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Legislative Assembly of Manitoba

STANDING COMMITTEE

ON

ECONOMIC DEVELOPMENT

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The Honourable Harry E. Graham
Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty - First Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Tuesday, 20 May, 1980

Time — 10:00 a.m.

CHAIRMAN — MR. ROBERT G. WILSON (Wolseley).

MR. CHAIRMAN: Gentlemen, I will call the meeting to order since we have a quorum. We are dealing with the Communities Economic Development Fund Annual Report. I will call upon the Minister to introduce the staff dealing with this report. The Honourable Minister.

**COMMUNITIES ECONOMIC
DEVELOPMENT FUND**

HON. DOUG GOURLAY (Swan River): Thank you very much, Mr. Chairman. We have with us today a Mr. Goodman, who is the president; Mr. Hugh Jones, who is general manager; and Mr. Aleck Musgrove, secretary-treasurer. At this point I will call on the — I said president; it should be chairman, Mr. Goodman, to give us a review of the last year's activities.

MR. CHAIRMAN: Mr. Goodman, please.

MR. JAMES E. GOODMAN: Mr. Chairman, the report before committee this morning, deals with the activities of the Fund for the fiscal year ended March 31st, 1979. The Review contained on pages 4 through 7 in this report cover, in a summary fashion, the highlights of those activities and it would be my suggestion that in view of the time lapse between the period covered in this report and its consideration today, that I should deal briefly with the significant change in the volume of activity in this agency since the end of the fiscal year now under review.

The report before you indicates that the Fund has been confining its loaning activities by the government directive to proposals which had received either grant funding from Government of Canada programs, or those involved in winter road construction and those successful in obtaining government contract work. Under those conditions, the Fund approved a total of 20 new loans for the year ended March 31st, 1979, for a total amount of approximately 556,000, and thus creating and/or retaining 92 jobs.

Since that fiscal year-end to be precise, in July 1979, the government approved the widening of the Fund's mandate so that any business or community group primarily northern with a viable and feasible project could be considered for a loan. It is interesting to note therefore that as a result of this change, we are able to report that for the fiscal year, March 31st, 1980, the Fund's board considered 46 loan proposals. It approved 35 for a total amount of just over 2 million. Four of these loans approved were not accepted by the applicant so the portfolio was in fact increased by 31 new loans.

To recapitulate, for the fiscal year ended March 31st, 1979, before you, we approved 20 loans for

556,000 approximately. For the fiscal year ended March 31st, 1980, we increased the portfolio by 31 new loans, for a total of 1.8 million. Jobs created and/or retained for the fiscal year ended March 1980, were 144. The board is happy to note now that the increase in this activity reflects considerable progress towards the target of 36 new loans per annum which has been considered a reasonable one from the point of view of ongoing monitoring and control. The new loans referred to include significant investment in a hotel project in Snow Lake, probably the largest loan this fund has made. The remainder cover a variety of business enterprises and involve communities such as The Pas, Camperville, Leaf Rapids, Churchill, Ilford, Berens River, Cross Lake, Cormorant and Grand Rapids.

To cope adequately with this increase in activity the Fund's professional staff was increased by 3 in September of last year, thus there are now 6 professional staff dealing with loan, project, administration and analysis and reporting to the general manager. It seems appropriate at this time also to advise you, Mr. Chairman, of some of the changes which have taken place in the content of the board.

For the period under review, the roles of chairman and general manager of the Fund were combined in the person of Mr. Hugh Jones as was indicated previously. This combination of the executive and administration functions was considered to be an interim measure. I was pleased to have been appointed to the Chair in June of last year. The other directors of the Fund are Mr. Howard Asham of Fisher Branch, Mr. William Bennett of Matheson Island, Mr. George Dram of Wabowden, Mr. David Epp and Mr. Angus Spence, both of Winnipeg, and Mr. Arnold Morberg of Lynn Lake, and Mr. Colin Holbrow of Winnipeg. I live in Flin Flon.

I take the view, Mr. Chairman, that the complement of directors now reflects very well a combination of expertise and district experience so necessary for dealing with the unique situations covered by this program.

From the administrative point of view, there have been no changes in bylaws of the Fund since 1976. The board's lending authority is still restricted to loans of up to 75,000.00. The general manager and I have a lending authority of 10,000 which can be exercised for those projects requiring decisions between board meetings. This authority is only used in extremely urgent situations and I believe I am correct in saying that there have been only two or three occasions in 12 months when this has actually happened. In recent months there have been two or three cases which have involved direct investment by the Fund in amounts of over 75,000 and these in accordance with the provisions of the bylaws have been referred to the Minister for his approval. The lending authority of the Fund remains at the original authorized level of 6 million, although in recent months it has been necessary to make a draw upon this capital to the extent of 1.5 million to cope with

the additional activity. The mechanism for dealing with loan applications remains very much the same as in previous years. All proposals are carefully analyzed, always after a visit has been made to the community concerned and presented through the General Manager to the Directors. If the proposals are approved, Letters of Commitment are issued after review by legal counsel and while disbursement procedures are stringent, sufficient flexibility exists, we believe, so the enterprises concerned are able to proceed with construction and/or purchase of equipment in a reasonable time frame.

The Board remains concerned deeply with the imposition of effective monitoring controls on investments made. It has always been, and probably always will be, necessary to supplement and/or provide management expertise for businesses financed. In cases where it is judged appropriate, and this applies often to community-owned businesses, the Fund will act in a co-management activity; co-signing of cheques, approval of purchases and contracts etc. may be undertaken during the life of a loan.

Looking at the most recent set of statistics provided to the Board, I see that, excluding a number of recently approved loans, not yet disbursed, approximately nine, we have a current portfolio of 76 accounts. Of these, I note that 76 percent or approximately 1.5 million fall within what we describe as the first two categories of loans, that is 1) they are considered to be either in excellent repayment situations or 2) the businesses concerned are proceeding with little or no problem. This ratio, 76 percent, continues to be, I believe, a good one and the remaining 24 percent are broken down as follows: 12 percent or approximately 227,000 concern nine loans which are experiencing serious problems, although even here they are not considered to be such as to be insoluble, the balance of 12, that is eight loans for approximately 239,000 are in legal category and are in the process of collection.

The Fund continues to relate very closely to a variety of other federal and provincial government programs. There continues to be, for obvious reasons, a close relation to the Federal Special ARDA Program. Until the recent dramatic increase in current interest rates, the Fund also related very well to such programs as a Federal Business Development Bank.

In light of our capital limitations, it is a fact that we still encourage and assist applicants in dealing with FBDB for larger investments, although prudence dictates that we carefully consider the implications of FBDB's stringent security requirements and onerous interest rate level. I say this because in some recent instances the Board had decided it to be more appropriate to have CEDF become directly involved for the long-term and bridging portions of the debt financing element required in some projects which receive Special ARDA funding.

