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Legislative Assembly of Manitoba
STANDING COMMITTEE
ON
ECONOMIC DEVELOPMENT

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty - First Legislature

Members, Constituencies and Political Affiliation

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT
Thursday, 15 May, 1980

Time — 10:00 a.m.

CHAIRMAN — Mr. Robert G. Wilson (Wolseley).

MR. CHAIRMAN: Gentlemen, we now have a quorum. I'd like to, on the Economic Development Committee, introduce the Minister, the Honourable Mr. Gourlay, who will introduce the members and directors of the different boards.

MOOSE LAKE LOGGERS

HON. DOUG GOURLAY (Swan River): Thanks, Mr. Chairman. This morning we'll be dealing with the Moose Lake Loggers Limited Annual Report and following that we'll move on to the Channel Area Loggers Report. This morning we have with us Mr. Orville Minish, the President; Mr. Gordon Trithart, the Secretary-Treasurer; and Mr. Reno Kivisto, the General Manager of the Moose Lake Loggers and the Channel Area Loggers. At this point I'd like to call on the President, Mr. Minish, to give us a report on Moose Lake Loggers.

MR. ORVILLE MINISH: Gentlemen and ladies present, my comments on Moose Lake Loggers Limited are as follows: The Production and Revenue — Production for the year on the review was up 6,000 cords over the previous year, with total revenue remaining at the same level, near the 2 million mark. This unusual circumstance was due to the fact that the company had begun selling tree lengths rather than 16-foot pulp. We don't receive as much money in tree lengths delivered on the site as we did 16-foot pulps, so therefore the dollarwise factor was about the same as last year.

The profit picture of 54,420 is comparable to the previous year. However, this was accomplished through an extraordinary gain in the disposal of fixed assets of 93,644.00. Thus the company had an operating loss in its operation of 39,224.00. The predominant factor that caused this loss includes a power failure causing a major freeze-up, an inflationary condition affecting goods and services purchased.

Employment in the company is basically the same as the previous year, 57 employees, high of 65 and low of 40. Wages and contract rentals exceeded 1.5 million. Appointment of camp superintendent to allow the General Manager to take on responsibilities of Channel Area Loggers. Mr. Kivisto now spends approximately 25 percent of his time at Moose Lake.

A few notes on current year ending: The company should be at a near break-even figure with 68,000 cords and a revenue of 2,200,000.00. This will probably be the third consecutive year without government assistance to cover a deficit. Absenteeism continues as a major problem in our operation. Now, if there's any questions, gentlemen, we have the general manager and our secretary to answer any questions if I can't answer them.

MR. CHAIRMAN: Mr. McBryde.

MR. RONALD McBRYDE (The Pas): I wonder if Mr. Minish has any record of the amount of money that this generates in the community of Moose Lake and not all of the earned money, of course, stays there in that community, but do you have figures as to how much of it would stay in Moose Lake?

MR. MINISH: That stays in Moose Lake? Gordon, would you have any figures on that? I think they're coming up with an approximate figure.

MR. McBRYDE: While they're speculating on that, would you have any idea of the unemployment rate in Moose Lake at this time?

MR. MINISH: Well, I can answer that by saying that practically the full manpower of logging people that are capable of working in our camp, that practically the full commitment from Moose Lake Village is employed — those that are physically able and willing to work.

MR. McBRYDE: I wonder if they have a guess ready on the other question.

MR. MINISH: Repeat that please?

MR. McBRYDE: I wonder if they have a guess ready on the other question yet.

MR. GORDON TRITHART: You mean on the ratio of money that goes into Moose Lake?

MR. McBRYDE: Yes.

MR. KIVISTO: Well, our employees average about, I'd say, 75 percent native and out of that 75 percent there's also native people from Cormorant.

MR. MINISH: Ray, would you come to one of the mikes there, please?

MR. WARREN STEEN: Mr. Chairman, before we carry on, I don't think the members of the committee would have any objection to either of the gentlemen sitting at the table and answering into the mikes so that the transcribers . . .

MR. CHAIRMAN: Would you set up a mike to Gordon and that'll save us . . . It just makes it that much easier for all of us.

MR. KIVISTO: As I was saying, the ratio of employees from the native force, which is about 75 percent, is made up of Moose Lake people and Cormorant people. So on an average of between 15 . . . I think last year our wages ran to around 20,000 per person and this would give you a pretty fair estimate, if there's 40 people from Moose Lake at 20,000 a year, you'd get somewhere around 750,000 to 800,000 going into Moose Lake on a gross, which isn't net. The income tax and any deductions come off that.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairperson. It certainly is probably the major economic resource in the community of Moose Lake. Have there been any changes in the board? Is the number of community representatives still the same as it's been in the past years?

MR. KIVISTO: Yes. The first page on your reports shows Dave Lathlin is a director, he's a native of Moose Lake; Frank Marvin of course, Spruce Products and Harvey Holmgren; Rod Grey is from Moose Lake; Harvey Boyle with your department; V. J. Martin is from Moose Lake and J. Mercredi, he's from Moose Lake and that has not been changed over the last years. It's four and four, is what we have, four people from Moose Lake and . . .

MR. McBRYDE: Yes, Mr. Chairman, it's four and four and then the Chairperson, is that what you mean? There's nine people on the board.

MR. MINISH: Yes, that's right.

MR. McBRYDE: So the community has a major, but not majority; has a minority representation in terms of the board itself.

MR. MINISH: They have not minority nor majority. We set it up so that there was eight appointed; four directors appointed and four from the . . . Is there not nine including me on there?

MR. McBRYDE: Yes. I suppose, Mr. Chairman, I say four out of nine as opposed to the Chairperson saying four out of eight. As I understand it, because of the success of Moose Lake Loggers and the problems run into by Channel Area Loggers, that yourself and the same key people that were involved in Moose Lake, or some of the same people that were involved in Moose Lake, are now looking after Channel Area as well. You're on the board of Channel Area, or the Chairperson of that board and Mr. Kivisto is basically the on-site manager for Channel Area Loggers where he was on-site manager for Moose Lake Loggers before. Is my information correct?

MR. MINISH: That's correct.

MR. McBRYDE: There is, as you're probably aware, some concern within the community of Moose Lake that their operation is being given second priority to the other operation because the other one is in serious financial difficulties; another concern is that Mr. Kivisto is now able to spend very little time at Moose Lake and there is some interest in either having that pattern changed or appoint a permanent manager at Moose Lake as opposed to — you gave the figure of 25 percent of Mr. Kivisto's time being at Moose Lake — the community says it's more like 5 or 10 percent the last time I talked to them, and they are concerned. I guess it shows in your report that the financial health is a little bit poorer this year than the last time around, as I read the reports anyway, and I wonder if you would care to comment on those concerns that community people have.

MR. MINISH: My comments on it, that we have been dealing with the people of Moose Lake Village on this particular problem — if they call it a problem; we don't; but if it's their problem — we have been dealing with them and it was their sanction to begin with that this is the way that this should go. We had set up Moose Lake to the point where it was going rather smoothly and therefore Channel Area Loggers was in trouble.

The government is interested in us bringing them both to a point where they're productive in economical ventures and the four members of the board gave us their blessing on this to start with. But there was extraordinary circumstances that happened and I don't think that it's fair to say that the freeze-up was blamed on Ray Kivisto not being there because he wouldn't have been there anyway. It was on a weekend and it just so happened that he wasn't there when this freeze-up occurred. This is an act of God. Our power plant went out — and I'm talking about the current year that I'm relating to here — and this was the major item and it did have a demoralizing effect on the workers. We feel that it was in the neighbourhood of a 50,000 loss to us, just this particular instance. This caused a lot of concern in the community because they felt that, let's be fair about it, that if their general manager had have been there on a full-time basis it might not have happened.

Now that's the major point that they have brought up with us. We have had very little other reports from them. Have you got anything to say on this, Ray?

MR. KIVISTO: Well, I think the one thing that Moose Lake has to understand, that neither Mr. Minish nor myself or anybody that would be associated with it, there might be something happen to us and there's got to be a time and thought given to establishing, so that the supervision that is at the camp can carry on without anybody or without necessarily saying that the whole operation is going to go down the drain if either I or Mr. Minish are not connected with the operation. I think we have to have responsible supervision in there that can take over in the case of an emergency.

MR. McBRYDE: Yes. Did you just have a board meeting in the last couple of weeks?

MR. MINISH: Not at Moose Lake, sir. Not a Moose Lake meeting.

