

COMMUNITY DEVELOPMENT: AN EVALUATION OF CHANNEL AREA
LOGGERS LTD. IN BERENS RIVER, MANITOBA - A CASE STUDY

by

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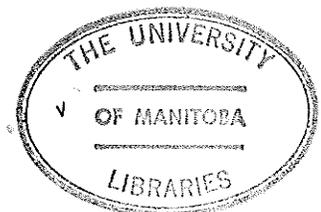
A practicum submitted to the Faculty of Graduate Studies of
the University of Manitoba in partial fulfillment of the
requirements of the degree of

MASTER OF NATURAL RESOURCE MANAGEMENT

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Introductory Note

The following report is intended to serve two purposes:

- a. to be of practical value to the Government of Manitoba in the area of community development in remote northern communities;
- b. to be used as a practicum (practical research report) in order to satisfy partial requirements for the degree Master of Natural Resource Management at the Natural Resource Institute, University of Manitoba.

It is to be emphasized that the author takes full responsibility for the views presented in this report.

ABSTRACT

Berens River, a remote northern community in Manitoba has a fast growing population. Until recently, employment opportunities were limited. Consequently, a situation of under development prevailed: low income and a low standard of living with few choices for improvement. To overcome this situation, the Manitoba Government established Channel Area Loggers, a Crown corporation with broad objectives of providing jobs and stimulating community economic development. However, the company experienced numerous problems since its inception in 1973.

The objective of this study was to conduct a socio-economic evaluation of the effects of Channel Area Loggers on the community, focussing upon the development process and the social and economic effects on individuals, the community and the Governments.

A descriptive analysis provided insight into the development of the company. A labour analysis was used to determine the employment and earnings patterns of the employees. Data was gathered regarding other sources of employment and income to place the company in a community perspective. The participant observer method provided insight into the social effects.

The fluctuating level of participation of the employees in the operation was a recurring problem. Cultural values and the availability of temporary and seasonal employment opportunities caused these fluctuations. The requirements of an initially highly mechanized operation could not be met by the employees or the existing infra structure. Stricter financial and

budgetary controls and a change in the level of mechanization resulted in a better financial position.

The economic analysis focussed on the 1976-77 operating year. Thirty-seven man-years of employment were created, requiring 171 employees, thus making Channel Area Loggers the largest source of employment in the community. However, 63 percent of the employees spent less than eleven weeks in logging and about two-thirds earned less than \$1,355. Considering all sources of income, logging accounted for fourteen percent of the total income. On a per capita basis, the people of Berens River remained below the Canada average income per capita. Despite financial losses which required subsidization, the company generated a number of benefits for the Provincial and Federal Governments.

Although present-need and strong family orientation are important characteristics of the community, changes have occurred. Channel Area Loggers had favourable effects on community unity and job creation. For a number of people the company offers the opportunity to satisfy aspirations within the community, personally as well as for their families.

Considering the needs of Berens River in terms of employment and community development, Channel Area Loggers can make an important long term contribution to the community's economic base which is necessary to overcome the situation of under-development.

ACKNOWLEDGEMENTS

Many people and organizations have contributed to this Practicum. I would like to express my appreciation for their assistance and cooperation.

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CHAPTER ONE

INTRODUCTION

1.1 The Context for Economic Development in Remote Communities

A large number of people in northern Manitoba¹ are unemployed or underemployed.² This has coincided with low income, and consequently a low standard of living.

The data for 1973 shows that for northern Manitoba, the total income for about 79,900 people is estimated at 234 million dollars, or \$2,950 per capita, compared with \$3,594 and \$3,839 for Manitoba and Canada respectively.³ Two-thirds of this population, most of whom are white, live in ten urban centres with activities based on mining, forestry, hydro construction or government administration. Their average personal income was \$4,019, while the average personal income of those living in the other 46 communities, mostly Indians (19,000) or Metis (7,000) was only \$793.⁴ The total income of this one-third of the population is about 21.1 million dollars or 9% of the total income for northern Manitoba.

¹ See Fig.1, p.2, for a map of northern Manitoba as defined in the Northern Affairs Act.

² The term 'unemployed' is defined as not being employed on a year-round (or permanent) basis; the term 'underemployed' is defined as not being employed to the full extent of the individual's ability.

³ Loxley, J., The Northern Manitoba Development Strategy: Issues of theory, policy and methodology, Department of Economics, University of Manitoba, Winnipeg, 1978. pp.2-3.

⁴ Included in this amount are transfer payments (welfare, family allowance, etc.) and income in kind (fishing, hunting, firewood, etc.), which make up 34.4 percent and five percent respectively. Ibid., p. 3.

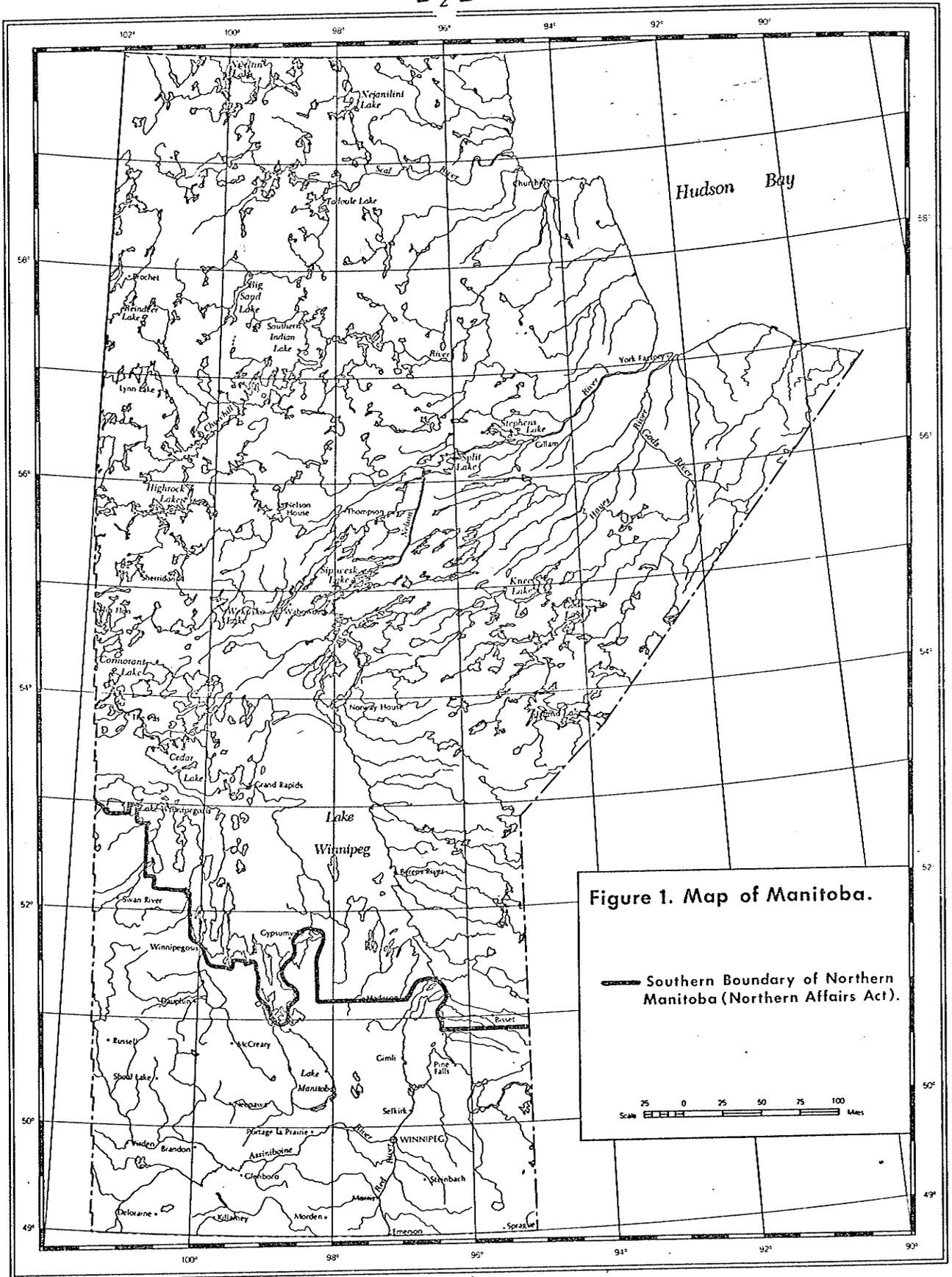


Figure 1. Map of Manitoba.

— Southern Boundary of Northern Manitoba (Northern Affairs Act).

Scale 0 25 50 75 100 Miles

SOURCE: Manitoba Department of Renewable Resources and Transportation Services, Winnipeg.

A low standard of living in these remote northern communities means no running water, no sanitation, no recreation halls, limited educational and health facilities as well as poor housing and infrastructure. Health care remains below standard and infant mortality, gastro-intestinal, venereal and lower respiratory diseases occur at a much higher rate than elsewhere in the Province of Manitoba. Other indicators such as accidents, suicide, homicide and violence show the same pattern.⁵

Staying in the remote community generally means experiencing continued low income, a low standard of living and limited employment opportunities.⁶ This means that people have to leave the community to find employment elsewhere. However, migration

⁵The difference in rates between Reserve residents and the over-all population of Manitoba is illustrated by the following examples: (1) *infant mortality* is three times as high (per 1000 live births; 1974); (2) *post-neonatal death rates* by cause show: lower respiratory, gastro-intestinal, and other causes, 11 times, 12 times and four times as high, respectively (per 10,000 live births; 1970-74 average); (3) *infectious and parasitic diseases* causing death are five to nine times as high for various age classes (per 100,000 population; 1971 - 1974 average); (4) *lower respiratory* is two to six times as high; *motor vehicle accidents* two to seven times as high; *suicide* two to six times as high; *homicide* four to 18 times as high; and *other external causes* three to 46 times as high (all figures are per 100,000 population, varying per age classes; 1971-74 average); in the older age classes *tuberculosis* is five to 12 times as high (same population and period). *Source*: Maternal & Child Care Vital Statistics, and Statistics Division, Manitoba Department of Health and Social Development, Winnipeg, 1975.

⁶1974 figures indicate that 75 per cent of the Treaty Indians across Canada were unemployed. The rate in remote communities was as high as 85 per cent. Loxley, J., "Resource Development relates to the Northern Strategy", Resource Managers Seminar, Manitoba Department of Renewable Resources and Transportation Services (RR&TS), Winnipeg, 1976.

to the urban centres does not offer many solutions either, because often the people do not have the education and skills required for a job, leaving them only low paying and temporary employment. This provides little scope for development, or improvement in living standard or job opportunities. Cultural and language barriers may also prevent residents of remote communities from successfully adapting to the urban North. In short, the people are trapped in a cycle of poverty and confronted with a future offering few choices, through no fault of their own.

Underdevelopment in the remote north is regarded as the major cause of the inequalities in social and economic conditions.⁷ Underdevelopment in the remote north began with the development of Canada's resources. The native people were self-sufficient in their subsistence economy prior to the arrival of the white man. During the first few decades of contact this economy gradually shifted to an economy dependent on the fur trade. With increasing activities in other and more profitable areas such as railway construction, agriculture, mining and forestry, the emphasis changed to industrial development, while the remote communities were left behind as no further developments took place there.

Industrial development in the North has created an economy that serves the needs of an external economy through exports of commodities, while consumer goods are imported at high transportation cost. The remote communities enjoy little benefit from the wealth created in the North.⁸ The infrastructure built for the

⁷See Loxley, J., The Northern Manitoba Development Strategy.

⁸See the difference in income and standard of living between the urban and remote Northern communities.

urban centres does not, by and large, service the remote communities. The changing subsistence economy cannot support the population any longer, because:

1. the prices received for fur and fish remained nearly the same; while prices of consumer goods continued to rise;
2. man-made catastrophes forced the people to look for other sources of income. Wildlife resources were almost wiped out by the 1820's, while mercury pollution in Lake Winnipeg caused the closure of the lake for commercial fishing for one year. Flooding of land for hydro-electric developments caused the loss of hunting and trapping areas;⁹ and
3. a decrease in the death rate and an increase in the birthrate caused a tremendous increase in population, especially during the past few decades.¹⁰

The problem of underdevelopment is not unique to Northern Manitoba, but must be seen as a Canadian problem. The problem is essentially an economic one, although social aspects also play a role. It is gradually being recognized that the Government's traditional approach to Northern development has not solved the problems. Traditional approach emphasized building infrastructures for industrial and commercial development in the urban north. It has become evident that private investment in the north is not the solution to the problems of the remote North. Government therefore, remains an important agent for change to assist the people in other forms than welfare.

The problem of underdevelopment in the North is often compared with that in many third world countries, where a modern

⁹Burns, T. and Thompson, L., The North: whose development?, 3424 College Avenue, Regina, Saskatchewan, 1976, pp. 2 and 5.

¹⁰See Appendix I: A comparison between Indian Reserve population (Manitoba) and the total Manitoba population.

urban sector also exists besides a poverty-stricken hinterland. Rural unemployment in these countries often becomes urban unemployment. Schumacher notes that:

as long as development effort is concentrated mainly on the big cities where it is easiest to establish new industries, to staff them with managers and men, and to find finance and markets to keep them going, the competition from these industries will further disrupt and destroy non-agricultural production in the rest of the country, will cause additional unemployment outside, and will further accelerate the migration of destitute people into towns that cannot absorb them. The problem of mutual 'poisoning' will not be halted. ¹¹

He argues that workplaces have to be created where the people live and that the problem can only be solved by developing remote areas.¹²

To reverse the situation of underdevelopment in northern Manitoba, an existing job gap¹³ of 3,500 jobs had to be filled in 1976. This gap will increase to 7000 jobs by 1981 unless corrective action is taken.¹⁴ Fifty per cent of the people in the remote north are 15 years of age and younger, a rate twice as high as the Manitoba figure.¹⁵ This explains the increase in the number

¹¹ Schumacher, E.F., Small is Beautiful, Blond and Briggs Ltd., London, England, 1973, pp.144-145.

¹² Ibid., pp. 145-146.

¹³ Job gap is defined as the difference between the number of existing jobs and the number of jobs needed to reach full employment.

¹⁴ Government of Canada, Canada-Manitoba Subsidiary Agreement Manitoba Northlands 1976-1981, Canada Department of Regional Economic Expansion (Dree), Ottawa, 1976, p.17.

¹⁵ This is illustrated in Appendix I: A comparison between Indian Reserve population in Manitoba and the total Manitoba population.

of jobs needed. The Government of Manitoba¹⁶ has recognized this situation in its broad policy statement, which includes a number of guidelines:

1. maximization of general well being of all Manitobans;
2. greater equality of the human condition for all Manitobans;
3. implementation of the stay-option; and
4. promotion of public participation in the process of government.

For northern Manitoba this means that development must be planned in such a manner that local residents, particularly the chronically unemployed will benefit. The stay-option represents an attempt by Government to provide people with an opportunity to live and work without the advantages in the particular region of the Province in which they have their roots.¹⁷

To be successful, it follows that implementation of the guidelines via various policies and programs must be carried out by considering the people and the resources at the community level. Since many remote communities are surrounded by a natural resource base, it must be recognized that local resources may provide an economic base and opportunities for the residents to become gainfully employed.¹⁸ Community development requires

¹⁶This policy statement was issued by the NDP Government in its Guidelines for the Seventies, Queen's Printer, 1973.

¹⁷It must be emphatically noted that the guidelines may not describe the policies of the present PC administration.

¹⁸Ibid., p.102.

economic development, which should be closely related to social development, as Brese notes:

*Economic development and social development are inextricably interwoven; together they constitute one single indivisible development process aimed at serving fundamental human purposes.*¹⁹

The complexity of community development is best described by Schumacher who notes that:

*Economic development is something much wider and deeper than economics, let alone econometrics. Its roots lie outside the economic sphere in education organization, discipline, and beyond that, in political independence and a national consciousness.... Success can only come through a process of growth involving the education, organization and discipline of the whole population. Anything less than this must end in a failure.*²⁰

1.2 The Problem and its Setting

Berens River, on the east side of Lake Winnipeg is one of these remote northern communities. It has a high unemployment rate and a growing need for jobs.²¹ The community is surrounded by a sizeable forest resource.²² However, past attempts to start logging operations have not been entirely successful. The Berens River Pulpwood Co-op Ltd. (1961-1971) closed due to lack of capital and a fluctuating market for pulpwood in the late sixties. In 1971, the Manitoba Department of Mines, Resources and Environmental Management (MREM) started a training and logging program in the community. This

¹⁹ Brese, W.G., A Proposed Community Based Development Strategy, Brese & Associates, Edmonton, Alberta, 1975, p.5.

²⁰ Schumacher, op.cit., p.171.

²¹ See Appendix V: A Labour Force Projection for Berens River, 1977-92.

²² See Appendix VI: Forest Resources in the Berens River Area.

program formed the basis for the establishment of a Crown logging corporation in 1973: "Channel Area Loggers Ltd." Under provisions of the Manitoba Natural Resources Development Act²³ the Government of Manitoba can establish companies with the following or similar objectives:

- a. to carry on all forms of the business of growing, winning, harvesting, processing and marketing natural resources or any of the products thereof;
- b. to train personnel resident in the province in the performance of employee, managerial or proprietary functions pertaining to the carrying on of the business described in clause (a); and
- c. to conduct research to determine the factors that are conducive to the success of a business of the kind described in clause (a); carried on in a sparsely populated and remote area in the province by local personnel exercising employee, managerial and proprietary functions.²⁴

A number of conditions exist in Berens River, regarded as favourable to a successful operation:

1. sufficient employable people in the community;
2. a viable market for the merchantable timber resources surrounding the community;
3. sufficient financial support under provisions of the Manitoba Natural Resource Development Act;²⁵ and
4. sufficient technical expertise available from Government departments and other sources.

Despite these conditions, the company has not been financially

²³ See Appendix II: Manitoba Natural Resources Development Act.

²⁴ Section 2 of the MNRD Act.

²⁵ Section 3 of the MNRD Act.

successful. The annual losses increased during the first three years of its operation, but decreased after changes were made.²⁶

The losses are subsidized by the Provincial Government. However, termination of the operation on the basis of financial losses alone, may prove to be a serious mistake, since intangible benefits such as gainful employment, job training and income, and community stability and improvement are not included in the financial statement, nor are such costs as increased unemployment benefits and welfare payments resulting from closure. A company like Channel Area Loggers, which is a vehicle for economic development, should be evaluated within a wider framework. A socio-economic evaluation of the effects of the company on individuals, the community and the Province can also provide insights into other benefits and costs, so that a better judgement of the company within the framework of community development can be made. After all, the "ultimate aims of development are social aims."²⁷

1.3 The Research Objectives

The objective of this study is to conduct a socio-economic evaluation of the effects of Channel Area Loggers on the community of Berens River, focusing upon:

1. the development process; and
2. the economic and social effects on individuals, the community, and on the Governments of Manitoba and Canada.

²⁶Channel Area Loggers Ltd., Annual Reports 1973/74; 1975/75; and 1975/76 and Financial Statement, 1976/77, Channel Area Loggers Ltd., Berens River, 1974/77.

²⁷Drewnowski, J., "Social Indicators and Welfare Measurement, Remarks on Methodology", Measuring Development, Baster, N. (ed.) Cass and Company, Ltd., London, England, pp. 86-88.

1.4 Methodology (Summary)²⁸

Each separate topic of analysis, the development process, economic and social effects, requires a specific methodology, which is outlined below.

1.4.1 Development of Channel Area Loggers

Information from Government documents and files, and personal communication with people involved, formed the basis for a historical overview of the development of Channel Area Loggers. Such a descriptive analysis of the company reveals information about people's involvement and attitudes, critical events and trends in the development process.

1.4.2 Economic Effects

Three areas of economic effect are distinguished: individual, community and Government. The effects on individuals are determined by using a dynamic labour analysis, which is based on the earnings per individual over time. The effects of Channel Area Loggers on the community are determined by relating the company effects, employment and income. The effects of the company on the Government are divided into those on the Provincial and the Federal Government. This distinction is made because of separate responsibilities of the two levels of Government for Status Indians (Federal) and non-status Indians and non-native people (Provincial) in terms of welfare. The effects on Government with the emphasis on Government finances, are determined by using a

²⁸ See Appendix III, for a description of the literature reviewed and a more extensive description of the methodology used.

fiscal impact analysis. This method involves an overview of the changes in revenues and expenditures, such as taxes and welfare payments, because of the presence of Channel Area Loggers.

1.4.3 Social Effects

Information is gathered via interviews with people in the community and through participant observation in the logging camp. The data is used for a descriptive analysis of the social effects of the company, whereby an attempt is made to distinguish four areas: individual, family, peer group, and community effects, all of which are part of an interacting process.

1.5 Limitations of the Study

This study contains a number of limitations, many of whom are mentioned throughout the text. Generally, the study is limited to a relatively short period. The economic analysis is limited to the operating year April 1976 - March 1977, because of the scarcity of useful data prior to that period. This analysis does not contain a financial or a social cost-benefit analysis, areas that would require further study. An overview of the social effects is limited because much of the data is gathered during the summer of 1977, a time when relatively few people were involved in logging.

1.6 Organization of the remainder of the study

The evaluation of Channel Area Loggers, as outlined in the research objectives (1.3) will be presented in the following sections:

Chapter II presents an overview of the community of Berens River, its people and their background, its economic base

and the need for employment. This part forms the introduction to the development of Channel Area Loggers, which includes the events preceding the establishment of the company. It also contains the analysis of the development process.

Chapter III presents an evaluation of the economic effects of the company on (a) the individual employees, and (b) the community of Berens River. This chapter also evaluates the effects of Channel Area Loggers on Government finances, including Provincial and Federal Government.

Chapter IV gives an overview of the social effects of the company on the people, including individuals, families, peer groups, and the community of Berens River. Each of the above chapters II - IV, concludes with a summary.

The study concludes with a number of recommendations in Chapter V, and a postscript on community development, an integrative presentation of some of the literature, including case studies in the area of community development.

CHAPTER TWO

BERENS RIVER AND THE DEVELOPMENT OF CHANNEL AREA LOGGERS

2.1 Location and Geography

The community of Berens River is located on the east side of Lake Winnipeg, at both sides of the mouth of the Berens River, approximately 175 air miles north of Winnipeg.¹ The land surrounding the community lies within the Precambrian Region of Manitoba, an area of granitic rock outcroppings with little or no soil cover, many irregularly shaped lakes, and fast flowing streams.² The larger part of the area is quite flat, and extensive swamps (muskeg) occur where drainage is poor.