The Directors meet regularly, at least once a month, and I must say now that I am deeply grateful to my colleagues on the Board for the time and effort spent in dealing with this program. The Fund continues to be involved in other activities outside the purely lending function and Mr. Hugh Jones, the General Manager, will be in a position to indicate

these to you. In this connection also, with your permission, I should like him to deal with questions which you may have on the specifics of loans approved or other cases which concern the administrative function.

Let me conclude now by expressing again my appreciation to my fellow colleagues on the Board and the dedicated staff of the Fund.

MR. CHAIRMAN: Thank you, Mr. Goodman. Mr. Hugh Jones. Are there any questions from the committee? Mr. Evans.

MR. LEONARD S. EVANS: Thank you, Mr. Chairman, I thank Mr. Goodman for the interesting review of the latest annual report of the Communities Economic Development Fund. Perhaps Mr. Jones can answer this, it's some historical data and I'm trying to get a pattern here. Mr. Goodman mentioned that while the report showed for 1979 March 31, 92 jobs were created or retained, in 1980 this had jumped to 144. I'd like to get a pattern and I'm wondering if the General Manager has the numbers of jobs retained or created per year since the legislation was passed and the fund set up? I'm sure it's in past annual reports, but that means a bit of digging on our part.

MR. HUGH JONES: Mr. Chairman, if I could just have a couple of minutes, I've got the papers here, I can get those statistics for you. Can you just give me a couple of minutes?

MR. EVANS: Okay.

MR. CHAIRMAN: Mr. Bostrom.

MR. HARVEY BOSTROM: Yes, I have some questions, perhaps they're more of a policy nature than — at least one is of a policy nature and one perhaps more properly directed to the Minister responsible for the fund, and that is with respect to the Funds operation in Manitoba, regarding Treaty Indian people and/or companies owned by Treaty Indian people. Is it correct that the Fund no longer operates in such a way as to offer a loan program with respect to Treaty Indian individuals and/or companies owned by Treaty Indians or is there a restriction there now?

MR. CHAIRMAN: The Minister of Northern Affairs.

HON. DOUG GOURLAY: Thank you, Mr. Chairman. We have been sort of dealing with this question and as you know, there is the Indian Economic Development Fund which do provide funding to the Indian bands, so we have not been dealing with many loan applications since I took over as Minister responsible for the funding.

We have had a number of requests from Indian bands and we have been prepared to undertake some financing with some degree of indication from the federal government that they would guarantee this interim financing and the word that we got back from the federal people was that they only dealt with designated lenders and we undertook to complete an application to become one of those designated lenders but our application was subsequently turned

down by the federal people. So we at this point have not been dealing specifically with loan applications from Indian applications but we are still prepared to maybe deal with this issue if we can get a little more assurance from the federal people.

At the same time we're not sure just where the role of the Indian Economic Development Fund, you know, where it fits into this.

MR. BOSTROM: Mr. Chairman, I would ask the Minister to further clarify this position of the Progressive Conservative government since it would appear on the surface to be one of discrimination against a particular group in our society in Manitoba, that has, I would think, every right to expect services from a provincial government and a provincial lending agency such as a Communities Economic Development Fund. I would think if one were to go back over the records of the operation of the Communities Economic Development Fund, if one were to look at the loans that were made to Treaty Indian people and/or companies that are owned by Treaty Indian people that the record of those companies and the repayment of the loans are probably as good as any other loans that were made, and since the Communities Economic Development Fund was set up originally to assist communities in their economic development the facts are obvious, when one looks at the situation, it's obvious that the Treaty Indian communities are as much in need of this kind of loan assistance as any other of the communities in Manitoba. And I would think that this move on the part of the government has made it more difficult for some of these companies and/or individuals to obtain loan financing. And I say that, Mr. Chairman, because it has been the experience over the last few years of Indian people that the federal government has been pulling out of programs that they have been formerly involved in; in fact the Indian Economic Development Fund has been, I think at least partially reduced in its scope, many of the funds that were involved in that program are now in other programs in government, I know, for example, if one looks at the federal government programs, the LEAP program has taken over many of the functions of the old Canada Works Program and I believe through federal government budget measures, some of the funds that used to be available through the Indian Economic Development Fund are now in the LEAP program.

Now with the Communities Economic Development Fund shutting the door on Indian people and saying you can no longer lend money here, it further reduces the opportunity available to a group that is certainly recognized as one of the most disadvantaged groups in our society. I don't think any of the Indian people have really formally complained that strongly to the provincial government; I'm not even sure that they all realize that the provincial government has made this policy decision to shut the door on the Communities Economic Development Fund to them. I think it is an unfair move on the part of the provincial government because, as I say, this program was originally established to help disadvantaged people and here's the most disadvantaged group in our society now barred from using the Fund in the normal way that other people are using it. You're saying, as I

understand it, that you are attempting to have the fund established as a designated lender so that the federal government can guarantee the loans, but why should it be necessary for a Treaty Indian to have the loan guaranteed when you make loans to other individuals and companies without having the loan guaranteed.

The Communities Economic Development Fund I would think should operate as a lending institution and it should be available to any Manitoban who fits into the criteria of the terms of reference of the Fund, that any Manitoban should be eligible to apply for and obtain a loan on the basis of sound financial information made available, and sound financial analysis of the project and not have one group designated as a no-group simply because of their ethnic identity or for whatever other reason the provincial government has seen fit to not make the funds available to Treaty Indians.

So I would ask the Minister if in light of the fact now that the federal government has refused to allow the fund to be established as a designated lender, if the Minister will reconsider this policy decision and reopen the door, so to speak, to allow the Treaty Indian people to have the opportunity of being able to apply for and receive loans from the Communities Economic Development Fund.

MR. GOURLAY: Well, I could just repeat that there is the Indian Economic Development Fund available to those people and we have been dealing with applications with mostly remote and isolated communities of the north primarily, where no funding at all is otherwise available to them, and with the fact that the Indian bands do have this funding through the Indian Economic Development Fund available to them, we're not anxious to compete with that fund or if the funding is available to them through that source, we would therefore, want to direct the funding to those people that do not have any source of funding available to them.

However, we were prepared to meet some of the obligations of the Indian applications provided the federal government would guarantee our loans to those people and they haven't seen fit to do that at this point.