MR. McBRYDE: I mean a board meeting with the Moose Lake members of the board there?

MR. MINISH: No, we have not.

MR. McBRYDE: All right. Is the board still the same as outlined here to this date?

MR. MINISH: Yes.

MR. McBRYDE: Because in my last discussion with community members, two of your board members were at that discussion and they did have this concern and we're going to raise it at the next board meeting again. I assumed it was again, that they had raised it before, and my impression was that they

have appreciated the management of Mr. Kivisto, but they're saying now, well, if he can only be here a small percent of the time we really need another general manager. We can't let the operation be run sort of on an absentee basis. So that was a very strong concern from the people I talked to which was basically the band council and I didn't get a chance to meet with the community council my last time in there. Maybe you could be aware of that concern that's been expressed to me through the band council and some of your board members in terms of the operation.

My other question, Mr. Chairperson, I would like to direct to the Minister and it's one I check with all the time because this Moose Lake Loggers Limited is, I suppose, one of the reasons why the community of Moose Lake manages to survive. The fishing at Moose Lake has gone down over the last six or seven years. The trapping has been fair this last year but doesn't support that many community people and so the Moose Lake Loggers has become the key industry in the community and this government has a tendency to, when there is a successful operation employing mostly native people in northern Manitoba, to get rid of it.

I give the Minister the example of Mistik Creek Loggers, which was a provincial operation operated by what was then the Northern Manpower Corps employing anywhere from 18 to 34 people. That particular operation was sold and towards the end of last year the new purchaser went bankrupt. There are a number of other examples of resource like the Pukatawagan log milling operation which was sold to private people and is no longer in operation.

Like the Cranberry Portage housing operation which employed from 8 to 24 people, which was also sold off by this government and is now also closed down. Like the Youngs Point Cabinet Shop which was sold to private people and was closed down about four or five months later. Like Minago Contractors which was sold off by the government, period, just the assets were sold off and the government took 380,000 into government revenue, which was a clear profit after all possible deductions, anything that could be deducted was deducted from the sale price of the equipment.

Mr. Chairperson, I would like some reassurance from the Minister that he intends to allow this operation to keep going for the benefit of the community of Moose Lake and Cormorant and the native people in northern Manitoba.

MR. CHAIRMAN: The Minister of Northern Affairs.

MR. GOURLAY: Thank you, Mr. Chairman. Yes, I have no intentions of offering Moose Lake Loggers for sale and I am sure that this is the opinion of the government of Manitoba. The operation has had a history of some difficulty but I think, with excellent management over the last three or four years, that it is now making its mark and showing a profit and I think that it will continue to require good management at the site, and we would hope that it will continue to leave an impact in the community of Moose Lake. I would also maybe like to ask Reno a question with respect to on site management when he is not in the area. Is it not true that you have someone that reports to you and you can keep a

fairly close check on the operations even though you may be spending most of your time at Channel Area Loggers.

MR. CHAIRMAN: Mr. Kivisto.

MR. KIVISTO: That's correct, we've got a camp superintendent in there that looks after the bush; our bookkeeping people, we've got an office manager in there and we've got good accountants so our accounts are kept up in good shape. We've got two foremen from Moose Lake that are working under the direction of the camp superintendent and I don't see any reason why we couldn't elevate him to general manager or the office manager to general manager. Either one of these two people are capable and I certainly like to be associated with Moose Lake Loggers but there is a challenge at Channel Area Loggers and it's in more dire need of development than Moose Lake, which is already to pretty well the full potential of development. I think it should operate fairly reasonably without as much input from myself or Mr. Minish as what has been up to this point.

MR. CHAIRMAN: The Minister of Fitness and Sport.

HON. ROBERT (BOB) BANMAN (La Verendrye):

Along the same point, first of all I guess the questions the Member for The Pas asked with regards to sales, I guess it comes down to basically why Moose Lake Loggers was established in the first place and what we were trying to accomplish up there. I think Mr. Minish has mentioned several times that I think we have been using the Moose Lake and Channel Area as somewhat of a schooling for our people in northern Manitoba. In other words, to try and give them a little bit of entrepreneurial skill, know what the responsibilities are with regards to running a business. And I would think that in the final analysis, the big plus for Moose Lake Loggers is if somewhere in the future, the people of the area, whether through a co-operative or some other mechanism, could themselves run this facility without having government run it. I think that's where we're headed for.

I'm not talking about a sale but I think we are in this instance trying to, as I mentioned, trying to get some entrepreneurial experience into that different community, trying to teach them skills which will allow them to stay in the north, allow them to stay in their homes, and still earn a proper living and not be wards of the state. I would think that is sort of the thing we're working for, and if somewhere down the line we have a number of people in the community who then through a co-operative or some other system could run this on their own, I think that's at the end of the tunnel, I think where we all want to head. I think that's the ultimate objective to that, so I just wanted to throw that out.

The other thing I think that has to be pointed out, and I have to say this to both the board and to the gentlemen involved in Moose Lake, one of the reasons we moved them over to Channel Area and have very many of the same people involved, is that I think they understand the situation with regard to these two companies very well. I think the expertise that Mr. Kivisto brings in the managerial aspects of

this, very often if we look at the history of the Channel Area, I think we can see that somebody of his calibre who knows what's happening, even though he might only spend 25 percent of his time at it, is much better than putting somebody in place that does not have his talents and knowledge on that particular thing. I would suggest to the members here that if he is spending 25 or 20 percent of his time at that, sort of overseeing the Moose Lake Loggers, I think speaking from experience with regard to Channel Area where we had full-time managers hired at all kinds of different wage rates and never could turn the thing around. I think that in this particular instance the gentleman is doing an excellent job in overseeing it and making sure that the company is maximizing its potential. So I think we have to take the two into consideration and realize that people of his talent, there aren't very many around, you can't go and pick them up just anywhere and I think that we're utilizing his talents to the best interests of both companies.

Having said that, I just didn't want to leave it on the record that it would be the government's intention, at least I'm going to speak as former Minister in charge of CEDF and some other northern agencies, I think the ultimate goal is if we can get the people in that area to run the facilities themselves, then we've accomplished what we set out to do.

MR. CHAIRMAN: I think the President would like to reply and then the Minister. Mr. Minish.

MR. MINISH: Yes. The point of Northern Affairs Minister, Mr. McBryde has stated that his conversation with the people of the district, that they thought that Ray's presence was only 15 or 20 percent or less, physical presence, it's possible that's right, but it just so happens that Ray keeps a diary of every hour of every day throughout the year of what he's doing. He has come up with a figure of at least 25 percent and this involves, as you know, a lot of work on the phone and doing things that he's not present at Moose Lake. I think this would clear that point up with Mr. McBryde. He is at least spending 25 percent of his time administrating Moose Lake and his presence, we'll agree, may be not there.

Getting to the point of the community feeling that his presence is valuable there, I'm speaking as a citizen of Manitoba and a taxpayer and I feel that this particular phase that we have established by taking on Channel Area Loggers, which is a duplicate exactly of what Moose Lake was, and with the expertise that we have gained in bringing Moose Lake to the point it is now, I think it's quite a fallacy to think otherwise, that we should abandon Channel Area Loggers with our general manager and take him back to Moose Lake because the district feel that at times he should be there more. It's an economical way of spending the taxpayers' money doing what we feel is right the way it's being handled and this is my concern as Chairman of the Board.

MR. CHAIRMAN: The Minister of Northern Affairs.

MR. GOURLAY: Just a further word to what Mr. Banman had related. As a matter of fact we have had some discussions with the local people and they would like to see eventually that they could maybe

have more input into the company and eventually perhaps run it. So when I say that we're not interested or have no intentions of selling at this point, we do want to work with the local people and when they are able to provide the expertise to maybe have more input into the operation, we're prepared to do that. As a matter of fact we've had some ongoing discussions that maybe some six or eight years down the road there could be some changes in that the local people would be perhaps able to operate it more on their own.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairperson, I can understand what the Minister and what Mr. Minish are saying in terms of Channel Area needing the expertise and the skills that have worked in terms of Moose Lake. I guess one of my concerns is — and I've seen it happen in another case in relation to the Cross Lake Sawmill — where you try and stretch the management too thin that both operations fail or one of them fails, the one that had been successful before in that case, fails. So that's a concern that I have. No matter how good these gentlemen are, they have certain limitations in terms of being everywhere at once and being able to do things properly.