Berens River is accessible by air year-round; by water during the open water season, and by winter road from the beginning of January to the end of March, weather, ice and ground conditions permitting.

2.2 The People³

Berens River has a population of 971 people, almost all of whom are of native ancestry. Approximately 74 per cent (720) are Status-Indians, 24 per cent (231) are non-status, and two per cent (20) are non-native. The population is composed of 52 per cent males and 48 per cent females. Forty-nine per cent of the population is 14 years of age and younger; about 46 per cent between the ages 15 and 64, and five per cent is 65 years of age and older. The

¹See Figure 2: Map of the Berens River area.

²Community Profiles 1973, Manitoba Department of Northern Affairs, Winnipeg, 1975. (mimeographed copy, Volume LW-3) PA 1-2.

³See Appendix IV: Berens River population data, September 1, 1977.

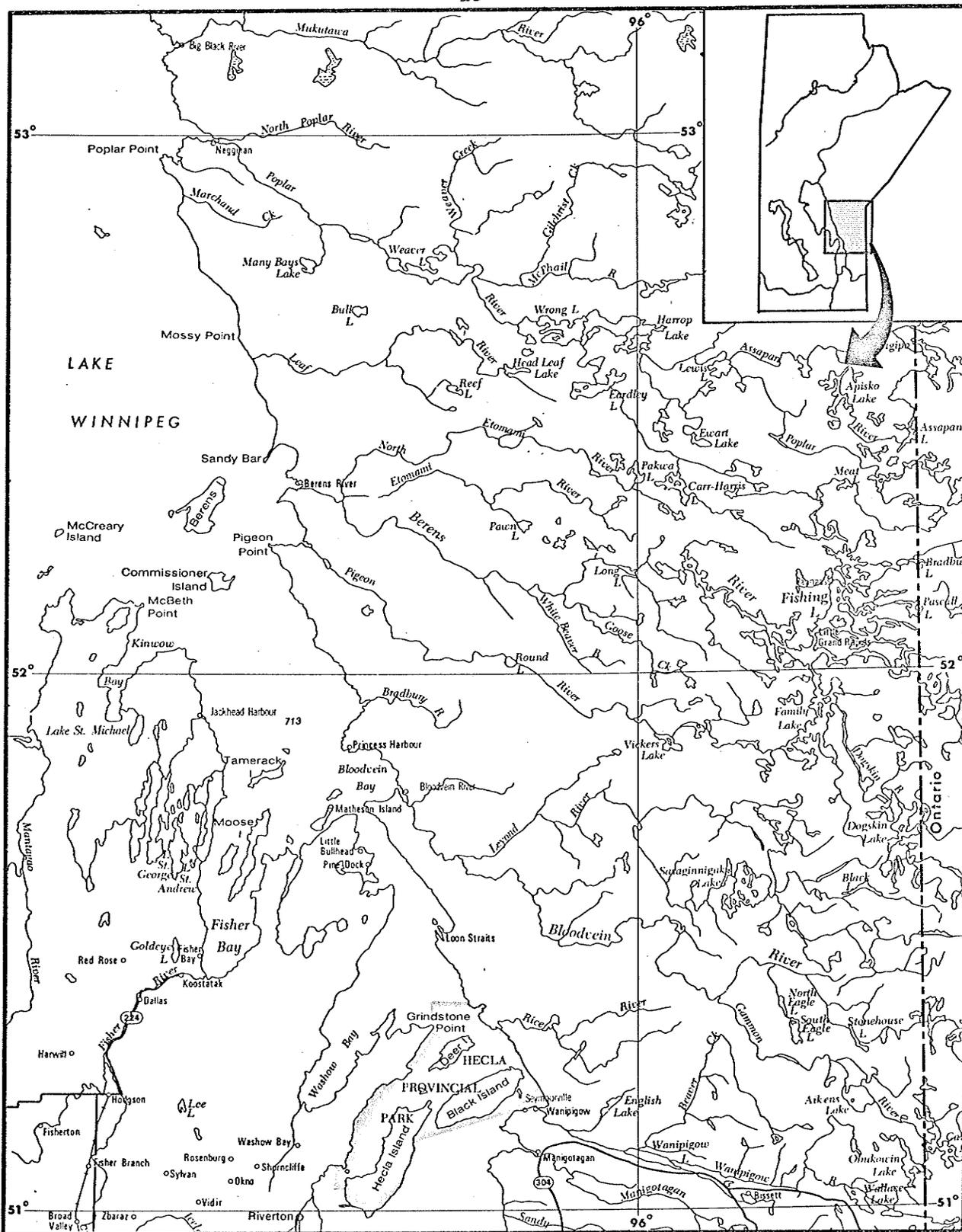


Figure 2. Map Specific to the Berens River Area.

SOURCE: Manitoba Department of Renewable Resources and Transportation Services, Winnipeg

large portion of the population under the age of 15 is typical for many remote northern communities.⁴ This means a fast growing population, which will have serious implications for the local job market.

In 1971 Berens River had 256 family units, with an average of 3.7 members per family. Families of eight and more members accounted for 49 per cent, and families of five and more members for 67 per cent of the population. A 1969 survey showed that most of the people not attending school then, had grade 4-8 education.⁵

2.3 History of the Berens River Saulteaux

The people of Berens River, locally known as Saulteaux, belong to a much larger and geographically widespread linguistic group, the Ojibwa. The Ojibwa, a group of Algonquian Language stock, was one of the largest and strongest Indian 'nations' in Canada and northern United States until early in the 19th century. Dunning⁶ notes that the European fur trade played an important role in the history of the Ojibwa people:

From the mid 17th century when the French reported the presence of the 'Achipoes' at the site of the present Sault Ste. Marie, until Lord Selkirk's Treaty of 1817 with the 'Chiefs and Warriors of the Saulteaux Nation' south of Lake Winnipeg, Ojibwa moved constantly westward with the European fur traders and garrisons.

They traded their furs with the French, then became carriers for the French and their successors, the Nor'westers, and finally moved into the lands of the Cree, Sioux and Assiniboine on the

⁴ Compare Appendix I: Indian Reserve and Manitoba population, with Appendix IV, Figure IV-1: Berens River population pyramid.

⁵ Community Profiles, op.cit., PB 1-2.

⁶ Dunning, R.W., Social and Economic Change among the Northern Ojibway, University of Toronto Press, 1959. p.3.

river route west of the Lakehead, settling down as permanent hunters and trappers. When the Hudson Bay Company and the North West Company amalgamated in 1821, the Ojibwa were well established in the vicinity of Lake Winnipeg.

The documented history of the Ojibwa shows clearly their interdependent relationship with the Europeans. From the 17th century on, it would not be true to consider them as completely independent. Rather, their livelihood, occupations and population movements were dependent upon the changing fortunes of the fur trade. The contacts the Ojibwa had with the Europeans throughout the 18th and 19th centuries seemed to have reinforced their own way of living, as Hallowell notes:

While fur trading posts were the original focal points⁷ for the mediation of changes in the technology of these Indians...nevertheless the demand for furs supported and encouraged the perpetuation of their ecological adaptation-- hunting. In consequence, not only was their subsistence economy retained, but the seasonal movements, institutions, attitudes and beliefs were closely integrated with it.⁸

This whole complex system at Berens River must have remained essentially intact until two events, occurring after 1870, gave "an impetus to more radical modifications, which reshaped the cultural picture, and gave its modern form."⁹ These two events were:

1. the establishment of a resident missionary at the mouth of the Berens River in 1873; and

⁷The Hudson Bay established a trading post in Berens River in 1814.

⁸Hallowell, A.I., 'The Northern Ojibwa,' Culture and Experience University of Pennsylvania Press, 1955, p.119.

⁹Hallowell, op.cit., p.120.

2. the signing of the Treaty of the Dominion Government with all the Indians of the Lake Winnipeg area in 1875.¹⁰

With regards to this Treaty¹¹ it must be noted that the Ojibwa lost all their land rights, including the options on resources to be developed in the future. The Treaty included annual payments and the establishment of an Indian agent, who would be responsible for them. Under this "guiding aegis of western society, these communities have been partly fostered for humanitarian reasons, partly for exploitation and control."¹²

After these changes in their culture, none of the Ojibwa lived continuously within the confinement of their reservation. Such confinement would make it impossible for them to make a living at all at that time, since the nature of the country, according to Hallowell¹³ did not permit the raising of any crop with the exception of a few potatoes and other vegetables. This traditional attitude can be abandoned now, because land-clearing and cultivation equipment, greenhouses and other items of technology are available.

2.4 Economic and Resource Base

Before any major developments were implemented, most people were dependent on an unstable economy, because of fluctuations in

¹⁰ Ibid., p. 119.

¹¹ This treaty was signed at the Berens River post on September 10, 1875. The formality lasted only seven hours, the only cause for discussion being that of the Reserves. An annuity of \$5. per head was determined. Dunning, Op.cit., p.10.

¹² Hallowell, op.cit., p.120.

¹³ Ibid., p.121.

quantity and price of furs. When Government started to provide welfare, this encouraged, by means of per capita payments, an increase in population and lessened the dependence on game and fur.¹⁴ When economic activities shifted to other areas, the situation in the remote northern communities became such that in 1956, a study was undertaken into the "circumstances of certain Manitobans, notably Indians and Metis."¹⁵ At that time (late fifties) the people of Berens River derived income from commercial fishing, trapping, lumbering and wild rice harvesting. These seasonal sources of income were supplemented by welfare payments.

Partly as a result of the study, and of other efforts, attempts have been made to provide permanent employment for the Berens River residents, such as the establishment of a fishing cooperative and a pulpwood cooperative. Present sources of employment and income for Berens River are:

1. regular employment
2. income from renewable resources: logging, fishing, trapping, and wild rice harvesting;
3. temporary employment: government make-work projects; and
4. transfer payments: welfare, family allowance, old age pension, and unemployment insurance benefits.¹⁶

2.5 Need for employment

Despite existing employment opportunities in the community

¹⁴Ibid., pp. 15-16.

¹⁵Lagasse, J.H., The People of Indian Ancestry in Manitoba, Manitoba Department of Agriculture and Immigration, Winnipeg, 1959.

¹⁶See Chapter III: Economic effects of Channel Area Loggers; and Appendix XVI: Sources of Employment and Income in Berens River.

of Berens River, an increasing number of jobs will be needed in the near future. Indications for this are the presence of unemployment insurance benefits and government make-work projects; the latter provide only temporary employment. Another indication is a growing population, which results in an increase in the size of the potential labour force. It is estimated that the present (1977) potential labour force consists of 232 males and 215 females.¹⁷

A projection of the potential labour force over the next 15 years shows that a significant increase can be expected: for the male population from 232 to 415 (1992), and for the female population from 215 to 410 jobs (1992). This means an increase of 12 male and 13 female jobs annually over and above a situation of full employment. The labour force projection 1977 - 1992 therefore indicates an urgent need for the creation of a large number of jobs. Table 1 presents a summary of the labour force projection 1977 - 1992.

Table 1: Potential labour force in Berens River 1977 - 1992.
(five-year intervals; male-female-total)

YEAR	MALE	FEMALE	TOTAL
1977	232	215	447
1982	285	287	572
1987	352	341	693
1992	415	410	825

SOURCE: See Appendix V: Berens River Potential Labour Force 1977-1992.

¹⁷

See Appendix V: Berens River Potential Labour Force 1977-1992.

2.6 Logging Development prior to Channel Area Loggers

Berens River has a long history of logging. During the days when steamships plied Lake Winnipeg, regular stops were made at this settlement and others to take on fuel wood.¹⁸ An unsuccessful attempt to cut pulpwood at the Berens River Indian Reserve was made during the late fifties.¹⁹

2.6.1 Berens River Pulpwood Co-op Ltd. 1961-1971²⁰

The Berens River Pulpwood Co-op was established in 1961 to alleviate the depressed economic conditions in the community. The forest resources in the area could support an economically feasible operation. An agreement was reached with Abitibi Pulp and Paper Company for the delivery of 2,000 cords²¹ of pulpwood to be barged from Berens River to Pine Falls, about 135 miles to the south. The Co-op selected a Board of Directors from the local people and appointed a manager, whose salary and expenses were paid for by the Provincial Government. A bank loan of \$23,000 endorsed by the Provincial Treasury Board was secured to ease the financial aspects of the new organization.

¹⁸ Tom Boulanger writes:

Where I stayed (Berens River, 1931) there were big timber, but they burned down except my house. After two years' time I cut dry wood by a cord. I hired Little Grand Rapids men to cut wood for me. I had about two hundred cords. I sold my wood to SS 'Keenora' (used wood until 1952). There was a very good price: An Indian Remembers, Peguis Publishers, Winnipeg,

1971, p.41.

¹⁹ Channel Area Loggers, Annual Report 1973-1974, Berens River, 1974, p.4.

²⁰ Information about the Pulpwood Co-op is obtained (1) via personal communication with people involved in the operation; and (2) J.C. Burch, Report on Pulpwood Operations, Berens River, 1961-62, Winnipeg, 1962.

²¹ One cord of wood is a measure of stacked wood, based on a standard pile, eight feet long, four feet wide and four feet high.

Pulpwood cutting on Crown land started during the late fall of 1961, and continued throughout the winter till spring break-up of 1962. Using the strip cutting method,²² trees were felled, topped and delimbed, cut into eight foot logs, and piled. The logs were then loaded on sleighs, each holding two cords of wood, and hauled by small tractors to the bargesite at Berens River.

The operation was successful during its initial cutting seasons. Production as shown in Table 2, started to decline soon after the manager left in 1964. A fluctuating market for pulp and paper products resulted in small contracts during the period 1965-1971. The Pulpwood Co-op was foreclosed in 1971. Despite moderate success, a number of other problems were encountered: (1) poor management after the manager left; (2) inadequate financing; (3) lack of suitable hauling equipment; and (4) low productivity due to inexperience, absenteeism and poor nutrition.

2.6.2 Government Logging Program 1971-1973²³

In response to local interest, the Manitoba Department of Mines, Resources and Environmental Management (MREM) proposed to establish a training and logging operation in Berens River in 1971 as part of a three phase program:

1. Phase I: training and logging program;
2. Phase II: logging operation with local and Government involvement (Crown Corporation); and
3. Phase III: community owned and operated logging company.

²²See Appendix VII: Logging methods used in Berens River.

²³Information about this program was obtained (1) via personal communication with people involved; and (2) from Government documents.

Table 2: Production per Cutting Season of the Berens River Pulpwood Co-op Ltd. 1961-1971 (in cords)

YEAR	CORDS	YEAR	CORDS
1961/62	1,538	1966/67	280
1962/63	1,850	1967/68	500
1963/64	2,100	1968/69	-
1964/65	2,200	1969/70	300
1965/66	310	1970/71	310

SOURCE : Report on Citizens' Participation - Meeting May 27, 1974. Channel Area Loggers, Berens River, 1974.p.46

A number of conditions favoured the establishment of such an enterprise:

1. Berens River had an adequate labour force with experience in logging;
2. privately owned road construction equipment was available in the community;
3. forest resources surrounding the community could support an annual allowable cut of 40,000 cunits.²⁴
4. pulpwood market showed new strengths; and
5. adequate funding for resource development programs was available under provisions of the Natural Resource Development Act.²⁵

The objectives of the logging and training program in Berens River were:

1. to provide employment opportunities to local people and to alleviate the high levels of unemployment;
2. to provide an opportunity to local people to learn new industrial skills and work habits;

²⁴One cunit is 100 cubic feet of net merchantable timber; one cunit equals 1.15 cords of wood.

²⁵See Appendix II: Natural Resources Development Act.

3. to make greater use of the local forest resources;
4. to improve leadership and self-reliance in the community; and
5. to involve Berens River people in planning programs for their future.²⁶

The proposal included financial and management assistance to three communities: Dauphin River, Jackhead, and Berens River. For Berens River this meant: (1) employing one local supervisor and twenty people; (2) renting two skidders; (3) cutting 1,800 cords of wood to be sold to Abitibi @ \$19.00 per cord ; and (4) hauling the logs by truck from the cutting area to the barge site at Berens River. Two logging methods would be used:

- (1) the labour-intensive cut-and-pile method; and
- (2) a capital-intensive mechanical logging operation, using skidders.²⁷

Final approval for the program came too late to get the skidders to Berens River before freeze-up. A cut-and-pile method was started about 6 to 8 miles from the community in November, 1971. Eleven people went to Cranberry Portage in December 1971 to participate in training courses in bookkeeping, and the operation and maintenance of skidders. About 220 cords of wood were cut during the first three months of the program. When the skidders arrived in late February, 1972, about 600 cords were produced till spring break-up. The average earnings increased to \$18.00 per man-day (skidders) from \$7.00 per man day (cut-and-pile). The hauling was still done with tractors and sleighs, which did not cause any

²⁶Manitoba Department of MREM, Progress Report Lake Winnipeg Channel Area Communities Logging Development, Winnipeg, 1972, p.2.

²⁷See Appendix VII: Logging methods used in Berens River.

major problems.

An evaluation of the program showed that the program lost nearly \$12,300 for the period 1971-72. Few new operations show a profit during the first year of operation, however. The net benefits to the Government were about \$3,500.²⁸ About 15 people were employed. Six people, trained at Cranberry Portage participated in the program; five others sought alternative employment due to late arrival of the skidders. A shortage of labour developed towards the end of the cutting season, when a Provincial Employment Program project (PEP) by the Manitoba Department of Northern Affairs and a road construction project (by MREM) attracted people away from the logging (also by MREM), because of hourly wages paid on these projects as opposed to piece work rates in logging.²⁹ Unemployment insurance benefits and welfare were also mentioned as causes for the shortage.

The logging operations resumed in the fall of 1972. About 2,500 cords of wood were produced during the year 1972. Truck-hauling started after the truck arrived by barge before freeze-up in 1972. Despite the relative success of the program during this period, a number of obstacles prevented smooth day-to-day operation. Regular air and mail service between Berens River and Winnipeg did not exist. This type of communication system is of crucial importance, as a mechanized operation depends heavily on outside parts and supplies. Direct radio communication with Winnipeg was of poor quality, and frequently not available, which caused considerable delays in ordering supplies.³⁰

²⁸ Net benefits represent the difference between (1) income generated, and (2) operational loss. Progress Report, op.cit., p.1.

²⁹ Ibid., p.5

³⁰ Personal communication with Messrs. J.C. Burch and G. Fields (Manitoba Department of Renewable Resources and Transportation Services, Winnipeg).

However, the Government felt that despite these problems, the operation formed the basis upon which a socially and economically successful operation could be launched.³¹

2.7 Channel Area Loggers Ltd.

In the summer of 1972, a Cabinet paper was prepared with plans for phase II of the development: the establishment and operation of a Crown Logging Corporation in Berens River.³² During phase I of the development two methods of logging were used:

(1) the cut-and-pile method, and (2) the skidder logging method.

As people became more experienced in the use of skidders, their average earnings rose considerably. The establishment of a Crown Corporation under provisions of the Natural Resource Development Act would enable this company to meet the capital needs required for the expansion in a larger skidder operation.

2.7.1 Formal Organization

In February 1973, the Provincial Government authorized formation of a Crown Logging Corporation "Channel Area Loggers Ltd." which formally took place on April 25, 1973. The objectives of the Company are described in clauses a, b, and c, of section two of the Manitoba Natural Resources Development Act.³³

³¹Channel Area Loggers, Annual Report 1973-74, Berens River, 1974, p.2.

³²Manitoba Department of MREM, Cabinet Paper for a Crown Logging Corporation in Berens River, Winnipeg, 1972, p.2.

³³See Appendix II: The Manitoba Natural Resources Development Act.

The authorized capital of the company was \$250,000, divided into 25,000 common shares of \$10.00 par value. The Province of Manitoba would guarantee a bankloan to a maximum of \$500,000 including interest thereon.³⁴ A Board of Directors was selected, and consisted of:

1. three businessmen and two civil servants, with knowledge of northern communities, logging and resource development programs; and
2. four residents from Berens River and Bloodvein with knowledge of the communities and experience in logging and community development.

The Board of Directors was responsible for meeting the policy objectives of the company. As long as the Province holds any shares in Channel Area Loggers Ltd., a report has to be filed annually with the Department of MREM on all aspects of the company's performance. The appointed manager reports directly to the Board of Directors. His responsibilities include the administration, control and efficiency of the company. The Department of MREM will be responsible for making the necessary budgetary provisions and arranging the financing for the company.

2.7.2 The First Year of Operation, 1973-74

In June, 1973, a manager was appointed and several decisions were made regarding the scale of operation and the acquisition of equipment. A year-round operation would be established at Berens River, and a winter operation at Bloodvein. A training program, cost-shared by Canada Manpower, was started during the summer

³⁴Notes to the Financial Statement in Annual Report 1973-1974, Channel Area Loggers, Berens River, 1974

involving thirty people being trained in operating skidders and cutting pulpwood. This program did not finish until mid-October because trainees had to fight forest fires in the area, thus causing a delay in start-up.

The first year of operation, ending March 31, 1974, showed a production of 4,310 cords of pulpwood, of which 3,670 cords were produced by a five skidder operation at Berens River and 640 cords by a three skidder operation at Bloodvein as shown in Table 3, which displays the production figures for Channel Area Loggers (1973-1977). The operation lost \$82,300, of which \$28,000 was attributed to training. Table 4 presents a summary of the financial data of Channel Area Loggers. Specific reasons for the losses were given as:

1. late start of the operation at Berens River;
2. late start of the winter operation at Bloodvein, because skidders did not arrive until mid-January;
3. unusually deep snow and employee absenteeism;
4. frequent equipment breakdown; no qualified mechanic, and problems with radio communication; and
5. turnover in management.

A community participation meeting was organized in Berens River at the end of the first year of operation. The meeting was attended by several people involved in the company, and by representatives from Abitibi and the Government.³⁵ The objective was to discuss the first year of operation in order to promote a better understanding. A summary of the discussions showed that the people involved would like to see the operations continue and become successful.

³⁵ Manitoba Department of MREM, Report on Citizen's Participation Meeting, MREM, Winnipeg, 1974.