MR. BOSTROM: Well I consider it smacks of discrimination to the extent that the government is asking one group in society to have a guarantee on their loans, the other people that apply for loans are not required to have a guarantee on their loan. In other words, some people are being trusted to come forward with the financial analysis to show that their project is viable on its merits and obtain funding through the loan program and another group in society is told, well you must go to Indian Affairs and have them guarantee your loan. I hardly see that as being fair in the first place, and in the second place I don't believe that the Indian Economic Development Fund is so all-embracing that it will be able to meet all of the needs for loan financing for all projects that are being proposed by Indian people of Manitoba. It simply is a finite amount of money which is available to people through the Indian Economic Development Fund. One of the functions of the Communities Economic Development Fund in the first place was to fill the gaps that were present in the system. The

very fact that if you look in your financial statement you see a number of loans that were made during the period for which this report is prepared and a number of the loans I know from personal experience, knowing individuals and/or companies, are Treaty Indian people and I would think that at least some, if not all of these that are in here, and I couldn't point them all out because I don't know all of them, but I can see at least three or four companies here which I believe are either Treaty Indian individuals that own them and/or they're Treaty Indians that own them collectively. And given that this is the way the Fund has operated in the past and the fact, as I say, that the fund was set up in the first place to fill gaps in the system, one of the gaps in the system that was obvious when this fund was set up, was that the Indian Economic Development Fund was not filling the need, was not filling the demand and the need for loan financing in the remote communities, simply was not providing sufficient financing to make many of these potentially viable operations a success.

So I think, Mr. Chairman, that the Minister would be well advised to reconsider that policy decision and I would recommend to him that he remove that restriction and allow Treaty Indian people the same opportunity as any other individual living in remote communities to be able to apply for funding from the Communities Economic Development Fund. Because if you look at the remote areas of northern Manitoba, two-thirds of the people in the remote areas are Treaty Indian, so really you cut out two-thirds of the people that this program was originally established to assist. You've narrowed the scope down to about a third of what it used to be. And, Mr. Chairman, I find that unacceptable; I just don't see the rationale for it. I think that Treaty Indian people should be able to come forward with their proposals and have them analyzed on their financial merits and the ethnic identity of the individual making the application should be irrelevant. It should only have to fill the terms of reference of the Communities Economic Development Fund to the extent that they live within the geographic area that the Fund was established to apply to.

MR. CHAIRMAN: The Minister of Fitness.

HON. ROBERT (Bob) BANMAN: Well, Mr. Chairman, I think there's a few things that have to be put onto the record and the Member for Rupertsland is well aware of them. I'd like to ask Mr. Jones, what are the restrictions for loaning with regard to Special ARDA; in other words, can someone other than someone employing native people receive a grant from special ARDA?

MR. JONES: Mr. Chairman, with the Special ARDA program, pretty well anyone can apply for the grant incentive, one of the prime conditions, of course, is that the business to be established will employ a certain percentage of native people. A Treaty Indian entrepreneur or company can also apply for Special ARDA grant and receive the grant and will then have to go somewhere to get that grant bridged.

MR. BANMAN: This is a federal government program?

MR. JONES: Yes.

MR. BANMAN: If I was to go to Special ARDA and apply for a grant and say that I would be employing no native people, would I get a grant?

MR. JONES: No, Mr. Chairman.

MR. BANMAN: So, if I was to set up a company and I was going to employ some of the boat people that came in, they wouldn't give me a grant? Has to be native?

MR. JONES: It has to be native people.

MR. BANMAN: So that agency only deals with native input.

MR. JONES: In the employment factor yes, and/or omission(?).

MR. BANMAN: I mean if we talk about discrimination, I guess that's the reverse of what you're talking about. One of the things I think that has to be also pointed out, and the Member for Rupertsland, I think this is probably in his constituency, when we look at Thunderbird Lodge One of the problems we had there is that we had a certain layering taking effect. We had Indian Affairs coming up with money, we had DREE coming up with money, we had CEDF involved and we had another government, I believe another Canada Works LEAP Project involved. We had four different government agencies involved in that particular facility. I think one of the problems we have when we do that, when we start layering all these different government agencies on there, nobody really accepts the responsibility of that particular project and then we have things happen, like happened at Thunderbird Lodge, an unfortunate incident where we all lost our money on the thing. But I think the approach that has to be taken, that is the approach that the Minister is wrestling with right now, is that usually when we do get requests and when I was Minister, when we did get a request from a native band or from a council, what would happen is that we would be dealing with four or five different sources of funds, in other words, Indian Affairs would put some in, DREE would put some in, there was Canada Works at that time and then they come to us for a final, if we can call it, a bump, to make the project go.

I think there has to be a rationalization when you're dealing with Special ARDA and all these things, all the different programs which are geared specifically to the native population and really exclude any other people in the province from applying for those funds, that somebody is going to have to wrestle with the thing to watch that this layering doesn't happen, so that there are proper controls and proper checks and balances put in place. I think that's what the Minister is talking about and wrestling with right now. There are a number of agencies, and we appreciate, I think, the fact that there are some problems and that the funds are not as readily available in northern Manitoba from the traditional lending institutions are far as these particular loans are concerned and that is one of the

areas that we are wrestling with. I just didn't want it left on the record that we are embarked on a path here which is much different than it was before.

There are certain institutions that are lending strictly to the native population, we realize that; we have also taken the attitude and the understanding that the Treaty Indians are basically the responsibility of the federal government and that particular designation that the Minister is asking for is something that the Fund wanted and hopefully is one thing that the Minister will negotiate in the near future. But I just want to point out that there are certain problems in this area and it's not black and white. There are certain financial concerns as well as other concerns that have to be taken into consideration.

MR. CHAIRMAN: The Member for Rossmere.

MR. VIC SCHROEDER: Thank you, Mr. Chairman. On the area of Special ARDA, to Mr. Jones. Is it not correct that anyone can apply for a loan under Special ARDA, there's no disqualification if you happen not to be native?

MR. JONES: That's correct.

MR. SCHROEDER: And is it not also correct that as long as you employ native people they do not necessarily have to be Treaty Indians, that is when you make your application under Special ARDA, if you show several native people who are not Treaty Indians, you will still be entitled to the grant?

MR. JONES: That's correct.

MR. SCHROEDER: And, therefore, what the Minister of Fitness and Amateur Sport is saying is only partially correct, that is it is not true that this fund is set up specifically, Special ARDA, that it is set up specifically for native people, it is set up for anyone who happens to apply and also as one of the criteria, has native people as employees.

MR. JONES: Yes. Mr. Chairman, that is a very stringent condition of their approval of a grant — by the way there are no loans, it's all grants — that the employment factor be heavily weighted towards people of native ancestry, Treaty, non-Treaty, there's no demarcation there. In terms of their guidelines originally as I understand them, the objective was to have placed emphasis on native-owned projects; that is no longer the case, as you say, anyone can apply but the employment factor has to be weighted towards native people.