The other concern would be whether there's a clear second in command when Mr. Kivisto is gone, if everyone understands who is in charge when he's not there. I'm not clear from the answers whether that's the case, so maybe I'll stop there for a second and double check it, if there's a clear person overall responsible when Mr. Kivisto isn't at Moose Lake.

MR. MINISH: On a full-time basis we have a camp superintendent and he's there at all times. Anything that he is unable to solve he contacts Ray and he has under him two people from Moose Lake that are helping him in a supervisory capacity in the bush.

MR. McBRYDE: Mr. Chairperson, in regard to my question about the sale of the operation. My concern was the sale of the operation to people outside of the community of Moose Lake, which has been the pattern of this government. I'm not aware of any case where they've turned an operation over to a community company or a local co-operative or any other way they've done it, they've sold it out to somebody else. Mr. Chairperson, it was always the understanding with Moose Lake Loggers that one of the goals would be to work towards community control and community management of that operation. It's been a goal since the program was first changed from strictly a training operation, to train people how to log, and, Mr. Chairman, the Minister should be aware of that in fact there were efforts made before to train people to go to work directly for ManFor and what would happen. It was not as successful an experience as we would have hoped. In fact native people were trained, would go into a mixed crew at ManFor and would work for a couple of months and then leave and go back to their communities and that has been the experience. It seems to work, it seems to be more efficient, more effective, save the taxpayers more money if the people from the community or the native people can be together in their own crew and in an operation that involves a number of other native people. It just

seems to work better and that's been our experience up north. That's why Moose Lake Loggers evolved into Moose Lake Loggers; and that's why Mistik Creek Loggers evolved out of a training operation because people were being trained before Mistik Creek Loggers was set up. They're being trained, became efficient loggers went into regular ManFor employment, would be back a month or two later asking if they could work for the training operation. Mr. Chairperson, what happened then, we did set up an operation called Mistik Creek Loggers and that operation was running reasonably successfully, I think, with not a direct subsidy but a small subsidy in terms of some of the salaries were paid by government, of people there. It wasn't set up as a separate operation. It was part of an ongoing government program.

Mr. Chairperson, I have no quarrel with the former Minister who was responsible for this and in his ultimate goal of turning this over to the community but, Mr. Chairperson, I have not seen his words in any way matched by any action on the part of this particular government. In the cases where there were community controlled operations that required a small subsidy in order to survive, but the basic control was in the hands of the community, the government has closed them down or allowed them to close down, even though the cost of the subsidy was much less than the cost of welfare and other social costs that the government in the long run would have to pay. That's just been the experience, the reality of the operation of this government. I am pleased that they are allowing the Moose Lake Loggers operation to survive. I am pleased that they are not denying the people of Moose Lake the opportunity that they've denied the people of Easterville, of Cross Lake, of Cranberry Portage, of Camperville, that were working up at Mistik Creek Loggers, etc., etc., etc.

Mr. Chairperson, I agree with the ultimate goal. I would like to see the evidence of that from this particular government, and I hope they do allow this operation to continue in the most effective and most efficient way possible in conjunction and full co-operation with the people of Moose Lake who have the major interest in the success of this operation.

MR. CHAIRMAN: I wonder if the members of the committee wish to move the report page by page. Page 1, any comments on page 1—pass. If there is no further discussion on Moose Lake loggers, I'd like to move the whole report. The Member for Rossmere.

MR. VIC SCHROEDER: On page 1, Mr. Chairman, there's indication that the sale of the product is to Manitoba Forestry Resources Limited. I am just wondering, with whom does this company compete in providing material to ManFor and on what basis is the sale price of your product determined?

MR. CHAIRMAN: Mr. Minish.

MR. MINISH: Our competition with ManFor is all their contractors that they have, Stachnyk is one, and several from my area are contracting on a smaller scale. It would be interesting to note at this time that our production is pretty near a third of their usable timber, so therefore we are quite a big operation

compared with the others. Spruce Products provide quite a bit, and you are talking about competitive price — we draw up a budget and determine what price we must have to operate this company efficiently and without naturally a large profit picture, and we come up with this figure and we sit down with ManFor and discuss it and they go over it and we arrive at a price per cord and that's the basis of which we operate on.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: Is your price per cord the same or similar to the prices received by the suppliers of the other two-thirds of the product to ManFor?

MR. MINISH: That is a question that none of us can answer because we don't know what the other prices are, and only ManFor can answer that question. They deal on a competitive basis, the same as any other corporation, and they just deal with us personally and we have no input into any other contracts.

MR. SCHROEDER: I notice in the report that there's an indication that the company pays substantially less to the owner-operators than it costs the company to produce its own product, that is if you use your own skidders and cutters, it costs you a certain dollar figure to produce a cord of wood, whereas if you use a sub-contractor who uses his own cutters you pay them considerably less than it costs you. Could you explain why that is your policy?

MR. MINISH: Yes, that's the point that we strived for from Day One, to become independent as hiring contract cutters, and that's why you will see in the report that we have 13 natives of Moose Lake owning their own skidders, and this is the goal that we have been working for because it is pretty near impossible to run an organization with the native people and put them on your own machine and expect them to perform and produce and make a profit, because when they own their own machine, from just a business point of view, the performance is greater and we therefore get more mileage out of everybody concerned, and besides it cuts down our overhead tremendously. We have no garage to maintain our skidders. We have none to maintain our loaders or anything. We sold our cat and we contract all our cat work out to a local man from The Pas, and we felt that there was no other way to go.

MR. SCHROEDER: Mr. Chairman, all of this is very impressive but it seems to me that the people who are reaping the benefit of these costs savings then are ManFor and your company as opposed to the individuals involved down there. It would seem to me that if there was more efficiency that some of it should be passed on to the local operators and their employees. I am wondering whether the local employees of the sub-contractors are receiving the same wages as employees of your company.

MR. MINISH: Mr. Kivisto will answer that.

MR. CHAIRMAN: Mr. Kivisto.

MR. KIVISTO: Your concept of our operation is a little bit out of — not quite right you see, because we don't — we hire the labour; we pay the labourer the union rate and the sub-contractor is with his own machine. We assisted the Moose Lake people to get their own machine and we are governed by ManFor rates which they negotiate with the owner-operators to pay the owner-operator for his skidder. It's almost like a union rate for a skidder. The reason why you come up with a less costly figure of operation on an owner-operator is because he doesn't forget to grease his machine. He puts oil into the machine and changes oil when it should be changed and on a company operation it is very hard to oversee this problem of mechanics changing the oil. And when the man owns his own machine and he only owns one machine it is very simple to know when the time for him to change his oil comes up. There is a tremendous difference in the cost of operation when it is the owner looking after his machine than when it's a company machine.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: I don't pretend to be familiar with your operations and I may have some misconceptions here, but are you now saying that when you arrive at rates with your subcontractors who own the skidders, that first of all that rate is determined not by your company, but rather it is determined by ManFor, and secondly, that the two cutters which each subcontractor would have with his skidder are paid by you and are employees of your company, as opposed to being employees of the subcontractor. Is that what you are saying

MR. KIVISTO: Even the subcontractor himself is an employee of ours, and he is paid the union rate for his cutting also. It's only the skidder that gets a rate by itself, and this is paid directly to the owner-operator.

MR. SCHROEDER: So what you are saying is that the owner of the skidder is actually an employee of yours and the only area in which you have made any change, then, is the fact that he owns the skidder, he looks after the skidder, and you pay him a rental rate for the machine only, not for his services or the services of the two cutters, which are paid by you directly to him and to the two cutters.

MR. KIVISTO: That's correct. And we are bound by the union contract. We couldn't even give him a contract because the IWA looks after the union rates.

MR. SCHROEDER: I would like to move onto — on Page 3 of the report, there's an indication of a power failure and some fairly serious results. I am just wondering, what was the cause of the power failure?

MR. KIVISTO: The power failure came at about midnight, or someplace around 2:00 o'clock in the morning on Saturday night, or Sunday morning if you want to pinpoint it better. There was only one man in the camp and that was the office manager, and by the time he got to the phone to get anybody down to the camp to start the plant up again, the plant was

too cold to start. So this way the water froze up and different phases froze up and it took us about a week, pretty near 10 days to clean up, before we could get back into full operation. There's really no way that you could — you might not even cure that by having a full-time man watching 24 hours a day, if it happens at this time.