Table 3: Production Figures for the Logging Program (1971-1972) and Channel Area Loggers (CAL) 1973-1977). (In cords per quarterly period)

YEAR	Logging Program	Apr. 1 June 30	July 1 Sept. 30	Oct. 1 Dec. 31	Jan. 1 Mar. 31	Sub- Total	TOTAL
71/72	MREM ¹	-					820
72/73	MREM ¹						2,060
73/74	CAL ² Berens	-	200	1,470	2,000	3,670	
	Bloodvein	-	-	165	475	640	
	Total	-	200	1,635	2,475	4,310	4,310
74/75	CAL ² Berens	1,370	100	2,520	2,050	6,040	
	Bloodvein	-	-	260	120	380	
	Total	1,370	100	2,780	2,170	6,420	6,420
75/76	CAL ²	460	-	2,690	4,180	7,330	7,330
76/77	CAL ³	150	716	4,153	4,675	9,694	9,694
77/78	CAL ³	1,098					

- SOURCES:
- (1) Report on Citizen's participation, Op.cit.
 - (2) Annual reports, Channel Area Loggers Ltd., 1973/76.
 - (3) S.R.R. Robinson, Bookkeeper-Comptroller for Channel Area Loggers, Berens River, Personal Communication, 1977.

Table 4: Financial Details of Channel Area Loggers, 1973-1977.

Year	Total Prod.	Total Revenue	Total Expend.	Total Loss	Wages		Loss per cord.
	Cords	\$	\$	\$	Prod.	Admin.	
1973/74	4,310	17,100	99,500	82,300	88,900	14,400	19.10
1974/75	6,420	185,900	361,600	175,700	153,800	24,400	27.35
1975/76	7,330	292,800	684,300	391,500	233,000	31,200	53.40
1976/77	9,694	475,800	616,500	140,700	146,400	51,400	14.50

- Sources: (1) Channel Area Loggers, Annual Reports 1973-74, 1974-75, and 1975-76.
 (2) S.R.R. Robinson, bookkeeper-comptroller, Channel Area Loggers Ltd., personal communication regarding 1976-1977 data, Berens River, 1977.

More extensive training in such areas as pulpwood cutting, mechanical repair, first aid, heavy equipment operation and operations management was felt to be necessary. It was suggested that similar meetings should be held throughout the year.

2.7.3 The Operation during 1974-1976

The production of pulpwood increased during these two years from 6,420 cords (1974/75) to 7,330 cords (1975/76) Only 380 cords were produced during the 1974/75 winter operation at Bloodvein despite the purchase of two new skidders. In addition, a foreman was hired to manage this satellite operation. During the 1975/76 cutting season the Bloodvein Indian Band decided to establish its own logging operation, the "Bloodvein Band Foundation, Inc." This development resulted in an increase in the Berens River operation from eight to ten skidders, as the Bloodvein equipment was returned. Except for a new bulldozer, no additional equipment was purchased by the company.

An attempt was made by the company to strengthen its financial base through diversification. A contract was signed with the Manitoba Department of Northern Affairs for the construction of a new winter road. Contracts with Manitoba Hydro and CP Rail called for the production and delivery of respectively 1,000 hydro poles and 5,000 railway ties. If successful, this would make better use of the workers' skills, the company's equipment and the forest resource.

Training efforts were increased. An agreement was made with MREM for a special long term training program, which would provide funding for training local people for the position of

manager, bookkeeper and mechanic. A truckdriver training course was held in Berens River in October, 1974, during which eight people received on the job training. A two week chainsaw operation course was conducted in December, 1975. The course, funded by federal grant, provided instruction in proper chainsaw operation and maintenance.

The great difficulty in finding and retaining qualified staff who are willing to work in this remote community, was one of the biggest obstacles to successful management of the company. The fifth general manager was appointed in September, 1975. A high turnover in the bookkeeper's position caused "serious delays in financial reporting to the Board of Directors (and the manager), who were not presented with regular and timely reports on the company's performance".³⁶ The question arises to what extent the Board of Directors exercised its responsibility to make management accountable for its actions.

Problems similar to those in the first year of operation occurred during the period 1974-76, with losses increasing to \$175,700 (1974/75) and \$391,500 (1975/76). Revenue from production remained too low to offset the high repair cost. A summary of the problem shows:

1. continued employee absenteeism, because they were called to fight forest fires, or preferred to work in the community on construction projects;

³⁶ Channel Area Loggers, Annual Report 1974/75, Berens River, 1975, p.6. N.B., A similar situation was noted in the operating year 1975-76, Annual Report 1975/76, p.3.

2. low man-day productivity; and
3. frequent equipment breakdown, resulting in repair cost of \$62,000 (1974/75) and \$124,000 (1975/76)

During 1975, supplementary letters of patent were issued to increase the authorized capital from 25,000 common shares to a total of 35,000 common shares of \$10.00 par value. The Government of Manitoba purchased \$300,000 of common shares equity to alleviate the high cost of the company solely operating on bank loan financing.

2.7.4. The Operation since 1976

A change in the Board of Directors during 1976 brought changes in the company. A logging consultant was hired in April 1976 to evaluate the company's performance, and to make recommendations for improvement.³⁷ The logging method used by Channel Area Loggers was the biggest problem according to the consultant, and he recommended:

1. Using the cut-bunch-forward method, a labour intensive method;
2. disposal of all hauling trucks and skidders. The skidders were found to be too light for this type of operation;
3. concentration of the logging operation in the Pigeon River area, eleven miles south of Berens River;
4. improvement of the communications (radio and road) between the community and the work area;
5. improvement of the job costing methods; and
6. further training of the workers.

Based on these recommendations, the Board of Directors decided to

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The recommendations for improvement are presented in a study by MacNally, J.A. Channel Area Loggers Ltd. A report on its logging operation at Berens River, Manitoba, Montreal, 1976.

adopt the cut-bunch-forward method, and to dispose of all the skidders. It would mean scaling down to a more labour intensive from a capital intensive operation. Other recommendations were also carried out, such as disposal of the logging trucks and concentration of the operations at Pigeon River, which was already in process.

The biggest and most immediate problem troubling the Pigeon River camp was the communication between Berens River and the area.

Three options were available:

1. commuting by boat during the open-water season, and by winter road after freeze-up;
2. constructing an all weather road through muskeg and beaver backwaters, as well as two river-crossings; and
3. establishing a logging camp close to the cutting area.

Due to urgency and the nature of the options, the Board of Directors decided to establish a camp near the cutting area, a few miles upstream from the mouth of the Pigeon River. This camp, built during the summer of 1976, consists of 12 bunkhouses, a commissary, a maintenance shop and a diesel generator. About 36 to 48 people could be accommodated.

With the change in the Board of Directors, the appointment of an outside bookkeeper-comptroller resulted in stricter financial and budgetary control of the operation. It also resulted in local people getting training in bookkeeping.

The concept of owner-operator was also promoted. Under this concept, residents of Berens River would own and operate equipment to meet contracts with Channel Area Loggers. The objective was to

make these people self-reliant. Funding for the skidders, the use of which was rejected by the consultant, was obtained from Government agencies, such as the Department of Regional Economic Expansion.

Improvement in financial management, a changeover to a labour intensive logging method and the increase in prices received for pulpwood, as a result of hard bargaining with Abitibi created a situation where the losses were being reduced to \$140,700 (1976/77) close to one-third of the previous year's loss. Production rose to 9,694 cords, while about 37 man-years employment were created, similar to the previous two years.

A summary of the problems in 1976/77 shows:

1. continued absenteeism, for which reasons are given as availability of seasonal employment (fishing) and government funded make-work projects (temporary employment), which compete with Channel Area Loggers for labour during certain periods of the year;
2. poor radio-communication between Pigeon River and Berens River, leading to delays; and
3. hazardous communication, at times, between the community and the camp during the open-water season. The situation was aggravated because of low water in Lake Winnipeg during 1977, which created navigation problems due to shallow water, especially at the mouth of the Pigeon River.

Measures were taken during 1976/77 to overcome some of these problems: (1) improved radio communication by provision of a radio telephone at the logging camp, and (2) the purchase of a large barge to transport supplies from Berens River to the logging camp. The company started to increase the hiring of people from other disadvantaged communities in the Channel Area, such as Peguis and Koostatak, to overcome problems resulting from employee absenteeism.

Other improvements included the expansion of the camp, more bunkhouses, recreation and sanitary facilities. During the summer of 1977 a project, fully funded by the Provincial government, was undertaken to tow logs in rafts to Pine Falls, instead of transporting the wood by barge. If successful, this will provide a cheaper way of transporting pulpwood to the mill site, and may result in an increase in the price received for pulpwood.

2.8 Summary of the Development

In its development process, Channel Area Loggers has been troubled by a number of recurring problems. One of the major ones has been the participation of the people of Berens River. This results in a situation for the company, which in hiring people from other communities, faces the dilemma of making a trade-off between a true community (Berens River) operation and the continued viability of the operations.

The increased level of mechanization during the first three years put a high pressure on the continuity and viability of the operations. Highly mechanized operations require a regular work force, a high man-day productivity, and reliable communication channels for ordering supplies and parts, that are crucial for the continued daily operation. A regular work force being able to reach and maintain a high productivity, means a well-trained workforce that has also acquired industrial work habits. The change to a more labour-intensive operation, less dependent on a especially trained labour force, has been a sensible one, and the company's financial position improved.

Strict financial and budgetary controls are of importance for any company. The trends in losses per cord as well as the production figures are presented in tables 3 and 4. Various changes have resulted in a decrease in the loss per cord to about one third of the 1975/76 loss. The economic and social effects of Channel Area Loggers will be discussed in the following chapters.

CHAPTER THREE

ECONOMIC EFFECTS ON INDIVIDUALS AND THE COMMUNITY

3.1 Introduction

This chapter deals with the economic effects of Channel Area Loggers on the individuals, and the community of Berens River. The analysis was carried out for the period April 6, 1976 - March 31, 1977 to determine the economic effects.¹ The employment pattern was analyzed for the period January 1, 1976 - September 14, 1977.² Data was obtained from the payroll of Channel Area Loggers, which is completed every two weeks. Employment created and income generated by the company were related to other sources of employment and income in the community in order to establish the economic effects on the community. The chapter concludes with an analysis of effects on Government finances.

3.2 Employment and Income from Logging

Channel Area Loggers employed a total of 171 people during the operating year 1976 - 1977 (April 6, 1976 - March 31, 1977). Excluded from the analysis are the manager, who is employed year-round and receives a monthly salary; the bookkeeper-comptroller, who is paid by the Manitoba Department of RR & TS; and about five employees whose earnings could not clearly be determined.

¹See Appendices VIII and IX: Payroll Data, Channel Area Loggers, Berens River, April 6, 1976 - March 31, 1977 (financial data).

²See Appendices X and XI: Payroll Data, Channel Area Loggers, Berens River, January 1, 1976 - September 14, 1977 (employment pattern).

An analysis of the data presented in table 5, shows that a total of \$231,787 was paid out to 171 people during the operating year, representing 915 payperiods, which means an average of \$1355.00 per employee, or \$253.00 per pay period.³

Dividing the total number of pay periods (915) by the total number of employees (171), shows that the average employee worked 5.35 bi-weekly pay periods, or about 10.5 weeks.

The analysis further shows that \$186,212 (80 per cent of the total wages) was paid to Berens River employees, and \$45,575 (20 per cent) to outside employees. Residents of Berens River, 135 people (79 per cent) accounted for 767 pay periods (84 per cent), and the outside employees, 35 people (21 per cent) accumulated 148 pay periods (16 per cent).

Assuming that one man-year of employment consists of 25 pay periods (25 two-week pay periods of employment and one pay period of holidays), it is estimated that a total of 37 man-years of employment have been created (915 pay periods divided by 25 pay periods per year). For 37 man-years of employment, a total of 171 employees were needed, which indicates 4.6 employees per man-year employment. This may be an indication of employee absenteeism and instability of the labour force.

Six non-residents were needed to create one man-year of employment, compared to 4.4 residents of Berens River for one

³In some cases the gross earnings per individual represent earnings from labour and income from equipment rental. For the purpose of this study these earnings have not been separated, but are considered as income from employment.

TABLE 5

COMPARISON OF ECONOMIC EFFECTS ON BERENS RIVER
AND OUTSIDE EMPLOYEES DURING 1976 - 1977

	Berens River Employees		Outside Employees		Total
Number of employees	135	(79%)	36	(21%)	171
Number of pay periods	767	(84%)	148	(16%)	915
Pay periods per employee ¹	5.68		4.11		5.35
Man-Years employment ²	31		6		37
Employees needed for one man-year of employment ³	4.4		6		4.6
Total earnings (\$)	186,212	(80%)	45,575	(20%)	231,787
Earnings per employee ⁴ (\$)	1,379		1,266		1,355
Earnings per pay period ⁵ (\$)	243		308		253

SOURCE: Pay-roll data Channel Area Loggers, April 6, 1976 -
March 31, 1977. Channel Area Loggers Ltd. Berens
River, 1977. See also Appendices VIII - XI.

¹Number of bi-weekly pay periods divided by number of employees;

²Number of pay periods divided by 25, which indicates the number
of pay periods per man-year employment;

³Number of employees divided by man-years employment;

⁴Total earnings divided by number of employees; and

⁵Total earnings divided by number of pay periods..

for one man-year of employment. Average earnings were \$1379 per Berens River resident, and \$1266 per non-resident. The average earnings per individual pay period were \$243.00 and \$308.00 respectively.

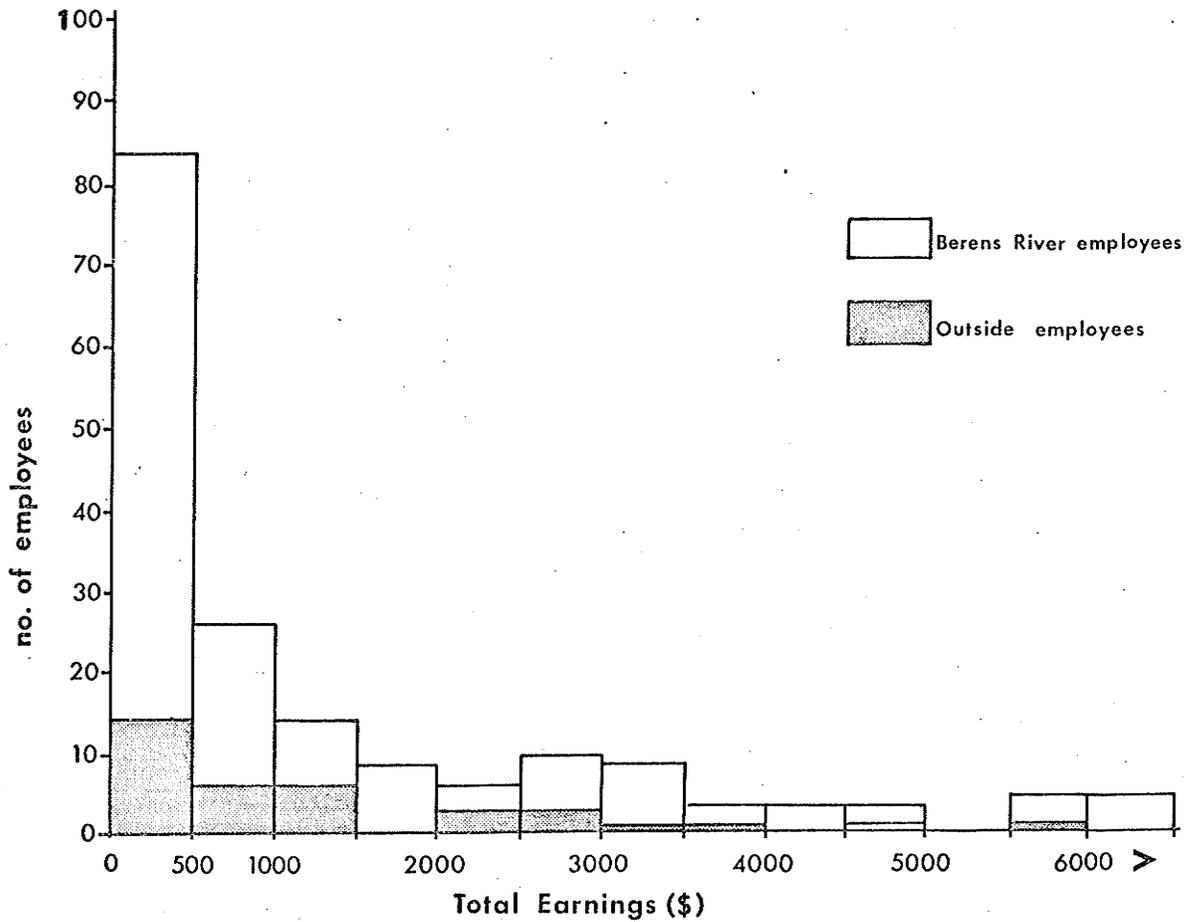
Payroll data was used to determine the distribution of the total earnings among the employees. The analysis shows that the upper five per cent of the employees (nine people) accounted for 30 per cent of the earnings; the upper 25 per cent earned 77 per cent, and the remaining 75 per cent received only 26 per cent of the payroll, as presented in Appendix XII.⁴

Many of the employees were intermittently and seasonally employed, so that the above distribution forms only part of the analysis. Figure 3 classifies employees total earnings into classes of \$500, showing that 49 per cent of the employees (83 people) earned \$500 or less per person; only eight employees earned in excess of \$5000 during the operating year. Six of these eight employees were either hourly paid or on salary, while only two were involved in pulpwood cutting, and paid on a piece-work basis. Seven of these eight employees, were employed for a duration of 14 - 24 pay periods, which is substantially longer than the average of 5.35 pay periods.⁵

⁴See Appendix XII: Distribution of Earnings among employees during the 1976 - 1977 operating year.

⁵S. R. R. Robinson, bookkeeper - comptroller, Channel Area Loggers, Personal communication, 1977.

Figure 3: Number of Employees classified according their Total Earnings during the 1976 - 1977 operating Year with a Distinction between Berens River and Outside Employees (Earnings classes of \$ 500)



SOURCE: Payroll data Channel Area Loggers Ltd, Berens River.
(1976 - 1977 operating year)

Note: A summary of the supporting data is attached as Appendix XIII



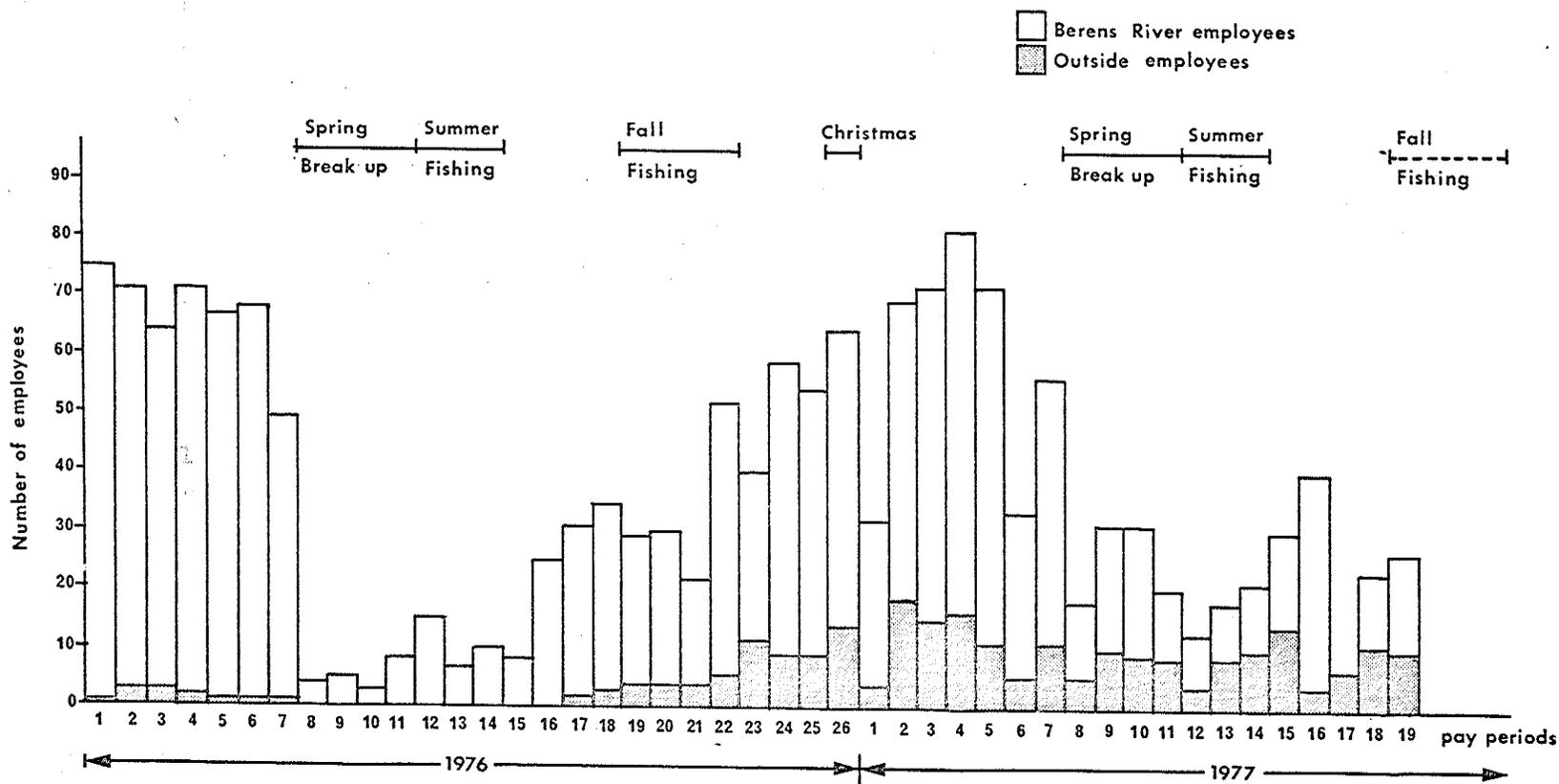
3.3 Employment Characteristics

The employment pattern of the employees for the period January 1, 1976 to September 14, 1977, with a distinction drawn between Berens River and outside employees, shows that peak employment occurs during the winter season, from mid-October to mid-April when spring break-up starts. Employment during the summer of 1976 was lower than during the summer of 1977, because of relocation of the operations to the Pigeon River area. Generally, low summer employment in logging is caused by alternative employment opportunities in the community such as fishing and community projects. Higher participation during the summer of 1977 was due to recruitment of employees outside Berens River. According to Figure 4, which displays the employment pattern of Channel Area Logger, the correlation between alternative employment and changing participation is not exact. The rather abrupt decrease in employment during spring is due to break-up. Social and cultural reasons may also account for this change in participation in logging. The same reasoning seems to be valid for changes in the fall before the fall fishing starts.

3.4 Individual Earnings and Time Commitment

The number of pay periods spent in logging is related to the individual earnings, so that an insight into the employment pattern of the employees can be obtained. Average earnings per pay period per employee were calculated by dividing total income derived from logging by the number of pay periods worked.

