

AN EVALUATION OF THE MANITOBA COMMUNITIES
ECONOMIC DEVELOPMENT
FUND--A SOCIAL PERSPECTIVE

by

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A Practicum submitted in
Partial Fulfillment of the
Requirements for the Degree
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ABSTRACT

A number of government programs have been designed to promote community development in Canada. This study aimed to evaluate the approach to development carried out by the Manitoba Communities Economic Development Fund. The objectives of the study were: to compare the activities of CEDF to relevant legislation; to trace development activities of CEDF in terms of projects supported; to examine the impact of non-lending activities; to assess the impact of CEDF on communities in terms of public services; to determine the perceptions of clients towards the Fund and to compare CEDF with other Canadian development agencies. Data were collected May to September, 1980 from a number of sources: a review of the legislation, staff interviews, a file review, a case study, field visits and a cross Canada survey of other development programs.

Conclusions show that CEDF has made an important contribution to the community development of northern Manitoba by providing financial and non financial support, unobtainable from other sources, to both individual entrepreneurs and to community groups; by establishing enterprises which now supply important community services; by representing the needs of clients to other government agencies and departments, and by offering a program with a relatively high collectibility of accounts.

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Lending Activity: those activities by CEDF where loans or guarantees from the capital authority of CEDF are the primary purpose for contact. It also includes those services which pertain to repayment of loans such as flexibility of payments, setting of the interest rate and change of terms.

Grants: there are government and private agencies which contribute grants to a project. The proposed program must meet certain requirements, often number of jobs generated. The money is not paid back.

Loans: loans are sums of money which the borrower is required to pay back. Generally financial assistance extended by CEDF is in the form of a loan. The interest rate charged to the loan by CEDF at present, is tied to the long term borrowing rate of the Province of Manitoba.

Nonlending Activity: those activities by CEDF which are quite distinct from normal banking practices. These include administration of trusts and grants, research and feasibility studies, loan support services, community development and participation on government agency boards.

Status Indian: a person who is registered as an Indian or is entitled to be registered as an Indian under the Indian Act. A person is registered if that person: (1) was considered by Statute of May 26, 1874, to be entitled to use and enjoy the lands belonging to the various tribes and bands of Indians in Canada. (2) is a member of a band (as defined by the Indian Act) and (3) is a descendant of one of the above categories. Excluded is anyone who has received compensation in return for Treaty Rights or "enfranchised Indians"--those who have agreed to give up their legal status.

Nonstatus Indian: a person who has become "enfranchised" or has lost status such as an Indian woman who marries a non Indian.

Metis: those people with Indian ancestry. There is very little basic population information on the Metis or non status Indians as they are not historically dependent on a single agency; estimates of determining their numbers is far less reliable than the estimate of registered Indians.

Native people: any of the above. Generally used to define all people of Indian ancestry and culture.

Northern Manitoba: the Northern Affairs Act of the Province of Manitoba has provided the operational boundary of northern Manitoba, for the purpose of this study. Please see Map no. 1, page 17.

Remote and Isolated: those communities for which the Minister of Northern Affairs is responsible. Approximately fifty such communities have been identified, where the Minister of Northern Affairs and the Department exercise the powers of a municipality. (See Map No. 1).

The Indian Communities are those identified as remote by the Department of Indian Affairs and Northern Development because they lack access by all-weather road or rail. (See Map No. 2).

Local Government District: Manitoba passed a Local Government District Act in 1945 with amendments in 1946 which provided specific authority to create such districts adjacent to mining or other resource operations. This Act provided for local government by a resident administrator appointed by the Province and responsible to the Department of Municipal Affairs. This arrangement was supplemented by agreements reached between the companies and the Province, and by the practise of appointing as administrator a man either suggested or strongly confirmed by the company.

Success/Failure: the criteria for success in evaluating the projects funded by CEDF must necessarily contain a number of variables. As an agency established to work with "economically disadvantaged" people, factors other than simple payback of loan should be considered. In some instances "payback of loan" may mean voluntary surrender of equipment. "Non payback" of a loan, resulting from write-off by CEDF, may mean a business continues and eventually prospers under the original applicant. Within the category of repaid loans, there will be failure from the borrower's point of view and within the defaulted loans category will be continuation of the project and "success".