MR. SCHROEDER: I noticed as well in the report there was an indication that your company receives some assistance from the federal and provincial governments through the Canada-Manitoba Northlands Agreement, to pay for a portion of the wages of an accountant and secretary-treasurer. What portion is paid by those governments and does that show up in any way as an expenditure?

MR. KIVISTO: Gordon, would you answer that, please.

MR. TRITHART: To March 31, 1979, the government provided, through the department, a salary for an accountant and also a portion of the salaries of the manager-trainee, the accountant-trainee, and a mechanic-trainee. It was called counterpart training at the time. The services of the secretary-treasurer were provided free and there was no entry through the company. The accountants were being paid directly by the department.

Subsequent to that date, March 31, 1979, the policy was changed and the accountant is now being paid directly. The counterpart training that is going on with the company is being paid directly by the company, so all the expenses are in the one spot, with the exception of the secretary-treasurer, who is still provided by the province of Manitoba.

MR. SCHROEDER: Just in general, on your leasing, do you have sufficient reserve lands for your product for a considerable period of time ahead, and what is your program on reforestation?

MR. MINISH: Yes, we have in that particular area, by the Mines and Natural Resources staff, in the neighbourhood of 10 to 12 years in the immediate area, with a potential — well, the figures have been — I don't think anybody has come up with a real accurate figure, but 10 to 12 years is a minimum. They were talking about 20 years of life there and Ray would have the figures on that, I would think.

MR. KIVISTO: Well, there's about 1.5 million cords in the immediate area of Moose Lake and there's more from Moose Lake towards The Pas. So there's an adequate supply of material for the range that the company is operating for about 30 years.

MR. SCHROEDER: There was a second part to that question and that is, what is your reforestation program and how is it operating?

MR. KIVISTO: That is all handled by the Department of Mines and Renewable Resources.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairperson, in terms of timber supply, there is a bit of a problem and I wonder what role the company is playing in it

terms of that the community of Moose Lake has an agreement with the province of Manitoba and Manitoba Hydro, through the Grand Rapids Forebay Agreement, which basically says that the community shall have access to timber in their area, that agreement being signed by the previous Conservative Government before 1969.

In another agreement signed by the province a little later, called the Churchill Forest Industries Agreement, which gave the timber rights clearly to Churchill Forest Industries, now ManFor, and there is some conflict between the two agreements. I am assuming that if in fact the community were to have its way in terms of the Forebay Agreement and the Letter of Intent in that regard, that the company would be in a stronger negotiating position if the community were assigned a certain percentage of the Crown forestry resources that are there, as per the agreement, that the company would be in a stronger bargaining position and yet there is some problem here because it's like the province against the province. The province in the form of the community and Moose Lake Loggers against the province and Manitoba Hydro and ManFor in terms of the second agreement that's in conflict with the first agreement and I wonder if the company is in any way involved in that or has been assisting at all the community with their claims for having a right to access to some of that timber.

MR. MINISH: Yes, I can answer that, Mr. Chairman. The Manitoba government in 1963, in the month of January, put an Order-in-Council through giving the people of Moose Lake area the rights to the forest and with several clauses involved and one of them which was very important, that at no time should there be less than 75 percent of native employment. And unless that has been rescinded that is the criteria which the people of Moose Lake look on the project and to my knowledge has never been rescinded and it supersedes, it's the first agreement that was drawn up.

MR. McBRYDE: Mr. Chairperson, although there is probably a legal question, another clause in there is the terms of the community access, not just employment but community access to the forest resource, and I think that's one avenue that the community is pushing at this time, is that they feel some of that is their timber as opposed to ManFor's timber, and I wonder if the company has been involved in that aspect of the conflict between the Forebay Agreement and the Churchill Forest Industries Agreement.

MR. MINISH: We have had several discussions on that with the people of Moose Lake and their concern was that ManFor was going to move in and put in cutting crews and take over this valuable timber reserve and phase out Moose Lake. We have been reassured by letter, which is on file at the Band, that this is not the case, that there is no intention of them doing this. From just a personal point of view myself, it would be, should I use the word insane, for them to think they are doing anything else but what they are doing now, because they would have a Wounded Knee episode there if they wanted to go in and start cutting this timber

because the natives of Moose Lake feel it's their timber, as you just already stated. Up to the present time we've had our moments of concern but at the present time they've assured that this will never happen, in letter form.

MR. McBRYDE: So the operating criteria right now is ManFor's enlightened self-interest that is protecting that forest for the community.

MR. MINISH: I would say that.

MR. McBRYDE: One final question, Mr. Chairperson. Is there still a concern about a possible shutdown because of fire hazards and how does that look right now?

MR. MINISH: I will have to refer that to Ray.

MR. KIVISTO: At Moose Lake we're still cutting but there is a possibility and it's the department and the conservation officers that will decide that for us. I have already stopped cutting at Channel Area because we are pretty remote there and it's better for us to shut down for the time being until we get some more rain.

MR. CHAIRMAN: If the members wish we will adopt the Moose Lake Loggers Limited Annual Report and go on to Channel Area Loggers Limited. (Agreed)

CHANNEL AREA LOGGERS

MR. CHAIRMAN: Examining the report of Channel Area Loggers Limited, the President, Mr. Minish, will address the committee.

MR. MINISH: My remarks on Channel Area Loggers revenue and production; the revenue total was 720,000 for the year under review, a gain of some 210,000; production and carry-over inventory of 16,783 cords was all placed on the landing allowing the company to be paid in full for their efforts. This is an increase of approximately 4,500 cords delivered from the previous year. The loss on this operation is 109,000 compared favourably to the previous year when the company lost 210,000, however the current operational loss is approximately 150,000, as there was a gain of 41,976 in disposal of fixed assets. There were 53 man years of employment. Absenteeism is a major factor in the company's inability to produce at levels which would produce viability, similar problems to those experienced at Moose Lake. Ray Kivisto took over in September 1978, and is spending 75 percent of his time at Channel Area Loggers. The current year ended March 31st, 1980. A financial statement not available, however production is up some 4,000 cords, with all but 800 cords on the landing. That loss is expected to increase substantially due in part to change in policy on which various government departments were absorbing costs which we discussed in Moose Lake, and interest on the loans which amounts to about 70,000.00. Gentlemen we'll entertain your questions on this.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Here's what I got from your comments and I want to see if it's correct, that the operation, the profit and loss, the effectiveness and efficiency of the operation is improving. There is an additional cost that comes in there now. Is the support that came from departments in terms of maybe manpower, etc., on a free basis, on an assistance basis to the company has now been withdrawn and so the company now has to pay for everything. It's a completely self-contained operation now and doesn't get extra assistance through free civil servant advice or assistance, any more.

MR. MINISH: Gordon will answer that question.

MR. TRITHART: This 60,000 that Mr. Minish mentioned is made up of the gross salary and expenses as they relate to the accountant and the counterpart which was cost-shared under Northlands, the accountant and trainee, the manager trainee, and the mechanic trainee, which was funded also through counterpart training and the Canada-Manitoba Northlands Agreement. The policy was changed so that these costs would all be incorporated in the company and in fact would still be shared under the Canada-Manitoba Northlands Agreement, however it demonstrates a truer picture of the company's position when it's all put in through the company.

The interest on loans, of course, everybody is aware of it, it's all over the papers.

MR. McBRYDE: Mr. Chairman, they're quite clearer now. My understanding of the training agreements are that if you are training somebody you can, through a couple of different programs, whether you are a Crown corporation or a private corporation etc., receive training assistance and it's more clear in the case of special ARDA or the Manitoba Northlands Agreement for special assistance for training native people, and I'm not quite clear then how this works now. Are Berens River and Moose Lake still getting assistance for training of individuals within these two operations?

MR. MINISH: Do you want to answer that, Gordon?

MR. CHAIRMAN: Mr. Kivisto.

MR. KIVISTO: No we don't get any counterpart training, it's taken directly into our statement, but we still have the same people. We have accountants, and trainee managers, foreman, what have you. The same people are employed except that all their costs come straight into our picture.

MR. McBRYDE: So that means then that for some reason you don't qualify as a company any more for that training assistance that in the past was quite normally available. There was not a special program just for these companies because they were Crown corporations but generally available training assistance allowances. You don't qualify for any of those any more, or have you . . .? Go ahead.