Figure 4: Employment Pattern of Channel Area Loggers' Employees during the period January 1, 1976 - September 14, 1977, with a Distinction between Berens River and Outside Employees (Based on bi-weekly payperiods).



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SOURCE: Payroll Data Channel Area Loggers Ltd., Berens River.
January 1, 1976 - September 14, 1977.

Note: This diagram is based on data presented in Appendices X and XI.

However, as no daily production records are maintained by the company, the daily earnings per individual employee could not be calculated. This analysis therefore compares earnings per pay period between employees who may have spent anywhere from one to 14 days per pay period in logging.

The number of employees are classified according to the number of pay periods worked as shown in Figure 5. This shows that 22 per cent of the employees (32 people) spent one pay period in logging; 17 per cent spent two pay periods, and 12 per cent spent three pay periods. Thus, 50 per cent (85 people) spent three pay periods or less in logging, either continuously or intermittently. Thirty-seven per cent (64 people) spent above average time, more than 5.35 pay periods in logging.

The number of employees are classified according to their average earnings per pay period worked (in \$25 classes), as shown in Figure 6.

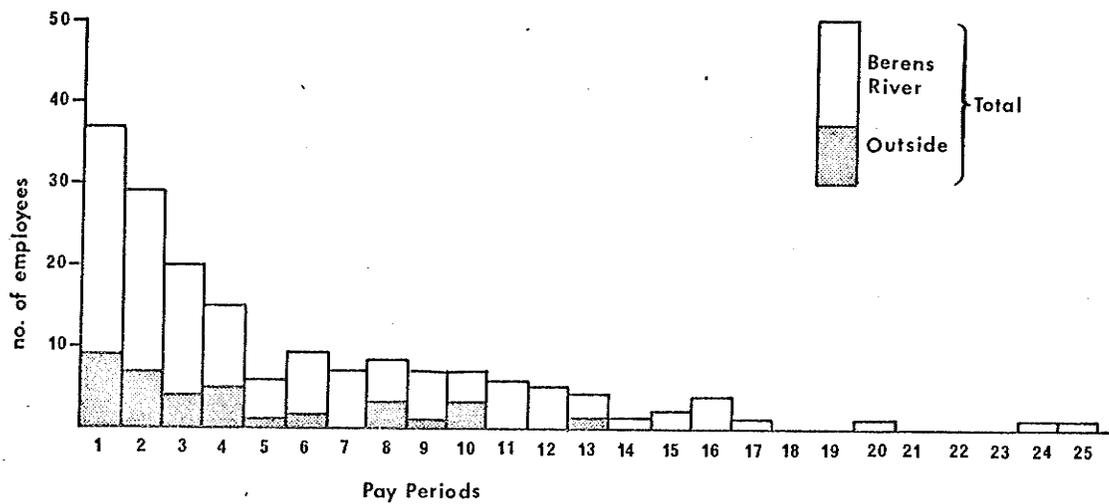
This shows that 53 per cent (91 people) received earnings of \$175 or less per pay period, and 29 per cent (50 people) earned more than \$253 per pay period, which is the average.

It seems then that a large number of employees spend a relatively short time in logging. An even larger percentage of people (71 per cent) received less than average earnings.

3.5 Effects of Channel Area Loggers on the Economy of Berens River

Data is gathered regarding other sources of income in

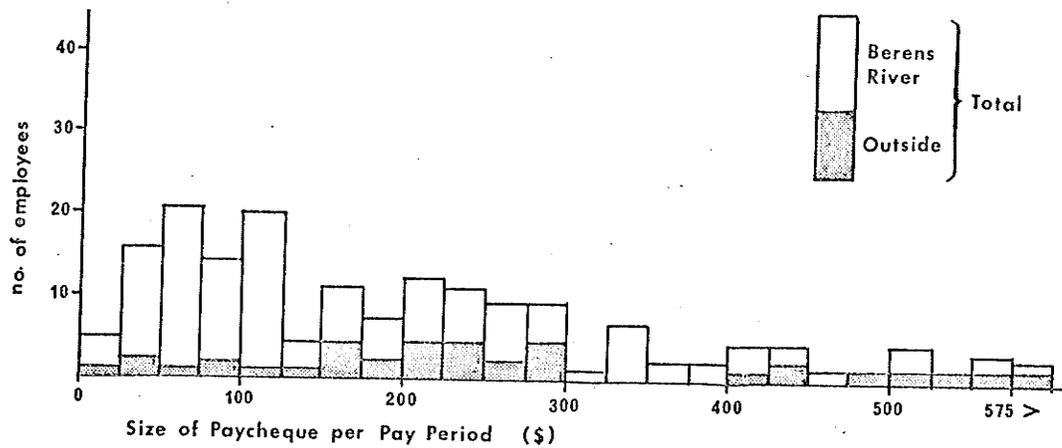
Figure 5: Number of Employees classified according Number of Payperiods worked during the 1976 - 1977 Operating Year with a Distinction between Berens River and Outside Employees.



SOURCE: Payroll Data Channel Area Loggers Ltd., Berens River.
(1976 - 1977 operating year)

Note: A summary of the supporting data is attached as Appendix XIV

Figure 6: Number of Employees classified according their Average Earnings per Payperiod during the 1976 - 1977 Operating Year with a Distinction between Berens River and Outside Employees (in classes of \$ 25)



SOURCE: Payroll Data Channel Area Loggers Ltd., Berens River.
(1976 - 1977 operating year)

Note: A summary of the supporting data is attached as Appendix XV

Berens River⁶, so that employment created and income generated by Channel Area Loggers can be put in perspective of the economy of the community. These sources of employment and income are:

- (1) permanent employment, which is mainly created by the services sector, including government;
- (2) seasonal employment, which includes fishing, trapping and logging; and
- (3) transfer payments, consisting of (a) federal and provincial welfare payments; (b) family allowance payments; (c) old age pension and guaranteed income supplements; and (d) unemployment insurance benefits.

Most of the necessary information could be obtained for the period April 1976 to March 1977, which is the same as the operating year of Channel Area Loggers. Information regarding permanent employment is estimated, while for unemployment insurance benefits the assumption is made that payments for the period September 12, 1976 to September 6, 1977 are equivalent to those of the above mentioned period.⁸ An important source of income not included, is income generated by temporary make-work projects funded under such programs as Local Initiative Programs (LIP) and Canada Works. These projects have a consi-

⁶ See Appendix X: Other Sources of Employment and Income in Berens River, which presents an extensive overview of sources of employment and income in Berens River during the period April 1976 to March 1977.

⁷ Logging is classified under seasonal employment, because for many employees it means seasonal or temporary employment. It must be noted however that Channel Area Loggers provides year round employment. See Appendix X: Employment pattern Berens River Employees which shows that for a number of people logging is seasonal employment.

⁸ Unemployment data prior to this period were not available.

derable effect on the economy of the community. For example, in the period January 1977 to March 1978 a total of \$140,000 was paid out to 51 people, representing 20 man-years of employment⁹. An overview of all sources of income and employment (excluding makework projects, for which no data could be obtained for the period under review) is presented in Table 6 and Figure 7.

An analysis of these sources shows that, within the primary sector, fishing, logging and trapping account for 42 per cent of the total income. Logging represents the largest source of employment with 37 man-years of employment created. Fishing accounts for an estimated 18 man-years annually. The forest resource in the Berens River area is largely unutilized, as demonstrated in Appendix VI.¹⁰ As the community has an increasing need for jobs, logging, if expanded, appears to be the only source of employment that could create more jobs. It may be argued that Channel Area Loggers has not been profitable to date, for reasons mentioned in Chapter II, and that it has required government subsidies. However, present trends indicate that a profitable position is possible. Even under a loss situation, there are spin-off effects that may offset these losses, as will be shown in section 3.6.

Fishing is restricted to a fixed number of people due to government regulation. Trapping in the Berens River area could

⁹ See Appendix XVI, section 5, which presents the projects carried out during the 1977-1978.

¹⁰ See Appendix VI: Forest Resources in the Berens River area.

TABLE 6

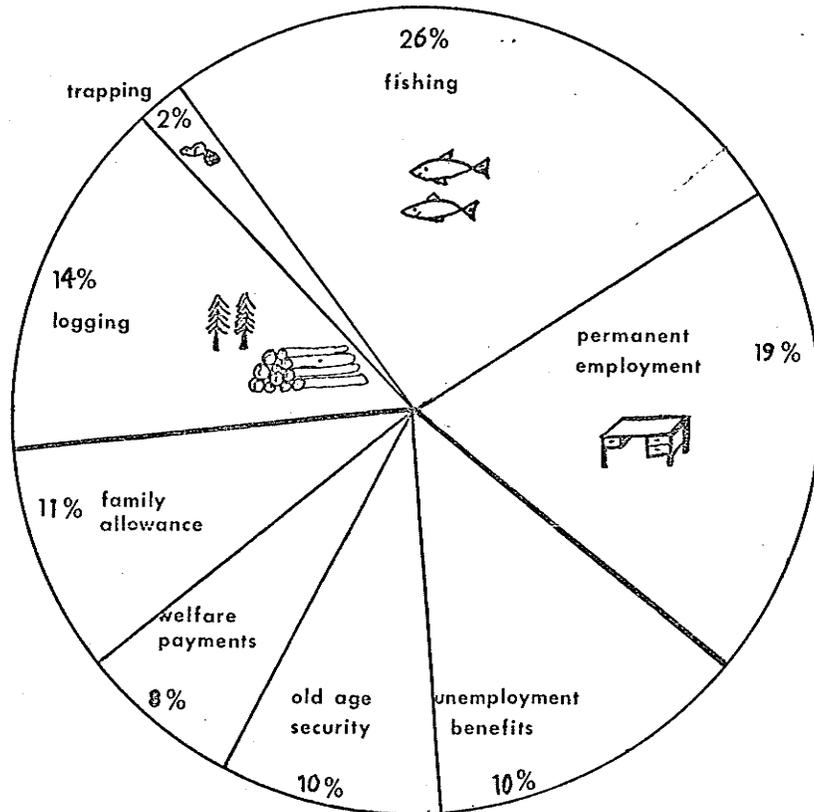
SOURCES OF INCOME IN BERENS RIVER
(April 1976 - March 1977)

Source	Income (\$)	Percentage Of Total	Number Employed	Remarks
<u>Employment</u>				
1. Permanent (Services)	250,000	19	35	Data estimated
2. Seasonal (primary)				
Fishing	342,166	26	60	18 man-year employment estimated.
Logging	186,212	14	135	Berens River only; 27 man-years employment.
Trapping	32,854	2	51	--
Sub-Total for seasonal	561,232	42		
<u>Transfer Payments</u>				
1. Welfare payments	102,424	8	-	
2. Family allowance	146,281	11	541	
3. Old age security	135,622	10	48	
4. Unemployment benefits	125,956	10	121	(Sept. '76 - Sept. '77)
Sub-Total for transfers	510,283	39		
TOTAL from all sources	1,321,525	100		

SOURCES: Personal Communication with various Government Departments during 1977. See Appendix XVI for an extensive overview of these sources.

N.B. - Government funded make-work projects are not included in this table.

Figure 7: Distribution of Income in Berens River according to Sources in the 1976 - 1977 operating year (in percentages of total income)



SOURCE: Information was obtained from various Government Departments.

Notes: Income from make-work projects during this period is excluded.

A summary of the supporting data is presented in Table 6; an extensive overview of these sources of employment and income is attached as Appendix XVI

be expanded. However, a doubling of the harvest (assuming the resource allows this) would not result in a significant increase in employment. Besides, trapping remains a seasonal occupation. Permanent employment opportunities in the services sector are not likely to be expanded.

It seems that a number of the transfer payments will continue to make up a large share of the community's income. Welfare payments have shown some decrease during 1976 - 1977 and people presently eligible are physically unable to work. Family allowance and old age security payments are based on age limitations, and therefore are unrelated to employment. Unemployment insurance benefits could be reduced if the eligible people were employed on a full time rather than a seasonal or temporary basis.

Regarding temporary make-work projects, it may be noted that these projects result in benefits for the community. However, by their very nature they do not usually provide any long term employment. On a number of occasions, these projects have competed with Channel Area Loggers for labour, which resulted in temporary shortages in the logging, especially during summer periods.

Considering all sources of income, (except that from make-work projects) it can be calculated that the total income of \$1,321,515 divided by 971 people (Berens River population) results in a per capita income of \$1,361 for the period April 1976 to

March 1977¹¹, which is well below the Canada and Manitoba averages of \$3,839 and \$3,594 (1973) respectively. Besides, transfer payments make up 39 per cent of the per capita income in Berens River, which shows that income from employment takes a very small share in dollar terms (only \$835), when compared with the Manitoba and Canada per capita incomes.

3.6 Effects on Government Finances: Provincial and Federal

Channel Area Loggers created 37 man-years of employment during the operating year 1976 - 1977, of which 27 man-years may be attributed to the Status Indian population and 10 man-years to the non-Status Indian and non-native population. It is thereby assumed that the proportion status to non-status employees is similar for workers hired outside Berens River.

¹¹As noted before, income from make-work projects has not been included in this estimate which means that it is too low. On the basis of expenditure information available on make-work projects in the period 1977 - 78 it can be assumed that approximately \$100,000 was spent in wages on these projects during 1976-77. Therefore, per capita income may be approximately \$100 (or seven per cent) higher than the estimate of \$1,361. It must be noted that the assumption concerning expenditures on make-work projects is imprecise and that further research is needed.

The Provincial Government had to provide a subsidy of \$140,700 during the operating year 1976 - 1977. However the presence of the company generated a number of benefits for the Government, so that the net cost is smaller than the subsidy. Benefits occurred in the areas of stumpage fees, provincial income taxes, credits for cost of living allowances, provincial sales tax, and provincial welfare payments¹². When the financial gains and costs are put in balance from a provincial point of view, it shows the following:

PROVINCIAL BALANCE

Financial Gains		Financial Costs	
Stumpage fees	\$ 19,370	Subsidy	\$140,700
Prov. Inc. Tax	3,589		
COLA Credit	623		
Prov. Sales Tax	840		
Prov. Welfare	42,642		
TOTAL Gains	<u>67,064</u>	TOTAL Costs	<u>140,700</u>
Net Cost	<u>73,636</u>		
TOTAL	\$140,700		<u>\$140,700</u>

The existence of Channel Area Loggers resulted in a net cost of \$73,636 to the Provincial Government, because of a number of financial gains of \$67,064 during the operating year 1976 - 1977.

¹² See Appendix XVII: Calculation of the Effects on Government Finances, for a more extensive overview of the calculations of the different categories.

From a federal point of view, benefits or gains occurred in the areas of federal income taxes, federal welfare, and premiums or unemployment insurance and Canada pension plan.¹³ Only if all employees would have been on welfare in the absence of Channel Area Loggers, the federal balance would show as follows¹⁴:

FEDERAL BALANCE

Financial Gains		Financial Costs	
Fed. Income Taxes	\$ 1,073	No Costs	\$ -
Fed. Welfare	90,833	Total Gains	106,706
UIC/ CPP premiums	14,800		
TOTAL	<u>\$106,706</u>	TOTAL	<u>\$106,706</u>

It appears that the Federal Government benefits to a large extent from the presence of Channel Area Loggers, mainly because of savings in welfare payments.

From an overall point of view, combining all provincial and federal gains and provincial costs, the balance shows the following:

COMBINED BALANCES

Financial Gains		Financial Costs	
Provincial Gains	\$ 67,064	Provincial Subsidy	\$140,700
Federal Gains	106,706	Combined net gains	33,070
TOTAL	<u>\$173,770</u>		<u>\$173,770</u>

¹³Gains in the area of Federal Sales Tax have not been included.

¹⁴See Appendix XVII, Calculation of the Effects on Government Finance.

Despite an operating loss of \$140,700, the overall financial gains of the company for the combined levels of Government are substantial. The gains are mainly in the area of welfare payments, where a total of \$133,475 is saved. The combined gains are about \$33,000 larger than the provincial subsidy. However, the presence of Government grants and loans, depending on source and type of funding, may reduce the combined gains when considered in a long term analysis.¹⁵ Further study could also determine the magnitude of the financial loss which could be sustained.

If the number of man-years of employment could be increased, by increasing the number of employees, the savings could be even greater, provided the amount of subsidy to cover the operating loss of the company did not increase. A further reduction in the losses of the company would reduce the need for subsidization of the company, and would possibly show financial benefits for the Provincial Government. The analysis shows that development programs, when considered in an overall perspective, are not as costly as one is often led to believe. The answer is that development programs such as Channel Area Loggers are justified on other grounds than income distribution. Finally, on the basis of the analysis, it could be argued that where provincially initiated projects result in large financial savings for the Federal Government, a share of these savings should be made available as a rebate to the Province.

¹⁵ Further analysis is required to determine the effects of government grant and loans.

3.7 Summary

Channel Area Loggers employed 171 people during the period April 1976 to March 1977, representing 37 man-years of employment. Peak employment occurred from freeze-up to break-up. Participation during the summer periods of 1976 and 1977 was low, because of other employment available. Participation on an individual basis is rather limited as the average time spent in logging is 5.35 pay periods (or approximately ten and a half weeks) per employee. The average earnings per employee were \$1,355 for this period. One quarter of the employees accounted for three quarter of the earnings. The majority of the employees (63 per cent) spent less than the average time in logging, and 71 per cent earned less per pay period than the average of \$235 per pay period.

Logging as a part of the Berens River economy accounted for 14 per cent of the total income, but provided the largest single source of employment. It is also the only source of employment with a significant potential for considerable expansion. Other employment opportunities remain limited. Make-work projects are temporary, and do not create any long term employment. Transfer payments accounted for 39 per cent of the total income, which was above the rate for remote northern communities during the period 1972-73. Per capita income is far below the per capita income for Manitoba and Canada, which shows the need for improvement in the Berens River situation.

An analysis of the overall effects of Channel Area Loggers on the finances of the Provincial and Federal Government during the operating year 1976 - 1977 shows that despite the losses,

which are subsidized by the Provincial Government, substantial financial gains occur. The financial gains occur mainly in the area of welfare, especially federal welfare, and offset the financial cost by \$33,000. Increased number of man-years employment, and reduction of losses, would result in a large overall saving for the two levels of Government.

CHAPTER FOUR

SOCIAL EFFECTS OF CHANNEL AREA LOGGERS

4.1 Introduction

This chapter deals with the social effects of Channel Area Loggers on the community of Berens River. An attempt is made to consider the effects on individuals, families, peer group and the community itself. The data was obtained through the participant observer method at the Pigeon River logging camp and through interviewing people in the community during the summer of 1977. The data is presented, as far as possible, in an integrative manner, which includes the views of the people. A brief discussion regarding some of the community characteristics precedes the presentation and discussion of the social effects of Channel Area Loggers.

4.2 Community Characteristics¹

Berens River is relatively isolated and has therefore been by-passed by many of the major developments that have affected most other communities in Manitoba. Historical and recent influences, the fur trade, the Treaty of 1875 and the Provincial and Federal Government administration, have affected the people in such a way that they have become dependent, to a large degree, on outside assistance and initiative. Exceptions must be made for a number of people including the non-Status (Metis) people, who were called the 'forgotten people' and who had to do without any assistance for a long time.

¹It must be noted that in a discussion of community characteristics, the danger of stereotyping exists. However, to get an impression of the community, the people, and their way of life, questions regarding these aspects were asked and answers recorded and presented in this chapter.

Recently, steps have been undertaken to change and improve the situation of underdevelopment and dependence in Berens River, but historical events have affected the people in such a way that they are not (yet) in a position to make community development -- and Channel Area Loggers as part of it--an immediate success.

In general, the people of Berens River are characterized as very much present-need oriented: living on a day-to-day basis.

Hallowell notes:

Like the Indians of an earlier day, the chief problems they have to solve are the practical ones that face them daily in order to make a living. ²

Hallowell based this conclusion on field work carried out in Berens River during the period 1930-1940.³ However, recent literature seems to support the present validity of this statement. For example, Kelly (1976) in comparing Ojibway versus Euro-Canadian values notes that the "former is present-need oriented; the latter cumulative."⁴ Some of the statements made by Berens River people also seem to indicate this--as one person observed;

People work when they need money.

(non-status Indian, involved in logging)

Another person noted:

Berens River people see Channel Area Loggers as a source for money when they need it. Before paydays there are always more people working, and before Christmas the bush is just filled.

(Status Indian; involved in logging)

²Hallowell, op.cit., p.131.

³Ibid., p.112.

⁴Kelly, F., MacMillan, J.A., and Lyon, S., A Socio-Economic Impact Evaluation Framework for Treaty #3 Area Development Projects, Progress Report, Department of Agricultural Economics, University of Manitoba, Winnipeg, Manitoba, September, 1976, pp. 3-7.

Data revealing the employment pattern as displayed in Table 4 indicates a large number of people employed in logging for a short time, and a large number involved in pulpwood cutting prior to Christmas. One of the consequences of a present-need orientation seems to be the lack of planning for the future, which may result in a "feast or famine" situation as one community resident put it. The difference in values may then result in a work attitude that does not meet the requirements of an enterprise such as Channel Area Loggers.

However, it can be successfully argued that there are also people in Berens River who plan for the future. As one person stated:

We were a big family; always poor. I didn't like that. To be better off, you have to plan ahead.

(non-status Indian; community leader and involved in logging)

Consequently, this person planned ahead and invested in some equipment, so that he would be able to make a living by having his own enterprise. When asked how he felt about having to borrow money, he indicated this was no problem as long as he would be able to make payments. He felt he would be in a stressful situation if he did not have the money to make the payments. Data regarding the employment pattern of Berens River employees shows that there are people who work on a regular basis. Based on his field research, Hallowell notes:

There are no large ventures to be planned by anyone, nor has the individual any responsibilities that extend beyond the members of his family group. (Even the chief has very little more).

However, at present people are involved in enterprises and ventures such as those by the Community and Band Councils in Berens River. A number of people from the community were also involved in the establishment of the Berens River Pulpwood Co-op and later events leading to the inception of Channel Area Loggers. A number of community residents are members of the Board of Directors of the company.

One other characteristic of the people of Berens River is their family orientation. It is said that they have strong family ties, which may explain why family members are reluctant to enter into situations where they are separated from their families for any length of time such as living at the Pigeon River logging camp. It also explains the refusal of individual entrepreneurs to hire other employees than family members, even if family members would not be available for a longer period of time, despite the fact this could be disadvantageous for the enterprises.

4.3 Effects on Community Unity

The presence of Channel Area Loggers in Berens River has favourable effects on the unity of the community. As one person observed:

It (Channel Area Loggers) helped in bringing the Treaty and non-Treaty people closer together.

