



Legislative Assembly of Manitoba

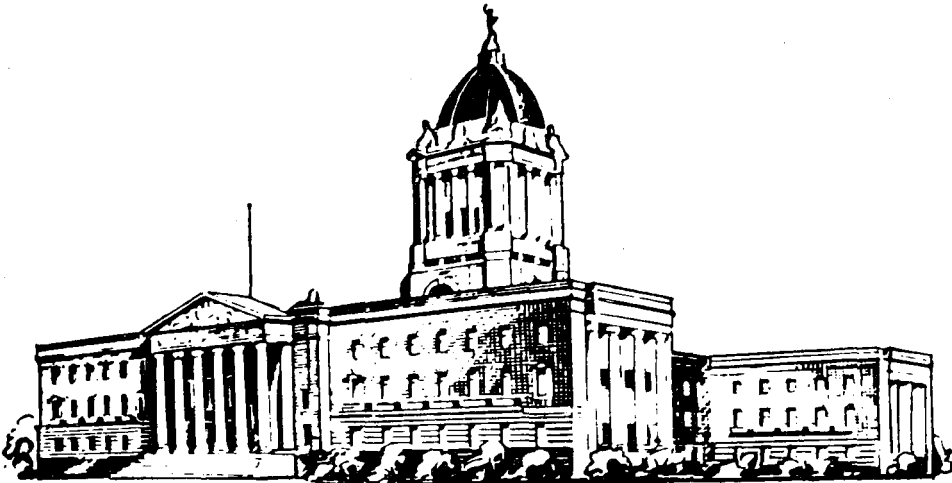
STANDING COMMITTEE

ON

ECONOMIC DEVELOPMENT

Chairman

**Mr. Robert G. Wilson
Constituency of Wolseley**



Tuesday, May 29, 1979 10:00 A.M.

**Hearing Of The Standing Committee
On
Economic Development
Tuesday, May 29, 1979**

Time: 10:00 a.m.

CHAIRMAN: Mr. Robert G. Wilson.

MR. CHAIRMAN: We're moving the Annual Report of the Communities Economic development Fund page-by-page, and if you've got it in front of you — Page 1. Mr. Evans.

MR. EVANS: Mr. Chairman, I have a few questions to ask, a few comments to make, and then perhaps we could just approve the report in general.

MR. CHAIRMAN: All right.

MR. EVANS: Unless my colleague, he may have some, but I don't know whether it is necessary to go page-by-page.

Well, in very detail, there's some reference made to the Churchill Research Centre in the report. Could Mr. Jones update us on what the CDEF is doing? I don't recall that this was discussed last day, it may have but it has slipped my memory. Just what is going on at the Churchill Research Centre, because I think we all are agreed that we have to try harder, like that famous rent-a-car company to get ahead, and Churchill has certainly suffered a lot of setbacks in the last while, particularly with the removal of federal Research staff from that area. So just what is the Fund doing to assist the Research Centre at the present time?

MR. CHAIRMAN: Mr. Jones.

MR. H. J. JONES: Mr. Chairman, Mr. Evans, I made very brief reference on Thursday to this, and I'm glad you've asked this question because I'm particularly enthusiastic and interested in this thing.

CEDF as such, I suppose, is not directly involved any more. We have had to pull this thing together, get the financing and so on. I'm involved personally on the Board of Directors of the company which runs the Centre. There have been some interesting developments in the last year. The Board has been increased to include senior representation from the Manitoba universities; two vice-presidents and the dean from Brandon, Dean of Arts. We've obtained additional money, private money. This thing was funded partially by the province of Manitoba, partially by Canada, added to by a grant from Toronto the . . . Canadian Foundation two years ago. This year, we are very pleased to say that we've had an additional \$95,000, \$96,000 approved from this same Foundation, to fund a series of university credit courses in the Centre.

Now this coming season, in fact right now this week, I was informed yesterday that the Centre is full. It's a combination of two things here: the people, scientists primarily, and the students, are using the Centre as a base for their Research activity in the Churchill area; and there is also this educational component which has been added to it. The six or seven courses sponsored by the Centre, with the exception of two, are held in Churchill, and they are all fully booked.

So this thing has been going two years and we are very pleased with its progress. The impact on the community itself is — it's a little difficult to measure that, I suppose. There are just two jobs created in terms of the Churchill population — the local manager and his assistant. There is an impact, an indirect impact obviously, on the economy that a number of people are staying here.

In terms of the development of the community itself, although the community is involved, it is not that significant there is not that significant an input.

MR. CHAIRMAN: Mr. Evans.

MR. EVANS: Do I understand from Mr. Jones' remarks that essentially it is a matter of bringing a number of students into Churchill to do research and to together discuss and examine the various areas of science, probably biology, botany, and so on, that have application to the environment in the Churchill area. Is that the idea? So how many people are brought into Churchill for that?