MR. TRITHART: Yes, we do qualify for Canada Manpower training and various other training outlets, this just happened to be a departmental training

program which was counterpart training. In the past we have had training programs through the special ARDA program, through Canada Manpower, and will probably have training programs in the future. However, with the new general manager, in late 1978, and still are, to some extent, in a state of re-organization and he is sort of biding his time; looking at the people he's got; looking at who is best suited to place in various spots, and there will be training programs applied for in the future. However, there isn't one under way and there hasn't been any under way since April 1, 1979.

MR. McBRYDE: This is basically a management decision, I mean that faces any business or any industry, if it's worth the red tape and the money you get back in terms of training, whether you apply for that or not. I know that a number of small businesses in the north are using the Summer Student program; they're using Canada Manpower program; they're using any program that's available to them to get assistance and I assume that the Moose Lake Loggers and Channel Loggers, if the cost benefit was there, that is if the work involved in getting the assistance isn't greater than the assistance itself, that they would make every effort to take full advantage of these programs.

MR. TRITHART: I think this includes two policies; one was a government policy which decided not to fund the counterpart training and the accounting staff and place it in the company's hands; and there is another policy which is a management policy which — I'm speaking probably for Mr. Kivisto now — where he wants to positively identify the people he really wants to train and then it's worthwhile going and looking for training money.

MR. KIVISTO: I'll enlarge on that. We did some training at Moose Lake last year under the Canada Manpower Training allowance for skidder operators, cutters, and we are looking forward to training some more people this summer, but this hasn't been fully set up yet.

MR. McBRYDE: It seems a weakness or a problem, one of the Minister's commented today, in terms of it's a training operation and we are training people to do things and in the past there's been the option, through Northern Manpower Corps or other avenues, through the Counterpoint Program, when the other programs didn't fit, when Canada Manpower programs didn't fit or Special ARDA programs didn't fit, to not lose that training opportunity, to take advantage of the chance to increase people's skills and their employability and therefore the employment of people in northern Manitoba.

So this is just another example, Mr. Chairperson, of once again the government cutting something that they talk about in terms of, We need more trained people. That's the only emphasis they are giving right now in terms of northern economic development and northern employment creation, is to get more people trained. Yet we have here another clear example of where their actions have been the opposite of their words, that is, here is a training opportunity that has been cut by the government, which is consistent with the way they have dealt with northern Manitoba since they came to office.

MR. CHAIRMAN: The Minister of Fitness and Sports.

MR. BANMAN: You know, it's a very easy statement for the Member for The Pas to make, but I wonder if he has ever been up at Channel Area Loggers and looked at the operation. Mr. Speaker, I had the privilege of being there last fall to witness exactly what Mr. Kivisto was going through there after having a successive number of people in place up there and have really virtually run the thing into the ground. Mr. Kivisto is faced with really a total rebuilding of the campsite. There were no proper cooking facilities. The housing facilities were bad. The road system, which had been capitalized and was supposed to be in good shape, wasn't in good shape when I was there. They were trying to upgrade the roads. The mud situation was terrible. We had a good look at the operation.

I think this is a very logical path for the board and for the managerial people to follow. You can't just get people in there; you can't bring people into a facility where you can't even train them. What we are doing right now and what the board is doing and what the manager is doing, is upgrading the facility, putting these proper facilities in place, so that we can get these people there and that we can train them properly. But if you look at how the operation was being run before, when they had little shacks and everybody had to cook for themselves, the whole operation was in an absolute shambles. These people are now trying to bring it back onstream. Once they have got a facility there where they can do the proper cutting, do the proper hauling, and provide the certain amenities of life which are required at a camp like that, then we will move on it. But for the Member for The Pas to say that we have got to move into this training program when you haven't even got the facilities to train them there, is not being very fair to the management or to the government, because that is not what is happening.

I think that the success of Moose Lake, and the things that they have done there, hopefully will be translated into Channel Area and then they will be able to, as time progresses, get that camp into shape and then get the training people on. There has been a major task in rebuilding it and, like I say, I was fortunate enough to be there myself and see exactly first-hand what Mr. Kivisto was faced with. We were walking in mud up to almost our waist, right in the townsite. He has been hauling gravel and doing all kinds of things to try and build up that site.

Once the facility is in place, then we can train, but you can't bring trainees if you haven't got any place to put them.

MR. CHAIRMAN: The Minister of Northern Affairs.

MR. GOURLAY: Thank you, Mr. Chairman. One of the other problems that has been identified this past year has been with respect to some of the training programs that have been offered by the federal government. They have offered programs to the native people in Berens River to the point where the Channel Area Loggers had jobs go wanting, some 15 or 20 jobs last year that couldn't be filled, that were open to the band people at Berens River. When this was brought to my attention, I made a request to

meet with the federal Minister of Manpower to see if we couldn't regulate the federal training programs at such times of the year that it wouldn't compete with the peak employment openings at Channel Area Loggers. As I mentioned, I haven't been able to get together with the Manpower Minister from Ottawa, although we have made attempts to do this, to see if we couldn't co-ordinate some of their program so it doesn't compete for manpower at Channel Area Loggers.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairman, from the response of the Minister of Fitness and Amateur Sport — is that the correct title?

MR. BANMAN: Close enough.

MR. McBRYDE: I am wondering if I misunderstood the answer from the representatives from Channel Loggers. Did they ask the government to cut off that training program? Is that what happened? I wonder if I could ask the chairman, Mr. Minish, if Channel Loggers asked the government to cut off that Counterpoint Program, because this is what the Minister seems to be implying.

MR. MINISH: No, we never asked to have it cut off.

MR. McBRYDE: Mr. Chairperson, so the Minister's comments were sort of irrelevant to my comments, and the Minister of Northern Affairs reinforced that, because what happened in the past, if the federal program didn't fit, if it wasn't going to work, then the province would in fact get involved in the training program to make sure that opportunity to have people trained wasn't lost. Now the province is cutting off that particular avenue and then becoming totally dependent upon any federal program that might be available. Mr. Chairman, that is a change in provincial policy and a change that is going to hurt northern Manitoba, because there were a number of different kinds of options, that training was made available that didn't fit in with the existing federal programs, yet people in the north were able to be trained using a provincial training program. Most of those were through the Northern Manpower Corps, which was able to meet the need, as opposed to stick by a rigidly defined federal program that has to apply across Canada and didn't fit in a situation we had in northern Manitoba.

Mr. Chairman, I can appreciate the need to improve things at Channel Loggers and I am in support of using the management that was put in place at Moose Lake Loggers a number of years ago, to use their expertise to try and help Channel Loggers out. I don't want to see Moose Lake Loggers suffer in the process, but there is further work needed with Channel Loggers and there have been problems there and those problems haven't gotten better over the last number of years. The same problems have been allowed to exist until the change was made to have Mr. Minish and Mr. Kivisto be involved in Channel Area Loggers as well.

The other questions I have in terms of the operation: one of the things that has been done at Moose Lake, Mr. Chairperson, deliberately and the

community is in understanding of it, if not in complete agreement with it, is to have in some high productive outside crews to sort of be pacesetters and show what can be done at Moose Lake Loggers. You know, this has caused some problems in the past. A few years ago, we had to have a person in there to resolve and smooth out and make sure things were functioning smoothly in the relationship between the native crews and the French-Canadian crews that were in there in the same operation. I am under the impression, the last time that Channel Loggers were before the committee, that some of my constituents from the Interlake were in fact working at Berens River and providing this sort of pacesetter, an outside crew that could show what production could be, to set a target for the local crews. I wonder if that is still taking place at Berens River? How many would be people right from Berens River and how many would be people from outside? In this case, I think some of the outside crews were native people as well, but they weren't from the Berens River community.

MR. CHAIRMAN: Mr. Kivisto.

MR. KIVISTO: At Channel Area Loggers, we haven't got too many non-native crews at all. We had two last winter, and the rest were all native people. The Interlake is really Channel Area — part of the Interlake is Channel Area, Jackhead and Pequis, Hodgson, Bloodvein, Berens River — so we draw people from quite a large area.

We try to train as we go along. Even without any formal training program in there, we take in completely new cutters, and without any assistance, we develop them. I would say in Berens, there would be an adequate number of people, but there have been training programs literally thrown in there, training people for jobs which really are non-existent. When the training program is finished, there is not a job for them to go to. These kind of training programs cut into our workforce. You know, you take a training program that lasts six week or two months and you get 40 carpenters working at training themselves and at the end of the training period, they've got no place to go. They just go back into the Reserve at Berens River and I don't think that this helps anybody. If there are five jobs to go to, you should train five carpenters. If we've got five jobs open at Channel Area, we are going to train five people for those jobs, we're not going to train 40.