(non-native long term resident)

The division between these two groups, causing "hostility and mistrust"⁶ can be historically explained because Government administrations have created artificial and physical boundaries. The signing of the Treaty (1875) not only resulted in the Federal

⁵Hallowell, op.cit., p.131.

Government assuming responsibility for the Status Indians, but also in the creation of Indian Reserves. The non-status Indians became the responsibility of the Provincial government. Even the present administrations maintain the division, because the situation is reinforced when projects funded under such programs as LIP, Canada Works and Young Canada Works, and sponsored by representatives of the two groups, results in separate employment for the Status and non-Status Indians.⁷ Regulations regarding income taxes, sales taxes and housing are other examples.

Although Channel Area Loggers cannot change the differences in regulations and responsibilities, the company provides employment opportunities in which residents of Berens River can participate, thus helping to overcome the division by bringing the groups together through better understanding and cooperation.

4.4 Effects of Employment Opportunities.

One of the effects of Channel Area Loggers is the creation of permanent employment opportunities in the community. With a growing population, a need for more jobs exists. As one person commented:

Berens River needs Channel Area Loggers, for it provides jobs and income.

(non-native long term resident)

and another person:

Channel Area Loggers is good for the community.

(non-Status Indian, not involved
in logging)

⁶Winestock, L. Intake Evaluator, Eastman Region, Manitoba Department of Health and Social Welfare, Beausejour, 1977. Personal communication regarding a departmental description of the community of Berens River (1969).

⁷In this context, see a description of the 1977-78 make-work projects, as attached in Appendix XVI, Table 10.

It was also noted that if Channel Area Loggers was not there, the only alternative for people employed in logging in Berens River would be welfare. Fishing cannot sustain any further increases in employment. People would have to leave the community to find employment, so that the company reinforces the stay-option. For example, during 1976-77, as many as 135 Berens River people were employed in logging at one time or another, which represented 31 man-years of employment. The 135 people form 57 per cent of the 1977 potential male labour force.⁸

Different types of jobs are created by the company with the associated development of skills: leadership, managerial and mechanical. The jobs created involve duties of foreman, mechanic, truck driver, operators of mechanical equipment (skidders, forwarder, bulldozer and hydraulic loading equipment) and pulpwood cutting.

One of the machine operators indicated that he liked what he was doing and showed satisfaction in being able to operate equipment, something which he had taught himself by doing. He felt confident in teaching other employees how to operate the equipment (status Indian).

Two persons, who indicated they were interested in seeing the company be successful, said that it would mean employment opportunities for their children (both non-status Indian). One of them thought that the company was the only alternative, since he did not think his children would become fishermen due to the strict regulations.

⁸The potential male labour force in Berens River in 1977 was 232 people as shown in Table 1.

Another person who had held a number of jobs within the company noted that for him it meant making a living as he did not like to be on welfare or draw unemployment benefits. The Company provided him with an opportunity to plan ahead to stay in Berens River (non-Status Indian; younger person). Without Channel Area Loggers he would have to go elsewhere, something he did not seem to like. He expressed an interest in working in a more responsible position. It must be added that he became somewhat disappointed later on, and left for employment outside Berens River. Lack of responsibility was given as one of the reasons.

It seemed that a number of the people who had been operating skidders before felt disappointed because of the decision to discontinue this type of an operation. However, it must be added that the operators did not show up regularly, thus leaving the machine idle. This raises the point that a highly mechanized operation requires a regular work force, to be successful.

Some reactions from outside employees indicated that they also liked what they were doing. One employee who had been employed in logging elsewhere commented:

I like it here because I make good money.

(Status-Indian from Peguis)

Another person, who had also been employed in logging, noted:

I like working in the bush; you're kind of independent and you work for your money. You make an honest dollar.

(Status Indian from Peguis)

He also said that he liked working for Channel Area Loggers because he was close to home and family.

4.5 Community Involvement and Participation in the Company

Involvement in the company by the people of Berens River is considered to be one of the main problems facing the Company.

Two types of involvement can be distinguished:

1. participation in the operation throughout the year; and
2. involvement in the decision making process.

Involvement in the Company appeared to be a rather complex problem, when interviewing the people.

4.5.1 Participation Throughout the Year.

Figure 4 in the previous chapter shows that participation in the operation is the highest during the winter season, with a low during the Christmas holidays and spring break-up. Generally, participation is low during the summer months.

During the summer of 1976, the Company relocated its operation from the area east of Berens River to the area south of the Pigeon River, where a camp and roads had to be constructed. Full-scale and year-round cutting operations were possible in this area since the fall of 1976. As Berens River people were not familiar with a year-round operation, this may partially explain the varying level of participation. Periods of hot and humid weather together with insects make working conditions during the summer less attractive.

Fishing is so important, in both an economic and cultural sense, that the people do not want to give it up for logging. The nature of the work involved in fishing and the amount of income generated explain the preference, so that, for fishermen, logging remains a supplementary source of income.

Despite an increase in the overall income derived from trapping in the 1976-1977 season compared with the previous year,⁹ trapping is not a significant source of income or competitor for labour. Most trappers are older people, while young people do not seem to be actively interested. It appears that young people in remote communities are often not familiar with life in the bush and are not interested in trapping because the work is too hard compared with other employment. Trapping still has some cultural significance for Berens River people.¹⁰

A large number of interviewees indicated that the Government funded make-work projects were competing for labour and that people preferred to participate in these instead of logging. These projects offer short term employment and hourly wages. They are usually carried out within the community of Berens River. Reactions were noted such as:

*Berens River people seem to prefer hourly jobs,
such as those on LIP;*

(non-Status Indian, involved in logging)

Government projects keep the people from logging;

(non-Status Indian, involved in logging)

Government projects create a welfare attitude;

(non-native, involved in logging)

These projects compete for labour;

(non-Status Indian)

⁹Income from trapping increased to approximately \$32,900. (1976/77) from \$19,700 (1975/77) for about 51 trappers in each year. F. Desloges, Manitoba Department of RRIS, Personal Communication, regarding Fur and Game Crop Census and General Reports 1975/76 and 1976/77, Berens River Registered Trapline, Winnipeg, 1977.

¹⁰These observations are supported by Ramsay, D.B. in The Economic and Socio-Cultural Situation of Native Trappers in Northern Manitoba, Natural Resource Institute, Winnipeg, 1975, p.72.

People like to work in the community.

(non-Status Indian)

Despite these reactions, a number of other opinions were recorded, for these employment creating projects are usually aimed at stimulating community development, just as Channel Area Loggers was designed to do.¹¹ Community residents made the following comments:

*We need these projects for jobs and community development.
We have to look in the future, too.*

(Berens River Indian Chief)

*There is too much work available in the community
at times.*

(non-Status Indian; older person)

*When there is a choice of work, people don't
have to commit themselves*

(non-Status Indian, older person)

The availability of different sources of employment at the same time means that people can express their preference in the choice they make.

Several people in Berens River have expressed their interest in Channel Area Loggers as they would like to see it become successful. They recognize the need for employment in the community as well as the need to satisfy the needs of their families. However, it appears that a number of people have a different opinion about the interest of some people in the company as noted during the interviews:

¹¹See Table 10 which lists the 1977-78 make-work projects.

Berens River people are offered so much; the problem is that they don't seem to value the operations. They don't have to go out to look for work like we have to, for in Peguis there is nothing. I think they are not motivated.

(Status Indian from Peguis)

People of Berens River don't feel part of it; they don't care about the operations. There is lots of talk, but no action, no commitment.

(non-Status Indian, involved in logging)

I don't think people are interested at all. They don't like to move.

(non-Status Indian, not involved)

I don't think that if Channel Area Loggers was gone, it would make any difference to the people of Berens River, except in the winter maybe, for they are not interested in making money.

(non-Status Indian, involved in logging)

These seem examples where lack of interest and commitment and a different value system may cause problems for Channel Area Loggers in terms of community involvement.

The level of participation during the open water season may be affected by the problem of daily commuting between the logging camp and the community. Travel conditions on Lake Winnipeg are influenced by the weather which can make travel hazardous. Staying in camp interferes with the family oriented cultural patterns. It must be noted that the presence of cabins creates the possibility for employees to take their families with them. However, this in turn, may pose difficulties for families who have school age children.

Limited possibilities for social interaction and few recreational facilities may have added to the problem of absenteeism. Some people stated:

I don't like it here because there is nothing to do in camp.

(non-status Indian, young person)

I don't think the idea of a camp works because people like to be with their families and their friends.

(non-native, long-term resident)

On the other hand, people commented:

I don't mind being away from home for when I was younger I was away for work for long periods of time. If I had a choice, I would like to be with my family.

(non-Status Indian, involved in logging)

I like it here, because it is quiet, and there is freedom.

(Status Indian, involved in logging)

The camp conditions have been improved since the acquisition of washing facilities with running water. Measures have also been taken to improve recreational facilities.

It appeared that people involved in the operation were mainly older people. One person noted that most young people are not familiar with the bush. However, some young people, when asked, expressed interest in working for Channel Area Loggers:

I like working outdoors. Fishing is o.k., but I like to change around a bit. I wouldn't mind working for the company.

(non-status Indian, involved in logging)

Regarding young people, one older person stated:

Young people don't have to make up their mind for a commitment. They have a choice of work in the community, or they live off their grandparents' pension cheques. They don't know what they want.

(non-Status Indian, not involved in logging)

Channel Area Loggers started to hire employees outside Berens River because of the low level of participation, especially during the summer season. Most people are recruited from the Peguis area, where unemployment among native people is also high. Some people thought that the presence of outside employees would create problems between them and Berens River employees. It was noted that:

The people resent outsiders coming here and take their jobs.

(non-Status Indian, involved in logging)

There is resentment against us taking their jobs, work and machines.

(Status Indian from Peguis)

On the other hand, some people indicated that they did not mind the outside employees at all, so the overall reaction seemed mixed to indifferent.

4.5.2. Involvement in Decision-making

Decision-making is, of course, an important part of the operations. Civil servants, businessmen and residents of Berens River form the Board of Directors, which is responsible for reaching the policy objectives of the company.

During the 1976-1977 operating year, two Berens River residents were removed from the Board because of a new policy regarding conflict of interest. New members were selected from the community. Although these people are involved in the decision-making process, other people felt that many decisions were made without local involvement. Some people felt that little decision-making was done locally, that "the operation was being run from Winnipeg " and that the decision makers were "not in touch with what local people wanted." These feelings may be an aftermath of the changes in the Board. It was noticed that this had caused some sensitivity for a period of time. It was the researcher's opinion that some of these feelings were more directed to the period prior to these changes, including the period in which the company expanded and experienced considerable financial losses.

4.6 Summary

Present need and strong family orientation are still important in the community of Berens River. It was noticed, however, that changes are occurring. A number of people are developing longer term goals which they would like to realize, not only for themselves but also for their children, in the presence of Channel Area Loggers. The company appeared to have a unifying effect on a community divided administratively.

The creation of employment opportunities in the community reinforces the stay-option, which seems to be favourable in a family oriented community. Jobs involving skill development and responsibilities appear to have a positive effect on people.

Fluctuations in the level of participation throughout the year form a recurring problem. To maintain the viability of the company people from outside the community were hired. Reaction to their presence was mixed to indifferent, so it seems that this does not pose significant problems. Reasons for the low level of participation during the summer months were given as the availability of fishing and government funded make-work projects in the community, as alternative sources of employment. The latter, in the eyes of many, were competing with Channel Area Loggers for labour. Preference for hourly jobs and work within the community were given as reasons for choosing to work on these projects. Despite the negative reactions, the need for make-work projects was recognized.

Although a number of community residents were committed to Channel Area Loggers, there was some indication that the lack of participation in the company could be attributed to lack of interest and motivation as well as incompatible cultural and personal values. The problems regarding travel during the open water season was a major obstacle. A lack of alternatives and hazardous conditions on Lake Winnipeg made daily commuting almost impossible during the summer, something which seems to interfere with the family oriented nature of the community. Participation by young people in logging appeared to be limited, because of unfamiliarity with the bush.

Some doubts were raised about local involvement in decision-making in the company. Some of the reactions seemed to be based on events prior to the summer of 1976. Not enough data was available to draw any conclusion about these doubts.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions and Recommendations

Data regarding the socio-economic evaluation of Channel Area Loggers with emphasis on the development process and the social and economic effects is presented, analyzed and summarized in the previous chapters.

Participation in the operation has been a long term key-problem. It is recommended that:

1. attempts be undertaken to motivate people to become more involved in logging, considering the nature of the community and the needs of the people;
2. local people be more involved in participating in the decision-making process;
3. special efforts be directed at the large group of young people to familiarize them with the woods and logging, for example, by establishing a pilot project in logging nearby the community;
4. an all-weather road be built between Berens River and the logging camp at Pigeon River to provide permanent access to the work area;

The level of mechanization is of crucial importance for the economic viability of the company. For future development projects it is recommended that:

5. appropriate technology be chosen, considering the requirements of a mechanized operation such as regular, skilled work force, proper infrastructure for support and the need for job creation, which requires labour intensive methods.

Berens River has a growing need for jobs and is surrounded by an underutilized forest resource. It is recommended that:

6. a study be undertaken to determine the feasibility of increasing the number of employment opportunities based on increasing forest resource utilization, considering local and external need for forest products other than pulpwood.

Despite the present need for Provincial subsidization, Channel Area Loggers creates a number of financial benefits for both Provincial and Federal Government. It is recommended that:

7. the Provincial government be reimbursed by the Federal government for part of the subsidy, considering the amount of benefits accruing to each level of government and amounts of funding provided in the past.

There appears to be competition for labour between Channel Area Loggers and other government funded projects. Recognizing the need for all of these projects, it is recommended that:

8. a plan be drawn up by all parties involved, to establish the short and long run supply of labour and the short and long run demand for various projects, so that an integrative and coordinated approach can be taken in community development planning.

Community development is a complex process, involving many aspects such as historical, socio-cultural, financial, economic and technical components. It has been shown in the evaluation of Channel Area Loggers that these aspects have important effects.

It is therefore recommended that:

9. evaluations of community development projects such as Channel Area Loggers be approached in a comprehensive manner to review a range of effects such as those included in this study.

10. evaluations involving local people be carried out on a continuing basis to assess the company in terms of community development.

In conclusion, in terms of numbers of future jobs and income needed in Berens River, Channel Area Loggers can meet most of the present and future needs, if utilization of the renewable forest resource is increased and forest management is intensified. The company as a vehicle for community development can then deliver an important contribution--if not the most important--in providing long term employment opportunities to the community of Berens River, thus offering the people opportunities for self-determination and an improved livelihood. The cycle of poverty with a future offering no choices for self-improvement may then be broken.

POSTSCRIPT ON COMMUNITY DEVELOPMENT

The complexity of community development in remote northern communities such as Berens River has been demonstrated in this case study. Community development is not a matter of "just plugging" the underdeveloped community into the larger socio-economic structure of a developed society. The gap between underdeveloped community and industrial society is too large to close within a short period. Underdevelopment can be defined as a situation in which people are trapped in a cycle of poverty, with a future offering few choices through no fault of their own.¹ Schumacher concludes that:

The greatest deprivation anyone can suffer is to have no chance of looking after himself and making a livelihood.²

The problem of underdevelopment is essentially an economic one, although it has to be understood that the aims of development are social³ -- to serve fundamental human purposes.⁴ Underdevelopment in Canada has created a dependency of the remote communities on Government assistance.⁵ The problem has an extra dimension because of different socio-cultural values in these communities when compared to the developed part of society. This means, according to Kelly⁶, that the remote

¹ See page 4, chapter I of this study.

² Schumacher, op.cit., p. 183.

³ Drewnowski, op.cit., pp. 86 - 88.

⁴ Brese, op.cit., p. 5.

⁵ Income from Government assistance for the period 1976 - 1977 accounted for 39 per cent of the community income in Berens River as shown in Figure 7 in this study.

⁶ Kelly, op.cit. pp. 3 - 7.

communities are being developed according to western industrial notions. Kelly further notes that this is being done by:

mass infusion of funds and short term programs geared to make them, if only for the season at hand, a participant in the good national economy ⁷

His skepticism is mainly based on concern that in reaching this "participation in the good national economy," native values are being neglected. It has been noted by Trudeau however, that the political order must struggle to permit the maintenance of individual and cultural identities. Trudeau further argues that the state must intervene to favour certain cultural and social values which would otherwise be destroyed by economic pressure. ⁸ It can be argued then that socio-cultural values must be considered in community development and evaluation, to

accommodate the expressed desires of the people, so that they may set priorities, strategies, means and evaluation standards by which they may judge their own progress. ⁹

Outside assistance has become necessary in community development. Every community has its own characteristics ¹⁰ so that neatly "packaged" and widely applicable programs are usually not the solution and may result in frustration for all.

⁷Ibid., p. 4.

⁸Trudeau, P.E., Federalism and the French Canadian, MacMillan, Toronto, 1966. pp. 21 - 35.

⁹Kelly, op.cit., p. 6.

¹⁰This point is also raised by Noel, P. in Impacts of Resource Development Policy on Remote Communities in Northern Manitoba, Natural Resource Institute, 1977.

parties involved.¹¹ Flexibility is a key factor, as noted by Barchyn, Kelly, and Noël.

Four basic principles for the community development task are suggested by Schumacher:

- (1) to create employment where people are;
- (2) to create cheap employment opportunities;
- (3) to keep production methods, organization, financing, marketing, and so forth simple; and
- (4) to produce goods from local materials, mainly for local use.¹²

Economic development is, according to Schumacher, primarily a question of getting more work done. Four essential conditions are recognized: (1) motivation; (2) know-how; (3) capital; and (4) markets.¹³ Motivation leads to participation and has to come from within the community, as demonstrated by the success of the Matheson Island Marketing Co-operative.¹⁴ A major question, which remains, is how to initiate this activity. Morris points in the direction of raising the awareness of the people regarding their situation and their needs.¹⁵ Barchyn et. al. conclude that:

the need is for an environment which fosters and encourages initiative where and when it arises. In addition, programs which provide a catalyst for independent activity are necessary. ¹⁶

¹¹Barchyn, D., Kok, E.W., Lexier, J., O'Shaughnessy, K.W., Vaisey, J. and Vogel, B.E., A Successful Native Community Enterprise: A Case Study of the Matheson Island Co-operative, Natural Resource Institute, Winnipeg, 1977 (unpublished paper) pp. 22-29.

¹²Schumacher, op.cit., p. 146 - 147.

¹³Ibid., p. 172.

¹⁴Barchyn et. al., op. cit., p. 28.

¹⁵Morris, D. and Hess, K., Neighbourhood Power: Returning Political and Economic Power to Community Life, Beacon Press, 1975. pp.16-45.

¹⁶Barchyn et.al., op.cit., p.28.

The Matheson Island Co-operative, established in 1962, is an example of a successful community development process. Five factors were recognized as contributors to the success of the Co-operative:

- (1) the people of this non-Status Indian community had to overcome periods of economic depression by themselves, as little or no assistance was available to them, so they took initiatives themselves;
- (2) the historical development of the community did not have a dominant centre of authority such as, for example, the presence of the Hudson Bay Company in many remote communities;
- (3) the role of decision-making stayed at the local level, and resulted in a need-oriented enterprise, based on appropriate technology;
- (4) technical and administrative assistance was successfully sought outside the community; and
- (5) most significantly, the Co-operative has always been conducted in a serious, business-like manner.¹⁷ In addition, the profits were reinvested in the Co-operative and in community related projects, or paid out to the membership in dividends.

In comparing Berens River to Matheson Island, different characteristics exist such as the size of the community, historical developments and socio-cultural aspects. Not all of these can be attributed to the problems surrounding Channel Area Loggers. The level and speed of mechanization caused a number of problems, however the financial position of Company improved after changes were made to a more labour intensive

¹⁷Ibid., pp. 25 - 27.

method of logging and after stricter financial and budgetary controls were implemented. The change in mechanization would be considered by Schumacher as follows:

If the people cannot adapt themselves to the methods, then the methods must be adapted to the people. This is the crux of the matter.¹⁸

In an evaluation of the impacts of resource development policy of the Manitoba Government on remote northern communities, Noel notes that there was inexperience with planning concepts, budgetary principles and the decision-making process. She also observes the hesitancy on the part of the Government to initiate and support long term programs, which then supports Kelly's statement.¹⁹

It seems then, that the role of Government should be primarily an advisory and training role to help the people help themselves. This means that Government should ensure self-supporting, self-reliant and independent development in remote communities.²⁰ It also means more local control in decision-making and financial arrangements. In short, more local power in determining the future of the community,²¹ so that personal and socio-cultural values can be maintained. Regarding financing, there may be conflict between more local control and government accountability for public spending. However, community development

¹⁸Schumacher, op. cit., p. 161.

¹⁹Kelly, op. cit., p. 4.

²⁰Schumacher, op. cit., p. 165.

²¹Valuable information is provided in Morris, D. and Hess, K., Neighbourhood power.

needs a stable environment, which can only be guaranteed by long term funding. Although this funding may not be recovered initially, it should be noted that in some cases, as demonstrated in this study, the benefits for the combined levels of government may outweigh the costs. This fact can be used to support arguments for provision of long term funding and more community control. The argument is made more powerful when intangible benefits such as community stability and employment are considered.

The concept of economic development as part of community of development, is best summarized by Schumacher:

Economic development is something much wider and deeper than economics, let alone econometrics. Its roots lie outside the economic sphere, in education, organization, discipline and, beyond that, in political independence and a national consciousness of self-reliance. It cannot be 'produced' by skilful grafting operations carried out by foreign technicians or an indigenous elite that has lost contact with the ordinary people. It can succeed only if it is carried forward as a broad, popular 'movement of reconstruction' with primary emphasis on the full utilization of the drive, enthusiasm, intelligence, and labour power of everyone. Success cannot be obtained by some form of magic produced by scientists, technicians, or economic planners. It can come only through a process of growth involving the education, organization, and discipline of the whole population. Anything less than this must end in failure. ²²

²²Schumacher, op. cit., p. 171.