MR. JONES: Mr. Chairman, last year we had just over 400 people under that component alone. This year we expect at least 500 on the research side of it and probably another 300, 400 on the educational side of it, so it is . . .

MR. EVANS: Mr. Chairman, is this over a period of the two months of the summer, or for what period of time?

MR. JONES: Mr. Chairman, it starts mid-May and goes on until the first or second week of October.

MR. EVANS: I see, so that number of persons more or less are there throughout the whole period of time, or do they come in relays.

MR. JONES: Well, they come in relays. Usually there is a group of people from Queens University in Kingston who stay there for about 6 to 7 weeks, but they are the longest stayers.

MR. EVANS: But as such, the Fund is no longer involved in it financially at this time?

MR. JONES: No, not financially. In fact, we never were financially, you know, we did not make a loan to that Centre. It's something a little unusual in terms of a . . . we acted as a catalyst.

MR. EVANS: You acted as a catalyst.

MR. JONES: Yes.

MR. EVANS: Well as I understand, the Fund has done a lot of good work over the years exactly in that role, Mr. Chairman, and that is as a catalyst, where you in some cases were approached to make loans but ended up really in helping the would-be businessman or the potential small entrepreneur to obtain financing elsewhere, or perhaps to get federal grants or whatever — plus technical assistance — so that they could perhaps bring into being some sort of an operation that had some value in their particular communities. So I do appreciate the fact that the CEDF does a lot of work that is never realized in terms of making a loan, ultimately, to the would-be businessman or entrepreneur.

We know that the Fund is limited, as was explained last day, by the government policy that it should only loan money for projects which receive grant funding from the Federal Special ARDA Program, and we discussed this last day, and my colleagues and I regretted that this was a limitation. Not that we are against getting federal ARDA funding, I'm always in favour of getting as many Ottawa dollars as we possibly can in the province of Manitoba, but considering the high amount of unemployment in northern Manitoba, considering the great difficulty there is not only in obtaining proper financing but also in providing information to the people involved, it seems to me that the provincial government, generally, should want to have CEDF take a higher profile, to take a higher and more aggressive position, a more dynamic approach than it is able to do with this restriction as far as I understand.

I'm not reflecting at all on the efforts of the staff, but I think it's a matter of government policy. I think that considering the heavy amount of unemployment, that no stone, as the proverb says, no stone should be left unturned to do something in northern Manitoba to create jobs for people — (Interjection) — That was a bad example, bad reference.

There is no question . . . I am not suggesting that CEDF is the solution to all problems. That you know, a more aggressive approach by CEDF will solve unemployment in Manitoba. Of course not. But it has to be one of the multi-faceted, it has to be one of the variety of measures, variety of programs, that a government must take in order to take people off of welfare and to give them some dignity, to give them an opportunity to work, which I believe these people do wish. I think that's been made quite evident to us. The people in the north do prefer work to welfare, and let me not be under any illusion to the contrary.

So what I am suggesting, Mr. Chairman, is that other approaches are required, and we will have

to discuss this, I'm sure, in other forms, in other departments, and so on.

What I would like to see is a greater level of activity through this Fund, perhaps with some other government departments. And I'd like to ask whether there is much co-ordination and active co-operation between other departments.

So I'd like to ask, specifically, just what assistance — is there any co-ordination that goes on between CEDF, for example, and the Department of Northern Affairs in this activity of trying to create work, jobs, through presumably local viable economic projects?

IR. JONES: Yes, Mr. Evans, there is. There certainly is co-operation and I covered it sort of briefly at the last meeting. We have tried to formalize this thing by setting up what we, I suppose, would call a working committee with people from various departments — federal, provincial and agencies — in terms of the provincial Department of Northern Affairs. Specifically, we have someone from that department who attends that meeting every month. We have someone from the Resource Economics Division of Mines and Resources who also attends, and we work with them. Let's face it, we have to work very closely with them in terms of the kinds of communities we are involved with. And yes, to answer your question, yes, there certainly is co-operation and co-ordination.

R. EVANS: Well, does the Department of Northern Affairs, for example, come up with specific projects that are worthy of financing or worthy of some technical assistance and financial assistance — I mean financial advisory assistance — from the staff?

R. JONES: The kind of input that we have seen them have in the last 9 or 10 months or so has been primarily providing our clients and providing other people in northern communities with technical assistance. In fact we get some assistance from them in analysing our own proposals. But I can't think of any occasion when they've come directly to us and said here is a project that, you know, may require financing. It's usually the other way around.

