be a perception in the minds of some CEDF clients and those who are applying that this is a political appointment and that may have some bearing on the results of an application.

My question then is: How many of the board members were appointed by the current government when that decision was taken?

Mr. Downey: I would have to get that information, but I would expect that probably the majority of them were, if not all.

Mr. Storle: Mr. Chairperson, I point that out simply because the chairman has suggested, in the opinion of the board, they wanted the best candidate, and all things considered, I suppose, they believe that they have that person. We will leave that issue aside.

At one time, the Department of Business Development and Tourism had four regional development consultants, four economic development consultants who used to work quite closely with CEDF. I am wondering whether the minister or the chairman can indicate at the current time, are there any other support staff working with government-to-government provincial agencies that support the work of CEDF in northern Manitoba?

* (1025)

Mr. Downey: Yes, within Northern Affairs there are staff who work with CEDF on projects and work with the clients.

Mr. Storle: Mr. Chairperson, are those specifically economic development officers, business development officers, or do they have other duties?

Mr. Downey: Basically, business development officers.

Mr. Storle: Can CEDF indicate whether there is any—or how many of the loans that were approved last year were also supported through programs like Special ARDA or the aboriginal economic development program?

Mr. Downey: Yes, and I think it is a good time to express in the '88-89 loan activity there was a fair number of the loans that acted as bridge financing for Special ARDA projects. That, basically, is approximately half.

Let me, Mr. Chairman, introduce the General Manager, Loretta Clarke, who has joined us at the committee. The reason she is a little late is that she has some illness in the family and was unable to be here a little earlier.

Mr. Chairman: Thank you, Mr. Minister. We welcome Ms. Clarke.

Mr. Downey: Basically, the answer to the question is it was the '88-89 that had activities as it related to bridge financing with Special ARDA programs.

Mr. Storle: Then what I would like, perhaps, and this does not have to be delivered immediately but perhaps the chairman or the general manager could provide committee members with a list of loans that were offered this year by CEDF that came about as a result of other initiatives. In other words, CEDF was basically an add-on, that the original application went to some other agency but CEDF was asked at some point to contribute. Can we have, perhaps, a ballpark figure of how many were initiated by CEDF and how many initiated by others?

Mr. Downey: We can get that information for the member, not immediately, but I understand there may be one or two loans. We can get that specific information for the member.

Mr. Oscar Lathlin (The Pas): Mr. Chairman, I was just going to say awhile ago there was a lot of noise going on back here, and I was having a hard time hearing the conversation. Perhaps the members could be advised to—

Mr. Chairman: Could we ask the members of the committee that if they have little meetings of their own, they might want to consider using the corridors in the hallways to conduct those meetings? We will conduct the business at hand at this table. Thank you.

Mr. Lathlin: Since 1990 the minister tells us that there has been quite an increase in the number of loan applications and the number of applications that have been approved. I see from the report here that in 1989 there were 22 and in the year ending 1990 there were 38.

What I am interested in knowing is the community's economic development program. Is it just strictly for—maybe three parts to this question—northern Manitoba as was once described by the Northern Affairs boundary or are we going elsewhere beyond the boundaries of Northern Affairs, whatever that boundary might be? Secondly, in the increase, 16 additional applications approved, how many of those applications came from aboriginal people from the north? First of all, I want to know how many aboriginal applications came forth, and how many were approved.

* (1030)

Mr. Downey: In answering the first question first, basically, the act states that the loan is for remote and isolated communities; however, previous administrations—I say administrations—have not adhered to that particular clause in the act. There are several examples of which are outside remote and isolated communities, so it is by practice operated outside of specifically the north.

The answer to the second question is: I do not know whether there is a breakdown, because CEDF loan does not operate basically for any one group of people. It operates on the basis of which the loan application will stand on its own merits, and I do not believe it is proper to, in any way, discriminate against anyone with a government program. We might be able to get that information, but I cannot guarantee it. I think it would be a difficult one to get, but I will attempt to do so. Again we want to make it clear that this program operates based on the merits of which the applicant puts the plan forward and the merits of the investment.

Mr. Lathlin: Mr. Chairperson, the other question that I had was—I know the minister and the management staff have explained it to some degree, but I am interested in knowing that, when you say you have two consultants, two secretaries—I have my own understanding of what a consultant does, and most of them make a lot of money by the way—would this be a staff consultant of CEDF like, oh, I am trying to think of the name of the fellow from Winnipeg, Mr. Boustcha? Now, is he a consultant?

Ms. Loretta Clarke (General Manager, Communities Economic Development Fund): I would like to explain the role of the consultants in CEDF. We do have five consultants, as we call them. They are actually business development officers. What happens is when people apply to the fund for a loan, then they are the front-line people just like, I guess you would say, a loans manager at the bank is. What they do is they meet with the client, they collect all the information according to the requirements, the criteria that are in the act, to determine whether the application fits within the mandate of the fund. It is written right in the act, and there are 11 different items that they have to determine whether it is a loan that does fit into our criteria.

After that, they do a study of the business plan, whether the business plan is developed by the

person or by some other group. Some people come with business plans that have been developed by somebody else. They are the front-line people, and it is up to the consultant to work with the applicant and determine whether they understand their business plan if it is written by somebody else. I think what has happened in the past, in some cases anyway, as people came into the fund to get a loan, and maybe it was augmented with a grant, they did not understand really the business that they were applying for. They did not really know how to run that business.

We have developed a little bit more stringent criteria on top of the criteria that are in the act in that the business plan has to be a viable one, so that we are not helping people go into a business that they are automatically going to fail in. We want to make sure that they know what the business is, that they understand how to operate that business, that they do have a market for it, and they do have a chance of making money and that the debt load is serviceable. The consultant works with them on this, and they also, at this time, consult with Rein Roelof and myself.

We have a committee we call a credit committee. Outside of the fact that we are the general manager and the manager of finance, we also are the credit committee. The consultant at first is the front-line person with the applicant when he prepares this with the applicant; then they come to us, and we look through the application and see where there are some problems, where we need more information, the credit checks to make sure. Then they are the ones who are responsible for initiating credit checks and financial network statements to get an appraisal of the assets that they want to use as securities.

After the consultant does that and works with us, then we normally talk. Usually it is not one on one because our applicants are everywhere, but we speak personally. I usually speak personally with every applicant to make sure that the business plan I have in front of me is really what they understand they are doing, and at all times the consultant is working with them.

The consultant prepares what we call a board submission that has all the information in it with all the criteria adhered to: the bank refusal letters, the financial net worth, the business plan, a pro forma for the next three years of business, how they intend to pay the loan back, on what conditions. Then it comes to the board. When it is approved by the

board, then it goes back to the consultant, and he monitors the account as well. So there are two roles for them: preparing it for submission, and afterwards monitoring the success of it.

Mr. Lathlin: Mr. Chairperson, I direct this to the staff: So you have five consultants and I believe, if I heard correctly, two of them are in Thompson.

Ms. Clarke: We have five. We divided the province up into four territories, and we have one consultant who works on projects that are over a certain amount of money, because the tech requires a little bit more insight into the business. So we cover the area around Camperville, Swan River with one consultant; that is where one office is. Two are in Thompson; that covers the north. We have one in Winnipeg who covers the Manigotagan-Interlake area.

Mr. Lathlin: Mr. Chairperson, I want to come back to the additional 16 loan applications that were approved. Now that is not a very—it is not like if it was 285 loan applications that were approved where you could not remember whether roughly a third of them were aboriginal loan applications. Sixteen, it is an increase, but still low enough to, I am sure, be able to remember, because after the process that you have described, the consultant goes out and reviews the business plan with the applicant, which was probably done up by the applicant himself or herself, or with the help of another consultant. So it is reviewed by the consultant and gets monitored whether it is viable or not. I am just wondering, 16 is not a very high number to be able to remember. Yes, I think there were five aboriginal applications that were approved. Did you not tell me that? Did you not remember?

Mr. Downey: Mr. Chairman, I do not know what the member is attempting to do here because, as I have said, CEDF is there for all people who qualify for loans, whether they are aboriginal or non-aboriginal, whether they are Metis or whatever their background, and I think if the member wanted to go through all the loans that are listed here and check out as to aboriginal activities—

* (1040)

Mr. Lathlin: I have.

Mr. Downey: —he should be prepared to do so and, again, if there are aboriginal people who come forward, we encourage them to. Let me say it is an

important part of the development of those communities. I think it is somewhat unfair to ask whether we are dealing any other way than fairly on the basis of which an application is put forward and the merits of that application. Quite a few of these loans that we are talking about, particularly in '88-89, were in fact administered by his government, his colleague, the member for Rupertsland (Mr. Harper) who was the minister responsible. We can try and get that information to the best of our ability, but I am really not sure what the member is striving towards or how it can be helpful.

Mr. Lathlin: I think another reason for these committee meetings is for the members to ask questions. If the minister is uncomfortable or defensive about the type of questions that I ask, well, I do not apologize for those questions, because I believe it is my job as a member of this committee to ask reasonable questions.