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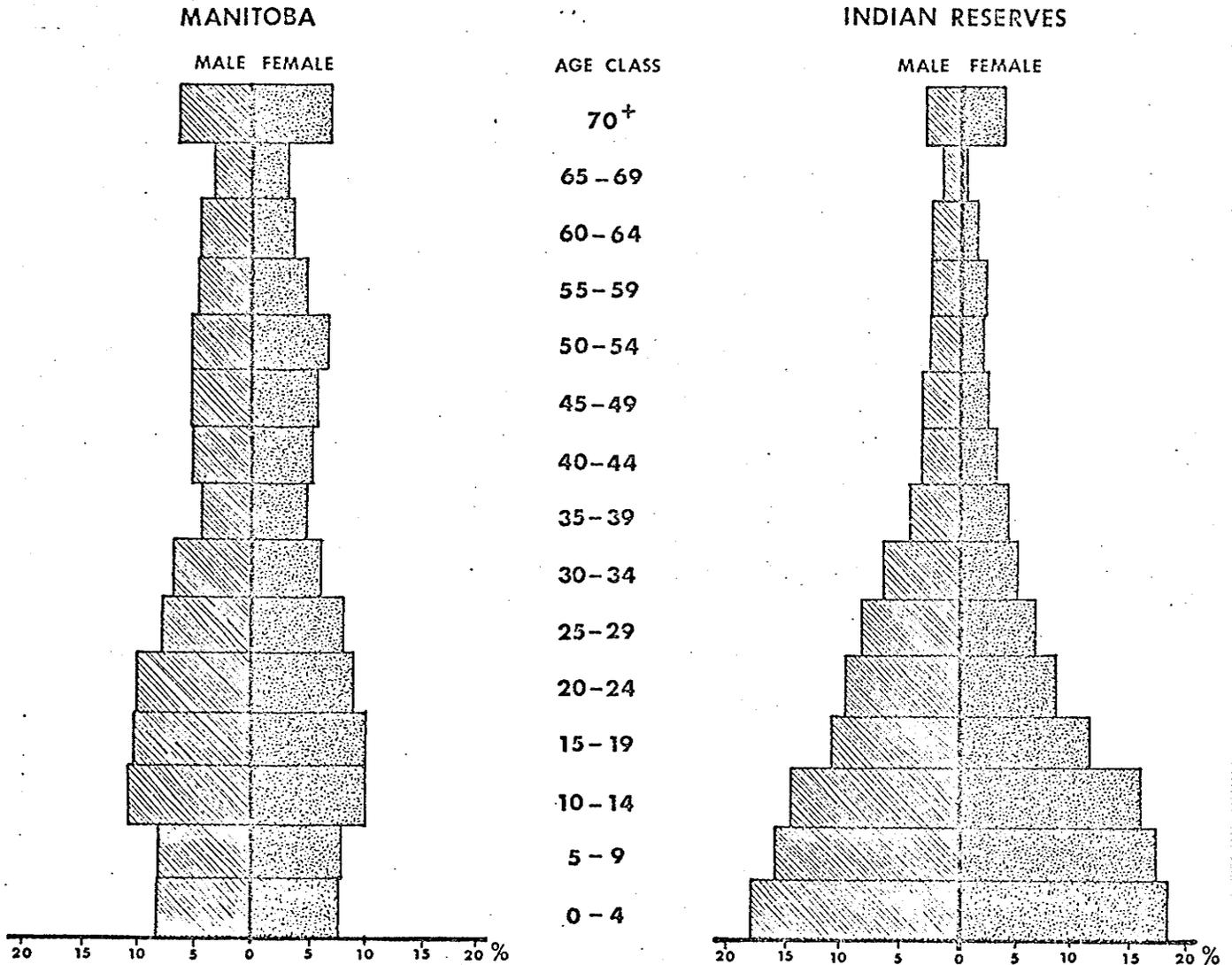
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APPENDIX I:

A COMPARISON BETWEEN THE MANITOBA INDIAN RESERVE POPULATION AND THE TOTAL MANITOBA POPULATION (Distribution by age and sex in 1974 - in percentages)



SOURCE: MANITOBA HEALTH SERVICES COMMISSION (MHSC), Maternal and Child Care, Vital Statistics, Table I-3.

APPENDIX II

THE MANITOBA NATURAL RESOURCES DEVELOPMENT ACT

CHAPTER N 33

THE MANITOBA NATURAL RESOURCES DEVELOPMENT ACT.

(Assented to Aug. 13th, 1970)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

Definitions.

1 In this Act

- (a) "company" means a company referred to in section 2;
- (b) "minister" means the member of the Executive Council to whom the administration of this Act is assigned by the Lieutenant Governor in Council.

S.M. 1970, c. 99, s. 1.

Incorporation of companies.

2 The Lieutenant Governor in Council may cause one or more companies with share capital to be incorporated under the provisions of Part II of The Corporations Act each with the following or like objects:

- (a) To carry on all forms of the business of growing, winning, harvesting, processing and marketing natural resources or any of the products thereof.
- (b) To train personnel resident in the province in the performance of employee, managerial or proprietary functions pertaining to the carrying on of the business described in clause (a).
- (c) To conduct research to determine the factors that are conducive to the success of a business of the kind described in clause (a) carried on in a sparsely populated and remote area in the province by local personnel exercising employee, managerial and proprietary functions.

S.M. 1970, c. 99, s. 2; Am. S.M. 1977, c. 57, s. 27.

Purchase of shares, etc., by government.

3 With the approval of the Lieutenant Governor in Council, the Minister of Finance may, subject to such conditions as the Lieutenant Governor in Council may prescribe,

- (a) purchase shares of the capital stock of a company;
- (b) make loans to a company with or without security;
- (c) guarantee the payment of the principal and interest on moneys borrowed by a company; and
- (d) make grants to a company.

S.M. 1970, c. 99, s. 3.

Transfer of property by government to company.

4 Notwithstanding the provisions of any other Act, the government may transfer to a company on such terms and conditions as the Lieutenant Governor in Council may determine any property of the government real or personal necessary or useful to the attainment by the company of its objects.

S.M. 1970, c. 99, s. 4.

SEPTEMBER, 1977

Provincial Auditor deemed auditor.

5 Notwithstanding section 156 of any other provision of The Corporations Act, the shareholders of a company at their first general meeting shall be deemed to have appointed the Provincial Auditor as auditor of the company, and he shall continue to hold the office of auditor until the annual meeting following the date on which the government ceases to own directly or indirectly a majority of the issued capital stock of the company and to constitute a creditor in respect of an amount exceeding one half of the indebtedness of the company.

S.M. 1970, c. 99, s. 5; Am. S.M. 1977, c. 57, s. 27.

Disposition of shares by government.

6 (1) The government may, on such terms and conditions as may be approved by the Lieutenant Governor in Council, cause to be sold or otherwise disposed of

- (a) its shares in the capital stock of a company; or
- (b) the assets of a company the majority of the issued capital stock of which it directly or indirectly owns.

Sales to M.L.A. prohibited.

6 (2) The government shall not sell or otherwise dispose of its shares to any member of the Legislative Assembly directly or indirectly or to any person acting on his behalf or to any firm, corporation or organization in which a member of the Legislative Assembly has a substantial beneficial interest.

S.M. 1970, c. 99, s. 6.

Authority agreements.

7 With the approval of the Lieutenant Governor in Council, the minister may, for and on behalf of the government, enter into an agreement with the Government of Canada, or any agency thereof, or with a municipality or other local authority or with any other person, providing on such terms and conditions as are set out in the agreement

- (a) for the payment of a grant or other contribution to a company or to the government in respect of expenditures incurred or to be incurred by the government in relation to a company; or
- (b) for financing of or investment in a company.

S.M. 1970, c. 99, s. 7.

Report of company.

8 (1) Where under clause (a) of section 3 shares have been purchased in a company, as long as the shares or any of them are owned by the government, the board of directors of the company shall, within four months after the end of each fiscal year of the company, make a written report to the minister upon the operations of the company during that fiscal year, including an audited statement of its operating revenues and expenditures and such other information as the Lieutenant Governor in Council may require.

Tabling report.

8 (2) Where the minister receives a report under subsection (1), he shall lay the report before the assembly forthwith if it is then in session, and, if the assembly is not in session, within fifteen days after the beginning of the next session.

Report referred to Committee on Economic Development.

8 (3) Where a report is laid before the assembly under subsection (2), it stands permanently referred to the Standing Committee of the assembly on Economic Development.

S.M. 1970, c. 99, s. 8.

Costs from Consolidated Fund.

9 The cost of administering this Act, including any expenditures made under section 3, shall be paid from and out of the Consolidated Fund with moneys authorized under an Act of The Legislature to be so paid and applied

S.M. 1970, c. 99, s. 9.

NOTE: This Act came into force on the day it received the royal assent, the 13th day of August, 1970.

APPENDIX III: Review of the Related Literature
and Methodology Used

1. Program Evaluation in the Literature

In the past, social development programs involving public expenditures have usually been evaluated entirely on an economic basis. However, job creation and increase in income do not always mean that an individual or community experience favourable results from participating in such programs, for a number of effects can not be expressed in economic and financial terms. The traditional benefit-cost analysis has been a favourite tool in determining justification of social development and training programs. Schumacher examines the traditional benefit-cost analysis, and states:

to press non-economic values into the framework of the economic calculus, economists use the method of cost-benefit analysis. This is generally thought to be enlightened, as it is at least an attempt to take account of costs and benefits, which might otherwise be disregarded altogether. In fact, however, it is a procedure by which the higher is reduced to the level of the lower, and the priceless is given a price. It can therefore never serve to clarify the situation, and lead to an enlightened decision. All it can do is lead to self deception, or the deception of others; for to undertake to measure the immeasurable is absurd and constitutes but an elaborate method of moving from preconceived notions to foregone conclusions; all one has to do to obtain the desired results is to impute suitable values to the immeasurable costs and benefits. The logical absurdity, however, is not the greatest fault of the undertaking: what is worse, and destructive of civilization, is the pretence that everything has a price, or, in other words, that money is the highest of all values .¹

¹Schumacher, E.F. *Small is Beautiful; A Study of Economics as if People Mattered*, Blond and Briggs, London, 1973. pp. 37-38.

MacMillan states that standard benefit-cost models such as used by Canada Manpower, measure only income and productivity benefits of training:

the narrow focus on dollars of income have led such economists to rationalize negative productivity on the grounds of the needs to redistribute income from the wealthy to the needy and the lack of precision in economic models. ²

It is further argued by MacMillan that there is an unwillingness to admit that training programs for the disadvantaged, and for northern isolated communities in particular, are not economic, and therefore require public subsidy.

Recent literature seems to indicate that greater efforts have been made to evaluate social development and training programs in a broader scope. Wall, in evaluating a Manpower Training Program, gathered data related to the program's impact on individual income, employability, and standard of living. In addition, data was gathered on employment history, trainee satisfaction, the family situation, and the client's evaluation of the program. The data showed that the program had resulted in an increase in material possessions, while increased employability was also noted as an area of strong impact. ³

MacMillan concludes that both social and economic benefits from training northerners in isolated communities justify

²MacMillan, J.A., P.E. Nickel and L. J. Clarke, A New Approach for Evaluating Northern Training Programs: The Churchill Prefab Housing Manpower Project, Center for Settlement Studies, University of Manitoba, Winnipeg, 1975, p. i.

³Wall, C.L., The Socio-Economic Evaluation of Training Benefits to Trainees of the Manpower Corps Training Plant - Selkirk, Natural Resource Institute, University of Manitoba, Winnipeg, 1974.

public expenditure. For example, the benefit-cost ratio for the Churchill prefab housing plant is .4 (1975)⁴ which indicates that the program can only be justified on the basis of social benefits.⁵ Benefits occurred in (1) family satisfaction; (2) housing standards for low income families; (3) individual job satisfaction; and (4) family nutrition.

Drewnowski also recognizes that the measurement of effects of economic development on the social conditions of a community or a nation presents problems. He distinguishes three areas in which effects can be measured: (1) demography; (2) social relations; and (3) social welfare. So-called 'indicators' are used to measure effects in these areas. In the case of measuring social welfare, which is concerned with the satisfaction of human needs, it is noted that this can not be free from value judgements:

efforts at measuring welfare based on the assumption that it can be a 'value-neutral' concept, are misguided and futile, and carry the danger that, not being able to eliminate them, they will only conceal value judgements and confuse the issue even further.⁶

In evaluating development projects such as Channel Area Loggers, it appears to be necessary to view the development process in a broad perspective. This encompasses both economic

⁴MacMillan, op. cit., p. i.

⁵An evaluation of the Churchill Prefab Housing Plant in 1977 by the Resource and Economic Development (RED) Committee of the Provincial (Manitoba) Cabinet showed a positive benefit-cost ratio, Loxley, J., Personal Communication, 1978.

⁶Drewnowski, J., On Measuring and Planning the Quality of Life, Institute for Social Studies, the Hague, the Netherlands, 1974, pp. 5-6.

and social elements since the ultimate aims of development are social aims.⁷ Such an approach implies a combination of the historical, economic, social and financial aspects of development, in order to more fully understand, and to present the dynamics of the development process. Therefore this study is a further attempt to apply a broader approach to program evaluation. An interdisciplinary approach to evaluating social development programs is also emphasized in this study.

2. Methodology Used

The evaluation of Channel Area Loggers includes (1) an historical overview and analysis of the events leading to the establishment of the company; (2) an analysis of the economic effects on (a) individual employees, (b) the community, and (c) the government; and (3) an analysis of the social effects of the company.

2.1 Development of Channel Area Loggers

A description of the development of Channel Area Loggers, including material from such sources as Government and company records and historic documents together with personal communication with people involved in the establishment of the company, forms the basis for the analysis in this part of the study.

Enterprises with somewhat similar objectives have been evaluated using similar methods of describing the development process. In a case study of the Easterville Harvesting Company,

⁷ Drewnowski, J., Social Indicators and Welfare Measurement, Readings in Methodology in Measuring Development, N. Baster (ed.), Cass and Cy. Ltd. London, 1972, pp. 86-88.

Thompson evaluates the community resource development process.⁸ He presents the steps that were followed in establishing the company, and lists the critical events, persons and support agencies involved. This method enables the researcher to document people's attitudes and frustrations, and the problems that occurred during the development process.

In a case study of Fort Resolution, where a co-operative was established as part of a strategy for community change, Fields and Sigurdson present the historical influences in the community, and then describe the development process that led to the formation of the co-operative.⁹ Events preceding the establishment of the co-operative are included, as well as those during the existence of the organization, so that the entire development process could be evaluated in its proper perspective.

Channel Area Loggers' development process is evaluated with these two studies in mind. Events preceding the formation of the company are listed and an extensive overview of the company since its inception is presented. This forms the basis for the analysis of the development process.

2.2.1 Economic Effects on Individual Employees

The economic effects of Channel Area Loggers on its employees, is determined by using a dynamic labour-analysis, similar to that used by Fields and Sigurdson.¹⁰ The economic effects

⁸Thompson, L., A Community Resource Development Process: A Study of Easterville Harvesting Company, Manitoba Department of Renewable Resources and Transportation Services, Winnipeg, 1976.

⁹Fields, G. and Sigurdson, G., Northern Co-operatives as a Strategy for Community Change: the Case of Fort Resolution, Center for Settlement Studies, University of Manitoba, Winnipeg, 1972.

¹⁰Ibid., pp. 63-86.

depend on the extent and nature of the involvement of the employees in logging. In order to undertake this analysis, a profile of the labour force has been constructed through compilation and analysis of the payroll of Channel Area Loggers during the period January 1976 to September 1977. Data prior to this period were too incomplete to be useful for analysis.

Participation in the logging operation is analyzed for the above mentioned period, and is based on the number of bi-weekly pay periods worked during the entire period. As no daily records are maintained for most of the employees, (because wages are based on production), the analysis compares employees who may have worked anywhere from one to 14 days during the pay period. The data is analyzed to indicate the employment pattern of each employee and as a composite for all employees. Where applicable, alternative sources of employment are included in the analysis to yield a comprehensive employment pattern.

Earnings per individual employee per bi-weekly pay period are determined for the period April 6, 1976 - March 31, 1977. This information is used to determine (1) number of people employed during this period, and the total earnings; (2) number of man-years employment created, and stability of the labour force; (3) earnings per individual employee and time spent in logging; (4) average earnings per employee, and average time spent in logging, based on all employees; (5) distribution of earnings among employees; and (6) distribution of average earnings and average time spent in logging per employee.

2.2.2 Economic Effects on the Community

Data is obtained regarding other sources of employment and income in Berens River, so that the overall effects of Channel Area Loggers can be assessed in relation to these sources. For each source data is gathered about the number of people involved, total income generated, and if applicable, duration of the employment for each category.

The local opportunities for employment are also assessed, and conclusions drawn about additional opportunities for each category of existing employment.

2.2.3 Effects on Government Finances: Provincial and Federal

Channel Area Loggers is a Provincial Crown Corporation in which the Provincial Government has capital invested. Losses are subsidized by the Government. However, this reflects only a partial effect on the financial situation of the Government. The company generates a number of financial benefits which may offset these losses, as well as recover part of the investments in the company and, if applicable, the interest thereon. The Resource and Economic Development Committee of the Provincial Government used a financial analysis to determine the overall effects of such enterprises as Channel Area Loggers on Government finances, as part of an overall evaluation of resource and economic development submissions, or re-evaluation of existing projects. The overall evaluation includes such aspects as:

- (1) policy discussion;
- (2) financial planning;
- (3) social benefits and costs;
- (4) manpower plan;
- (5) participation plan; and

(6) the evaluation process and indicators. This type of analysis usually covers a period of five years and is carried out in the planning process. Such analysis can be conducted ex ante or it can be carried out ex poste to evaluate the effects.

on Government finances after a number of years of operations. of course.

For the purpose of this study, however, the analysis is limited and somewhat simplified for an evaluation of the operating year 1976 - 1977.

The analysis is based on the assumption that in the absence of Channel Area Loggers, its employees would be unemployed and become dependent on social assistance because no alternative employment opportunities are available in Berens River. Consequently, as a result of the logging operations, the Provincial and Federal Governments receive extra money, and save on expenditures, for the following reasons:

- (1) additional money is received in the form of federal and provincial income taxes, premiums for unemployment insurance benefits and Canada Pension Plan, provincial sales taxes and stumpage fees; and,
- (2) in the absence of Channel Area Loggers, social assistance would have to be paid to Status Indian, non-Status Indian and non-native employees and their families. Providing employment means a saving in welfare payments and a reduction in the provincial tax credits for cost of living allowance.

In order to determine the overall effects on Government finances, the calculation is based on the number of man-years of

¹¹ Government of Manitoba, A Format for Resource and Economic Development Submissions, Resource and Economic Development Committee, Winnipeg, 1975.

employment created by the company. It is assumed that the income generated by one man-year of employment will sustain one family for the period of one year. As differences exist in criteria for sales tax for Status Indians and other people, the number of man-years of employment has been divided according to the composition of the Berens River population, which consists of 74 per cent Status Indians and 26 per cent non-Status Indians and non-natives. The same distinction is made regarding provincial and federal welfare payments, as the Federal Government assumes responsibility for Status Indians only.

Provincial finances are affected by (1) the amount of loss of the company, reduced by (2) stumpage fees received; (3) provincial income taxes received; (4) credits for cost of living allowance saved; (5) provincial sales taxes received; and (6) provincial welfare payments saved. Federal finances are affected by federal income tax received, welfare payments saved, and premiums received for unemployment insurance and Canada Pension Plan. The combined levels of Governments' finances are affected by all of the above.

Information regarding the categories affecting the finances is obtained from various Government sources. Excluded from the analysis is information regarding the incomes of the bookkeeper-controller and the manager of the company, for it is assumed that in the absence of Channel Area Loggers they would be employed elsewhere within the Provincial Government. Thus, their earnings do not affect this analysis.

Effects of government grants, loans and interest on loans have been excluded from the analysis. Grants and loans affect Governments' finances negatively during the years in which they are provided. Repayment of loans and interest thereon affect the finances positively. When the repayments are made in a year during which the company shows a financial loss, the repayments have contributed to that loss, and will be covered by the Provincial subsidy, which then can be considered transfer payment. If this situation occurs over a number of years, the Province would ultimately carry the cost, because the amount of the loan and the accumulated interest thereon would not be recovered. If the repayments are made during a year in which the company shows a profit or breaks even, the Government would recover the loan and the accumulated interest thereon, so that there is no long term drain on Government money.¹² With regard to grants and loans, the source of funding (Federal or Provincial) must also be considered. As Channel Area Loggers has been losing money during its first few years of operations, the loans have not been recovered so far. A long term analysis would include this. A more complete analysis would also consider forms of taxation such as fuel tax, excise tax and federal sales tax, including rebates on these taxes.

¹² Government of Manitoba, Evaluation of Easterville Harvesting Company, Winnipeg, 1975, p. 6.

2.3 Social Effects of Channel Area Loggers

The presence of Channel Area Loggers in Berens River has, no doubt, a number of social effects on the community. The effects may be experienced at four different levels: (1) individual or personal; (2) family; (3) peer group; and (4) community. It is difficult however to separate the effects at each level, so no attempt will be made to classify them by level. For example, effects at the individual level may also affect the individual's family, and may even be felt at the community level, because of the dynamic characteristics of people's interactions.

A number of methods are available to determine the social effects of Channel Area Loggers. The survey research method, which uses questionnaires on a sample of the population is most widely applied. While this method has a number of advantages¹³, it is not appropriate for selecting the social effects of a project such as Channel Area Loggers. In addition to the survey method, Babbie mentions the following social scientific research methods:¹⁴

- (1) the controlled experiment, which is used to test a hypothesis on an experimental group and at the same time on a control group in order to establish the validity of the hypothesis. An example is the before/after design with a single control group;

¹³Babbie, E. R., Survey Research Methods, Wadsworth Publishing Company, Inc. Belmont, California, 1973. pp. 31, 45 - 49.

¹⁴Ibid., pp. 31-39.

- (2) content analysis, a method used to systematic examine documents to determine for example such aspects as attitudes, policies, and changes over time;
- (3) analysis of existing data, a method using existing data instead of collecting and analyzing original data; and
- (4) case study, which represents a comprehensive description and explanation of the many components of a given social situation. The evaluation of Channel Area Loggers, an example of this, as the study covers various aspects of community development.¹⁵

As most of the above methods are applied to specific areas, the participant observer method appeared to be the most appropriate in determining the social effects of Channel Area Loggers. The participant-observer method is a method of data collection, whereby the researcher becomes a member of the social event or group under study.¹⁶ The participant-observer may or may not reveal his research role, and this decision has important methodological and ethical implications. If he openly admits to other participants of the group that he is conducting a scientific study of the group, his presence may well affect the phenomenon he wishes to study. If, on the other hand, the researcher conceals his research activities, he may be subject to ethical questions regarding the deception.

The participant-observer attempts to collect as much information as possible. By actually participating in the

¹⁵ Other modes of observation include historical research, unobtrusive measures, secondary analysis and computer simulation modelling. Babbie, E.R., The Practice of Social Research, Wadsworth Publishing Company, Inc., Belmont, California, 1975, pp. 283 - 294.