R. EVANS: Well, what kind of projects, for example, could they suggest? I'd like to go on and ask another question which is related to that. You know, where is the potential for business enterprise in the north? It has to be geared to the local market, obviously, because of the distance involved. It's very unrealistic to think that you can produce any significant amount of manufactured products and ship them out unless there is something very special, such as let's say, eskimo carvings or something like that, something that has a very special value, high value. But I would imagine that most of the business projects are local, for the local market, and just, you know, where is the potential? And to what extent is Northern Affairs . . . As you say, they have helped you in identifying some of the areas where you can work. Just what sort of suggestions do they come up with?

R. JONES: Well, I think it's fair to say, Mr. Evans, that over the years the Fund's main input, its main emphasis appears to have been into the service sector, for obvious reasons, because where we're dealing. We have some cases . . . I can mention the sawmill project, for example, Cross Lake, where we have received and we are still receiving needed assistance from the province, from Northern Affairs, in community relations in feeding to us the kind of information that we require for monitoring purposes.

You ask where is the potential. I have just picked up a list here of what we have right now in the system. We have about 20-23 applications which we think will develop into loans, and they range from hotels, motels to the kinds of things we have done so often — laundromats and small grocery stores. We have one interesting one that is in the system now. It's potentially interesting; I'm not sure yet how it will develop. It's a bicycle construction company in the north. Now, that's something we're trying to pull together. We're not really sure yet. But we have restaurants, outfitting operations, which we have gone into in the past, and they're still coming in to us. But, you know, we are restricted in the kinds of things that we think we can finance and make viable because where the local markets are.

R. EVANS: At one time, I believe, the Fund financed a van for a person to operate between an Indian Reservation at The Pas and the CFI or ManFor Complex, to transport people. It was in operating operation. Is that still an active loan of the Fund?

R. JONES: No, that isn't. That ran into trouble, financial trouble. Actually, that kind of operation, the way, we have gone into quite frequently, we went into quite frequently after that particular one. We are involved in taxi financing and in that kind of financing, but that particular one is dead.

MR. EVANS: I see. What about public services such as sanitation and garbage collection, and that sort of thing? Is there any financing in that area?

MR. JONES: We have had two or three clients that have had contracts for garbage removal from communities, particularly Indian Reserves. In fact we had one last year in Island Lake. That kind of contract financing, yes, is a fairly frequent thing. A lot depends obviously on the person concerned. The contract may be in place, as it was on Island Lake, from the Indian Band but if the person doesn't want to get out and do it then he has a problem.

MR. EVANS: But those that you are actively financing now, do they seem to be successful?

MR. JONES: Yes, they seem to be reasonably successful. The contract is there, and that's where we've based our judgment on.

MR. EVANS: Okay. What about the — I was talking about co-ordination with Northern Affairs — what about what used to be called the Department of Industry and Commerce, now called the Department of Economic Development? They have, compared with the Fund at least, they have a large staff, and I just wondered to what extent can greater use, greater co-ordination take place between that department and the staff of the Fund. Does the department have people active in northern Manitoba now, assisting or working with you?

MR. JONES: There is some degree of co-ordination between us. It's not as close as I would like to see it. And we've been in touch with them over the recent months in terms of the New Incentive Programs, and we've been getting information which we have been relaying from them to places like Churchill, for example. To that extent it's beginning to work, but it's not as close a relationship as I would like to see, and we're working towards improving that.

MR. EVANS: Okay. Well, I'd like to know — and this is related to this question — has the Fund itself conducted a survey of the entire area in which it's involved with, let's say northern Manitoba? I appreciate your involvement with the odd southern community, but essentially it's northern Manitoba, essentially remote communities. Has the Fund conducted a survey or caused to have conducted a survey recently on the areas that show some promise for development? In other words is there any type of industrial or small business surveys that have been conducted by the Fund? Do you have some idea, do you have some plan, or do you have access to some plan that may be formulated, let's say by the Department of Economic Development? In other words, almost like a road map, to know where you're going or where you may be able to go in terms of being productive in this area of job creation and business creation in northern Manitoba.

MR. JONES: Mr. Chairman, I know there are studies being done on a given number of communities in the north through the Department of Economic Development. We've talked about this in recent months. When they've been completed, certainly we will have access to them and try and work together in assisting their development. As far as the Fund itself is concerned, I don't think I can say we've done an actual survey as such, Mr. Evans, but as I said before we're in and out of these communities on a very frequent basis, so we have a fairly good idea of what is coming up from the grassroots level. I might just give Churchill as an example. I can think of at least 10 varying kinds of proposals that have come in to us for consideration. We are in varied stages of looking at these things.