I will not ask questions that are unreasonable. However, the reason I asked that particular question is because I know very well—you know, I am not new to this game here. I am new in the Legislature, but I am certainly not new to being in a political role from the outside where, repeatedly, governments, including this government, tell aboriginal people that you are a ward of the federal government.

As a matter of fact, even as we are sitting here, there is controversy or a battle going on between Mr. Gilleshammer's department and Minister Siddon from the Department of Indian Affairs, so invariably the aboriginal people are being bounced back and forth between provincial governments and federal governments. Yet at election time we all seem to be citizens of Manitoba, regardless of whether we are treaty or not, and that is why I asked that question.

I wanted to know how many aboriginal applications came through, because I remember when I was working from the other side that, oh, go to Indian Affairs, you are a treaty Indian. This program is for those people who would not normally get any assistance, loan or grant, from the Department of Indian Affairs. That is why I asked that question.

Mr. Downey: Mr. Chairman, if the member would refer to the general manager's comments that 84 percent of the loans are in northern and remote communities, and it is my understanding that over half of the applicants are of aboriginal ancestry.

Mr. Lathlin: Are those Status aboriginal people?

Mr. Downey: No, we have not broken it down. Some of them will be Status Indians. We do not discriminate against whether they are status or nonstatus. The decisions are made based on the merits of the proposal.

The chairman of the board may have a further comment to make, Mr. Chairman.

Mr. Westdal: Speaking on behalf of the board, I would have to say that the board is always interested in the same question that you raised. When loan applications come in front of the board, I believe there is always special consideration given to applications from aboriginal communities.

Mr. Lathlin: Mr. Chairperson, as you probably know—certainly the minister knows—Repap I believe starting today has laid off several workers from their operations. I know that a lot of those workers probably have loans from all over for their logging equipment, financing their logging equipment, such things as skidders and so on.

I am just wondering, do we have any of those workers from Repap who have loans with CEDF? Given the circumstances that they are in, where they are going to be laid off four or five months in a staggered way over the next year or two, have there been any contingency plans or is there any consideration being given to those employees whose loans might be in default?

Ms. Clarke: We certainly know that there is a shutdown. We have spoken to Repap and, frankly, if there anyone that is affected, there will be consideration made for them.

As far as the skidder loans in the Thompson area, none of them are our clients that are being affected right now. We do have clients that are being affected, and there certainly will be some consideration made. We have been talking to the company as well.

Mr. Lathlin: Has any correspondence been written to the workers or to the company to this effect?

Ms. Clarke: We are in touch with our clients at all times. There is no written correspondence, but we are in touch with our clients.

Mr. Lathlin: What about the officials at Repap? Has there been any written communication between CEDF and Repap?

Ms. Clarke: No, there is no written communication, other than the notice that they were to shut down.

Mr. Lathlin: One other question that I wanted to ask is—I am not even sure of the name of the company. It is the Interlake Packers. Perhaps, Mr. Chairman, the minister or the staff could give us a bit of an update as to the status of that project.

Mr. Downey: Without getting into a prolonged debate as to the history of it, I would first of all like to say that I think the work done by the management and the board has been working in the best interests of CEDF, but also keeping in mind the impact that the closure of that plant had on that small community and the number of employees that were put out of work.

Setting aside the specifics of the current situation, I think I am satisfied that as the management and the board have dealt with us trying to—again, keeping in mind the responsibility to the taxpayers in recovering or getting the company in as solid a position as possible, with least cost and least exposure to the taxpayer, is one objective. The other objective, which has been stated previously, is to try and make sure that the business does operate and does create employment and gets back on its feet again.

That is basically where we are at, and I am confident, being told by the management and the chairman of the board, that the current arrangement that has been made covers those two bases, basically covering the interests of the taxpayers to the best possible way available, and also working towards a viable business with the employment of many people in that community. So it was a loan that was there on the books when we took office and took the responsibility for that CEDF. The initial loan, I believe, was in fact approved by Mr. Harper when he was the minister responsible for CEDF.

* (1050)

Mr. Chairman: Shall the March 31, 1989 Annual Report for the Communities Economic Development Fund be passed? The report is accordingly passed.

Shall the March 31, 1990 Annual Report for the Communities Economic Development Fund be passed?

Mr. Storie: Just some general questions. I guess we have not touched on the impact of the recession yet on our next report. Perhaps the minister can indicate when we might expect it.

Mr. Downey: March 31. We have just finished the year-end as of two days ago. This is now the 2nd of April. We are pretty punctual but I do not expect it will be ready before the end of this session. We will be prepared to deal with it at the next sitting of the Legislature.

Mr. Storie: Mr. Chairperson, that does have a bearing then on what happens the rest of the day. Obviously we have concluded in some cases, annual reports, in the anticipation that we would have one before a standing committee before the end of the year. We are now talking about three months past the end of the year and, perhaps, the minister may find that it is possible to have the report here.

I guess what I would like the minister to do or, perhaps, the general manager, is give us an overview of the impact of the recession on last year's loan applications and approval.

Mr. Downey: Let me first of all say that if the report is done and complete and the House is still sitting and the House leaders agree that this committee is to sit again and we can accommodate, we certainly will. I mean that goes without saying. I have no difficulty in presenting that report as quickly as it is ready. I mean it is nice to get these reports through the legislative committee process, so I will do that.

Let me say that, as I said at the last sitting of this committee when we dealt with the '89-90 report, we would expect to see some improvements and some increases in loan activity. Let me bring it into perspective. The reason for the 1988 activity showing 70 applications approved was the bridge financing that was, in fact, carried out as it related to Special ARDA, so that showed quite a bit of activity in that regard.

Let me say as well that, even though the applications were approved, that did not necessarily mean to say that the loan was taken out. So, when you compare the numbers of activities that took place as it related to Special ARDA, that related to the number of applications that were not actually carried out or taken up, we were not too different than what we were in this current year. However, 1989, we saw a major review by the provincial auditor; we saw the move of CEDF to Thompson; we had clearly indicated before committee at that time that we expected to see somewhat less activity. Now we are seeing in 1990 again a recovery, an increase of some 22 to 38 loans.

I want to compliment the management and the board. In that whole process, not only have we seen the increase in some loan activities and we move to Thompson, we have seen a major reduction in the costs of operation of CEDF. I think if you go to the report something like some 800 and some thousand dollars this past year that we are reporting for as opposed to \$1.2 million the year before.

So I think we are seeing some major improvements as far as the taxpayers are concerned, and we have not jeopardized loan activities in doing so. As it relates to the recessionary activities, I guess the impact of reduced logging in the north may slow down some of the recoveries from CEDF. We heard the manager say that there is consideration being given to those loans that may not be able to be paid back because of a shutdown of their work. Those are all kinds of decisions that management make and are sensitive to their clientele.

I guess one would say at this point it is too early to tell what kind of impact the current recessionary activities are having on CEDF, and hopefully they are minimal. There may be some areas of opportunity in the north as it relates to Conawapa, as it relates to some of the work activities that are taking place in the Thompson and surrounding area, and possibly in the Flin Flon area, but again we are all waiting for a lot of the environmental processes to be complete. As that development takes place, I am sure that CEDF will be able to play a role in the support of businesses in the north.

Mr. Storie: I appreciate the update. My question more specifically was: Could the minister give us an indication of how many loans were approved in the 1990-91 report? The year-end is finished. I am sure that the board can give us a ballpark figure of how many loans were approved this year, what has been the impact of the recession on mine closures, et cetera, in northern Manitoba.

Mr. Chairman: I will accept that question if the minister wants to deal with it; however, I want to remind members of the committee that we are dealing with the 1989-90 report, not the 1990-91 report.

Mr. Downey: Mr. Chairman, again I respect your ruling, but on the other hand we want to make sure the members get as much information as possible. I can indicate that the numbers of loans may be down slightly, but the value of the loans is an

increase over last year. So the volume of dollars is higher. The number of loans is less.

Mr. Storle: The minister has been a critic responsible for things like Manfor when we discussed quite openly the financial results of a year that was not being reported. It is quite common in this committee as the minister will attest. Perhaps the minister could be a little more specific about the numbers of loans that we expect to see approved in 1990-91.

Mr. Downey: Again, Mr. Chairman, I respect your ruling, and I will ask if you want me to proceed to give that information or whether you do not, as I do not want to be challenging your ruling as to the year in which we are dealing with.

Mr. Chairman: As I indicated, if the minister wishes to present the information asked for, he may choose to do so. However, I want to remind members of the committee again that we are dealing with the '89-90 report, and I would suggest that they direct their comments and questions to the '89-90 report.

Mr. Storle: I would hope the minister chooses to report because, clearly, it is an important question. We cannot deal very successfully with the '89-90 report unless we know what the results of all of the changes that the minister has talked about are. The minister has cut a number of staff from CEDF. There are fewer staff working at CEDF today than there were two years ago.

We want to know what the impact of that reduction has been. Is that part of the reason for the reduction in loan applications, loan approvals? Are there applications being set aside because there is not the support out there for the applicant? Do we have other problems that are causing the reduction?