MR. SCHROEDER: To the Minister. Is there a distinction now in existence between Treaty Indians and non-Treaty native people in terms of their ability to obtain funding from the provincial government? Do the non-Treaty native people qualify in the same fashion as anyone else, other than Treaty Indians?

MR. CHAIRMAN: The Minister of Northern Affairs.

MR. GOURLAY: Yes, I would say the answer to that question is yes.

MR. SCHROEDER: Non-Treaty Indians?

MR. GOURLAY: Yes.

MR. SCHROEDER: Well are you saying, Mr. Minister that there's no distinction between the way loan applications are handled when they are from non-Treaty Indians as opposed to Treaty Indians? Or is there a distinction?

MR. GOURLAY: Well yes there is, in view of what has been discussed earlier, the applications that have been received from time to time from the Indian people, because of the fact there is the Indian Economic Development Fund available to them, is not available to the non-Treaty Indians or to other northerners. However, we have indicated a willingness to participate with the federal government in this program but we have to be a designated lender which they haven't seen fit to give us that rating.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Chairman. I would like to comment on a few of the statements made by the Minister of Fitness. The Special ARDA program as has been outlined by my colleague from Rossmere was one which was established to provide incentive and encouragement to enterprises in order that they would establish in areas where they would create native employment and as it has been stated, the original objective was for this to produce native-owned enterprises. That has not been the case in many of the grants made I don't believe but I think it has had a certain degree of success in producing enterprises that normally would not have been produced, that are employing native people. So at least there are native jobs created as a result of the Special ARDA Program. However, here's a case where a program is established and it is targeted for a disadvantaged group in society, one which is acknowledged by all levels of government to be one which has a high rate of unemployment within their group, a very high rate and particularly in the remote areas.

When the Communities Economic Development Fund was established, it was established with a similar objective, to assist disadvantaged people in a particular geographic area of Manitoba, and it was established not with any discrimination, it was not established in such a way that only native people could apply or that only Treaty Indian people could apply, or only non-status Indians could apply. Originally the Communities Economic Development Fund was established so that anyone could apply. In fact it was established to help fill gaps which were present in the system, it was acknowledged at that time that the Department of Indian Affairs was not providing sufficient loan financing. If they were many of these loans that the Communities Economic Development Fund made for the year ending March 31, 1979, wouldn't have been made by the CEDF, if Indian Affairs Economic Development Fund was sufficient. Many of the loans that you have on this page here would not have been made by this group, since they could have probably received the funds from the Indian Economic Development Fund.

The fact is that that program is a finite program and it doesn't have sufficient funds to meet all the

needs. Now I find it distressing that the provincial government is by this policy change, eliminating the Communities Economic Development Fund as an agency which can apply to Treaty Indian people. You can make all the arrangements you want with the federal government as far as establishing the fund as a designated lender, and even if you go so far as to have that accomplished and have it established such that the only way Treaty Indian people can receive a loan is if the Indian Affairs Department will guarantee that loan, there again it is still discrimination against the Indian people because the federal government surely has a finite level at which they will stop guaranteeing loans. They will only go to a certain amount and that's it, and the experience of Indian people over the last hundred years with the Department of Indian Affairs is that it's failed dismally in assisting them to get out of poverty and to be able to develop themselves and develop their communities.

The Communities Economic Development Fund was a very small, I would say, fund which was established to attempt to just add a little bit more opportunity for people to be able to develop business enterprises and to establish businesses in places which normally cannot receive loan financing from the bank. And that's what the Communities Economic Development Fund essentially was, was another kind of a bank which was established to pay particular interest to those areas that cannot receive funds from the bank for whatever reasons. Most of which, I believe, are that the banks are simply not prepared to take the extra time and effort to check out potentially viable enterprises in remote areas; because many of the loans that the Communities Economic Development Fund has made over the years, as Mr. Goodman reported, 76 percent of the loan accounts are in excellent repayment position and/or they're applied to good businesses that are having no problems. I would suspect if we were to go into this in more detail, that many of those are Treaty Indian businesses that are either still operating under loans from the Communities Economic Development Fund or some of them have paid back their loans and are in good standing with the Communities Economic Development Fund, and if this policy that has been recently made were not in application at this time, some of the Treaty Indians and/or treaty indian businesses that formerly loaned from the CEDF and who are planning expansions to their enterprises would be available, I would think, to come to the fund and obtain financing, but not with this restriction they can't do it. And the experiences of many of these individuals in businesses, as I say, Mr. Chairman, I say this for the Minister's information, I hope he takes note of it, that they simply cannot obtain the same kind of service from the Indian Affairs Economic Development Fund that they have been able to enjoy in the past from the Communities Economic Development Fund.

The CEDF has provided a good service to treaty indian individuals and companies, and I would hope that the Minister would see fit to remove this restriction and allow the Fund to look at all loan applications on their financial merits and base a decision on that and not ask the question even, what is your ethnic identity, are you treaty indian or are you a treaty indian company. Leave that out of the

picture because that was not originally in the mandate of the Communities Economic Development Fund to even ask that question. I don't think they should be asking that question now, they should be simply looking at the proposal, doing their best financial analysis they can possibly do on the proposal and hopefully avoid the kind of problem that the Minister of Fitness indicated was a case with the Thunderbird Lodge. And there, if one wants to go into that, I mean there were several government agencies involved, all of which presumably made their financial analysis of this operation, the Communities Economic Development Fund made their analysis of the operation.

The loan that was made was made by the board of directors of the Communities Economic Development Fund in their wisdom at the time thinking it was a viable venture. And if one looks at the situation now, as I understand, the Lodge is still operating, so presumably it is a viable business venture that simply was not properly managed, perhaps over capitalized, I don't know what their problem was, I never looked into it that closely. For every Thunderbird Lodge there's a dozen success stories, and the success stories are the ones that one should concentrate on, and the success stories with Treaty Indians and/or treaty indian companies are the ones that I'm afraid this government is ignoring, because if they cut out and eliminate the Indian companies and Indian individuals from applying to CEDF they eliminate a very important source of financing for those companies, whether it's for contracts that they are obtaining, or whether it's for expansions of their enterprises or whatever it may be.

If the CEDF is going to operate in a businesslike way, I would think they should be operating like a bank and they should be examining the loan applications on their financial merits. I don't think the bank has a questionnaire when someone goes to the bank to apply for a loan, that they ask you whether you're Treaty Indian or not. I don't believe they have that right to do so even. So I don't think the Communities Economic Development Fund should have that right to do so, either.

MR. CHAIRMAN: The Minister of Fitness.