MR. EVANS: Well, I just, Mr. Chairman, suggest to Mr. Jones, that he might want to familiarize himself with a very extensive survey activity that went on I believe, around 1971-1972, if my memory serves me correctly in southern Manitoba, whereby the then-Department of Industry and Commerce with the co-operation of the Regional Development Corporations, and with the co-operation of initially 75 communities but ultimately with 83 communities, because eight towns wanted to get in on it we conducted a massive, I mean it turned out to be a massive survey. As far as each individual community was concerned, it was a survey on that community. And what we did was use the, um, is not the proper term, but to work with the people in those towns — they engaged in an exercise of introspection, you might say — as to where they thought their town was going. They took an inventory of their assets, inventory of their population. We collected all kinds of information on their resource base and what they thought their potential was, and so on. So that you had all these communities providing us and the department with some idea as to where they thought they might be going, and what they thought their requirements were. We were always under the impression that the No. 1 requirement was for more, say manufacturing, and it turned out that one of th

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chief requirements was they wanted more recreational facilities. This was quite common with many of these towns in question.

But the fact is that we did an economic survey besides that and we used the census figures, and so on. So we had, in effect, a gathering of a large amount of material and I believe it was useful for those regions, for those towns, and for the department. And it would seem to me that it would be a worthwhile exercise for the Fund to perhaps take the initiative in this, and perhaps get the assistance of the Department of Economic Development to undertake a large review, a large survey of the entire area, and just see what the — itemize, classify, what the potential of each community was, asking the people where they thought they were going, and what they would like to do, and what they thought they could do, plus other information we may have from different departments, from census data, and so on, so that you do have some sort of a comprehensive picture of development potentiality in these communities.

MR. JONES: Mr. Chairman, may I just add a comment here.

MR. CHAIRMAN: Yes.

MR. JONES: I appreciate what you say, Mr. Evans. Certainly, you know, we will take note of that and we do, as I'm sure you realize, have access to a lot of information that was gathered in the past. Let me just quickly . . . You raised a question a little earlier on Churchill. If you wish, I have the reports of the Study Centre here with the program of courses, and that might be interesting.

MR. CHAIRMAN: Mr. Parasiuk or Mr. Evans.

MR. EVANS: Well, just a minute. Another question I have, talking about co-operation with the Department of Economic Development, is the Industrial Sub-Agreement. It's possible that it's confined to southern Manitoba, but my question very specifically is: Is it of any use to the Fund in its work in these remote communities? In other words, the Industrial Sub-Agreement, and there's various components, small enterprise. There's loan write-offs and all the rest of it. Is there any of that money available to you and to those people in northern Manitoba?

MR. JONES: Some of it, Mr. Evans, is. We've not progressed very far yet in the utilization of funds under that agreement, but we're working on a couple of proposed, in fact a couple of our existing clients that have had financing from us and can qualify we think, under some of the parts of that agreement. We're working together on that. I'm not sure yet what it will result in, but we do have access to it, to those funds. I say we do — our people do.

MR. EVANS: I see, well, okay. The terms of that Industrial Sub-Agreement are such that they do not exclude the use of those funds in these remote communities that you're working with?

MR. JONES: Right.

MR. EVANS: I see. Well, it would seem to me then, Mr. Chairman, that this is an area that I would hope the Fund and perhaps the Department of Northern Affairs would be very aggressive in utilizing. In other words, utilizing the moneys that might be available in this agreement with the Federal Government to assist in the development of enterprises in the north.

I was talking about co-operation and co-ordination with other departments; what about the Department of Mines and Resources? It seems to me that the one natural resource that you have, of course, is forestry and the other fishing. Mining is a little out of the question because of the heavy investment involved. But what about small scale fishing operations, or small scale forestry operations, operations in the woods, small sawmills and so on? Are you working now with the Department of Mines and Resources in this area? To what extent do you get their help?

MR. JONES: Well, yes, Mr. Evans, we are working. In fact, we're a very specific pending application right now, a small working on logging operation in Camperville, working with the department in terms of the cutting rights, the resource base, how long a pay can we look for here in terms of the resource itself. As I said earlier, we have someone identified from that department who sits down with us once a month in this co-ordination meeting, and where we run into anything that we think we require their expertise in terms of the existing loans we have in that kind of industry, the logging operation in Cross Lake, again for example, certainly we have their help when we need

MR. EVANS: Okay. Well, just finally then, how many jobs has the Fund created since its inception or do you have that type of . . . I'm talking about a ballpark figure. Of course, it may be a little difficult because you may have created some jobs and then the enterprise may have gone out of business. I don't know whether you'd count that or not, or do you want to talk about successful enterprises?

MR. JONES: Well, we've said in the report here on Page 5, approximately 730 jobs before — that was before the calculations for the last fiscal year — and that was another 90 odd. It's a little difficult because I haven't got the analysis with me. As you said, some of those jobs disappear when the businesses failed.