The minister should know that even in the depth of the recession in 1980, the Community Economic Development Fund approved 37 loans—this was under his previous government—with a value of approximately \$1.9 million. In 1987-88, when this government took over, the value of the loans was \$3.5 million. It is cut in half. The value of the loans is cut in half in 1990. Are we seeing a deterioration again?

The minister has indicated the dollar value may be higher, but he will not specify how many loans have been approved. Are we looking at a 10-percent reduction, a 20-percent reduction, a 50-percent reduction? How serious is it? Once we

have that information, perhaps we will know if the direction the CEDF is taking is appropriate or not.

Mr. Downey: Mr. Chairman, again, I respect your information. I have no difficulty in telling the member there were 30 loans approved last year for a \$1.7 million value or a little over that. So that is the current status of the report which we are not reporting for, but I am quite prepared to give him all the information he wants.

Mr. Storle: I do not know whether the minister considers a 20-percent reduction significant or not. I certainly do. I guess it does lead to the question of whether the current strategy that CEDF is employing in terms of soliciting and supporting applications is working. Certainly, in northern Manitoba this is perhaps one of the most difficult periods that people in the north have faced. There have been town closures, Sherridon and Lynn Lake. Getting money from established financial institutions is almost impossible. Even in communities like Flin Flon I am sensing and I am hearing that it is becoming increasingly difficult to get banks, the first line of support, to invest in projects. Perhaps we need more staff in northern Manitoba, not less, and perhaps we need some further decentralization from the Thompson office into Leaf Rapids and Lynn Lake and perhaps Snow Lake and Flin Flon, Norway House, Cross Lake, some of those other communities, so that we can move on supporting applicants and, in fact, doing more to encourage entrepreneurship in our small communities.

Mr. Downey: I appreciate what the member is saying. I think he was leading to what impact does the current economic situation have? I gave him the information to try and help with that, but let me assure him that we are out there to do business.

The strategy of CEDF, and I would hope the member would compliment us on moving into not only one northern community, but basically two northern communities, with the consultant now in Swan River as well as in the Thompson area. The commitment is there to the north, to the remote communities, and I would hope that it plays the meaningful role that it was initially established to do.

I know there will be an opportunity for a debate as to how much loan activity takes place outside of northern and remote communities. Again, not being critical of anyone, it was a decision made by the previous administration, by the board. I think the

Legislature has to debate that issue as to where it goes from here as far as the overall service provided. I do not think from what I am hearing that more staff would do more for loan activity.

I think the business opportunities that present themselves will be certainly carried out as effectively and as efficiently with the staff that are there, and with enthusiasm, to try and help them make sure that the businesses that are entered into are of a sound and substantial nature. I think there has been a little bit of a misconception out there over some of the past, and that is that it is a loan program, it is not a grant. I know that some people have come forward asking about a grant program and their interest is not to be the same after they find out that it is a loan program. That is basically all I can add at this point.

Mr. Storle: We will argue at perhaps some other point about whether if you are going to decentralize, Swan River would have been the first choice. There are financial institutions in Swan River. Although there are communities surrounding Swan River that I am sure can use the services of CEDF staff, perhaps it is appropriate to have a position. I think I could also argue that positions perhaps should be made available in places like Lynn Lake where they are experiencing extreme financial difficulty. Existing businesses are having trouble surviving, and they are looking for additional opportunities.

We have seen a cutback in resources at a time when, I believe, there is a good argument for providing additional support. The cutback has not just been at CEDF. The cutback has also been in economic development. People that were designated as northern and rural economic development officers in other departments have been effectively cut. I think that there is an argument to be made for increasing support.

* (1100)

The minister cannot convince me that the decline in applications and the relatively few applications that this government and its agency have approved is not related to the servicing of outlying communities. I was in Pukatawagan last week and approached by an individual who wanted some information about how to get some support—loan support, absolutely—and the minister can be assured that I always pass on those pieces of information to staff. I think that the CEDF needs to be more proactive, and they can only do that if they have the personnel to visit those companies and

work with those individuals to make sure that where there are opportunities, and most of them are service sector opportunities, they are taken advantage of. I do not think that this is acceptable. I do not think that a reduction in 20 percent in loans approved is acceptable. I would like to see twice as many jobs being created, or three times as many jobs being created in northern Manitoba. I think that still is the focus of CEDF and I appreciate that.

The minister is going to have to answer the tough question about what impact the cuts have had, the reduction. What impact is the lack of information and available support having on northern residents?

Mr. Chairman: Shall the March 31, 1990 Annual Report pass?

Mr. Storle: No. Mr. Chairperson, my colleague has a number of other questions.

Mr. Lathlin: I just have a couple of questions left, Mr. Chairperson. I just wanted to know, you know, in terms of—first of all I reiterate my colleague's concern, because it has always been a concern of mine. You know, when times are tough up north, layoffs all over the place and programs are threatened, services are threatened and people are being laid off all over the north. We view CEDF as a lender of last resort, at least that is what I read in the documents that I go through. It would seem to me that the activity of the program should be picking up, at least maintain what was there before and not necessarily go down. So I just wanted to make that statement, just to emphasize my dissatisfaction or my concern in the way that the program activity has slowed right down when I believe in my own mind that it should be picking up. That is a statement.

The question I had was—and then we look at the jobs. What my question was—I will direct this to staff. Your staff told us earlier on that there is a set of criteria that is used, you know, by these five consultants who go out and review business plans and so on, and subsequently, we are given to understand that they do ongoing monitoring once the project is on line and implemented. Now, I know when your people go out to monitor the projects, presumably one of the first things they look at is, is the business making money because we want to make sure the loan gets paid back. How is the business being run?

Do you get figures of how many aboriginal people are actually employed in these projects that are being funded by Communities Economic

Development Fund? Excuse me, Mr. Chairperson, the reason I say that is because when I was chief of my band I had a lot of people come into my office asking me to give them a letter of support, because they were going after some funding either by way of grant or loan. Invariably, individuals would tell me, I am going to create jobs for aboriginal people. I am going after this money from government as a grant or a loan and, when I do get it, these are the number of jobs that I am going to create for aboriginal people. I am just wondering in CEDF, can you give us information of that sort?

* (1110)

Mr. Downey: Two points. I am sure a part of the time in which the member for The Pas was chief was the time in which his colleagues were in government, so I guess it would be easier for him to maybe find that information out from his colleagues. Currently, it is not the objective of CEDF to in any way discriminate by colour or background as to who gets the loans. Again, as I said earlier, over 50 percent of the loan activity goes to aboriginal people. I mean what would the member suggest, that if they are not carrying out certain employment activities with certain people, that the loan be called? I am sure he would not suggest that.

The objective of CEDF is, regardless of who they are, to make sure that they have a sound business plan to carry out and, hopefully, they can create more employment opportunities than what were out there previously. I mean, the objective is to create economic activities. I would say that it would be hard to direct a company or any organization that came to borrow money as to who they should or should not hire. I think the key is the number of jobs they create should be the overall objective of the organization and, as well, to make sure that, as he indicated himself, it is a sound business venture that is entered into.

Mr. Lathlin: I am only saying that because I was chief of my band for about six years, and I have received many, many visits from aspiring entrepreneurs who are in the midst of developing a business plan, and they are on the verge of approaching financial institutions, government, loan agencies and so on. I am not telling the minister any stories when I say that when people used to come to my office, that is the line they gave, because supposedly if you told CEDF or whoever else is out there, loan agencies from government, that you will

create employment for aboriginal people, that was your ticket to success in accessing that money. That is all I am saying, and that is a fact of life, and if the minister does not want to believe that, well that is his prerogative, but I am just speaking from experience.

Also, he refers to the previous administration. I am talking about from the time that the loan activity went down in 1988 from 70 to 22, went back up a little bit to 30, and now it has gone back down to 38. That is what I am talking about. The answer that I am being given is, no, there is no criteria for creating jobs for aboriginal people when it comes to approving CEDF loans. Am I correct?

Mr. Downey: I think it is clear on the record as to what the chairman of the board said as it relates to aboriginal people, and the member can read that and go back. I do not have to say any more as it relates to that. Again, I will use the figure of over 50 percent of the loans that have gone out of CEDF, are to aboriginal people.

I cannot give him any other information as it relates to that, because that is what we have available to us.

Mr. Chairman: Shall the March 31, 1990 Annual Report pass?

Mr. Lathlin: Mr. Chairperson, I received a copy of a letter that was written to the minister responsible for CEDF. If I could read it here to the committee, it is about the Churchill Arctic Enterprises Ltd.

It says—I am just going to read parts of it—my loan with the CEDF is repaid in full. I write to express my concern and indeed anger with the way in which the fund handled the situation. I was saddened to have had to make the hard decision to wind down the business, especially in view of its long history in Churchill. Believe me, the decision was not taken lightly, and I had to face the hard fact that competition from the south was such that we could have never made it in the long run.

However, when the decision was made, I wanted to be sure that the two major lenders, the Royal Bank and CEDF knew exactly what was going on and how I intended to fully repay both of them. The bank was extremely helpful and made me feel comfortable with my plan. I asked CEDF to send someone to Churchill to sit down with the bank and myself but they could not be bothered. The

impression that I received from them was, why should we worry? We are fully secured.