Community Economic Development: "is the creation and strengthening of economic organizations that are controlled or owned by the residents of the area in which they are located or in which they will exert primary influence".¹ The institutions that are owned or controlled locally can include such forms as business firms, housing development corporations, Community Development Corporations and Cooperatives. They might also include organizations or services that improve the human and social environment in such a way as to increase the economic value and energy of the community.¹

¹ Stewart E. Perry, "Federal Support for CDCs: Some of the History and Issues of Community Control". (Cambridge, Mass: Center for Community Economic Development, 1973), p. 16.

Social Development: "is inclusive of economic development but differs from it in the sense that it emphasizes the development of the totality of society in its economic, political, social and cultural aspects".¹

C.E.D.F.: Communities Economic Development Fund.

I.E.D.F.: Indian Economic Development Fund.

The Canadian government established a fifty million dollar financial and technical assistance program in 1970 designed to encourage and assist Indian people in the development of business enterprises both on and off reserves.

Special A.R.D.A.: Special Agricultural and Rural Development Agreement.

A shared Federal-Provincial program supporting initiatives which broaden community participation in development ventures and increase the degree of local ownership of undertakings by encouraging the development of local resources by local people. The program is to ensure people of Indian ancestry benefit from development programs and projects.

¹M.S. Gore, "Some Aspects of Social Development", (Department of Social Work, Hong Kong, 1973), p. 10.

LIMITS TO THE STUDY

Evaluation research is a method of "measuring the extent to which operationally defined objectives are attained comparing measurements with predetermined standards and making rational analyses of the outcomes."¹ Evaluation, unlike pure scientific research, does not operate in a controlled environment. Thus the results cannot be linked solely with the activities of a single agency, department or program.

The majority of respondents in this study stated they could not have started their project without CEDF support. Generally the project was perceived as a good thing. But it is not possible to compare what might have been to what in fact did happen.

This study has not looked at efficiency issues. The cost of the program, the amounts of money loaned and repaid, the amount written off, and the amount currently outstanding will be dealt with in a separate practicum.

Incomplete data on the socio-economic characteristics of the total group is another limitation of the study. This would have been helpful to CEDF in program development and to better meet the needs of the "undeveloped" group of applicants.

Finally the Northern Affairs boundary was used as the arbitrary dividing line between north and south, and

¹Novia Carter with Brian Wharf "Evaluating Social Development Programs", the Canadian Council on Social Development, Ottawa, 1973, p. 33.

there was a tentative distinction used between urban and remote. There may be other communities in Manitoba, not necessarily in the north where access to funding is limited. And in the urban centers in the north, it is difficult for certain groups and individuals to arrange financing, especially financing and loan support services. The needs of these peoples are not covered in the study.

EXECUTIVE SUMMARY

. The Communities Economic Development Fund was established July 1971 by an Act of the Manitoba Legislature to "encourage the optimum economic development of remote and isolated communities within the province". CEDF reacts to local ideas by offering loans at a lower interest rate than other conventional sources, completing feasibility studies, and providing loan support services. CEDF has been active in areas not normally included in banking programs such as administration of trusts and grants, training, research and community development.

. The Fund has approved loans or guarantees totalling over 7 million dollars. The loans ranged in size from \$1,000 to \$500,000. Of the 257 approved loans/guarantees, 98 or 38% were paid back, 68 or 26% were defaulted, 23 or 9% were not picked up and 68 or 27% are current. The majority of enterprises which were funded are repaying or have repaid their loans.

. There were 1025 applications to the Fund. Two hundred and fifty seven were approved, 378 rejected and/or referred and 370 were incomplete. Twenty were not loan applications. The majority (70%) of approved applications supported single proprietors, 15% supported partnerships or companies and 15% supported community development corporations, metis locals, community councils or Indian Bands. Over 80% of the accepted applicants were native people.