MR. EVANS: Yes. Talking about resources, what about other — you mentioned the sawmill — what about other natural resources? Fishing — what about wildlife? Fur, I mean, wild furs? Those are the traditional industries in the north — trapping, fishing, forestry to some extent.

MR. JONES: Mr. Evans, we certainly had quite an involvement in the one part of the Manitoba Wild Fur Program where we put out, I think it was 98 small loans for grubstakes in fur, for skidoo and traps and so on, and we administered the program for the department. The directors of the Fund were not terribly enthusiastic right at the beginning, but we agreed to do it on certain conditions: Frankly, the lack of success in being able to illustrate to those particular clients that in fact they were incurring debt, it just didn't seem to work, and the Board of the Fund agreed that we would not continue to participate in that fashion and in fact we've ceased.

MR. EVANS: I'm not sure whether Mr. Jones is finished.

MR. JONES: Yes, I did.

MR. EVANS: What about the area of wild rice? Do you have any active loans there or is there any other potential for loans in the harvesting of wild rice?

MR. JONES: Mr. Chairman, many years ago I think we had one loan in that area but we have nothing in the system at the moment. I have no particular knowledge of anything that's coming in.

MR. EVANS: Well, okay. I just want to say this then, that I think the staff have done an excellent job in the Fund. It's a very difficult area to be involved in. Whenever you're financing development anyway, it tends to be frustrating at times but I think, given the circumstances under which you work, it's a very great challenge and sometimes almost seems to be insurmountable in trying to create viable small enterprises. I would only hope that in the future the government can give you more support by taking a more comprehensive and aggressive approach to the development of jobs in northern Manitoba. Admittedly, this is only one component of a multi-faceted program that has to be put into place but nevertheless an important component, and I would trust that you have all the resources necessary in order to actualize, or realize the potential that may be discovered in that area. So that's all I have, Mr. Chairman.

MR. PARASIUK: Thank you, Mr. Chairperson. I wanted to ask the General Manager a couple of questions regarding his staff. I know that in the past you used to have some internal and creative affirmative action programs with respect to training people of Indian ancestry to be Loan Officers. I know that you have extended that to include females as well in terms of affirmative action programs and I'd like the General Manager's comment on how that's progressing.

MR. JONES: Mr. Parasiuk, perhaps to go back just a little bit, we had quite a lot of success. I think, in that kind of approach and I'm thinking of one person in particular who's no longer with the Fund, but he left last September, a young Metis person who came from Camperville and spent some years and we trained him. He became a very very successful and technically well qualified member of the staff. He left to go to university, and you know I think that shows some good promise on his part. Right now, I think in that respect we are perhaps concentrating more on the staff that have technically been hired by the Neeyanun Development Corporation, three people of Indian ancestry, but they're actually being trained to do the same job as my own staff. So, you know the Fund still has an input I suppose although we don't have anyone right on our staff itself that could qualify in that respect.

MR. PARASIUK: I would then suggest that this is something that the Board might consider taking up with the Minister. I think that this type of strength within the Indian community is very important, and I know that particular case and I think that worked out very well I think it's important always for the Fund to have at least one person who is being cycled into that entrepreneurship assistance function in Canada and Manitoba, especially with respect to the north I think it's unfortunate that you haven't got anyone on staff in that respect now, and I hope that this is something that the Board takes up with the Minister because I certainly would like to see us come back here next year and talk about the on the job trainee that you've got on staff. I know that you've got a woman Development Officer who came up through the ranks in a sense, through the clerical, stenographic side, and moved up and I think has been successful, and I congratulate you on that. I think that departments, the large departments that have the opportunity of undertaking programs like this tend to sit on their hands, and if you contrast your performance with the Department of Health and Social Development, which has a huge staff something in the order of 1,200 people, many of the jobs are much more routine than being a Development Officer and having to deal with all varieties of cases, especially when you're monitoring the loan, that we just haven't had enough progress in the other branches of government. The excuse usually given is that somehow somebody hasn't developed the foolproof model that could be applied to my department. That's the approach taken by the Minister of Health and Social Development when the whole question of affirmative action has been raised for two consecutive years now.

I think that your example is good. You have a small staff and yet you've been able to do it. So I congratulate you on that and I hope that next year we will have an Indian trainee on staff.

Moving to another area, I wonder if you could tell me if you have an advertising budget.

MR. JONES: Mr. Chairman, if I may I'd like to ask the Treasurer to look at . . . my recollection is that we don't at the moment, but perhaps he could just check on that.