Do you not think that a business established well over 20 years in a small community deserves some kind of co-operation? I would like to mention that our loan was of a substantial amount. My loan payments have always been made on time and is now fully repaid. I can only hope that other borrowers who are open and honest in their effort to repay their loans receive better help than I did.

I just wanted to read that, Mr. Chairperson, after the glowing report—

Mr. Chairman: Have you any further questions?

Mr. Storle: Perhaps the minister would like to respond and perhaps give us an update on this situation, whether there are some legitimate process problems in CEDF that have led to this letter. The minister's lack of a response leaves us wondering what the circumstances were and whether this indicates a more serious problem.

Mr. Downey: Mr. Chairman, I think that I would like the letter tabled. The member could let all of the information be known. I am not as concerned about it as the member appears to be. It is my understanding there are some inaccuracies in the information that is provided, and I have just been informed—the manager can speak for herself. I understand that she personally visited Churchill on this particular issue and if she has more to add, she can.

Ms. Clarke: I would just like to say that the first day of my job, I got a phone call from this company saying that they had decided to close her business and wind down their business because one of the owners, Earla Knowles was moving to Yellowknife. I did go up to Churchill and meet with her. We had what I considered a very agreeable arrangement with the bank manager and herself and myself. I have letters on record from their lawyer that they were pleased with the orderly way we wound down the business. I am very surprised at that letter. I never heard of it before.

Mr. Lathlin: Mr. Chairperson, obviously there is a problem somewhere. Otherwise, I do not think this individual would have written this letter the way she did.

Mr. Chairman: Shall the annual report pass?

Mr. Storle: Mr. Chairman, I do not understand what the hurry is. There are many questions yet to be asked.

Several years ago, CEDF held rounds of community meetings. I am wondering whether in the two years that are under review, representatives of the CEDF Board have held public meetings to explain CEDF's role to highlight, I guess, CEDF's activity in northern Manitoba. Can the minister or the general manager indicate whether such meetings took place, and if they took place, where, and whether any are planned for this year?

* (1120)

Ms. Clarke: CEDF on its own has not held public meetings. On the other hand, CEDF has participated with various MMF economic development conferences, the Churchill Development Conference, the Norman Regional Development Conference. I, personally, and also two of my consultants speak every time we are asked to at any kind of development conference held by any group within Manitoba. We have had, I would say, a minimum of eight in the last six months that we have attended. It is certainly part of our planned agenda to have a broader profile, and we certainly have our doors open to participating in any kind of economic development group that asks us to participate. As far as initiating them ourselves yet, we have not done that.

Mr. Storle: I have had an opportunity to probably meet with many of the organizations that Ms. Clarke talks about, and it is certainly useful and worthwhile for them to be kept abreast of CEDF's activities, but I think that there is also a very significant need for information in the community.

I would hazard to guess that there was no one at any of those Norman Regional Development Corporation meetings from many of the communities that CEDF has a mandate to operate in. I think it is important to go, because the leadership are not always the entrepreneurs, and in many communities there is very little communication. There is not the means of communication in many of those communities for that kind of information to be disseminated.

Ms. Clarke: I would just like to also mention that through the NACC conference in the fall—CEDF was also at that and participated, so that all of the mayors in all of the communities know who we are, how to get a hold of us. Actually, I know most of the

people in the communities in the north. I get many phone calls, and I talk to everybody that calls me. We do have a presence, I believe, in the north, because our people are known. We certainly intend to work on having -(interruption)-

We have only been there since the end of August, and certainly I think that we have been building on and will continue to build on the presence in the communities.

Mr. Storle: Mr. Chairperson, perhaps the minister can indicate whether he would be willing to direct members of the Board of CEDF to establish a schedule for public meetings in communities like Cross Lake and Norway House and South Indian Lake and Island Lake area where there are quite large populations. All it takes is one or two or three people who have entrepreneurial skills or have the desire to get into business, to stimulate job creation in those communities. Is the minister willing to ask the CEDF to be more proactive and get out there and undertake that kind of process?

Mr. Downey: First, what I will do, Mr. Chairman, is I will do a review of how effective the previous administration's activities were in what the member is recommending or at least indicated what they have done. I am sure it will show in the minutes as to what they did, so we know precisely what in fact took place in the past, plus we will take a look at how effective it was, and I will discuss with the chairman of the board the concept which the member has brought forward, after we have had a look at how effective it is. Again I am fairly confident, and I say this very strongly, that we have a chairman and we have a board and we also have a general manager who is certainly no stranger to northern Manitoba. She has worked through many communities, lived in the north, raised in the north and is, I am sure, pretty well known throughout those communities.

We, by moving CEDF to Thompson, I think, made a move which gave CEDF a tremendous amount of profile and gave access to many of those communities that never got it when they were at 155 Carlton Street as far as activities relating to northern Manitoba. So I think actions speak louder than words. I am confident and, as I say, it is something that deserves a review. Let us see how effective it was. I am never against considering good ideas, but let us see how well they worked.

Mr. Storle: The minister is quite correct: Actions speak louder than words. In 1987 there were more

than 100 percent more applications approved than in 1990.

Mr. Downey: How many were actually taken up?

Mr. Storle: Actions do speak louder than words and there were previous ministers of CEDF who have gone to public meetings in northern Manitoba, I can assure you of that. I would hope the minister would be a little more interested in being innovative and responsive than putting on his rearview mirror and looking at the past, Mr. Chairperson. -(interjection)- The fact is, that is where the minister is looking, directly behind him instead of ahead. That is my point, for the member for St. Norbert (Mr. Laurendeau).

The question is: Is the minister prepared to accept the suggestion that public meetings be held? I recognize that the general manager may be known in many of the communities and may know many of the leadership in those communities. That does not mean that the information that CEDF wants to be in the hands of potential entrepreneurs is getting into the hands of potential entrepreneurs. If the application rate and the approval rate for 1991 is any indication, then it is not, and something like this may be extremely worthwhile. That is all I was asking of the minister.

Mr. Downey: Mr. Chairman, I am quite prepared to become proactive, responsive and responsible to the operations of the fund. The chairman of the board has a comment he would like to make as it relates to this.

Mr. Westdal: I would just like to comment on that. I think the board is fairly well aware of those issues, and we have under active consideration a plan to hold board meetings in places other than Thompson. We are actively considering going out into as many communities as we can, holding our board meetings in those communities, hopefully, to both familiarize ourselves with the client communities and to let people know what services are provided by CEDF.

Mr. Storle: I would like to thank Mr. Westdal for that information. It was very helpful.

Mr. Chairperson, I would ask as well the chairperson whether there has been any change in criteria used with respect to applications over the last couple of years?

Mr. Westdal: I can only speak for myself and the other board members, and I would have to say that

this board looks very carefully at loan applications in terms of whether a proposal is economically viable. We are very concerned that we have successful clients, so we tend to look at that very carefully. We are not interested in getting people into businesses unless we are comfortable with the fact that they can succeed.

Mr. Storle: I think that is a very sound approach. Of course, it begs a question of whether CEDF is prepared or does anything to make sure that people come forward with what looks like a viable proposal are given the skills necessary to make sure that they can succeed. Does CEDF have, for example, an entrepreneurship program, a business administration program that it offers to its applicants, potentially successful applicants?

Mr. Westdal: I think one of the things that this board has focused on is that after we have made a loan to people we are concerned to see what happens to them down the road. We have been very interested in trying to provide them, our clients, with business counselling services as the business proceeds. The manager has made arrangements, I believe, with CESO to provide some of our clients with business counselling services, people who have expertise specific to the business that our clients are involved with. I think we are moving along like that.

* (1130)

Mr. Storle: It is part of the criteria then, when you are deciding which applications will be approved and which will not, an assessment of the current and potential skills of the applicant?

Mr. Westdal: I would say that one of the things that the board always looks at very carefully is the background of the applicant. Many of our applicants do not have advanced education; many of our applicants do not have a history of sort of senior positions with other organizations. We look very carefully at the work record that they have, how they are perceived in the community and how they have handled their other business affairs.

Mr. Storle: So now at this point, just for clarification, is there any formal support program in place at CEDF or is it done on an ad hoc basis based on the applicant and the perceived needs of the applicant?

Mr. Westdal: We are moving towards more and more of a formal process. We are finding with some of our clients that there are certain types of services that they require in common. We are very

concerned, for example, that as the business progresses that they are aware of the cash flow requirements. In terms of having a set sort of procedure, we are very much moving towards that with respect to those sorts of issues.

Mr. Storle: Has the CEDF or has this board considered providing bookkeeping training, as an example, to applicants who do not have the requisite skills at this point in time? Is that perceived right now as part of the board's mandate? Does the board perceive its mandate as going to be simply a lender of last resort and then helping out where it can? Is there any more structure to that intention?

Mr. Downey: A brief comment, I think the manager answered a lot of these questions a few minutes ago as it related to the work of the consultants and what they do. I am satisfied that they do, and they can respond further. I guess the other thing is that there are a fair number of educational organizations that are recognized, I am sure, by CEDF as being trainers, educators in this whole field. I guess I am asking the member, are they advocating that CEDF now become an educational institution as well as a lending institution?