I don't really think some of the training programs — they have to be looked at with a very careful eye to see whether they are worth anything to the people that are receiving them. They are just a short-term benefit for the person that's receiving it, but he's not going to be able to get a job any place in the province from the fact of having this training.

I think the federal people should look very carefully that they are not cutting into a thing that is set up for the benefit of Berens River, or any other community around the lake, and jeopardize the viability or even the ongoing existence of that company. This is what is happening. We are having a lot of difficulty at Channel Area getting people out from the village and we experience a lot of absenteeism. Sometimes we don't even know why the guy is absent but he has already gone onto some

carpentry course, or what have you, in the village and we are losing that man from the camp.

MR. CHAIRMAN: Mr. Minish.

MR. MINISH: I would like to just enlarge on this. This company takes the stand, Channel Area Loggers and Moose Lake, that the fact that you have assistance on a program, regardless of where it comes from, it's taxpayers' money and we feel that the fact that you are having assistance on a program just for a program's sake, and to spend the money that is allotted for it is ludicrous and therefore we feel, unless the program is going to help what we are trying to do in there, and Ray has hit it right on the head, that we feel it is just a waste of taxpayers' money. That's why Ray has taken the position that unless we have the right personnel and training, and our experience has been in the past that this is what you have to have at Moose Lake, you have to have the right personnel to start with, and this being a reorganization job in Channel Area Loggers, we are taking our time to get the right personnel so we are not wasting more money on this training program.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRUDE: Mr. Chairman, I wonder if — it's almost impossible not to make a comparison between the two operations, to understand what is happening, and I guess especially what the problems are with Berens River, with Channel Area Loggers. I wonder if the basic difference at this time is sort of physical reasons, or is it in large part psychological reasons. The physical reasons I am thinking of, that you have a harder time getting a good price from Abitibi than you do from ManFor, or that the resource itself is located further off in the bush and it's more expensive to put in roads, etc., and it is more difficult to keep people there because they have a harder time travelling back and forth from Channel cutting areas. Those could attribute for some of the differences in the two operations.

The other possibility, sort of, is the psychological reasons. What has happened in northern communities in the past is that often, because there has been sort of a welfare dependency set up many many years ago in some communities, the attitude to an employment project is that it is another welfare project, in some cases. That is when you built a new building in a remote community, in the past people would say, well, let's make this job last as long as we can so we have jobs longer, as opposed to a system that would provide motivation to get it done in a hurry, we'll make more money, we'll make more profit if we get the job done quickly.

So you have that different sort of psychological attitude in different communities and towards different projects. An Indian Affairs sponsored training program is probably viewed as a welfare project. You go to it and you collect your allowance and you don't necessarily learn that much. Another training program that is specifically job-oriented, the person goes in there with the attitude, I'm going to really learn something and I'm going to develop a trade and be able to use it and be able to have jobs.

I was very impressed with the initial days of the training at Moose Lake because there was an

ncentive system, a reward system, prizes awarded for the most effective top cutters and the most improved cutter. The attitude of the guys in training was really good, that they were now loggers and they got these beaded crests made up that says Logger, or something on it, or Moose Lake Logger, and the motivation was there to do a good job and to be productive. The workers really felt worthwhile, that they were accomplishing something and that they were productive people.

I think, in experience at Moose Lake, that has gone up and down. Such a thing as the freeze-up was discouraging and probably things slowed down a bit for a while. But that motivation is a pretty big aspect of it too.

I wonder how you people view that. Are there physical problems at Berens River that make it more difficult, and is there sort of a psychological attitude towards the whole operation that has to be turned around before you get the kind of production that you need?

MR. MINISH: I'll answer the psychological aspects of it and let Ray answer too. My observations are that we have had a real gung-ho setup in Berens River for at least from Day One, and this is where the psychological effect comes in, that this was set up — I suppose in the first place maybe they viewed it as a welfare deal, but it was run so terribly poor and absolutely an impossible situation that the psychological effect has been imprinted in them and this is one of our problems. Now, Ray has other problems that he will relate to you.

MR. KIVISTO: Yes, there are a certain number of problems in Berens River, as there are in Moose Lake. It takes a long time to get the stigma out of the operation that we are under, and the Berens River operation was run for a long time at a very minimum wage rate and the conditions were completely where hardly anybody in his right mind would be working there, cooking his breakfast on a wood stove and then trying to get out to the bush on a road that was non-existent.

We are going to be fighting that battle for a long time to come yet. The people figured, well, it's just a place to make a buck to go and have a party, not as a real place of earning, it's just to earn extra money besides the welfare. This is going to take two years, three years, and we've got to run it like an operation should be run, that if we get so much work out of a man, we pay him so much money. I think when you look at the report, even now the report shows that the people's earnings are going up and while we might not be employing any more men, they are getting more money per person.

I think the main goal of the operation is not to have 40 or 50 or 100 men receiving 2,000 a year or 3,000 a year. If you have got 20 earning 20,000 a year, you are a lot better off because these jobs are of some consequence to the man who has held it. He is going to take price in saying that he is working for this company, which the Moose Lake Loggers at this time, all the people that are working at the camp they earn on an average of 20,000 a year, and that's 50, 60 people.

Right now we are going to take a couple of years yet before we get to that point at Channel Area. We

have started. We have put in the bonus system and we are posting the highest cutter in the camp, so that gives him a little boost. We are going to start taking in owner-operators from the community, once we know that these men are working steady. We are going to help them get their own skidders, the same as Moose Lake, so that I think in two or three years we can say that the people of Channel Area are going to be proud to work at Channel Area Loggers and you will see a different attitude in the people that are working there.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Just in a similar line, is the union situation the same for Channel Loggers, or do you have a different sort of . . .

MR. KIVISTO: We have no union at the present time and we haven't got as large a salary as what union people would get. The main reason for this is because of productivity. If we've got people producing one cord a day, well, you can't pay them very much. If you've got the same person producing five cords a day, you can pay them much more because your cost of facility isn't as high. So as the productivity grows, so do the wages. Once we can get the people earning 80.00 a day, well, they are making money for the company.

MR. McBRYDE: Mr. Chairman, the other problem that has been cited in terms of Channel is the problem of other training programs, or other programs interfering with the employment of people at the logging operation. I suppose that is one of the advantages, and I'm not sure of the community involvement — I understand the structure is about the same as the Moose Lake Loggers. But, like at Moose Lake, with both the Band Council and the Community Council being heavily interested in the logging operation and making it successful, then you have the advantage of them willing to discuss and negotiate, for example, if there is going to be another program in the community, so that that program is aimed at people that are not likely to be loggers anyway, you know, older people or people that just aren't in physical shape to produce like a logger has to produce, so that you don't interfere. If you have the community co-operation then the community is usually willing to say, yes, we want our top people to be loggers and that's an important operation for our community, and we'll have these other programs to keep the other people out of welfare, but they will be aimed at a different group of people within the community. We won't be interfering with the logging operation because we want it to be a success.

I think it is possible, if you are very active, to be able to deal with the councils and make sure they don't bugger up the logging program with something else.

MR. MINISH: We're setting up a series of meetings starting a week from today with the band and the native people and the executive of the company are going in to meet personally with them and hold a two-day seminar, which we did at Moose Lake, and we feel that maybe the time has come now to start it

at Channel Area Loggers, to get their buildup of faith in what's going on and to get their reaction to it.

There is one point here that I think everybody is missing and working with these people as long as I have, and living in the community all my life with these people, that we have got a slow process and I think we are just a little bit too anxious to get this thing flying. From where you people sit, it looks maybe as if we are kind of slow at getting it going, but I can assure you that it takes a lot of finesse and a lot of planning to get these people in a frame of mind that you can show a steady progress in employment. That's what we have found and it's no different than in any place in Manitoba, I don't care where you go. If there is any fault on anybody, I would think that the government of Manitoba has been too hasty in thinking that they should get results in a hurry. My personal remarks are that it is very important that they take their time and they get awfully good management and they don't clutter the north with projects that the people think are welfare projects, that they have to be meaningful and that they have to have some long-range point of view.

I think if we keep this in the foremost of our thinking as we progress, it's a big help to everybody.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: I guess the combination that seems to work is first of all good management — that's the key — and related to that is the motivation of the community and sort of the whole attitude of the community towards the program. The other aspect is the kind of backup in government so that you know you're going to be supported and you know they are going to understand the problems and help you out of those particular problems.