. Applications to the Fund have come from all over the province of Manitoba. In total, 175 communities were identified as having had contact with the Fund, 75 in the south and 100 north of the Northern Affairs boundary. Of the 257 approved applications, 202 were in the north, 55 were in the south. From the northern communities, 45 were from the "urban" north and 157 were from the "remote" north.

. Communities have benefited from the projects funded by CEDF which have been mainly in the service sector. One hundred and forty-three loans were identified as supporting "service enterprises", including diverse enterprises such as a day care centre, grocery stores, taxis, greenhouse, water truck and winter road projects.

. The majority of those interviewed during the field survey stated they could not have started the operation of their business without CEDF support, that they would return to CEDF for further assistance, and that they would recommend CEDF to others. Recommendations from the client interviews varied according to the type of community and included suggestions for improving the operations of the Fund.

. Support of entrepreneurial activity in remote northern Manitoba communities requires financial flexibility plus the teaching of management and business skills. Community projects require considerable agency co-ordination, community input and on-the-site management expertise.

CHAPTER I

INTRODUCTION

"Development is above all the development of human beings, not the development of things"

(Johan Galtung--1978).

Why social development is an important issue:

"Social and economic development are inextricably interwoven; together they constitute one single development process aimed at serving fundamental human purposes."¹ In actual practise, government programs have pursued traditional economic interventions as the basis for achieving balanced development.² To address only the economic and efficiency components of development is to ignore the quality of life and the satisfaction level derived from the development program.

Development is more than accumulation of things.

Development is the continuing process of the liberation of peoples and societies. There is development when they are able to assert their autonomy and, in self reliance, to carry out activities of interest to them.³ To develop is to be or to become. Not only to have.³

¹Canada Council on Rural Development, "Commitment to Rural Canada: Fifth Report and Review, (Ottawa: CCRD, 1973), p. 2.

²CCRD, "A Development Strategy for the MidNorth of Canada", (Ottawa: CCRD, 1976).

³K. K. S. Dadzie, "Economic Development", Scientific American, (September 1980), p. 64.

The philosophy, objectives and underlying concepts pertaining to social development are not so easy to identify as economic goals. Generally, the literature reflects social development as those changes in individuals, groups, and communities which improve the well being both materially and non-materially of the client, and which are brought about in such a way that the client is able to greatly influence the process. A development program, to be evaluated as a success, must include human development.

which means meeting material and non-material needs in a self-reliant manner, locally, nationally, regionally. The goal has to be developmental in terms of meeting human needs, material and/or non-material; and there has to be an effort to satisfy material needs for all at a minimum level that is not too low.¹

The United Nation's Charter on Economic Rights and Duties of States (December 1974) sets out the important role of government in dealing with development.

Article 7--Each State has the primary responsibility to promote the economic, social and cultural development of its people...and to ensure the full participation of its people in the benefits of development.

For Canada the relationship between social and economic development has been unclear, but has tended to emphasize an economic policy.² From the mid 60s on, there appeared to be

¹Johan Galtung, "Toward Self-Reliance and Global Interdependence", (Ottawa, EN 21-27-1978), p. 73.

²Canadian Welfare Council, "Social Development Canada", Report of the Canadian Committee of the International Council on Social Welfare, (Ottawa, 1970).

a serious effort to consider social needs through the efforts of Federal and Provincial departments, and organizations such as the Economic Council of Canada, the National Advisory Council on Rural Development and the Canadian Council on Social Development (formerly known as the Canadian Welfare Council). Community development became a new thrust with the introduction of the Canada Assistance Plan of 1966 which allowed for community development workers, social animators and like personnel to assist in the development of groups "traditionally on the fringe of Canada's developing society."¹ Other programs were expanded or developed to meet the needs of certain groups in the population. For example, Special ARDA (1971) and the Indian Economic Development Fund (1972) were established to help native people create new earning and job opportunities.