There are limitations, and the more money you spend or the staff you have on educational programs, the less you would have for the other administrative work that the member is talking about. I think there is a need for education of the clients, but there is also a matter of working pretty closely with them individually, as they have been doing. The manager or the present chairman may want to make further comments but I guess what I am asking the member, is he advocating that we become an educational organization?

Mr. Chairman: I am going to ask Ms. Clarke to respond further to your question.

Ms. Clarke: I would just like to make the comment that we looked at the failures in the past when we took over the fund, and we realized a lot of the people probably did not have the support system they needed. Myself and Mr. Roelofs had been working at setting up a basic bookkeeping system that is specific to whatever industry they are in. We have already been assisting some clients on an individual basis, but we are going to be putting in a bookkeeping system that is specific to—and of course, these people are entrepreneurs. They are not bound to us in any way, so all we can do is say this is what we suggest you do. We would help

them get started on it. However, we have a very limited staff, a limited budget. We are not FBDB. We would love to have all the training programs they have.

However, I have also met with FBDB to see what we can access through them. We work with external groups like CESO, which have expertise from retired business people. We look for every source we can within the community and within ourselves to try to assist our clients to succeed, because it is important to CEDF that our clients are successful business people.

Mr. Storle: Mr. Chairperson, I was not attempting to be critical of what CEDF is currently doing. That has been the practice, to my knowledge, for many years, that the consultants act as a friend and advisor and periodic accountant and so forth to many individuals who have received CEDF loans. Your observation that, in fact, many of the CEDF clients who fail, fail not as a result of a lack of opportunity in that particular enterprise but a lack of business skills, a lack of management skills. So I guess I ask the question whether an investment of between \$1,000, \$2,000 or \$3,000 in a training program at the beginning, at the onset, would not also be a good investment for CEDF?

I am not advocating that CEDF necessarily have the training capacity, but I would think, as the minister suggested, that organizations like KCC who offer business administration accounting programs could not be used as a vehicle. The question is, is it not feasible to have the training cost capitalized as part of a loan package so that you will get the training up front and it is made, in effect, a condition of the loan?

Ms. Clarke: We have done that already this past year, put built in. It also has to be agreed to by the client, because it is a free world. We have had it built into a hotel loan; it was part of the condition that we gave the loan. The board was the one that made that a condition of the loan and we are working on it, so it certainly—

Mr. Storle: Well, that was my point. I am pleased to hear that has happened, and I just wondered whether the board has considered formalizing that practice and making whatever deemed to be the requisite training available and a condition of the loan, whether that has been considered. The general manager suggested that it was—of course, you are dealing with individual entrepreneurs and

they have a choice. That is quite true, but if it is part of the condition of the loan, then they choose whether they feel that is worthwhile or acceptable or not.

Ms. Clarke: I would just like to make one point here that we have entrepreneurs of varying skills. Some people have never been in business. We look at least if they have had experience in that business as an employee. Some people have been in business in the past and there are different levels of requirement of training. Some people do not require the training, they just need someone to discuss the business with as they go along, so it is certainly not something that you put everyone in the same package. Every application has to be dealt with on an individual basis.

Mr. Roelofs: In addition to this, I would like to point out that there are certainly two aspects to the training, especially bookkeeping. One is to teach the candidates, our applicants, to do the history writing; the other aspect certainly is to teach them how to use the accounting and history writing as a tool of management.

Mr. Storle: Yes, I was just going to add that I recognize that CEDF could not impose a single training program because it would depend very much on the enterprise that someone was entering and the background skills, academic and otherwise, that the person brought to the process. But whether it would be acceptable to have whatever training that was deemed to be required, capitalized as—put as part of the loan cost, because it seems to me that if the lack of those skills has resulted in failures, it would not take very many successes to compensate for the cost of providing that training or heading in that direction.

The general manager kept mentioning CESO. Is that the business development case program?

Ms. Clarke: Canadian Executive Service Organization, which is retired business people, and they are used by FBDB; they are used by various other people. It is a Canadian organization of retired business people. It has a Manitoba branch.

Mr. Storle: The FBDB used to have a program called CASE. Are those consultants still available to CEDF clients as well?

Ms. Clarke: CASE consultants are quite a bit more expensive. They are also available, but they charge

a much higher rate than CESO, but they are available.

Mr. Storle: I would just like to go back. The chairman suggested there had not been many changes or any changes that he was aware of since he became chairman of the board. I am wondering whether there have been any changes to the equity requirement at CEDF. When an applicant approaches CEDF, is there any basic requirement for personal involvement?

Ms. Clarke: No change in what has been happening in the past.

* (1140)

Mr. Storle: So, depending on the circumstances, there may be an equity requirement and there may be absolutely none, or is there always some?

Ms. Clarke: There is always some.

Mr. Storle: Can the equity be in the form of sweat equity?

Ms. Clarke: To an extent, not totally.

Mr. Lathlin: I would still like to come back to the number of aboriginal loan applications. Were there 100 aboriginal loan applications that came in—I am talking about status—and how many were approved? The reason I keep coming back to that is that as I look at the composition of the directors and officers—and, by the way, I am glad to see the general manager here who is a woman—unless I am reading another document, I see one woman here serving on the Board of Directors of CEDF. I think from that you can understand why I keep coming back to the aboriginal loan applications. I do not have a list of the staff people here, but I see officers. Mr. Musgrove has been there ever since—I think he was there when I was born. -(interjection)- I withdraw that remark. Then I look at the -(interjection)-

Mr. Chairman: Order, please.

Mr. Lathlin: I said I withdrew that remark. Then I look at the list of loans approved year ending March 31, 1990, and there again I am wondering how many applications from women do you receive. Is there any way that we can track those? Looking at the names here, I do not see too many, unless they are, for example, Louise and Daniel. I am just wondering how many women applicants or aspiring entrepreneurs do you have.

Mr. Downey: A fair question from the member as it relates to the makeup of the board of directors. I believe it is basically the same as the previous administration had as it relates to the breakdown of individuals. I am pleased that the member is fair enough to agree with the numbers and what he sees here. Of course, as for his interest and concern as to the loans that are made to women in the communities, I guess one could just go through the list and pretty well identify—I think there are a fair number here that are made to women, or women and their spouses or partners. I can help him if he wants, but I am sure he can identify the names here that would be identified as women as well as the men, and I do not need to take up the time of the committee to do so.

I do think that it is important, and I know that the manager has a very keen interest and works very aggressively, but again it is important to point out that the applications and the approvals are made on business plans by people who come forward to go into business. Encouragement, I am sure, should be given to everyone, and that is what we are attempting to do.

Mr. Lathlin: I raised that question, Mr. Chairman, because I know for a fact, and although that is changing somewhat in the last little while, when a family, a couple goes into a bank to arrange financing, the arrangement is usually approved in the man's name, to be cosigned by the woman, but try to have the woman go into a bank and secure loan financing from the bank, it is tough sledding.

Here we have a program, a lender of last resort, and I think the mandate says: who cannot access funding through normal lending institutions. The fund works with industry and government programs and then the entrepreneur to coordinate and support the growth of economic development in northern and rural Manitoba.

When I look at the composition of the board of directors, I am just wondering how much of a priority we place on the women who are usually in a depressed state no matter where you are, whether you are in Winnipeg or up north. Also, I use the analogy, like for aboriginal women, for aboriginal people, because in the mandate it says—I just read it and you know what it says.

If you are a lender of last resort, that means that you cannot convince the Royal Bank, that you are a bad risk, or that you do not have enough of a

business background, so therefore you go to CEDF and then, of course, that would normally lead into some of the things that my colleague was raising, for example, to be more supportive than that of, say, Scotiabank or Royal Bank. Of course, how much more supportive can you be than—like looking at the target groups that I just finished talking about.

Training, for example—and again I think my colleague has already pointed out that we do not see CEDF coming on like a full-fledged community college with all its training components, but we see the need for a lot of training to dovetail some of these entrepreneurial exercises that are going on, which leads me to say that, you know, particularly in the north we have to keep the programs that are there. It is for this very reason why we need those training programs. In the event that a person from the north or in a rural area wants to get into an entrepreneurial setting, that we do not spend all that much time trying to support the individual, because he will hopefully have received that training from the KCC or wherever. If so, we could still work with KCC to work with the fund and augment whatever the fund is already doing.

To summarize my statement, No. 1, I would like to go on record as having a great concern in that I do not see women being represented on the board of directors. I would like to go on record as having great concern for the list that I see here as loans having been approved that, from what I can gather, unless the minister wants to share other documents with me, that I count five or six women who may have gotten into business.

* (1150)

Mr. Downey: Just a brief comment, Mr. Chairman, I want to say that our record stands pretty clear. We encourage women to fully participate, and we have the same representation on the board currently as by the previous administration, plus we have a woman as a general manager—I feel very strongly about that—a very capable individual. Let me ask the general manager to respond as it relates to the loan activity in that it relates to women in the north.

Mr. Chairman: Shall the report pass?