¹⁶ -----, 1973. p. 38.

social event, he will be in a position to obtain a far greater depth of knowledge than can the content analyst or the experimenter. This point is also recognized by Taylor, who notes:

by actually trying to experience the culture as the native participant, he (the researcher) gets an inside view that is not possible otherwise. He has the opportunity to learn many things he would ordinarily miss. ¹⁷

On the other hand, the researcher has problems in maintaining systematic procedures, for it is impossible to observe and record everything that happens. Thus, the participant observer must select his data. The attempt to observe and record everything may result in unconscious biases forming the basis for selection. Babbie notes that thus the ultimate danger of participant observer method is that the observer cannot tell the reader his criteria for selecting and reporting observations, so that the reader will not be able to evaluate the appropriateness of the criteria used. ¹⁸

However a study would gain in strength if the participant observer stated his criteria.

During the summer of 1977, the researcher spent time in the logging camp of Channel Area Loggers at Pigeon River, and actually participated in the pulpwood operation, so that impressions were obtained about the situation. Interviews and

¹⁷Taylor, R. B. Introduction to Cultural Anthropology, Allyn and Bacon, Inc. Boston, 1973. pp. 107 - 110.

¹⁸Babbie, op. cit., p. 38.

conversations with people on the job revealed much of the information presented in Chapter IV. As Channel Area Loggers has been plagued by a number of problems, people were asked questions regarding their opinions, attitudes and thoughts about these problems. Questions were also asked with regard to residents' perception of the effects of Channel Area Loggers on the community. A number of questions were carefully designed to elicit certain types of information. However, many questions also arose spontaneously in the course of the conversation. Information was also obtained during casual conversations with people in the community, however information gained in this way was less revealing, possibly because of the setting in which the conversations took place.

In obtaining information about social effects, an attempt was made at the same time to gain insights into the characteristics of the community which could possibly be used as background material. Thus, the social effects could be discussed with a greater depth of understanding.

APPENDIX IV: Berens River Population Data
(September 1, 1977)¹

Population data for Berens River, Manitoba are obtained from two sources:

- (1) Manitoba Health Services Commission² (MHSC): total population of status-Indians and distribution by sex and age per June 1, 1977, based on health insurance registration by mailing address; and
- (2) Manitoba Metis Federation³ (MMF): total population of non-Status Indians and non-native people per September 1, 1977 based on an actual count.

In calculating the total population per September 1, 1977 it is assumed that:

- (1) non-Status Indian and non-native populations in Berens River have the same age and sex distribution as the Status Indian population;
- (2) no population increase in the Status-Indian population between June 1, 1977 and September 1, 1977; and
- (3) Status-Indians living elsewhere, but maintaining their Berens River mailing address (and thus included in the original MHSC data), have the same age and sex distribution as the total Status-Indian population.

Based on the above information, the total population, Status and non-Status Indians and non-natives is calculated per September 1, 1977, including an adjustment for Berens River Status Indians, living elsewhere. Table 7 presents the Berens River population; and Figure 8 displays a population pyramid.

¹Robert Stock, Department of Geography, University of Manitoba assisted in establishing the methodology.

²Mr. F. Toll, Manager, Management Information Section, MHSC, Winnipeg. Personal Communication. (July, 1977).

³Mr. E. Blais, Vice-President, SE. Region, Manitoba Metis Federation, Winnipeg. Personal Communication (September, 1977).

TABLE 7:
BERENS RIVER POPULATION DATA (SEPTEMBER 1, 1977)

AGE CLASS	STATUS INDIANS ¹			NON-STATUS INDIANS ²			NON-NATIVE ²			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
0- 4	60	58	118	19	19	38	2	1	3	81	78	159
5- 9	64	57	121	20	18	38	2	1	3	86	76	162
10-14	56	59	115	18	19	37	1	2	3	75	80	155
15-19	39	49	88	13	14	27	1	1	2	53	64	117
20-24	34	28	62	11	8	19	1	1	2	46	37	83
25-29	20	21	41	6	7	13	0	1	1	26	29	55
30-34	15	15	30	5	5	10	1	0	1	21	20	41
35-39	14	10	24	4	4	8	1	0	1	19	14	33
40-44	11	9	20	4	3	7	1	0	1	16	12	28
45-49	14	11	25	4	4	8	1	0	1	19	15	34
50-54	5	4	9	2	1	3	0	0	0	7	5	12
55-59	9	9	18	3	3	6	0	1	1	12	13	25
60-64	10	4	14	3	2	5	0	0	0	13	6	19
65-69	6	6	12	2	2	4	0	0	0	8	8	16
70-74	4	1	5	2	0	2	0	0	0	6	1	7
75+	13	5	8	4	2	6	0	1	1	17	8	25
TOTAL	374	346	720	120	111	231	11	9	20	505	466	971

¹MHSC data, adjusted. June 1, 1977.

²MMF data. September 1, 1977.

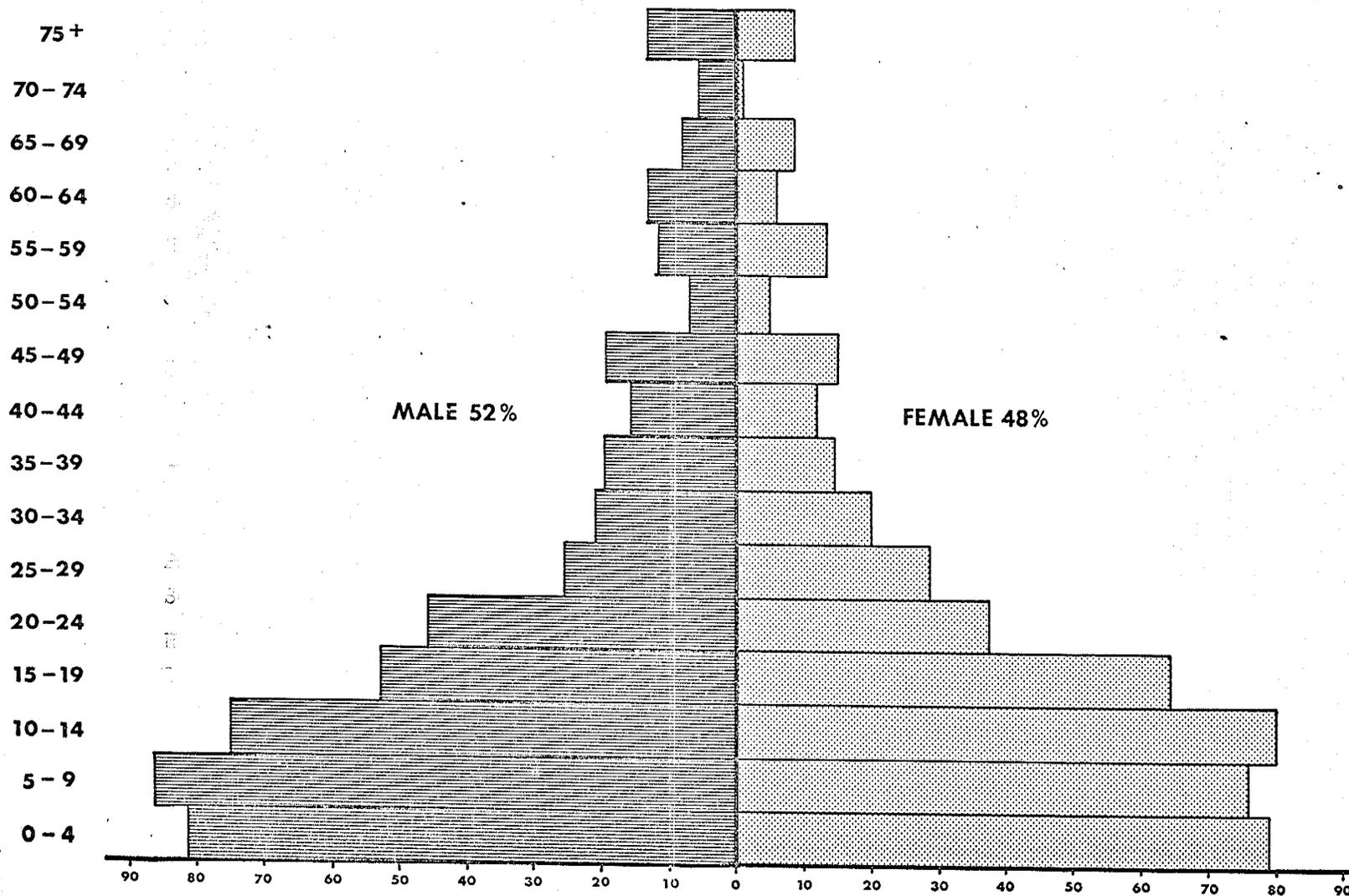


Figure 8: Population Pyramid for Total Population of Berens River, September 1, 1977. (in numbers per age class)

SOURCE: MANITOBA HEALTH SERVICES COMMISSION (MHSC) AND MANITOBA METIS FEDERATION, Winnipeg, 1977.

APPENDIX V: Berens River Potential Labour Force 1977 - 1992¹

The projection of the size of the potential labour force for Berens River at five year intervals for the period 1977 - 1992 is based on:

- (1) the population per September 1, 1977;²
- (2) the number of people in the age classes 15 and 64 years of age;
- (3) a mortality rate twice as high as the Manitoba rate;³
- (4) in-migration equal to out-migration; and
- (5) methods used by Statistics Canada to make population projections.⁴

The results of these projections are presented in Table 8: Berens River Potential Labour Force 1977 - 1992.

¹Robert Stock, Department of Geography, University of Manitoba, assisted in making these projections.

²See Appendix IV: Berens River Population, 1977.

³Vital Statistics, Volume III, Deaths 1974, Statistics Canada, Information Canada, Ottawa, 1976. (p.26) indicates that the Yukon and the N.W. Territories with a relative high native population, have a much higher mortality rate than the remainder of Canada; it is therefore assumed that the mortality rate for Berens River people is twice as high as the Manitoba rate.

⁴Government of Canada, Life Tables, Canada and the Provinces 1970 - 1972 (84-532), Statistics Canada, Information Canada, Ottawa, 1974. pp. 7-11; 38-41.

TABLE 8
BERENS RIVER POTENTIAL LABOUR FORCE 1977 - 1992

AGE CLASS	1977			1982			1987			1992		
	Male	Female	Total									
15-19	53	64	117	74	80	154	85	75	160	79	77	156
20-24	46	37	83	52	64	116	73	79	152	84	75	159
25-29	26	29	55	45	37	82	51	63	114	72	79	151
30-34	21	20	41	26	29	55	45	36	81	51	63	114
35-39	19	14	33	21	20	41	25	28	53	44	36	80
40-44	16	12	28	19	14	33	20	19	39	24	27	51
45-49	19	15	34	15	12	27	18	13	31	19	18	37
50-54	7	5	12	18	14	32	14	11	25	16	12	28
55-59	12	13	25	6	5	11	16	13	29	13	10	23
60-64	13	6	19	9	12	21	5	4	9	13	13	26
TOTAL	232	215	447	285	287	572	352	341	693	415	410	825

SOURCE: Population data from MHSC and MMF, 1977.

APPENDIX VI: Forest Resource in the Berens River Area

1. Introduction

This section deals with the forest resources surrounding the community of Berens River. It includes an overview of the net merchantable volumes, proposed annual allowable cuts and actual annual cut in the forest management units (FMU) 38 and 39, as shown in Figure 9.

2. The Area

The forest resources in the Berens River area are administered by the Province of Manitoba under Forest District 3 of the Eastern Region. FMU 38 and FMU 39 are adjacent to the community. In the past logging, has taken place in FMU 39, north and east of Berens River. Channel Area Loggers is presently operating in FMU 38, south of the Pigeon River near Pigeon Bay. Although FMU 39 is less important for the present logging operations, the area is of importance for Berens River if utilization of the forest resource is improved.

3. The Resource

The forest resources in the Berens River area are within the Boreal Forest Region, which covers the greater part of the forested area in Canada, forming a continuous belt from Newfoundland and the Labrador coast westward to the Rocky Mountains and northwestward to Alaska.¹ FMU 38 and FMU 39 straddle three different sections of the Boreal Forest: (1) the Manitoba

¹Hosie, R. C. Native Trees of Canada, Canadian Forestry Service, Department of the Environment, Ottawa, 1973. pp. 15-16.

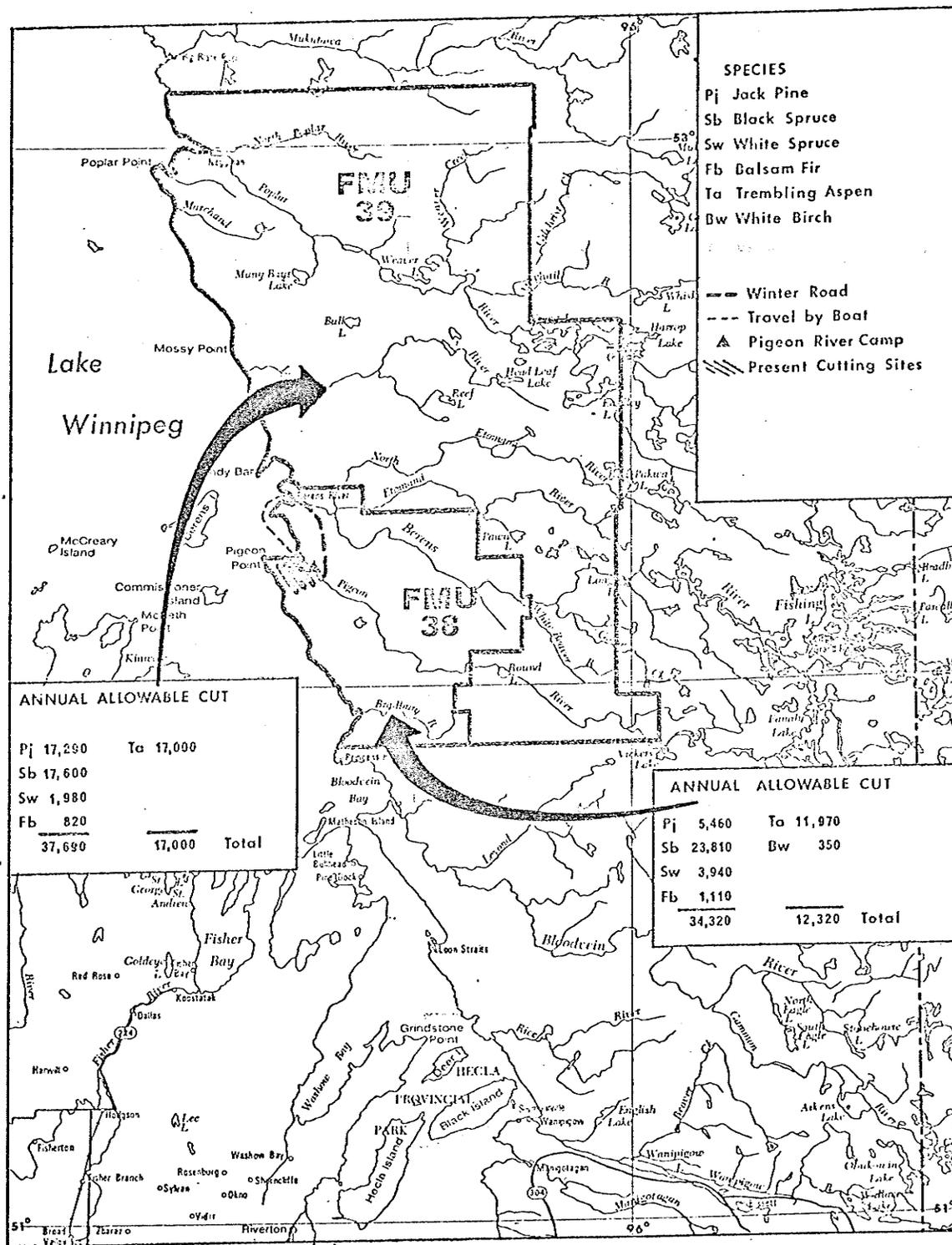


Figure 9: Forest Resources in the Berens River Area (annual allowable cut by species, - in cunits)

SOURCE: The Forests of Manitoba, Manitoba Department of MREM, 1975

Lowlands; (2) the Nelson River; and (3) the Northern Coniferous section.²

4. Net Merchantable Volume and Annual Allowable Cut

The net merchantable volumes for FMU 38 and FMU 39 are respectively 2,452,730 cunits and 4,243,750 cunits for all species. The coniferous species account for 75 per cent, and the deciduous species for 25 per cent of these volumes, in both management units. Black Spruce, Jack Pine, and White Spruce are the most important species in FMU 38; together with Trembling Aspen, these species account for more than 90 per cent of the volume. Black Spruce, Jack Pine and Trembling Aspen account for about 90 per cent of the total volume in FMU 39.

The proposed annual allowable cuts are 34,320 cunits for FMU 38, and 37,690 cunits for FMU 39, both for coniferous species only. For deciduous species the proposed annual allowable cuts are 12,320 and 17,000 cunits for FMU 38 and FMU 39 respectively.³

5. Present Utilization

Present utilization of the forest resources is below the proposed annual allowable cut. During the 1976/77 operating season Channel Area Loggers cut about 8,700 cunits (or 10,000 cords) of pulpwood in FMU 38 only. This includes Black and White Spruce only, so that the remaining species remain

²Rowe, J. S. Forest Regions of Canada, Canadian Forestry Service, Department of the Environment, Ottawa, 1972. p. 31.

³Manitoba Department of MREM, The Forests of Manitoba, Winnipeg, 1975. Appendix VI.

unutilized. Some of the larger diameter trees of the Spruces are utilized as pulpwood, which means an under utilization, because they are suitable for sawlogs (lumber).

6. Implications

The forest resource in the area is fragmented due to numerous and extensive swamps and forest fires in the past, which makes the present level of partial utilization more costly than total utilization. The latter will result in a considerable decrease in (road) development cost per cunit wood harvested. However, it will also lead to more frequent moving of the cutting sites and relocating of the campsite, even if only pulpwood species are harvested at the level of their proposed annual allowable cut. Increased utilization may also provide more jobs.⁴

Berens River lumber needs for housing, presently satisfied by supplies from elsewhere in Manitoba, Saskatchewan and British Columbia, can also be met by the forest resources in the area; stackwall and loghousing could provide an alternative to the present type of housing built in the community.

⁴The forest resource (which is a renewable resource only if renewed) can provide long term employment. Renewing the forest resource occurs via natural and/or artificial regeneration. Active reforestation (i.e. scarification, seeding, planting) and more intensive forest management could mean extra employment in the area, especially if one considers that the East side of Lake Winnipeg (where Channel Area Loggers operates) is an important source of wood supply for Abitibi's pulp mill at Pine Falls.

APPENDIX VII: Logging Methods Used in Berens River¹

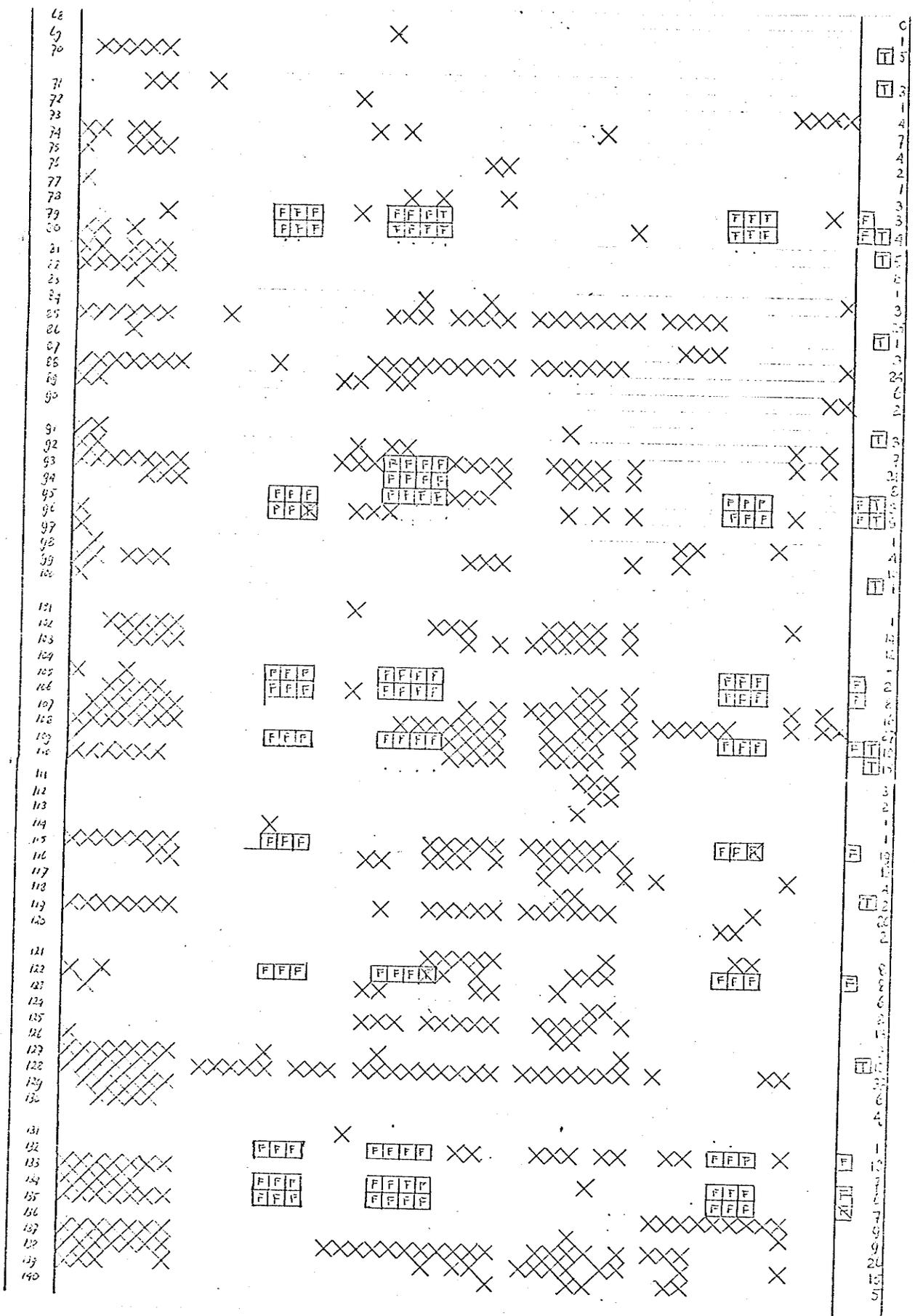
During the past 16 years of logging, various methods of logging were used in the Berens River operations. Basically two methods have been used:

1. Shortwood method, whereby the trees are felled, delimbed, topped and bucked in 100" logs in the stump area. The logs are then piled in small piles or directly loaded on sleighs. The sleighs drawn by tractors were used to transport the wood directly to the bargesite. When a forwarder² is used, the logs are self-loaded and forwarded to the roadside landing, where they are either piled, or transferred directly to a truck, to be transported to the bargesite. Other names for this method are: (1) stripcutting, (2) cut-and-pile; and (3) cut-bunch-forward.
2. Treelength method, whereby the trees are felled and topped in the stump area. The trees are then skidded by either a tractor or a skidder³. At the roadside landing the trees are bucked in 100" logs, which are either piled or directly loaded on sleighs or trucks to be transported to the bargesite. Other names: (1) cut-and-skid.