HON. ROBERT (Bob) BANMAN: Mr. Chairman, I don't want to belabour the point, but the member knows full well that it's different, you can't say that Thunderbird Lodge episode, for instance . . . you're faced with the problem of trying to put the whole package together then finally coming up with half a million dollars for an enterprise that sold for 125,000 a year later, then coming up to the province and saying well, you know, we've got a half a million dollars, if you give us another 75,000 then we can build it. And what is happening is that you have all these government agencies involved and it goes along the line till finally you pressure the final group, if you don't give us the money we can't spend this half a million. And this is what's been happening, and that's one of the concerns that we all have, because that does not lend to the viability of the operation.

So, dealing specifically with Thunderbird Lodge, there was a 600,000 investment, out of which the province had 75,000 in, and were supposed to receive a third of the assets. We finally ended up

selling the particular facility for 125,000 and when the receiver's fees and everything was washed out, I think we came out with something like 800 on our 75,000.00. The Federal Government Indian Affairs lost everything. One of the old sayings used is once bitten twice shy, and I think that what's happened here is that people want to have a good look at this thing before we start layering on a whole lot of other programs.

Indian Affairs does not give money to a non-treaty Indian; they don't give money to them. There's a proposition before the Board right now dealing with a fairly large development up in the Member's riding, but the thing is that once again you have DREE involved, you have Indian Affairs, you have all these things; it's not a straight lending proposal like if you or I were to go to the bank, or if somebody was just to go to the bank to borrow money. It's a different deal and you're dealing with much larger sums of money and with three or four other government departments. I think that's one of the concerns that we have, is that the layering effect that happens is causing real problems.

MR. CHAIRMAN: The Member for Rupertsland.

MR. HARVEY BOSTROM: Well, Mr. Chairman, the member is, I think, bringing in something here which is really irrelevant to the argument, and that is that somehow if one discriminates against Treaty Indians by making the Communities Economic Development Fund policy established in such a way that Treaty Indians are not eligible to loan money from the Communities Economic Development Fund that suddenly this layering problem is going to disappear.

The fact is that there are number of agencies, as the Chairman outlined in his opening remarks, Special ARDA, the Federal Business Development Bank, other banks, other funding agencies. An individual who is not a treaty indian can go to any of these and obtain funding and financing and can come with a package of financing to Communities Economic Development Fund and say, here is where I'm getting my other sources of funding, here is how much I'm putting in myself, would you make a loan to me on this basis. And that's the basis with which, I presume, the loan was made to the Thunderbird Lodge, that surely, the Communities Economic Development Fund officers and board were fully aware of all of the other sources of financing that went into that lodge. And some chartered accountants, or whatever, that went over the original application to Communities Economic Development Fund, looked at it and said this looks like a viable venture and recommended it to the senior officers of the Communities Economic Development Fund and the board, and in their wisdom at that time, they approved it.

Now are you saying that in future if there are several sources of financing for a venture that the Communities Economic Development Fund should not become involved? Well, that's a separate issue. That's not the issue of whether a Treaty Indian should be able to come and loan funds from the Communities Economic Development Fund. What if the Treaty Indian comes and says I have half the money, I want to borrow half from CEDF, there are no other sources of financing, only his money and

CEDF's money, and the Fund is in such a position that they can take a mortgage on the assets of the individual and/or the company and be fully secured for their loan. Why shouldn't they be able to make a loan to that individual or that company on that basis, if it's a cut and dried very secure financial arrangement between the CEDF and the individual or company? That's the kind of thing that CEDF is now prohibited from doing, because of this policy decision. And I call that policy decision frankly discriminatory, it's saying to an individual, and maybe me, if I were a Treaty Indian, that I, as a citizen of Manitoba can no longer come to my company, which I am a part owner of, because I'm a citizen of Manitoba and I'm part of the government in that sense, and therefore since the Communities Economic Development Fund is a Crown agency, you're telling me because I'm a Treaty Indian I can't borrow money from my own Crown agency. Indian Affairs is a special case, Mr. Chairman. In Manitoba we have the Manitoba Government which is responsible to all people.

MR. BANMAN: The Federal Government is responsible for Native Treaty Indians, that's all we are saying.

MR. CHAIRMAN: The Member from Rossmere.

MR. BOSTROM: I'm not finished, Mr. Chairman.

MR. CHAIRMAN: Oh, the Member for Rupertsland.

MR. BOSTROM: I'm being interrupted. I have not completed my statements, but I believe that the Communities Economic Development Fund cannot be compared to the Department of Indian Affairs. The Department of Indian Affairs was established under a special mandate to deal with one group in society. The Communities Development Fund was established to deal with a particular economic group in a particular geographic area, without any discrimination as to the person's ethnic identity, and this Government now has decided that there is a certain ethnic group within that geographic area that the Fund formerly served that is now cut off. And I say that's unfair and it's unjust and the Minister should change that policy.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: Thank you Mr. Chairman. On this point, Section 3 of the Act clearly indicated that the purpose of this Fund was to provide financial or other assistance to existing economic enterprises or to economic enterprises to be established, etc. to encourage the optimum economic development of remote isolated communities within the Province. Now in no instance did the Act indicate that it was for one specific or a number of specific racial groups and if the federal government has that type of discriminatory legislation in effect that is something for the federal government to deal with. As the Member for Rupertsland points out, it may well be that there could, in certain instances, be Treaty Indians who would come to the Fund and apply in the identical manner as any one else, not asking for any funding whatsoever from Indian Affairs and they

would be turned down on the basis of this government's policy, and I think that's wrong in principle.

The idea of layering doesn't make a great deal of sense because I would suggest that where the native person might receive assistance from Indian Affairs, the non-native person would have gone to the Federal Business Development Bank or to some other institution to obtain that identical amount of financing and so that doesn't really make a great deal of sense; one extra agency isn't going to make the difference between viability or non-viability and if you hang your hat only on Thunderbird Lodge and say well here's a case where we loaned funds to a Treaty Indian and the thing went down the tube, therefore, we're not going to lend money out to Treaty Indians anymore, that seems to me to be an incredible position, because I'm sure that the Minister would agree that there are a number of enterprises which received funding, which were operated by Treaty Indians, which are operating quite satisfactorily and there are operations where we have loaned funds to non-natives that have gone down the drain. That just happens to be a fact of economic life and in layering, if you have any kind of accounting procedures whatsoever is not going to confuse anyone. But basically, it seems to me that regardless of what the position of the federal government is on this, the province of Manitoba has to take a position and I believe that position should be that it should treat all its people equally and I would hope that the Minister would reconsider this policy.

MR. CHAIRMAN: The Minister of Northern Affairs.