In Manitoba, the Government adopted a community development approach to programming. This approach considered the peoples, their culture and social background. The Northern Working Group described the development process:

The studies of the Northern Working Group have made it abundantly clear that resolution of the chronic unemployment and poverty situation, the lot of the majority of indigenous Northern people, cannot be solved through a simple man to job relationship. Cultural attributes, ties to home community and family association, educational deficiencies, lack of skill training, lack of work experience and lack of orientation to the work routines and disciplines etc. all conspire to make difficult and slow, though definitely not impossible, transition from welfare/poverty dependency to a state of self-respect, self-reliance and economic

¹Ibid., p. 11.

competitiveness/independence. The wherewithall must be provided to support these people through a self-help process that will enable them to know the facts, make decisions and take action. Only through self-help, based on "community development" not externally applied actions, can a long term solution to the problem be seen.¹

This study examines one approach to development in Manitoba, the Communities Economic Development Fund (C.E.D.F.). The evaluation considers the Fund within the framework of a community development agency, providing social as well as economic benefits. The specific objectives of the study are:

1. To compare the activities of CEDF in relation to legislation establishing the Fund.
2. To trace the operation and development activities of CEDF in terms of total applications and projects supported.
3. To examine the impacts of non-lending activities.
4. To assess the impact of CEDF on Manitoba communities in terms of public services.
5. To determine the perception of clients regarding the Fund and the project.
6. To compare CEDF to other Federal and Provincial agencies.

In essence, the research was designed to include Phase I; a review of Policy and Legislation, a review of CEDF files, and interviews with CEDF staff; and Phase II, visits to field sites and a survey of Federal and Provincial development

¹Government of Manitoba, "Northern Manitoba", Northern Working Group, June 1971, p. 70.

agencies.

Methodology

Evaluation research is an appropriate method when evaluating a practical undertaking.¹ Evaluation provides the tools to compare intended program outcome to actual outcome.²

In using the "operational research" method as outlined by Carter and Wharf,³ these general steps were followed:

- 1) Observation of stated goals and objectives and attempt to obtain information about covert goals and objectives;
- 2) Establishment of criteria of goal attainment;
- 3) Measurement of actual performance;
- 4) Comparison with goals, and

¹Suchman, Edward A. "Evaluating Educational Programs", The Urban Review 3, No. 4:15-17, February 1969, pp. 48-53.

²Caro, Francis G., ed., "Readings in Evaluation Research", New York, Russell Sage Foundation, 1971. Stephen Isaac, William B. Michael, "Handbook in Research and Evaluation", Edits publishers, San Diego, California, 1971.

³Novia Carter and Brian Wharf, "Evaluating Social Development Programs", Canadian Council on Social Development, 1973.

5) Report on findings, with conclusions and recommendations.

Phase One:

The first phase of the research included:

- 1) Policy and Legislation review,
- 2) File review, and
- 3) Staff interviews.

1) Policy and Legislation review:

All relevant literature, documents, statements and legislation regarding initial policy and policy development were analyzed. These included:

1. Ch. 84, Statutes of Manitoba, The Communities Economic Development Fund (Assented to July 27, 1971).
2. Ch. C155, Statutes of Manitoba, The Communities Economic Development Fund Act (with amendments).
3. Ch. D60 Statutes of Manitoba, An Act Respecting the Manitoba Development Fund. (repealed).
4. Ch. D60 Statutes of Manitoba The Development Corporation, Part xxi The Corporations Act.
5. Statutes of Manitoba, 1976 C 40 Community Development Corporation, Part xxi The Corporations Act.
6. Statutes of Manitoba, 1976, C 40 Capacity and Powers, part iii of the Corporations Act.
7. Annual Reports--"Communities Economic Development Fund", 1972-1979.
8. "A Guideline for Social Development" Office of Research and Planning, Department of Health and Social Development, Government of Manitoba, November 1970.
9. "A Social Development Approach to Poverty", a brief to the Special Senate Committee on Poverty, Government of Manitoba, November 1970.

10. "Community Development Corporations, Their Organization and Function", Regional Development Branch, Department of Industry.

11. By-laws of the Communities Economic Development Fund, Article I--VIII.

2) File Review

All files containing client contact (1971-1980) with CEDF were reviewed (see Appendix E for the data sheet used for the file review). Information was stored using the Mantes editing system. The Watfiv language was used to give the number counts for the tables in the phase one file review. Information pertinent to this study:

1. Lending-nonlending category
2. Accepted, rejected, referral, undeveloped category
3. Location of application
4. Location of project
5. Classification of project
6. Social History of Client
7. Problem areas
8. CEDF activities
9. Other agencies involved

3) Case Study

An illustration of the role of CEDF in the development of a remote northern community and of its work with community groups is presented in Appendix F.