¹Flowcharts of these methods are presented in Figure 10.

²A forwarder is a one-man articulated machine capable of loading and off-loading itself with an integral mounted knuckle boom loader, and carrying its payload clear of the ground.

³A skidder is a one-man articulated machine, capable of pulling or 'skidding' a number of trees.



APPENDIX XII: Distribution of Earnings Among Employees
During 1976-1977

Percentage of Employees	Number of Employees	Amount Earnings	Percent of Total Income	Average Income
Upper 5	9	69,259	30	7,695 ¹
Upper 10	17	102,539	44	6,032
Upper 15	26	131,598	57	5,059
Upper 20	34	153,487	66	4,503
Upper 25	43	171,999	74	4,000
Remaining 75	128	59,788	26	416
TOTAL 100%	171	\$231,787	100	\$1,355

SOURCE: Payroll of Channel Area Loggers Ltd., Berens River, (1976-1977 operating year).

APPENDIX XIII: Number of Employees Classified According to Their Total Earnings During the Operating Year 1976 - 1977, with a Distinction Between Berens River and Outside Employees (Earnings classes of \$500)

Total Earnings	Berens River Employees	Outside Employees	Total	Accumulated	
				Total Employees	Percentage Employees
0 - 500	69	14	83	83	49
501 - 1000	20	6	26	109	64
1001 - 1500	8	6	14	123	72
1501 - 2000	8	-	8	131	77
2001 - 2500	3	3	6	137	80
2501 - 3000	6	3	9	146	85
3001 - 3500	7	1	8	154	90
3501 - 4000	2	1	3	157	92
4001 - 4500	3	-	3	160	94
4501 - 5000	2	1	3	163	95
5001 - 5500	-	-	-	163	95
5501 - 6000	3	1	4	167	98
> 6001	4	-	4	171	100
TOTAL	135	36	171		

SOURCE: Payroll of Channel Area Loggers Ltd., Berens River.

APPENDIX XIV: Number of Employees Classified According to Number of Pay Periods Worked During the 1976 - 1977 Operating Year, With a Distinction Between Berens River and Outside Employees

Number of Pay Periods Worked	Berens River Employees	Outside Employees	Total	Accumulated	
				Number Employees	Percentage Employees
1	28	9	37	37	22
2	22	7	29	66	39
3	16	4	20	86	50
4	10	5	15	101	59
5	5	1	6	107	63
6	7	2	8	116	68
7	7	-	7	123	72
8	5	3	8	131	77
9	6	1	7	138	81
10	4	3	7	145	85
11	6	-	6	151	88
12	5	-	5	156	91
13	3	1	4	160	94
14	1	-	1	161	94
15	2	-	2	163	95
16	4	-	4	167	98
17	1	-	1	168	98
18	-	-	-	168	98
19	-	-	-	168	98
20	1	-	1	169	98
21	-	-	-	169	98
22	-	-	-	169	98
23	-	-	-	169	98
24	1	-	1	170	99
25	1	-	1	171	100
TOTAL	135	36	171	171	100

SOURCE: Payroll of Channel Area Loggers Ltd., Berens River.

APPENDIX XV: Number of Employees Classified According to Their Average Earnings per Pay Period Worked During the 1976 - 1977 Operating Year, With a Distinction Between Berens River and Outside Employees (in \$25 Classes).

Size of Pay Cheque	Berens River Employees	Outside Employees	Total	Accumulated	
				Number Employees	Percentage Employees
0 - 25	4	1	5	5	3
26 - 50	14	2	16	21	12
51 - 75	20	1	21	42	25
76 - 100	12	2	14	56	33
101 - 125	19	1	20	76	44
126 - 150	3	1	4	80	47
151 - 175	7	4	11	91	53
176 - 200	5	2	7	98	57
201 - 225	8	4	12	110	64
226 - 250	7	4	11	121	71
251 - 275	7	2	9	130	76
276 - 300	5	4	9	139	81
301 - 325	1	-	1	140	82
326 - 350	7	-	7	147	86
351 - 375	2	-	2	149	87
376 - 400	2	-	2	151	88
401 - 425	3	1	4	155	91
426 - 450	2	2	4	159	93
451 - 475	1	-	1	160	94
476 - 500	-	1	1	161	94
501 - 525	3	1	4	165	96
526 - 550	-	1	1	166	97
551 - 575	2	1	3	169	99
> 576	1	1	2	171	100
TOTAL	135	35	171	171	100

SOURCE: Payroll of Channel Area Loggers Ltd., Berens River.

APPENDIX XVI:
Other Sources of Employment and Income in Berens River
(1976 - 1977)

1. Introduction

In addition to logging, there are a number of alternative sources of employment and income in Berens River, that have a noticeable impact on the community's economy. Sources of employment are permanent, seasonal and temporary. Transfer payments account for part of the community's income. Each of these sources will be discussed.

2. Permanent Employment

There are limited permanent employment opportunities in Berens River. Most of the jobs are in the services sector (including Government), such as the nursing station, Frontier School Division, three general stores, post office, Berens River Indian Band Office, airport, RCMP, Manitoba Hydro and Telephone System. Due to time constraints no actual data have been collected regarding these jobs and the amount of income generated. However, it is estimated that it concerns about 35 people. Their earnings for the period April 1976 to March 1977 are approximately \$250,000. It must be noted that a number of these jobs are filled by non-residents, as there are no qualified people in Berens River.

3. Seasonal Employment: Fishing¹

Commercial fishing is the main source of income in Berens River. During the period April 1, 1976 to March 31, 1977, a

¹J. Anaka, and R. Peters, both RR & TS, Personal Communication, 1977.

total of \$342,166 was earned from fishing. Due to government regulations, such as a limited entry, fishing seasons and quota per fisherman, fishing is not a year-round source of employment. Annually there are three fishing seasons:

(1) summer fishing from June 1 - July 10, for a period of six weeks; (2) fall fishing from September 7 to November 1 for a period of eight weeks; and (3) winter fishing from the first day after November 1, that 'makes ice' to April 15.

For summerfishing, a total of 48 fishing licenses were given out to residents of Berens River, with a quota of 5,500 pounds per license. A total of 50 licenses were issued for fall fishing with a quota of 6,000 pounds per license, 14 licenses for winterfishing with a quota of 5,050 pounds per license. Fishing regulations allow license holders to fish for their quota only during the seasons the licenses are issues for, which enables a fisherman, who holds a summer and fall license, to catch his total quota in one season. This allows some flexibility for people involved in fishing, to choose the best time for fishing. For example, the fisherman can catch his summer and fall quota during the summer, and concentrate on other employment, such as pulpwood cutting in the winter.

Employment in fishing will remain limited to a set number of fisherman, so that no expansion in fishing may be expected. Summer and fall fishing accounted for \$332,657 (97 per cent) of the total earnings derived from fishing; winter fishing for \$9,509 (3 per cent). Some of the fishermen have licenses for all three seasons; others have only one license. According to fisheries information, there are 60 fishermen in Berens River

holding one or more licenses. Of these 60 people, 36 were involved in fishing as well as logging. Six people were summer fishing; 17 in summer and fall, seven in all three seasons; one in summer and winter, four in fall fishing, and one in winter fishing only. In most cases where people were fishing and logging, these two employment opportunities were complementary, which is shown in Appendix X, indicating the employment pattern of Berens River employees.

4. Seasonal Employment: Trapping²

Although trapping is not a large source of income, about 51 people were involved in trapping in the Berens River Register Trapline in the 1976/77 season, and derived a total of \$32,854.00 from the sale of fur, about \$644 per trapper.

Thirty (30) people, involved in trapping, also cut pulpwood. Thirteen trappers are involved in pulpwood cutting and commercial fishing, during one or more of the fishing seasons in 1976/77.

5. Temporary Sources of Employment³

Temporary employment is created through projects that are funded under PEP, LEAP, LIP, Canada Works, Young Canada Works and other government funds. The objective of these projects is primarily job creation. Short term projects involve often community improvement, such as mentioned in table 9. No long

²F. Desloges, RR&TS, Personal communication, 1977.

³D. Cable, Job Creation Branch, Canada Manpower, Personal communication, 1977.

TABLE 9:

Temporary Employment Opportunities in Berens River
(January 1, 1977 - March 3, 1978)

1: COMMUNITY BETTERMENT PROJECT

This project includes (1) construction of an ice-house, and (2) a packing, dressing and cooling shed; (3) cut trees for construction materials - mill the logs at a local sawmill.

Sponsor: Berens River Community Council.

Funded by: Local Initiative Program (L.I.P.)

Duration: January 1, 1977 - July, 1977.

Jobs: (1) 14 jobs for 27 weeks (i.e. 364 manweeks) and
(2) an additional 7.2 manweeks, for a total
of 371.2 manweeks.

Cost: Salaries at \$51,262; other cost at \$10,668, for
a total of \$62,130.

2: LANDCLEARING PROJECT

This project includes landclearing: approximately
200 acres, and sow it for hay.

Sponsor: Berens River Indian Band

Funded by: Canada Works Program

Duration: June 1, 1977 - March 3, 1978

Jobs: 1 project manager, and 20 labourers for 25 weeks,
for a total of 525 manweeks.

Costs: Project manager at \$177 per week for a total
of \$ 4,425; 20 labourers at \$136 per week for
a total of \$68,000. Total wage cost of the
project \$72,425. Other cost: \$13,809

Total project cost: \$86,234

3: REBUILDING THE SKATING RINK

The project includes rebuilding the existing skating rink

Sponsor: Berens River Indian Band

Funded by: Young Canada Works

Duration: July 4, 1977 - September 2, 1977

Jobs: 1 project manager for 9 weeks; 15 labourers for
9 weeks, for a total of 135 manweeks of employment.

Cost: Project manager at \$153 per week for a total of
\$1,377; 14 labourers at \$118 per week for a total
of \$14,868. Total wage cost of the project: \$16,245.
Other cost \$3,755. Total project cost: \$20,000.

SOURCE: Personal communication with Doug Cable, Canada Manpower,
Job Creation Branch, Winnipeg, August 1977.

lasting employment effects may be expected of these projects.

For the period April 1976 to March 1977 no data is collected with regards to these make-work projects, however to give an impression of the impacts of some of these in terms of jobs created and income generated, the projects that are presently being carried out or recently finished, are presented in table 9. The three projects represented a total of 1,021 man-weeks of employment (or 20 man-years), and generated a total of \$139,932.00 during the period from January 1, 1977 - March 3, 1978. Employment is created for 51 people. No data could be obtained for the period April 1976 - December 1976.

6. Federal and Provincial Welfare Payments

The Manitoba Government is responsible for health and welfare of the Metis population of Berens River. It is estimated that during the period April 1976 - March 1977 a total of \$13,734 was paid out in welfare. This went to people who were physically unable to be employed.⁴

The Federal Government is responsible for the Indian population of Berens River. During the same period, a total of \$88,690 was paid out in welfare to Berens River Indians. Table 10 indicates the amount of welfare paid out by month and by agency. It may be noted that Federal welfare decreased considerably during the period, due to efficient management at the at the Berens River office, administered by the Berens River

⁴L. Winestock, Manitoba Department of Health and Welfare, Beausejour. Personal communication, 1977.

TABLE 10

Federal and Provincial Welfare Payments to
the Community of Berens River (dollars per
month during April 1976 - March 1977)

Month	Provincial ¹	Federal ²	Total
APRIL 1976	1,580	10,166	11,746
MAY	963	11,966	12,929
JUNE	581	7,210	7,791
JULY	246	5,793	6,039
AUGUST	811	6,118	6,929
SEPTEMBER	527	6,325	6,852
OCTOBER	1,182	5,904	6,086
NOVEMBER	1,429	7,094	8,523
DECEMBER	1,720	6,845	8,565
JANUARY 1977	1,771	7,090	8,861
FEBRUARY	1,415	6,743	8,158
MARCH	1,509	7,436	8,945
TOTAL:	13,734	88,690	102,424

¹The Provincial Government of Manitoba is responsible for the Metis population of Berens River, via the Department of Health and Social Welfare.

²The Federal Government is responsible for the status Indian population of Berens River, via the Department of Indian Affairs and Northern Development.

SOURCES: Personal communication with Larry Winestock, Intake Evaluator of the Eastman Region of the Manitoba Department of Health and Social Welfare, Beausejour, August, 1977.

Personal communication with Bob Wagner, Federal Dept. of Indian Affairs and Northern Development, Winnipeg, September 1977.

Indian Band.⁵

The total welfare payments to the community were \$102,424 for this period, as shown in Table 10.

7. Family Allowance

Berens River has a very large population of young people and family allowance payments account for a substantial amount of income in the community. Persons under 18 years of age are eligible for family allowance. Based on population statistics⁶ it is calculated that 541 people are in the eligible age class.

Payments during 1976 were \$22.08 per month and during 1977, \$23.89 per month per eligible person. It is therefore calculated that during the period April 1976 - March 1977 a total of \$146,281 was paid out to the community of Berens River in family allowance.

8. Old Age Security (OAS) and Guaranteed Income Supplement (GIS)⁷

Persons 65 years of age and over are eligible for old age security and guaranteed income supplement. No actual data per community is available, so that income derived from this source is estimated on the basis of the population statistics. Forty-eight people were eligible for old age security and income supplement during the period April 1976 - March 1977. The monthly payments are revised every three months to allow for a cost of living adjustment. Every eligible person will receive a monthly

⁵R. Wagner, Department of Indian Affairs, Winnipeg, Personal Communication, 1977.

⁶Information regarding criteria was obtained from Health and Welfare Canada, Winnipeg, 1977.

⁷Information regarding criteria was obtained from Health and Welfare Canada, Winnipeg, 1977.

pension and an additional guaranteed income supplement. This supplement depends on the sources of income a person has besides his pension. It is assumed that none of the eligible persons in Berens River has any additional income, excluding income in kind, so that they are eligible for a maximum supplement. The monthly payments are as follows:

April, May, June 1976: (OAS) 135.43 + (GIS) 94.99 = \$230.42;
July, Aug., Sept., 1976: (OAS) 137.41 + (GIS) 96.37 = \$233.78;
Oct., Nov., Dec., 1976: (OAS) 139.39 + (GIS) 97.76 = \$237.15;
Jan., Feb., Mar., 1977: (OAS) 141.34 + (GIS) 99.13 = \$240.47.

Based on the above data it is calculated that the 48 eligible persons in Berens River received a total of \$135,622 during the period 1976-77.

9. Unemployment Insurance Benefits⁸

Unemployment benefits paid to Berens River residents are obtained for the period September 12, 1976 to September 6, 1977 from computer printouts. No data are available for the period comparable with the operating year; it is therefore assumed that these periods are the same. A total amount of \$125,956 is paid out to 121 Berens River residents for the above period. The male-female ratio was 104 to 17 people, receiving benefits. About 38 percent of the 121 people unemployed, previously worked in the construction sector; 16 per cent in fishing, hunting and trapping, and 9 per cent (11 people) in logging sector.

⁸Treller, J., Regional Economic Advisor, Prairie Region, Unemployment Insurance Commission, Personal Communication, Winnipeg, September, 1977.

APPENDIX XVII: Calculation of the Effects on
Government Finances

The effects on government finances are determined for (1) the Government of Manitoba; (2) the Government of Canada; and (3) the combined levels of Government during the 1976 - 1977 operating year of Channel Area Loggers.

1. Provincial Government

1.1 Provincial Subsidy

Channel Area Loggers showed a loss of \$140,700 for the 1976 - 1977 operating year, which would require a subsidy of similar size.¹

1.2 Stumpage Fees

Channel Area Loggers paid a total of \$19,370 in stumpage fees to the Provincial Government during the 1976 - 1977 period.¹ The fees are included in the operating cost of the company, so that they represent (1) a revenue to the Government, and (2) a cost to the Government (via the subsidy). Therefore, the fees do not affect Government finances, as they are transfer payments. The fees have to be treated either by: (1) reducing the loss (subsidy) with the amount of fees, and then ignoring them as revenue; or (2) keeping the fees included in the loss (subsidy), and considering them as revenue. The analysis uses the second method.

1.3 Income Taxes: Provincial and Federal

A simplified calculation, based on the 1976 federal and provincial income guidelines² is carried out to determine the

¹Channel Area Loggers Ltd., Financial Statement 1976 - 1977, Channel Area Loggers Ltd., Berens River, 1977.

²Government of Canada, Your 1976 Tax Guide, prepared by Revenue Canada and based on the Federal and Manitoba Income Tax Acts and Regulations. Ottawa, 1976.

amount of income taxes paid to the two levels of government. During the operating year 1976-1977 Channel Area Loggers created 37 man-years of employment, excluding employment created for the manager and bookkeeper-comptroller. A total of \$231,787 was paid out in wages, which meant \$6,265 per man-year employment. It is assumed that one man-year employment sustains one family for the period of one year. A Berens River family consists of 3.7 persons (1971 data), which is assumed to be 2 adults, one person 12-19 years old, and .7 person 7-11 years old. It is further assumed that this family does not have any additional income except for family allowance benefits, which amount of \$450. per year (1976) for 1.7 persons. Unemployment Insurance and Canada Pension Premiums are assumed at \$200 per man-year employment. The following calculation is made on the basis of the personal income tax returns:

<u>Gross Income</u> (one man-year employment 1976)	\$6,265
-3%, or \$150: Employment expense deduction	<u>150</u>
	6,115
+Family allowance benefits	<u>450</u>
	6,565
-UIC/ CPP premiums	<u>200</u>
<u>Net Income</u>	6,365
-Personal Exemptions	<u>4,680</u>
<u>Taxable Income</u>	<u>\$1,685</u>

Provincial and Federal income taxes are \$97 and \$29 respectively for a taxable income of \$1,685, which means that a total of $37 \times \$97 = \$3,598$ in provincial income taxes, and $37 \times \$29 = \$1,073$ in federal income taxes are generated.¹²

¹²Thirty-seven man-years employment were created by 171 people, with earnings ranging from low (many) to high (few), as shown in Appendices VIII, IX, XII and XIII. Initially more than a total of \$4,662 in income taxes would have been paid, (\$3,589 provincial and \$1,073 federal income tax). However many of the 171 employees

1.4 Credit for Cost of Living Allowance (COLA)

Manitoba COLA is based on a percentage of the personal exemptions (for income tax purposes) minus a percentage of the taxable income. The credits are three per cent of \$4,580, which is \$137.40 for a family of 3.7 persons on welfare. No deduction is made for taxable income, as welfare payments are non-taxable. The credits are \$137.40 minus one per cent of \$1,685, which is \$120.55 per family of 3.7 persons when income is derived from employment.

The presence of Channel Area Loggers means an extra saving to the Province of $37 \times \$16.85$ or \$623 (rounded) for the operating year 1976 - 1977.

1.5 Provincial Sales Tax

Provincial sales taxes are assumed to be a percentage of the taxable income, which at a rate of five per cent would mean $.05 \times \$1,685$ or \$84 per family. (The Manitoba Sales Tax rate for 1976 was five per cent; taxable income from logging is \$1,685, as calculated under section 1.3 of this Appendix.) As Status Indians and their families do not pay any Provincial sales taxes, only the ten man-years employment created by the non-Status population subject to this tax in the calculation, which amounts to \$840.

12 (cont'd.)

would be entitled to a tax rebate so that the conversion of individual incomes to an income per man-year employment basis, and assuming an income tax return based on income from logging only, is allowable for the purpose of this analysis.

N.B. A complex and time consuming analysis would include 171 individual income tax returns considering income from logging, fishing, trapping, other employment and transfer payments wherever applicable.

1.6 Provincial Welfare Payments

Provincial Welfare payments depend on standards set by the Provincial Department of Health and Social Services. Based on these standards, applicable during the period April 1976 - March 1977, it is calculated that welfare payments for a family of 3.7 persons were \$277.20 monthly for the first six months, and \$283.50 monthly for the latter six months of this period.¹³ The family would consist of those persons listed under 1.3 of this appendix. As only non-Status Indians and non-natives are covered by Provincial welfare, the annual payment per family would be \$3,364.20 per year, and an additional \$900 per family for housing, so that in absence of 10 man-years employment a total of \$33,642 and \$9,000 or \$42,642 in social assistance would have to be paid.

2. Federal Government

2.1 Federal Income Taxes

The amount of federal income taxes generated is determined in conjunction with the provincial income tax calculation, and is calculated at \$1,073 under section 1.3 of this Appendix.

2.2 Federal Welfare Payments

The criteria for Federal welfare are similar to those set by the Province of Manitoba. The provincial standards served as a basis for the calculation of the amount of federal welfare saved in the absence of Channel Area Loggers. For 27 man-years

¹³L. Winestock, Manitoba Department of Health and Social Welfare, Beausejour, Personal communication, 1977.

of employment created by Status Indians, a total of 27x\$3,364.20 or \$90,833 (rounded) would be saved in the operating year 1976-1977. As housing for Status Indians is next to free, and provided for by the Federal Government, no allowance has been made housing as has been done in the case of Provincial welfare.

2.3 Premiums for Unemployment Insurance and Canada Pension

Premiums for unemployment insurance and Canada pension plan are assumed at \$200 per man-year of employment. The employees pay the premiums from their pay cheques, and the employer contributes an equal amount, so that the total contributions per man-year of employment are \$400. These contributions are generated by the logging operations, and are therefore included in the operating expenses. In the absence of Channel Area Loggers these premiums would not have been received by the Federal Government. For 37 man-years of employment, a total of \$14,800 in premiums is generated.

2.4 Federal Sales Tax

Federal sales tax has not been included in this analysis. If considered, however, it would further increase the federal gains.

3. The Combined Levels of Government

The extra money received and expenses saved for the combined levels of Government consist of those calculated in the above sections.