Mr. Storle: Mr. Chairperson, the minister almost two years ago now asked for an auditor's report on the functioning of CEDF and received that report about a year ago. Part of the report commented on the need for training of CEDF staff. Can the minister

indicate whether he has taken any action, or whether the CEDF Board has taken any direct action to improve the situation in terms of staff training?

Mr. Downey: I believe there has been, and I will let the general manager respond.

Ms. Clarke: Since I have started with the fund, we have enrolled staff into accounting courses through KCC and Success in Winnipeg, as well, last summer. They chose that one. We did not enroll them there. They chose their college. We also had people enrolled in computer programs.

We have had in-house training provided by myself and Mr. Roelofs on break-even analysis of business, lending criteria. We have a workshop coming up in April this year addressing lending, addressing records of supervision, utilizing the business plan to compare the success of the business. We have training programs planned for every two months in a seminar setting for our consultants over the next year, so we will have six training sessions within this coming year. As well, we will be doing in-house training all along, and they have also been enrolled in community colleges.

Mr. Storle: The general manager has piqued my interest. She has mentioned Success Business College. I am wondering how many of the—

Ms. Clarke: One of our trainees went to—at his choice.

Mr. Storle: Could we just have the training program that was purchased?

Ms. Clarke: It was an accounting program.

Mr. Storle: Mr. Chairman, just in terms of the training, could the minister indicate first of all how many people, when she is talking about staff, are actually involved in this training program? Is it more than just the consultants?

Ms. Clarke: Yes, I would like to respond to say that all our secretarial staff and our consultants are involved in training, as well as I have enrolled in a course myself.

Mr. Storle: Before I forget, I had intended to ask you the names of the consultants who work for CEDF and to ask whether any of them are on contract, or are these all staff positions with CEDF?

Ms. Clarke: All of them are staff and I do not know—do we give our staff names out?

Mr. Downey: That information can be provided to the member. We can get that for him. It does not have to be done right now.

Ms. Clarke: It is the same consultants that we had in the past.

Mr. Storle: Perhaps, then, we could just have the names, if they are the same. Mr. Merasty is still there. Just give me the names. I probably know most of them.

Ms. Clarke: Okay, we have Antonio Boustcha, Manfred Keil, Art Merasty, Howard Contois and Lorne Flamand, all previous employees of the fund when I came there.

Mr. Chairman: Any further questions?

Mr. Storle: Which one of these individuals is in Swan River?

Ms. Clarke: Lorne Flamand.

Mr. Storle: Could we have, or does CEDF prepare any kind of regional breakdown of loan applications? Do you keep track of how many applications you get versus approvals? I am just wondering whether there is a difference between the work that is being done in one area versus another in terms of the preparation of individuals before they get to the board.

Ms. Clarke: I do not have that information available right now, but we are going to be doing some of that kind of recounting when we do our year-end.

Mr. Storle: For two reasons. Number one, obviously I think it is important to know if there are weaknesses in terms of staff, but perhaps more importantly, it is also important to know whether there are weaknesses in terms of the different regions CEDF deals with. There are some very big differences between northwest and northeastern portions in terms of the training that is available. I would assume, for example, Island Lake area probably CEDF has very few applications. It is very difficult to access training, other information, their communication links with even Thompson are fairly limited, and it would be useful to know where you are getting your applications from and who is servicing them and what supports are available.

Mr. Downey: Mr. Chairman, again, the loans that are actually made are listed here by area, by region, so that information is already available.

Mr. Storle: I just was questioning in terms of the board zoning for their own internal information in terms of where they are succeeding and where they are not, just by looking at the list and that is what raised the question. There are certainly—I do not think there are any from the Island Lake in the northeastern portion of the province and that would—I mean, there is significant population in that area. Obviously, in Island Lake where they have 7,000 people, there is considerable room for service industries of one type or another and you know, I think it is important that we know where or we provide additional support in areas where there does not appear to be the necessary support.

Mr. Downey: Mr. Chairman, again I appreciate the question from the member. I understand there are currently four loans in the Island Lake area, but let me say, I think there would be an opportunity for more activity as it relates to the Island Lake area. There has been a long-time need for the Hydro development to take place up in those communities, and I would see more activities not only relating to CEDF, but more general employment opportunities for that whole area and that region.

Again, the board and the management, I am sure, in their activities in managing the fund are trying to make sure that they are clearly covering all of the areas where the demands are coming from. I think the member is accurate in saying that there may be less activity because of that area being not as accessible to either Thompson or to Winnipeg in the past. Hopefully, as we see development take place and again make reference to some of the Conawapa activity, maybe there could be some related activities that would support employment and loan activities in those communities.

Mr. Storle: The general manager indicated that there were some four -(interjection)- or you did. I am looking at the '89-90 report, and I do not see any from Manigotagan or Garden Hill or Red Sucker Lake, unless we are talking about the new, the 1990.

Ms. Clarke: I am talking about in our loan portfolio. We have four loans that are from either—one from Red Sucker Lake and three from Island Lake.

* (1200)

Mr. Storle: They were not approved this year?

Ms. Clarke: No.

Mr. Storie: Thank you for that clarification. No, I was just going by the 1990, March 31. I was just looking at the list of the approved and there are approvals from a much smaller community than the Island Lake area, and I just point out that with a population base of 7,000 people, you would assume—and I do not know how many of the board members have been. I am sure that Ms. Clarke has been to Island Lake—that there would be a relatively healthy service industry there. It certainly would seem to be a potential. In a community like Pukatawagan, there are at least three separate small enterprise boards and, in the Island Lake area, you do not see, even though the population base is there, that kind of activity.

It seems to me that if CEDF chose, it could target some of those areas and say, we are going to develop some service industries in those areas, and again it would be a little more proactive in terms of reaching out to those communities and the entrepreneurs in those communities.

Ms. Clarke: No comment.

Mr. Chairman: No comment? Any further questions?

Mr. Storie: The minister may want to indicate whether he, in fact, is considering, would consider, adding some additional staff or requesting the board to add additional staff to deal with some of the regional imbalances in terms of loan applications and whether he is prepared to provide support staff to deal with the northeastern portion of the province in particular?

Mr. Downey: Mr. Chairman, as I have indicated, the move to Thompson, the move to decentralize some of the staff throughout the province I think is a clear initiative and shows that we are serious about providing services. The member is making the comment about the northeast region. I have responded by saying, yes, I believe there is an opportunity there and, as the need demonstrates itself and the requests come forward, they will certainly be entertained, and I say this seriously as it relates to the development of the northeast Hydro activity or the local Hydro services which they have been long waiting for, plus the Conawapa activity, I would see probably a pretty good opportunity there for further development. I know that from the discussions with the chairman and the manager of CEDF, it would be very receptive to that area and that related activity.

Mr. Storie: The minister keeps referring to the move to Thompson, and symbolically, I agree with the minister. I think it is an important move. I commend the minister for deciding to move CEDF, or making the final decision to move CEDF to Thompson, but he should not delude himself that somehow that is going to overcome the fact that Island Lake, for example, is at least an hour plane ride away from financial help and that, in other communities in the province—(interjection)—One and a half. Not as long as this minister, that is for sure—(interjection)—Well, Mr. Chairperson—

Mr. Chairman: Order.

Mr. Storie: The minister may want to go into the history, and we can certainly do that. It is under this government that we are seeing the reduction in education funding by almost 60 percent, seeing the loss of 450 mining jobs and—(interjection)—Well, the minister wanted to review history, apparently. I certainly am prepared to trade war stories with this Minister of Northern Affairs (Mr. Downey) if that is his wish.

My question, however, is this: What is he going to do about the apparent lag in service industry development in the northeast section? He should not confuse the fact that we have an office in Thompson with the needs in Island Lake or Poplar River or Shamattawa or anywhere else.

My direct question was: Is he prepared to provide the staff needed to see if we can improve the level of service and the business opportunities in those communities?

Mr. Chairman: I would remind the minister and Mr. Storie that they direct their responses and/or their questions to the Chair and that the response be to the Chair. I would ask the minister to respond to Mr. Storie.

Mr. Downey: Mr. Chairman, I have said about all I can as it relates to that area. The manager may have something that she wants to add as it relates to that northeast area.

Ms. Clarke: I would like to point out, Mr. Chairman, that the fund consultants may be stationed in a community like Thompson or Swan River, but they are traveling bank loan managers, and they visit the area. Actually, I have personally a tentative—we cancelled it once because of weather—trip in with our consultant for the Island Lake area—preplanned. We have already had it in our agenda

and are rescheduling it because we had to cancel. The board has also targeted Island Lake as a place to have a board meeting, because we realize that there is development going on in that area, and our consultants do—we do not need additional staff right now to access the different areas, because our consultants do travel to all the areas that they have in their area where they are working, so we are not stationed in one spot and sit there.

Mr. Storle: No, I appreciate the consultants do visit communities, on the request of individuals, to supply information and so forth. Perhaps Ms. Clarke can tell us, how many communities are these two consultants responsible for?