MR. PARASIUK: Okay. The reason why I'm raising this is that in the south, where supposedly some people possibly are more equal than others, the Department of Economic Development has a \$218,000 advertising budget, which is advertising giveaways, which are advertising the Incentives Program. Here we have a —(Interjection)— well, it's not operational that much in the north from what the previous statements of the Chairman might indicate, and if that's the case I would like to know. The Minister has interjected by indicating that the \$218,000 advertising budget that the Department of Economic Development has will be applied to the north, and if that's the case it will be very interesting to see the extent to which it's being used in northern Manitoba, in Shamattawa and Brochet and Pukatawagan, and I'll be quite interested to see how it's being used, what means are being used. Is it in Cree? Is it in Soto in other areas? And if that's the case, I'd really congratulate the government on its effort to provide equal access to services for people in Manitoba. If that's not the case then it's quite important that an institution like the Communities Economic Development Fund have the same access to advertising funds so that it can communicate the range of, I think, more businesslike functions that it offers to people in the north. Do you have that answer now as to whether you have an advertising budget?

MR. JONES: No, we do not have an advertising budget. It's restricted, Mr. Parasiuk, to the dissemination of Annual Reports and Brochures to community councils and so on.

MR. PARASIUK: Well, again, I find that quite surprising. It strikes me that the north is receiving different treatment than the south with respect to entrepreneurship development. First, and we discussed this last week, the north's Entrepreneurship Development Program rests on the businesslike premise that loans are a much better way of developing entrepreneurship than gifts, and I think that that's the proper way to operate, and I'm glad that that's the way the Communities Economic Development Fund is operating. But in the south, where that's the emphasis of the Incentives Program the program is premised on gifts, that somehow business people need gifts. I think that that is a distinction in the types of programs that is unfortunate, and I think unnecessary.

Secondly, we find that the advertising budget really is geared to southern Manitoba and that the Communities Economic Development Fund, which has a proven track record and which indeed, I think, needs special type of advertising, special types of communication, to get its message across to remote and isolated communities. By definition, if they're remote and isolated you can't use your normal means of communication. You don't have the same type of communication network so it's important to print material in native languages; it's important to have people go out there, conduct

some seminars. Maybe the advertising would be somewhat different but you do need some expenditure on promotion and advertising, and I think it's important that this be done, and I think that's a glaring weakness in the Fund's operation right now.

I think it points out the fact that the Fund really is operating at less than its potential. The Board and we found this out last week, the Board feels that it could be handling 36 loans a year and at that level its staff could service the additional loans well. So it has that capacity to deal with 36 loans. Its track record is good. We have a 74 percent success rate. We only have about a 1 percent failure rate, and there's that gray area in between, so a success rate in terms of say, the history of the Manitoba Development Corporation is excellent.

So we've got a proven entity that has been directed by the government to restrict itself to Special ARDA activity, and those other loans which require a type of bridge financing until the contract money comes in, and the Board has said that it could operate at 36 loans, this last year I think it's only put out 22 loans. The north really could do with better service, or greater service, from the Communities Economic Development Fund, if only this government would take away the restrictions that are put on the Communities Economic Development Fund, if only the government would do to the north that it seems prepared to do to the south. I think that's very unfortunate because as I mentioned last week, if you hold back on that type of development that the Communities Economic Development Fund is fostering namely, local entrepreneurship, all you'll be doing is increasing the dependency relationship. All you'll be doing is reinforcing and cementing in the welfare state.

So I think that's really unfortunate, and I think it's up to the Minister, not the Board, not the staff, I think the Board have looked at this matter. I think that they feel that the Fund could handle 36 loans. I think it's up to the Minister now and very quickly, because this is a good season that we're entering right now in terms of entrepreneurship activity with respect to wild rice, with respect to fishing, with respect to transportation, now is a very good time. And when you think of some of the transportation that might take place in relation to schools, in relation to taxi services, now is a good time for the Fund to be allowed to do its job, and I don't know why the Minister is holding back. He could give us the most welcome news of all right now if he said that starting next week or starting this week, the blinker's off, the rein is off, we trust the Communities Economic Development Fund. It's got a good staff, it's got a good Board, it has future potential, it has more potential than it's really operating at right now, so it's got the opportunity to do it. So I ask the Minister if he will give us that commitment right now.

I have one more question for him on this, and again just on a recap, I think it is very important if the Fund is going to take on an expanded role, which it should, and if that Fund is going to take on a role which will require it to make independent decisions, because if it deals with its own separate loan applications and it deals with them outside of the Special ARDA context, it really is making its own distinct decisions.

Right now it's part of an integrated decision-making process with Special ARDA really. If Special ARDA's approving it then the Fund will look at it and possibly the independence between the General Manager's function and the Chairman's function isn't as necessary, but I think it's important that the Fund be told to move more quickly, to do more, and I think if that's the case, that the management aspect of it may be separating the jobs of the Chairman and General Manager, that that decision be made very quickly as well.