If any one of those ingredients is missing, then you have another failure on your hands, and that is certainly not what we need in the north. I mean, each time there is a failure, then things are set back and people are set back. So we're anxious to make sure that all the ingredients are there. We know we have the management; the motivation is starting to happen. I still have some concern whether the backup is necessary, but I guess that's from my own point of view and my own experience, whether that backup is now in place.

That's all, Mr. Chairman.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: I came in here this morning not knowing anything about these two companies and I am rather impressed with the amount of work that has been going on up north and that there's some hope of success, even if it will take a few more years.

I am just wondering, with respect to this company, to whom does it supply the product and what percentage of the market does it have, what percentage of that to whoever you are supplying.

MR. MINISH: Abitibi at Pine Falls buys our total product. It pays for it on the landing site and at present that is Pigeon Point, out from the camp about 7 or 8 miles, and when they barge it, as soon as the water is able to barge it, they barge it down to the mill and this is the mechanics under which we

sell it. We get — what do we get, half the price of it when it's a roadside? You go ahead.

MR. KIVISTO: Yes, we get 30 a cord now at roadside last year, not the one we're just reporting on but the current year. So we have a fairly good system of pricing. I think we have as good a relationship with Abitibi as what we have with ManFor, so we're getting a fairly good price.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: I take it that the price which you are receiving is not a secret. You tell us how many you cords you have. You tell us how much your total price is, so it's a matter of just dividing the cords into the price and that's the amount that you receive. Is that correct?

MR. KIVISTO: Yes.

MR. SCHROEDER: And is this public knowledge as well for your competitors?

MR. KIVISTO: No, not really.

MR. SCHROEDER: You don't know whether your competitors are receiving the same price from Abitibi as you receive.

MR. TRITHART: There is no way of us knowing that.

MR. KIVISTO: We don't know it, but the rumor mill is pretty good. I'm almost sure that we are getting a reasonable break. I shouldn't put it that way. We are getting a reasonable price for our wood comparatively speaking.

MR. SCHROEDER: What is your percentage of the market, approximately, to Abitibi?

MR. MINISH: I don't think that we could answer that unless Ray knows the production. He's been in this business for . . .

MR. KIVISTO: I think they use up about 200,000 cords a year and we are delivering close to 20, so we've got 10 percent.

MR. SCHROEDER: Abitibi gets some of the balance, the other 180,000 cords, from Manigotagan Development Limited as well as from its own resources. They're doing their own cuttings, is that correct? Do they get any of this product from outside of Manitoba?

MR. MINISH: They get products from up in my area. They get products shipped by rail right from Mafeking to Pine Falls, and I think they have Ontario Pulp come in, don't they?

MR. KIVISTO: Last winter they ran short of pulp somehow or other and they put some wood into pine falls by rail from Ontario.

MR. SCHROEDER: Are they also hauling from Saskatchewan?

MR. KIVISTO: I couldn't answer that.

MR. MINISH: I don't know.

MR. SCHROEDER: What kind of reserves does your company have, for how many years can you keep going?

MR. KIVISTO: At Berens?

MR. SCHROEDER: Yes.

MR. KIVISTO: Right now the production level that we have, we can't even scratch the surface.

MR. CHAIRMAN: In other words, many years. The Member for Rossmere.

MR. SCHROEDER: The other company we were discussing this morning, there were figures of between 10 and 30 years depending on levels of production. On the same basis are you saying that it can go on for much longer than that.

MR. KIVISTO: That's right at Berens it's a much larger resource base than at Moose Lake, and Moose Lake is contained between Moose Lake and Grand Rapids that's all your resources in that area.

MR. SCHROEDER: I take it that the Department of Natural Resources is doing the reforestation on this project as well. Is that correct?

MR. KIVISTO: That's true.

MR. SCHROEDER: And what is the expectation as to when these new trees will come to maturity? How many years?

MR. KIVISTO: Well it's hard to determine but a mature forest is in between 80 and 120 years, so you are looking at anywhere around 100 years.

MR. SCHROEDER: That's an awful long time in terms of doing away with one part or the other company, if you are going to do away with its reserves within 10 to 30 years and replace them in 100 years. It seems like an awfully long time, but are you at least, not you, is the Department of Natural Resources reforesting at the same rate as you are cutting?

MR. KIVISTO: You would have to ask their experts because I don't know the extent of the provincewide reforestation.

MR. SCHROEDER: I'm not asking for the province, I'm asking for the Berens River area. I would assume that you would know whether they are reforesting the property that you are cutting, at the same rate as you are cutting.

MR. KIVISTO: No.

MR. SCHROEDER: They are reforesting at a slower rate. Is that correct?

MR. KIVISTO: Uh-huh.

MR. SCHROEDER: How about up at Moose Lake?

MR. KIVISTO: I think Moose Lake is reforesting more because of the terrain. The terrain lends itself better to reforestation by scarification, and so you get a larger amount of good regen. Moose Lake is getting a much better percentage of regeneration than the Channel Area.

MR. SCHROEDER: Yes, when you are talking about regeneration or regermination, are you saying at Moose Lake you're getting as much covered but it grows better or are you saying that at Berens River you're not getting as much replanted because of the terrain?

MR. KIVISTO: That's correct. At Berens River the terrain is much more swampy and so it makes it much more difficult to reforestate, where at Moose Lake there's more high ground, more accessible and the department gets their machinery in there better and they do virtually ever inch of the cutover.

MR. MINISH: I might add, Mr. Chairman, to that remark, that the reforestation at Channel Area Loggers is such that there are areas at Channel Area Loggers that we are cutting that will never be reforested on account of the terrain. It is impossible for mechanical means to make it so it would grow unless it just grows by itself, because we are cutting in — in our winter cut, for instance, we are cutting in muskeg that there is no way you could do anything with it except just spread it in the winter and leave it. So I would say, to answer your question, that there are areas in there that will never be reforested.

MR. SCHROEDER: Are those substantial percentages of the area that you are cutting?

MR. MINISH: No, I wouldn't say they were, no. But it is altogether different terrain in the Channel Area than it is at Moose Lake. You have rock outcrops there and nothing but boulders and the fringe of that has timber on it which we are cutting. To reforest it would be an absolute impossibility.

MR. SCHROEDER: Yes, back to your skidders and the employees. In the other operation, the skidder operator and the cutters are employees of yours. Is that the same in this company, that is even though there is not the same union structure, are the skidder operators still employees of yours as opposed to be sub-contractors and are the cutters cutting for those people operating those skidders your employees?

MR. KIVISTO: That's correct. We establish a cord rate for the operation and we hire and fire and maintain any people that are in there. If you hired a person, whether he's a skidder operator or a cutter, you pay him by the rates that are established by company. The skidder is contracted on a certain rate per cord and the skidder is paid to the owner at that rate. It's the same thing as Moose Lake except it's not a union rate.

MR. CHAIRMAN: The Member for Crescentwood.

MR. STEEN: Yes, to either Mr. Minish or Mr. Kivisto, on page 5 of your Channel Area Loggers Report, at the bottom of page 5, the annual

comparison of delivered pulp in 1975, you've gone from 6,040 cords to 1979 of 16,700. I think Mr. Kivisto in answering the Member for Rossmere used the round figure of 20,000, now if you people could produce 40,000 would Abitibi buy it? There's no ceiling as far as Abitibi is concerned, whatever you can produce they're prepared to buy.

MR. MINISH: That's their impression that they've left with us and I might add that Abitibi happens to be, I think, the second or the largest paper manufacturer in the world, so they're not making any commitments but they have left us with the impression that whatever we could produce they'd buy, and from a business point of view, myself, I couldn't see otherwise because I know that we're producing wood for them far cheaper than they are getting it anywhere else.

MR. STEEN: My second question to Mr. Minish is that you've shown a good growth rate here in that five-year picture, what restricts you from being double in 1979 than what you actually were? Is it the labour, manpower and labour, or is it the terrain, and as you have mentioned in answering questions to the Member for Rossmere, the rocky terrain etc. that's on the east side of the lake, does it make it restrictive as to what your total productivity can be?

MR. MINISH: No, what is hindering us is our organization on our labour force. We can't have a consistent labour force, and our cord per man days, if we could get it up to a sensible figure, but you have to remember that we have a different cutting procedure there, we have strip piling by hand cutting and piling in the Channel Area to create employment which is a very low production figure. That coupled with the absenteeism is what is hindering us from progressing to the point where we'd like to. We're progressing and we feel we are progressing quite favourably every year, and as I stated before, it is a matter of time until we change the people's attitude and get them back on track, and then I think this will be quite viable operation.