Ms. Clarke: I am not sure how many communities are in the north, but I believe it is something like 60. We have two consultants who are targeted for the north, so I would then say probably it is about 30 communities each. When they do make a trip, they target about five communities, maybe, within a certain two- or three-day trip when they go, because we also have to be very conscious about the costs of travel. We make a game plan up for the traveling, to not have them come back and forth from their office, so they do target and travel to a few communities. I myself have traveled with a consultant, as much as my time allows, as well, to let the people know that we are there and we are accessible.

Mr. Storle: Mr. Chairperson, I appreciate that information. I am sure that it tells the general manager as much as it tells me, and that is that when you have two consultants working with people with varying levels of business skills, current skills, five people visiting 30 communities are not going to be able to provide an individual with very much support when we are talking about people who may be experiencing serious problems, not having access to someone for perhaps weeks because of their schedule and their need to visit some other 29 communities.

When the general manager says that they do not need additional staff, I think the statistics indicate that they do need additional staff. I would argue that if we are going to see more than 30 applications approved, if we are going to see more jobs created in northern Manitoba, we may have to be a little more visible and a little more active and a little more supportive. If that requires staff, then I would argue that is what we should be doing. I mean, things in

northern Manitoba and many of those communities are very depressed. It seems to me that CEDF has a role in making sure that the problem is alleviated to the extent that it can be. It seems to me that the statistics indicate that we do need some more support up there.

Mr. Chairman: Are there any further questions?

Mr. Lathlin: Let me go back to these five consultants. Two are stationed in Thompson. How many are stationed in Swan River, and how many are stationed in Winnipeg?

Mr. Downey: Those answers, with respect, have been answered. Those questions have been answered. One in Swan River, one in Winnipeg.

Mr. Lathlin: I have two more questions, Mr. Chairperson. I like the idea of having consultants stationed in Thompson and in Swan River, and I know the one who is stationed in Winnipeg. Quite regularly, as you know, I travel on Canadian Airlines going north, and quite regularly I run into Mr. Boustcha on the plane, and I often wonder if we have two consultants in Thompson and one in Swan River. What is Mr. Boustcha doing in The Pas and Thompson? That was one question. Maybe I will wait for the answer for that one.

Mr. Downey: I guess the point is that the whole operation of CEDF has been decentralized to the northern communities. I would say prior to that, all of the operations took place out of Winnipeg. The member is maybe critical about the numbers of people and the services provided, but I can tell you they are substantially improved to what they were under the previous administration.

* (1210)

Let me reiterate that again. I think the bottom line is to get the community served to the best of our ability with the staff that is available. That is, in fact, taking place. The numbers of loans—again, let me go back. If they want to talk about the numbers of loans approved, again there was the point of 1988 when they did bridge financing for the Special ARDA program which is not there any longer. That is a major decrease of the number of the loans approved. In 1989 we saw a major review by the Provincial Auditor's team and also a move to Thompson which, in fact, had other workloads for them to carry out. This reporting year we are now back up to some 38 loans approved. We do not have Special ARDA; we do not have all those.

These are clearly work activities as it relates to CEDF.

I guess the bottom line is, Mr. Chairman, that we are, with the staff, with the management, seeing some major improvements to the operations of CEDF. There is room for more. The member has mentioned the northeast area. I can tell you from numbers of communities; there are two more communities than when the previous government was in place. I think there are 56 communities, but we do not strictly stick to those communities.

There is a big workload out there. They are carrying on responsibly, and as time goes on, we will see improvements. I have confidence in the board and in management to provide the services. The recommendations and comments made here today by the members will be clearly taken into consideration as to future activities, and we are very open-minded as to how we can better provide support for entrepreneurs getting into business in the north. Let us face it, we all want economic activity because without economic activity we are not able to provide the kinds of services that tax dollars provide, whether it is education and health, which are the provincial government's priorities. We are very anxious to see activities take place. We have seen some improvements and we will see more improvements.

Mr. Lathlin: Mr. Chairperson, may I remind the minister that we are in '91? According to the figures he has given us, he has gone back down, so—

Mr. Downey: Yes, the approvals have gone down, so have the requests gone down.

Mr. Lathlin: Mr. Chairperson, I know the minister likes to talk about decentralization. Apparently this one in Thompson has worked pretty well. Some other decentralization programs have not worked so well. I want to ask the minister: In view of his pulling back on decentralization, are there any plans being contemplated as to putting staff from Thompson back to Winnipeg?

Mr. Downey: No.

Mr. Lathlin: The other question I have is—I have heard people tell me that, when they go to see CEDF with business plans and everything, their loan requirement is too small, their business is too small and it is not worth looking at. Yet I see some projects here: \$3,290; \$7,790; \$3,500; \$4,900. My question is: What is the minimum of a loan

application that an individual can come forward with?

Mr. Downey: There is not one, as I understand it.

Mr. Lathlin: Mr. Chairperson, later on I will be back to table at least one application that I have had. There are some from some other people—they would not give me their applications—but I have one with me that is about \$7,000.

Mr. Downey: I would be prepared to have it delivered to the management and an explanation as to why it may be too small. I would be surprised, but we are certainly prepared to take a look at it, Mr. Chairman.

Mr. Storle: Mr. Chairperson, the minister mentioned the fact that not only were loan approvals down this year but applications were down this year. I am wondering if staff can give us the rate of applications to approvals for perhaps the last two years, three years.

Mr. Downey: That information should be able to be provided.

Mr. Storle: Mr. Chairperson, I assume that the number of applications is pretty much on hand and that we could have that kind of information, the rate of applications to approvals, fairly quickly. I ask simply to be able to determine for myself whether there has been a change in criteria where they are being applied differently, whether that may give us some indication.

Mr. Downey: I stated earlier, Mr. Chairman, there are people who do an inquiry and they inquire as to whether there is a grant program or a loan program. When they find out that it is a loan program, then they do not wish to proceed any further.

Mr. Storle: Well, I had not specifically asked for inquiries, I said applications, so we are talking about formal applications. The consultant has visited the individual and decided that this is serious enough to apply. I would just like to see what the ratio is.

In the annual report for the year ending March 31, 1990, there is an extraordinary item mentioned about Court award and legal costs. Can someone from the fund indicate what that is?

Mr. Downey: I was wondering when I was going to get that question, Mr. Chairman. I have been waiting for some time. This flows from some of the previous government's decisions and particularly as

it relates to directions given by former cabinet ministers to CEDF as to how they wanted the operations run at CEDF, decisions made by cabinet ministers, not by the board or by management. This relates to Lake Manitoba estates of which there has been a considerable amount of legal action taken place which is—

An Honourable Member: I was not involved.

Mr. Downey: That is what it is. It is the Lake Manitoba estates of which direction was given by a previous cabinet minister not to give up the land which was held by CEDF. CEDF, in fact I understood, were prepared to do so, but they went to court and the decision was the court's rule that the land should be given back and that there was an award of some \$75,000 given to the people who took CEDF to court, plus \$125,000 in legal costs for CEDF to have to pay, so that is where it came from and that is the issue. Thanks for the question.

Mr. Storle: Mr. Chairperson, now that the minister has referenced it for me, I am aware of it and I cannot say that justice was done in this case. Obviously, I do not get to sit on the appeal court but justice I do not think was done in this case. I think CEDF maybe was right in the first instance, however.

My second question is: There is a reference to the cancellation of previous debt from the province. What does that reference? I cannot tell from the financial note what that means. It is not specific enough.

* (1220)

Ms. Clarke: Mr. Chairman, this is previous to—as you realize this is the March 1990 report. I was not with the fund at the time of this report, but that debt that was cancelled actually is just applied to our—if you look down on page 6 of the actual—they just reduced the revolving fund by \$100,000, and so the debt was wiped out by a reduction in the revolving fund by the \$100,000. It was a debt CEDF had to the province for an overrun of expenditures, and the province responded by cancelling it, by reducing the revolving fund. So it is just a matter of moving numbers from one place to another.

Mr. Chairman: Shall the report pass?

Mr. Storle: No, Mr. Chairperson. On the report as well, talking about the administrative expenses, there is a tremendous reduction from 1989 to 1990 in consultants' fees and expenses. I am wondering,

does that refer to consultants outside of CEDF or is that some explanation of how that took place and why?

Mr. Downey: That is correct. That is a reduction of the numbers of expenses that had to be carried out by the board for outside activities as it related to some of the auditor's report or the report that was carried on by the previous administration. The manager may have some more specific information, but it is outside hiring of outside activity.

Mr. Storle: With this \$3,000 that is spent in 1990, is the board continuing to hire outside consultants? Are consultants brought in for specific projects, and, if so, who approves and authorizes the hiring of consultants?

Ms. Clarke: The board of directors approves the hiring of outside consultants, and they are hired when required, when the board feels that it is required. Management may request, but the board approves.

Mr. Storle: Now apparently CEDF spent \$3,624 in 1990. What is the budget for consultants' fees this year?

Ms. Clarke: I believe it is \$60,000 in the budget for consultants' fees.

Mr. Storle: Now that is a lot more than you spent in '89. It is certainly significantly more than you spent in 1990. Can that fund be used for other purposes? Is it likely that that will be used for other purposes if it is not spent by consultants?