MR. BANMAN: Well, Mr. Chairman, through you to Mr. Jones. First of all, the 74 percent success rate, is that the success rate from the inception of the Fund?

MR. JONES: Well, Mr. Chairman, no, that 74 percent is taken from . . . it's 74 percent of our existing loan portfolio today. We have 70 loans right now, and the condition of that portfolio is 74 percent completely successful. I think over the period, actually there's not that much of a difference — I would say probably 17 percent. I know that's very small but it's . . .

MR. BANMAN: Out of those loans, that we're talking about, that 74 percent of that are successful, how many of those would have involved special ARDA and other government contracts?

MR. JONES: Probably not more than 20; I'm just speaking off the top of my head, you understand. That's the loans we have right now, and perhaps Alex can confirm this in a minute. You have it there, the list of the loans we have, active ones right now. I would say about 20 have been funded by ARDA and/or of government contract.

MR. BANMAN: You also mentioned last Committee Meeting, that you've been pleasantly surprised

with the activities of the Federal Business Development Bank, in a number of areas which most people have picked up some of the slack that was involved in some of the financing.

MR. JONES: Yes. That's certainly correct.

MR. BANMAN: Just a few questions. The Manitoba Wild Fur Program. The Fund was administering that particular program. What has happened to that program now?

MR. JONES: Mr. Chairman, and is concerned as far as the Fund we finished with it. The board agreed we would write off the outstanding debt left of \$31,000.00. But there is still a collection process under way. The responsibility for the collecting of those loans right now has been handed to the Rappers Association, and they are actively in the process of trying to collect. In fact, we've seen some money come in in the last couple of months. But frankly, I'm not aware of what's happened to the loan component of the program or what will.

MR. BANMAN: Another question on another subject. The Easterville Harvesting Corporation, which closed down in the latter part of 1977. What was one of the major factors in putting that particular company into Receivership? What was the fund's rationale for putting it into Receivership?

MR. JONES: Well, Mr. Chairman, the main reason was frankly, lack of sales, and that was the prime reason — there were many others too, there were problems of management, problems with production, but it was lack of sales.

MR. BANMAN: Was there any change in policy by the Department of Renewable Resources that caused the close down of this particular facility? In other words, in timber rights or changes in stumpage fees or anything like that?

MR. JONES: No.

MR. BANMAN: So, it was strictly a problem of creating a product which there wasn't a sale for, and other internal problems of management and productivity.

MR. JONES: Yes.

MR. BANMAN: Well, Mr. Chairman, I'd like to thank Mr. Jones. I don't know if there's some more questions.

MR. CHAIRMAN: I think Mr. Jones, did you have a . . .

MR. JONES: I just wanted to . . . the question you asked Mr. Banman. There are 17 of the loans that we have right now have ARDA . . .

MR. PARASIUK: Yes, Mr. Chairperson. I just wanted to comment that the minister just seems to be completely disregarding the fact that the Fund does have greater potential than it's operating at right now, that the board has come to that conclusion, that that's a board that basically he has made the appointments to. I would think that he should show some confidence in that board. I think he should recognize that there is a greater need for entrepreneurial development in northern Manitoba than probably any other part of Manitoba. And he seems to be avoiding this whole question of whether indeed the Communities Economic Development Fund can act independently as a financial institution in northern Manitoba. It's greatest successes have been when it's acted independently. And I think that the best entrepreneurs have probably been developed when they have had the opportunity to act independently of all the federal bureaucracy and regulations that exist with something like special ARDA, and with something like the Federal-Provincial Wild Fur Program. And those instances where the person has come in and acted in a businesslike manner with the Communities Economic Development Fund, has provided a local good or a service, has been successful. We need to nurture more of that type of activity rather than hold back on it. And the minister has not been able to respond to that. He doesn't seem to want to. And yet he is the minister responsible, unless he feels that he doesn't have the mandate to comment on this. Perhaps he feels this is something that he has to take up with Cabinet, but surely the minister is responsible for this program. Surely, he is responsible for issuing that directive, and it's his responsibility. If the need is there for more service, if the potential is there for more activity, and if the record is good as it has been good it's his responsibility to remove that directive and give the CEDF a fair

chance to operate in the north.

MR. CHAIRMAN: If there's no further questions we could accept the . . . Mr. Banman.