MR. GOURLAY: Thank you, Mr. Chairman, I appreciate what you're saying. I think though we have to remember that the Department of Indian Affairs is responsible for the Indian people across the country. As much as we would like to maybe participate more fully with this group of people as well, there is a limit to our economic resources and our funding and the Indian Economic Development Fund was set up specifically to help that group of people. The non-treaty Indians and other people in the North do not have this funding available to them. We feel that we should perhaps consider their applications; we are prepared to go quite a distance with the Federal Department of Indian Affairs to provide financing to Indian people. We haven't been able to resolve this with the federal people to date and we're quite prepared to sit down and discuss it further with them to see what we can work out, that one thing I can assure you, that we do not have an endless source of money.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: Thank you, Mr. Chairman. It seems to me that if we're talking about limits to funding, and I recognize that we have limited funds available, the previous government had limited funds available, the previous government felt that it must be done on a non-discriminatory basis; I think that that should be continued; if we're going to limit funding then surely it can be done on some basis other than on a racial basis, possibly you could

change the criteria, possibly you could say that there is only a certain number of dollars that will be lent out in any year, but there should not be discrimination and the fact that the federal government may discriminate I would suggest is in no way an excuse for the provincial government to add on to that. This type of situation may very well put some Indian people in a worse position than they would have been had they not been Treaty Indian in terms of obtaining funding, because it may well be that under the Indian Affairs funds, they would not be able to get the same amount of money; they may not be able to get a project going because there may be limitations under that project and therefore they would be put in a position worse than other individuals and I don't think that that's right but . . . Getting on to another area, I've noticed there's a number of loans, 20 loans made to March of 1979 and there are varying interest rates. Could someone explain how you arrive at the interest rates that you do charge to the individuals to whom you provide funding.

MR. CHAIRMAN: Mr. Jones.

MR. JONES: Mr. Chairman, the interest rate of the Fund is set in relation to the long-term rate of the Government of Manitoba, the long-term borrowing rate. It changes usually once a quarter.

MR CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: These loans, my understanding from the comments of the Chairman was that basically you were lending out money which was interim funding where people had been approved on other loans, other than companies who had been successful in obtaining government contracts or winter road project. Is that correct?

MR. JONES: That's correct, Mr. Chairman.

MR. SCHROEDER: Could I take it then, that all of those loans which are more than, say, six months are for either winter roads or for individuals or companies who have government contracts.

MR. JONES: No, not necessarily, Mr. Schroeder, there's a combination here. In the year under review we were making loans to projects and to people who had received either grant incentives from the Special ARDA program or were undertaking some kind of government contract work. In the case of Special ARDA grants, if you look at . . . let me just pick one, the Duck Bay one for example, talking about the principle here. The project was set up with a combination of funds from Special ARDA and some other programs. We bridge financed the ARDA component, but there's always required in that system the need for a term loan of three, usually three years, to bridge the holdback, there's a 20 percent holdback in the grant that comes out of ARDA, so we do that; and sometimes also we were doing a minor element of debt financing to complete the gap. So what I'm saying is that anywhere in this list it's a combination of project which had received Special ARDA funding and we bridged the grant and provided some term debt.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: How is the Corporation making out with getting that extra 20 percent at the end of the three-year term, that is, there's a grant by Special ARDA, it provides 80 percent of those funds after the company is operating for one month, has met various criteria, what is the likelihood, at the time when you advanced the funds, that the balance will be paid from the proceeds of another Special ARDA grant, making up that balance of 20 percent?

MR. JONES: Mr. Chairman, in response to that, let me say this, that our experience in the past had not been too good in this respect. Somewhere along the line in that three-year gap one or other of the conditions set in the ARDA offer had been contravened and it is always very difficult to, for example, you're talking about labour content, you're trying to make the business viable, and we've seen specific cases where a business has gone out and hired more people than they would normally have done on a commercial basis, just to make sure that they fill that condition. I think it also fair to say though that we're beginning to see some success in getting that 20 percent back. I can think of two or three cases recently where we've gone through the term, everything is fine, the audit is done and we've had the loan paid back from the holdback. We look at it very, very carefully and, you know, really the experience, I suppose, has not been long enough in terms of the payout of that final 20 percent to make a very clear judgement.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: Would it be fair to say that probably in the past there have been many applicants who have been over optimistic in terms of projecting employment and expected capital costs in order to achieve a substantial initial grant?

MR. JONES: I agree, that's a very fair statement.

MR. SCHROEDER: I'm just wondering, do you have information on specific loans, I'm thinking specifically of Manigotagan Development Ltd. A loan, I believe, was made three or four years ago to a logging operation. Just wondering how that one is making out.

MR. JONES: In general terms you mean?

MR. SCHROEDER: Yes.

MR. JONES: There certainly have been problems there in that operation and we've set up an allowance, let me give you an example. The loan outstanding now is about 27,000, just over, and we set up a provision for a bad debt possibly there of 5,000. The only way I can describe that business, I suppose, is that it is struggling along and we're keeping a close watch on it. It has not achieved anything near what it was expected to have done when it was first dealt with.

MR. SCHROEDER: Do you have any idea as to the amount of employment created by that project?

MR. JONES: It has varied. I think at one time we were talking as much as nine or ten jobs but that has been cut back fairly significantly in the last year or so. Mr. Chairman, if I may just add something there. It's a problem we found, fairly common one, where the enterprise is owned, I'm using the word loosely here, by the community, where there is no one person that is really responsible, I don't want that to be misunderstood, there is a local Board of Directors, there isn't one single individual we can relate to.

MR. CHAIRMAN: Yes. Is it the wish of the committee to deal with the report page by page or in its entirety? The Member for Rupertsland.

MR. BOSTROM: I'd like to ask the Minister a couple of questions regarding the operation of the Fund in general. I note that in looking through the report that although 5.6 million had been approved since inception, 218 loans, that the outstanding loans at the present time are in the neighbourhood of, or at least at the time of this report, 1.2 million, I assume that that includes the loans that were made during this period of 556,000 dollars, does it not? — (interjection)—.. I see. So it includes most of that? My question is: Is it the intention of the government to continue at this pace and/or further reduce the scope of activity of the Communities Economic Development Fund? Because if one looks at this from a financial point of view, surely that size of a portfolio does not really justify having the kind of established operation that the Communities Economic Development Fund has. Is it the Minister's intention and the government's intention to further reduce the activity of the Communities Economic Development Fund?

MR. GOURLAY: Thank you, Mr. Chairman. Well, as the chairman reported in his report this morning, there were some 35 loans approved this past year, I believe four were withdrawn by the applicant, resulting in 31 loans being approved and this is considerably up from the last four years of the operation of the CEDF. I don't have the figures right at hand but I know our general manager is getting those figures prepared. I recall that the past year's operation is considerably above what has happened in the past four years of the operation of the Fund. We do not intend cutting back on this program. As a matter of fact, it was opened up last July to expand the opportunities through this fund and it has resulted in just that the past year and look forward to even a bigger and better year in the year ahead.