MR. STEEN: As the people's attitude changes, do you see a marked improvement in absenteeism from work?

MR. MINISH: Some of the employees, the steady ones, the absenteeism has decreased considerably, but we always have these people with the attitude that they come in, as Ray stated, they may cut a cord of wood. Well that cord of wood costs us 20 just to board the man for the day if he cuts a cord of wood; if he cut five cords that day that meant that our cost was 4 for boarding, a cord.

MR. STEEN: On the top of page 5 you have a paragraph that says, with the advent of proper dining facilities wages were lowered, however their disposable take-home pay increased considerably. Why were wages lower with new dining facilities? Does that mean that the men worked a shorter day?

MR. MINISH: You answer that Ray.

MR. KIVISTO: Well that was the total wages. You see, the year we were in, the wages actually weren't

lower; they went up, in fact. But the total wages didn't go up. Each person earned more, but the total wages didn't go up. There were a little bit fewer people and they earned more money.

MR. CHAIRMAN: The Member for Crescentwood.

MR. STEEN: I would agree with Mr. Kivisto, or the Member for The Pas, that perhaps that sentence is a little bit misleading when it says that wages were lowered and yet you talk about the take-home pay being considerably more. What it was is a fact of less men on the payroll but each man earned more than he did the previous year.

MR. KIVISTO: What was happening in the operation before was that some people were taking home pay that was for doing nothing; there was no production for the pay they took. Actually, we had less wages for the amount of wood that we had the increase. That's what it means, really.

MR. STEEN: You mentioned earlier, in answering some questions, that you have people at Moose Lake on average earning 20,000 a year. Does that apply to the Channel Area Loggers as well, or is it similar?

MR. KIVISTO: That's correct. There are some people in there that earn, and could earn in excess of 20,000 a year, but the average wage hasn't grown that high yet.

MR. STEEN: I, Mr. Chairman, have no further questions. I compliment these men for trying to improve both these companies.

MR. CHAIRMAN: Mr. Trithart would like to say a few words.

MR. TRITHART: To somewhat clarify that paragraph, with the advent of the dining facilities, the individual pays 2.50 per day for his room and board. However, the cost is considerably more than that, so by example, if we were going to pay 24.00 a cord, placed on the landing or at roadside for production and you looked after your own expenses versus we board and room you at 2.50 a day, and the expenses still have to come out of that 24.00. So that just adds to the explanation, I hope.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: Yes, it adds. There's now more words involved. Could I ask whether the payment to your employees per cord changed upwards or downwards after the dining room facilities were provided and, if so, what was the amount?

MR. KIVISTO: Yes, I just can't remember — yes, they went down by 1.00 a cord, I think it was, but at the present time we are paying more than what we were paying previously. Right now we are paying as much but we supply the dining room facilities.

MR. SCHROEDER: What you are saying is that once you started feeding them properly, you decided that in return they could work for a little less per cord because they were going to provide you with

more cords and they would make more money and everybody would be happy. Is that . . .

MR. KIVISTO: Yes.

MR. SCHROEDER: One other area, then, to Mr. Minish. Maybe I misunderstood, but I had the feeling when he was talking that there was a type of piling operation at Berens River which was different from that in some other operations and that the purpose of the difference was to create further employment. Is that correct?

MR. MINISH: Yes, that's correct. We have a cut and pile operation by hand. They cut the trees down and cut it into eight-foot lengths and pile it, and that's what you call strip work. Besides that, we have our machinery operation. We have a faller, which falls the trees, then we skid from that faller with skidders and buck at the roadside. That's the other operation.

Then we have an operation where a skidder operator crew has their own saw and they cut the tree down and skid it and buck it up at the roadside.

MR. SCHROEDER: The Member for Crescentwood had asked a question which was answered to the effect that no matter how much wood you provide, you can sell it. If that is the case, then wouldn't it seem logical to have the most efficient manner of handling the wood and if you have extra employees, use them to cut more wood, or am I missing something?

MR. MINISH: Yes, but the point is that all the people at Berens River that want to cut wood are not capable of operating a skidder.

MR. SCHROEDER: I see. And that is the reason why you still have some skidders owned by yourselves as opposed to having all of them out there, because it is your goal to have all of the skidders owned by local individuals.

MR. MINISH: That's right, and I would imagine that this management, in time, we will have to maybe phase out the strip cutting if we go on showing you each year a non-profit organization. We can only live with this for so long and I'm sure the feeling is that we are just striving to get the most efficient way of cutting. But at the present time, the people who are all there that want to cut are not capable of operating under a mechanical system.

MR. SCHROEDER: Would this be one of the things that might attribute to the feeling among the locals that it is a make-work project, that they know very well possibly that in other operations, this particular phase of the work isn't needed and it's being done as a make-work thing and therefore I'm sure the feeling of accomplishment wouldn't be quite as great as for the person who is sufficiently skilled to go out there on the skidder. Does that have something to do with the local feelings?

Also, how much does this more primitive method of handling the lumber cost your company per year?

MR. MINISH: Ray will answer that.

MR. KIVISTO: The strip cutting operation, it usually results in about a cord-and-a-half per person per day. Our kitchen costs are 18.00 a day per person and if you take the 2.50 that he pays himself off that, it is 15.50 that we are burdened with. So if he cuts a cord-and-a-half a day, it's running around, well, 10.00 a cord extra. At the present time we are paying 14.80 a cord to the man himself to cut one cord of wood, and you put 10.00 extra on top of that, and that puts a 24.80 price, plus benefits, and the wood is still in the bush. You have still got to forward it out to the roadside, make the road to it. We can pull out, with the skidders, which produce around five cords per man day, we can produce that same wood for about, I'd say, 8.00 a cord less. It's quite a costly operation.

MR. SCHROEDER: There was a second part to that question. Do you feel that this type of operation contributes to a feeling in the community that possibly it is a make-work project, it is something just like the carpentry projects which last for six weeks and then there is no employment at the end of it? Is that one of the reasons why you might have an absentee rate substantially higher than it should be?

MR. KIVISTO: No, I don't think so. Some of the people like to cut on the strip and some of them make a pretty good buck at it and there is really no stigma attached to anybody that's cutting on the strip, although they much prefer a machine in the wintertime when the snow is deep. No, I think once we get rid of our image problems, you know, the image problem that I am talking about is that we are sort of a place where they just go to pick up a few extra bucks to subsidize their welfare cheque. Once we get rid of that image, I don't think we should have any problems in there. We have got a good corps of cutters and these people, if we had every person like they are, we would have no problem making money at all. We have got to get everybody interested that is in the community and once we get this problem solved, the community leaders are going to jump on our bandwagon also, which has happened at Moose Lake already, but it hasn't happened at Berens yet. We've got pretty near 100 percent support from the Metis side, but the band side hasn't jumped on our bandwagon, so to speak, and this is the reason why we haven't got enough men to man the operation.

MR. SCHROEDER: On that point, I noticed that with the Moose Lake Loggers, it was four and four, four local members on the board of directors, and four from the outside, plus the chairman. On the Channel Area Loggers, it seems that there is the Chief of the Berens River Band, but it would appear that the other three individuals are from the outside. Has consideration been given to the possibility of enlarging the board and adding some further local representation?

MR. MINISH: I'll answer that. We set it up that way at the beginning and we found that we had no response whatever. In fact, for your information, the Chief has, I think, made an appearance for an hour at one meeting since we formed this company. We

were very careful in doing this, but there was no way that we could get it to work, not yet, but we are hoping that after these meetings, that we might get representation. We think it is very important, that what you stated is correct, but unless you have representation at the meetings, it is of no avail to carry on the business in pretense.

MR. CHAIRMAN: Mr. Trithart.

MR. TRITHART: However, from the list of directors that are outlined here, there has been an appointment since. There was an appointment of a member from the community side of Berens River appointed, a Mr. Graham. He was recommended to the Minister by the local community and the Chief at Pequis was also appointed a director. The reason for that was because we do have a considerable number of people from that area working for us. There was one other appointment, who is not a native person.

MR. SCHROEDER: Thank you. I wish you the best of success in both . . .

MR. CHAIRMAN: Is it the wish of the committee to adopt the report? (Agreed) Committee rise.