MR. BANMAN: Well, Mr. Chairman, let me, in replying to the Member for Transcona I think I should be pointed out that in looking at the loan portfolio, in looking at some of the activities of the CEDF, in the past, I think in the last little while we've been able to have a good look at it. The policies regarding this particular corporation are constantly under review. One thing that should be pointed out, there were a number of things that had to be cleaned up, and a number of things that they're still working on right now, to try and clean up, not only within this particular department but some things that we're dealing with northern and native people in northern Manitoba, as far as the MDC and several other things were. We were finally getting things, such as the Thunderbird Lodge, the Easterville Harvesting thing, the R and M Construction thing, we were finally cleaning that up, and we feel that once we've managed to do that and had a good look at the whole facility at the whole operation, we will be in a good position to make some other recommendations.

We're also, Mr. Chairman, administering several other things, which is keeping the staff pretty busy, and the member should know that the previous administration had such things as a special loan through the Manitoba Provincial Job Office, which is being administered by these people. So it is being reviewed and I think as the manager has indicated, the loan portfolio is being brought into a condition where it's going to be in good shape, and we're happy for that.

So all I can say is that we are reviewing it constantly with the members of the board, and as the manager pointed out, the board is comprised of people from the private sector as well as people representing the Manitoba Indian Brotherhood, the Manitoba Metis Federation and the Northern Community Councils.

So having said that, Mr. Chairman, I'd like to thank Mr. Jones for his contribution here today. We'd like to encourage him and his staff to keep up their efforts. We realize it's a tough job at some times, and I think that sometimes the rewards are small, but we do appreciate their efforts and would encourage them to keep up the good work.

MR. CHAIRMAN: If there's no further questions and if it's the wish of the committee, we will . . . Mr. Evans.

MR. EVANS: I really don't have any more questions, I just want to comment that having listened to the Minister, that no one wants to see bad loans. No one wants to see a failure. No one wants to see lack of economic success. No one wants to waste money. No one wants to see waste and abuse, and so on. I simply say that in this field, as I said before, it's a great challenge; it's perhaps one of the greatest challenges facing a government of Manitoba today, and that is to provide economic opportunities for a great percentage of our population that are disadvantaged. There is no question in my mind that this is one of the most serious problems facing this province.

And I say, therefore, that the approach has to be somewhat different. We can't take the approach of a cold-hearted bookkeeping blinkered banker. I repeat, I'm not advocating wild uncontrolled lending. I'm not doing that for one moment, but I do hasten to say that there has to be a different approach. I think the Fund has to be prepared to take greater risks. Because we're not talking about multi-million dollar loans here. We're not talking about CFI loans or loans to Flyer or anything like that; we're talking about relatively small loans.

So I simply say that there has to be a different approach, and the government should recognize this. I would hope the Minister would recognize this; that the emphasis should not be so much on cleaning up accounts and balancing books, the emphasis should be on putting people to work in doing something useful for those communities and, therefore, ultimately for the Province of Manitoba. It's a matter of approach.

If the Chairman came here and said he had no losses whatsoever and that all the accounts were good accounts, I would say that his and the Fund's approach was far too cautious and that they weren't doing the job. I'd say, if you came here saying we have had no failures, I would say then obviously it's far too cautious an approach, that you're not being prepared to go out on a limb and give some people an opportunity.

So I really urge on the Minister that he do, as my colleague said, allow the Board and the staff to have a broader scope, to take a more aggressive approach and not go into this business as simple ordinary bankers but to go into it as a developing agency.

I just want to say, Mr. Chairman, that, you know, if we always acted like bankers we would have had some great disasters in this province in the past. I just want to mention one example, without getting really off the track, and that's involving Versatile and the Manitoba Development Fund or the Manitoba Development Corporation. When the Bank of Montreal, after dealing with

ersatile for years and years and years, was going to close the doors on Versatile back around 1971 or thereabouts because there was a bad year and the company had difficulty in collecting accounts, and the Bank of Montreal was going to close the doors. It would have put hundreds of people out of work in Versatile, plus many hundreds of people out of work in the supplying industries. The long and the short of it was that the Development Corporation sent one letter to the Bank of Montreal saying we stand behind Versatile, so the bank didn't call the loan and Versatile never did take a penny from the MDC. It eventually collected its accounts, eventually got its matter straightened out and we kept a good industry going. And I say that's the approach of a development agency as opposed to a pure banking approach. The attitude of the Bank of Montreal, to me, would have been disastrous for this province if the MDC took that same attitude.

And so I say that it's incumbent upon a development agency, which this ultimately is — it's not an ordinary bank; it's a development financing agency — that they've got to be prepared to take more risk.

And having said that, I repeat, I'm not urging wild unnecessary uncontrolled lending. You must be prudent. It's a matter of judgment. But foremost in the minds of the staff, foremost in the minds of the government should be what can we do to create economic development in these communities?

MR. CHAIRMAN: I believe the Committee expressed a desire to pass the report in total, so if there are no further questions—pass. Committee rise.