MR. BOSTROM: Yes, Mr. Chairman. Well, on that specific then, can perhaps the chairman and/or general manager give us an update on what the loan portfolio is as of the end of, approximately anyway, at the end of this fiscal year, ending 1980.

MR. CHAIRMAN: Mr. Hugh Jones.

MR. JONES: Mr. Chairman, going back to Mr. Goodman's comments, we approved 35 loans, the portfolio has increased up to the end of 1980 by 31 new loans, and I'm rounding the figures out, it's approximately for 2 million, which is about four times

what was approved in the '79 fiscal year. So there's quite a significant change.

MR. BOSTROM: One more question, Mr. Chairman. We did not really get an answer on the question that was put to the Minister and I would ask him directly if he is intending to review the policy decision made with respect to Treaty Indian involvement, Treaty Indian having an opportunity to loan money from the Communities Economic Development Fund?

MR. GOURLAY: Thank you, Mr. Chairman. Certainly the door isn't closed on that by any means, however, I as Minister would certainly want to have more discussions with the Federal Department of Indian Affairs to see what they have in mind with their Indian Economic Development Fund, which seems to be in place but perhaps it isn't fulfilling any kind of useful role. At the same time, I think we have to be careful that we are providing funding available to residents of Northern Manitoba.

If the Indian people have another source of funding available to them, we feel that we shouldn't be competing with that funding from the Federal Government. We are, however, prepared to work closely with the Feds in the program provided by CEDF. At this point they haven't been prepared to sit down and discuss this with us; that we are certainly prepared to say the door isn't closed; if there are opportunities that the Indian people are being denied we would certainly want to review that position and we wouldn't want to see them being stymied because of conflict of the Feds and the Provincial Government. At this point in time we feel that we are doing the right thing because there is funding supposedly available to that group of people and we would like to provide funding to other groups that do not have that opportunity available to them.

MR. BOSTROM: Yes, Mr. Chairman, to follow up on that, I would ask the Minister if the Indian people of Manitoba individually or collectively can demonstrate to the Minister and Government that the funding that is available, supposedly available under the Indian Affairs Economic Development Fund, is inadequate to meet the needs that they can identify for loan financing of business enterprises, will the Minister then be prepared to reconsider this policy in order that viable enterprises can obtain loan financing that is not available from the Indian Affairs Economic Development Fund?

MR. GOURLAY: Thank you, Mr. Chairman. I still think that we have the area of responsibility that the federal government provides to the Indian people across the country and I certainly would like to clarify that situation before we start assuming responsibility that belongs to another jurisdiction; however, this would be part and parcel of some discussions that could take place with the federal people.

MR. SCHROEDER: Yes, I note on page 4 of the report that there is an indication in its lifetime 820 jobs have been created or retained as a result of the Fund. Would anyone care to comment on the number of jobs that probably would have been retained or created without this fund. That is, can

you really say that all 820 jobs would not have been created or retained without this fund?

MR. JONES: That's a tough one and certainly I couldn't be precise on it but from where I sat and seen the kind of investments the Fund has made over the years I would say that probably at least 60 percent of the jobs that we have in that category would not have been created without CEDF investment, and I say it for the obvious reason, that the funding available through this agency has not and is not available from commercial sources, you know, that's a fact of life in Northern Manitoba. The 820 or 850 jobs we talk about, the balance certainly could have been accomplished from elsewhere, from other government programs I suppose, but . . .

MR. SCHROEDER: This 820 jobs, this doesn't include any kind of spinoff in a local community, this is direct jobs created by employers who were funded by your loan fund?

MR. BOSTROM: I note, Mr. Chairman, that in the body of the report it is indicated that there's an amount established for a loan receivable in receivership, allowance for doubtful accounts 82,000 and relates to the Thunderbird Lodge. Does this mean that the government is not, or the Fund rather is not intending to continue to attempt to collect that fund?

MR. JONES: Sorry, Mr. Bostrom, Thunderbird Lodge?

MR. BOSTROM: Yes, I'm asking with respect to the Thunderbird Lodge, if the Fund is continuing to attempt to collect that loan receivable.

MR. JONES: No, Mr. Chairman, we've gone through all the legal process there, the receivership is wound up and after the discharge of the receiver, the Board gave consideration to pursuing it in another way, perhaps through personal guarantees, and the decision was made that, in light of the assets believed to have been available, that we could go no further, so the action for recovery in that issue is finished.

MR. BOSTROM: Mr. Chairman, I understood from information previously supplied to the committee that there was a personal guarantee for that loan made of 75,000.00. Is there no way that the Fund could see themselves pursuing this in the future to attempt to collect that money?

MR. JONES: That's an option available to the Fund, Mr. Bostrom, and in consultation with the counsel is something we may look at from time to time but from where we sit today there's no action intended now. It's an option that is always available to us if we chose to re-open it.

MR. SCHROEDER: Continuing on that, when does the limitation period on that personal guarantee expire?

MR. JONES: I'm assuming it will be the same as under the Statute of Limitations but could I take that as notice, I'm not really sure.

MR. BOSTROM: You're expecting that it's a six-year limitation period? When was the guarantee signed.

MR. JONES: From the execution of the guarantee.

MR. SCHROEDER: Yes, when was that?

MR. JONES: End of 1976, I don't have the precise date.

MR. SCHROEDER: So, you still had several years to go.

MR. CHAIRMAN: The Member for Rossmere, is it the wish of the Member for Rossmere to have Mr. Jones supply him that information?

MR. SCHROEDER: Well, I think it was about specific enough, if it was 1976, that's . . . How many of the 820 jobs created were in the logging field or forestry?

MR. JONES: Mr. Chairman, I would have to get that information for the Member; we don't have the stat. with us today.

MR. SCHROEDER: Would you have an approximation? Would it be under 50 or over 100?

MR. JONES: Well, I'm making a guess now, Mr. Chairman, I'd say probably about 40 percent, but I would prefer to get the precise statistic for you.

MR. SCHROEDER: The reason I'm asking about that is that just last week we were in here with Channel Area Loggers and Moose Lake Loggers. We were looking at those operations and of course the government has put a fair amount of money into that. My understanding is that a number of these logging operations have done at least as well as the larger ones set up by the government, and I was just curious as to exactly how they were making out.