Ms. Clarke: Mr. Chairman, at the decision of the board, money can be allocated from one department to another within the fund if need be. The budget is approved by our board.

Mr. Storle: Mr. Chairperson, perhaps the general manager can indicate where or how the members of this committee might know which contracts for consultants were let and under what circumstances. For example, in 1989, could we have a list of the outside consultants that were hired by the fund?

Ms. Clarke: I am sure you can. Our information is available; we will look it up.

Mr. Storle: Perhaps then I could ask Ms. Clarke to provide committee members with a list of the consultants that were hired by the fund, outside consultants, for the years '89-90, and the 1991 year as well, when that is available.

The legal and audit expenses have also dropped significantly from '89 to '90. Do you have an explanation?

Mr. Downey: Again, Mr. Chairman, the audit particularly related to the previous activities, as I understand it, would have been charged through the 1989—the biggest portion of that would have been dealt with in 1989, plus the legal activities that the development board had to carry out as it related to the activities of the board. They have to respond to the demand that is there, basically. As the legal requirements are needed, they have to be hired.

Mr. Storie: Just so I am clear on what this line means: Is this funds that are used or audits required by the provincial government or The Financial Administration Act or something else, or are these funds that are approved for investigations by CEDF?

Ms. Clarke: The legal and audit fees as shown here are for the operation of the fund. The consultants' fees and expenses would be if we needed an audit on our client or an extraordinary audit on ourselves, but legal and audit is for operating.

Mr. Storie: Finally, salaries and employee benefits have dropped about 15 percent, somewhere in that neighbourhood. I am wondering how many staff does this represent? What accounts for all of the changes from '89 to '90 in terms of salaries and employee benefits?

Ms. Clarke: I believe there were 17 people working at the fund. That was reduced to 12 during this—as I say, I was not here then, but I believe that it was a reduction in five mainly management positions. There was no reduction in the consultants.

Mr. Storie: So we have seen a reduction of five staff. Was there any thought at the board level—and perhaps we can indicate when these people were let go, in '89 or '90, I guess—was there any consideration at the board level at that time to retain these positions for consulting, the economic development officer work?

Mr. Downey: Mr. Chairman, I believe the reason for the reduction was when the splitting of MDC and CEDF came about; and, as I understand it, that is the reason for the net reduction that CEDF are reporting here.

Mr. Storie: Well, their numbers do not jive. Mr. Chairperson, just before the minister gets some shoe polish on his lips there, the numbers I have been given so far were that originally there were 17 in both and now there are 15—(interjection)—Well, those are the numbers I was given by staff earlier.

Ms. Clarke: Mr. Chairman, I believe there were 21 employees between MDC and CEDF. I cannot say exactly if it ran into '89, but there were 21 and then that 21 became 17. Currently at CEDF we have 11 right now, but looking at one more position in the Fund, and MDC has four.

Mr. Storie: Eleven and four would be 15, so we have gone from 21 to 15. Within CEDF we have gone from 17 to 11.

Ms. Clarke: Currently. Mr. Chairman, right now we have 11.

Mr. Storie: So, Mr. Chairperson, there has been a reduction. My question to the minister was, given that we are seeing reduced involvement of CEDF in economic development in the north, that we have a reduction in applications, a reduction in the amount of loans approved, a reduction in the number of jobs created, would the minister now acknowledge that there is a need for additional support to CEDF, that those northern communities need additional support?

He continues to suggest in his remarks that the government is willing to be proactive. Well, proactive is not just talking about it. It is providing the staff and the support so that these opportunities can be taken advantage of. Let us keep our actions consistent with our work. Now we have seen a reduction in staff.

Mr. Downey: Mr. Chairman, I do not agree that there has been a reduction in activity. What I have said, and the numbers clearly state, that we have seen a turnaround in the activities in CEDF from when we saw Roelofs. I do not accept what the member is saying that we are seeing reductions in activities. We are actually seeing a responsible activity of CEDF. They are doing more with less people and with less money.

That is part of the objective, to make sure that the services are delivered, delivered better and delivered so that it is not costing the taxpayers an inordinate amount of money. After all, we have to be conscious of that fact when we look at the numbers of dollars that this province has incurred in

debt over the past few years. It is a matter of balance. What we are trying to do is make sure this program is delivered effectively and efficiently, and I am satisfied the board and the management are doing that.

* (1230)

Mr. Storie: Mr. Chairperson, I do not know where the minister gets his confidence from, because the figures do not support his contention at all. It is quite the opposite. We have 50 percent less in terms of loans being approved. We have more than 50 percent reduction in the number of loans approved in the volume. The number of jobs created is down significantly. If the goal of this is to expand the economic pie, which the minister wants to suggest it is, and I would hope it would be, then clearly we need more activity from CEDF. We need a greater outreach.

I am very pleased. I hear from the board and the general manager that they are out there doing it to the best of their ability. My suggestion is to the minister that the minister provide some assistance, that the staffing positions need to be improved. Congratulate the board for working on training within their own ranks. I think it is important, but it is depressing in northern Manitoba. If we are missing opportunities by not being there when people need help or not providing the information, then we are doing a serious disservice to northern residents.

Those in remote communities are at a greater disadvantage than anyone else. It is obvious from the report of the last two years that they need some help. It is not good enough for the minister to say, well, we are proactive and we are talking about it, and we want to be responsible. We all want you to be responsible. That includes being able to take advantage of opportunities where they exist. I think it is quite obvious that more opportunities exist out there than are currently being tapped under the current arrangements at CEDF.

Mr. Chairman: Shall the report pass?

Mr. Storie: Mr. Chairperson, I am not prepared to let it pass until the minister gives us some indication of whether things are going to improve. Are we are going to see some additional support for CEDF?

Mr. Downey: Mr. Chairman, I do not accept the numbers that the member has given. As I have indicated, we have seen the number of loan approvals go up from 22 in 1989. First of all, putting

into proper context, 1988 was 70, which half of them were related to the Special ARDA, and a million and a quarter of that were not taken out in loan activities, so these figures just show the applications approved. We saw the reduction in loans for 1989. I have given the reasons for that, because they do not have Special ARDA attachment and, as well, we had the move and the special audit.

We have seen a recovery now of some 38 loans in 1990, which I think is a goodly number to see an improvement. We have seen the decentralization take place. We have seen a million six of actual loan activity, 1991, as I said. Yes, the numbers of loans are down, not substantially but are down, but the numbers of dollars that are being distributed are up. Yes, I am prepared—as the manager said, there is a request, an indication for an additional staff member. I am prepared to entertain on an as-need basis if there is a presentation made to the ministry, made to the government, that there are additional staff needed, there are additional resources needed to carry out the work at—I am sorry. The member, if he has asked the question, I would hope he would listen to the answer, Mr. Chairman.

Mr. Chairman: Order.

Mr. Downey: I am trying to give the answer. I am saying that if the demand is there, and the management and the board come forward with a request, it will be given serious consideration. I am clearly committed to that and will respond to it positively. I, as much as anyone else, want to see economic activities develop in northern Manitoba.

Employment is crucial. When you look at the numbers of unemployed people, you see the opportunities that, hopefully, will develop through some of the major initiatives. Yes, I believe there will be opportunities, and we will be prepared to respond. However, I would hope the banking organizations would, as well, be major players in the activities in the north and that we can assist some of the smaller remote communities.

Yes, I am prepared. The commitment is there, and it will be delivered as the need arises.

Mr. Chairman: Mr. Lathlin, this will be your last question.

Mr. Storie: It is past 12:30 already, Mr. Chairperson.

An Honourable Member: We will have to come back tonight.

Mr. Chairman: Shall the report be passed?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Downey: Well, let him have his question.

Mr. Chairman: We will reconvene later on—

An Honourable Member: Mr. Lathlin has some questions.

Mr. Chairman: I am sorry.

Is it the will of the committee to continue for a few minutes to let Mr. Lathlin ask his question and then pass the report? Are we agreed?

Some Honourable Members: Agreed.

Mr. Chairman: Go ahead, Mr. Lathlin.

Mr. Lathlin: I just wanted to once again, before we leave this room, reiterate my concern about training, which leads into the aboriginal people getting into business, northern people. Training programs are very, very important in the north, as we have heard the staff tell us this morning.

I also again, as I did for the women on the board and on a number of businesses or loans that are approved for women, I would also like in the same

way to go on record as saying that I would like to have that information broken down as to how many Status aboriginal business applications are approved.

Mr. Downey: Mr. Chairman, I will attempt to get as much information as I can for the member.

I do appreciate his comments and his concerns and we will respond accordingly.

Mr. Chairman: Shall the March 31, 1990 Annual Report for the Communities Economic Development Fund be passed?

Some Honourable Members: Pass.

Mr. Chairman: The report is accordingly passed.

An Honourable Member: How about the '88 and '89?

Mr. Chairman: That we passed before.

The time is now 12:30. What is the will of the committee?

Some Honourable Members: Rise.

Mr. Chairman: Committee now rise.

COMMITTEE ROSE AT: 12:36 p.m.