MR. CHAIRMAN: Is it the wish of the committee to adopt the report? The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, the General Manager indicated there were 31 new loans approved in the last fiscal year ending March 31st, 1980. I wonder if it would be possible for our group to receive a copy of the list of the loans that have been made. He may not have it available today but if one could be supplied by the Minister or the General Manager to our caucus, to my attention, it would be fine.

MR. GOURLAY: Yes, I would be pleased to provide you with that list.

MR. SCHROEDER: Yes, Mr. Chairman, on page 6 of the report there's a reference to the Churchill Northern Studies Centre. This is the first time I've heard of it. What is the Churchill Northern Studies Centre?

MR. JONES: Mr. Chairman, I get asked this every year and I'm always delighted when it is asked. It is one of my pet projects. This is a very small project,

Mr. Schroeder, but I think one with immense potential. It was opened a couple of years ago, really, originally, just to provide an accommodation facility for the scientific researchers in the Churchill area. We've gone on fairly significantly from there; we now have teaching programs that go on every season, in the Centre, in Churchill, university credit courses, which are supported by and sponsored by a multitude of universities across the country. It really was developed as the result of local initiative and I really do want to emphasize that; it was the local people of the community who had seen researchers come in over the years and felt that there was something they could do and this company was established, and established in the way it is, by the way, because the funding for it, which CEDF helped to obtain, has come from primarily private sources in eastern Canada, a grant foundation. The province invested about 35,000 and the Federal Government has put in about 70,000 but it's locally controlled. The universities of Manitoba are represented on the board. As I say, we're progressing, I think, fairly well in getting a good response to the teaching program and certainly the researchers are not any less than they were; in fact, there are considerably more because now that place is in existence. It is not a money-making commercial venture, it's a good . . .

MR. CHAIRMAN: The Member for Rossmere have any further questions?

MR. SCHROEDER: Not at this time, Mr. Chairman.

MR. CHAIRMAN: Mr. Brown.

MR. ARNOLD BROWN: I wonder, Mr. Chairman, if we can go on page-by-page, and then if there's any questions that we would like to ask we can direct them to that specific page.

MR. CHAIRMAN: I'm quite prepared to do that, if I thought it was the wish of the opposition to adopt the report in its entirety; do you want to go page-by-page?

MR. SCHROEDER: I have nothing before page 11, but on page 11 there's a number of items that . . .

MR. CHAIRMAN: (Pages 1 to 10 were each read page-by-page and passed) Page 11 — the Member for Rossmere.

MR. SCHROEDER: Client and Staff training. Could we have an explanation as to why that is down by 90-some percent from '78 to '79?

Mr. Chairman, may I just get that answer from the Treasurer because we did an analysis of this the other day? Perhaps you could go on with the next one.

MR. CHAIRMAN: All right, Mr. Schroeder. The Member from Rossmere.

MR. SCHROEDER: Legal and audit, in view of the fact that there was apparently a winding down from 78 to 79 and from 77 on, I was just wondering why those charges were up as much as they were.

MR. CHAIRMAN: Mr. Alex Musgrove.

MR. ALEX MUSGROVE: Excuse me, I'm sorry, Mr. Chairman, which category was that?

MR. SCHROEDER: Legal and audit. I'm just wondering why those charges would be rising at a time when the portfolio is basically at a standstill.

MR. CHAIRMAN: Mr. Hugh Jones.

MR. JONES: Well, in terms of the actions for recovery and the audit fees which the fund pays to, for example, the provincial audit, there's been a general increase in the rates of professional services. That's one way of looking at it.

In the year that's under review today, too, we were completing a significant number of backlog of old loans under collection, so the legal bill for that year was out of kilter from the previous years. Basically, there are two reasons for that: The increase in the rate and the increase in activity in legal work.

MR. CHAIRMAN: The Member from Rossmere.

MR. SCHROEDER: And, as well, the increase by 50 percent in office supplies and expenses from 10,000 to 15,000, is there any reason for that at a time when your staff and salary expenses were down from 241,000 to 175,000.00?

MR. JONES: Mr. Chairman, I'm speaking from memory here, I believe that some of that increase has subsequently been recovered. We were assisting in establishing or training another program for the five bands under the Northern Flood Agreement, and within CEDF.

We were providing the usual office facilities, telephone, stationery and so on. I believe that we recovered that subsequently.

MR. SCHROEDER: So that assistance, that's the Neyanun Assistance Corporation you're referring to? That assistance wasn't shown as a separate cost then; is that correct?

MR. JONES: That's correct. It's not shown as a separate cost in the statement.

MR. CHAIRMAN: Anything further on Page 11? Page 11—pass; Page 12—pass; page 13—pass — the Member from Rossmere.

MR. SCHROEDER: You've got 226,000 written off, is that correct, in 1979 on loans receivable in receivership?

MR. JONES: That's correct, Mr. Chairman, as I say, going back again to 1974, that this particular fiscal year was the year in which the receiverships were completed; there were 4 or 5 receiverships which were quite old and we actually got to the end and made the write-off in this year.

MR. SCHROEDER: I see, so that isn't a figure that was . . . I'll put it a little differently. In the past years, other than in 79, that figure would have been considerably lower and you would expect it also to be lower in 1980.

MR. JONES: That's correct.

MR. SCHROEDER: Because this was sort of one-time shot. You were getting a whole bunch of companies off your books.

MR. JONES: Right.

MR. CHAIRMAN: Page 12—pass; Page 13—pass — the Member from Rossmere.

MR. SCHROEDER: What is PINT Incorporated?

MR. JONES: Mr. Chairman, that's the company; PINT Inc is the Project for Industrial Native Training Incorporated, which was set up in the city of Winnipeg to operate . . . It was known in the trade as weather check. It manufactured insulation and it employed native people from the Winnipeg core. Now, the fund's own capital was not invested in this, clearly, because you would have contravened the legislation, but a grant was approved some time previously and we were asked by the province to administer that money as if it were a loan from CEDF, and the eventual resolution of this thing was the company was placed in receivership.

MR. SCHROEDER: Was the company placed in receivership during the 1979 fiscal year?

MR. JONES: No, Mr. Chairman.

MR. CHAIRMAN: Page 13—pass; Page 14—pass; Page 15—pass. Adopt the report.
The Minister of Fitness.

MR. BANMAN: I wonder, just so we know what the orders are on Thursday — we sit again, I believe. We have McKenzie Seeds and we also have Mr. Jones here, who is now the Chairman of MDC, so should we finish the one we'll go into the other, but we'll start off with McKenzie Seeds because the the Chairman and the Manager will be coming in from Brandon. So the members opposite can relay that to their colleagues. Ten o'clock Thursday morning we'll start with McKenzie Seeds and if we finish that we'll go on to MDC.

MR. CHAIRMAN: Till 10 o'clock Thursday morning, committee rise.