4) Staff Interviews

Staff Interviews¹ were conducted to:

¹See Appendix E for the staff interview guide.

1. Identify changes in operation activities over time.
2. To determine the present operational structure of CEDF.
3. To identify the development officers' perceptions of the role to CEDF.

Phase Two

There were two parts to the second phase of the research, 1) field visits, 2) agency contact.

5) Field Visits:¹

The main object of the field visits were to confirm the impressions gathered during Phase 1. Further data regarding social implications of the project to the client and to the community were compiled. The sample group was selected from communities in Manitoba which had received assistance from CEDF. Thirty-three clients in the accepted category were interviewed with a smaller sampling of the rejected, referred and undeveloped categories. See Tables 1, 2 and 3 for sample description.

6. Agency Contacts:²

Contacts were made with other Provincial Development agencies across Canada and with agency representatives

¹See Appendix E for the questionnaire used for the field survey.

²See Appendix E for the letters used for the agency review.

Description of Sample

TABLE 1

CLASSIFICATION OF INTERVIEWS BY APPLICATION

Total	A1*	A1+ A111*	A1+ AIV*	AII*	AIII*	AIV*	B*	B+C*	C+D*	D*
40	10	4	1	7	10	1	4	1	1	1

*A1 = Accepted application with repaid loan

*A1 + A111 = Accepted application with current loan plus repaid loan

*A1 + AIV = Accepted application with repaid loan plus a loan approved but not taken up

*A11 = Accepted application with a defaulted loan.

*AIV = Accepted application but loan not taken up.

*B = Rejected application

*C + B = Two application by same applicant, one referred, one rejected.

*C + D = Two application by same applicant, one referred, one undeveloped.

*D = Undeveloped application. Those applications which are not developed sufficiently for board presentation.

TABLE 2

CLASSIFICATION OF INTERVIEWS BY COMMUNITY

Name of Community	Number of Interviews
Camperville	2
Cormorant	1
Cranberry Portage	4
Cross Lake	2
Cross Lake Indian Reserve	4
Duck Bay	1
Grand Rapids	2
Grand Rapids Indian Reserve	2
Mafeking	1
The Pas	7
The Pas Indian Reserve	5
Sandy Bay Indian Reserve	1
Snow Lake	2
Thompson	3
Vogar	2
Winnipegosis	1

TABLE 3

CLASSIFICATION BY LEGAL STATUS OF ENTERPRISE

Legal Status of Enterprise	Number of Interviews
Indian Bands	3
Community Council	1
Community Development Corporation	2
Nonprofit	2
Sole Proprietorship	29
Partnership	3
Company	1

in Winnipeg to clarify the role of CEDF in comparison with other development organizations.

Provincial Agencies contacted include:

- 1) Prince Edward Island Lending Authority
- 2) Newfoundland and Labrador Development Corporation
- 3) New Brunswick Community Improvement Corporation
- 4) Ontario Economic Development Corporation
- 5) British Columbia Development Corporation
- 6) Saskatchewan Development Corporation

Agencies in Winnipeg contacted:

- 1) Indian Economic Development Fund
- 2) Federal Business Development Bank
- 3) "Enterprise" Manitoba ("Rural Small Enterprise Incentives")
- 4) Special A.R.D.A.
- 5) Department of Northern Affairs.

Related Procedures

Phase one:

Over one thousand files were reviewed by two researchers. Each file was given a number to protect the identity of the client. A log was kept matching number and contact's name, classification and date of request.

In many instances, there was more than one file per client. The researchers classified each application according to the criteria in Appendix E. There were five main groups of applications. Those who 1) received funding, 2) were rejected, 3) were referred, 4) did not continue contact, and 5) not a loan application. This last category referred to files, for example, dealing with administration of trusts

or grants, interagency contacts and insurance. The majority of files contained letters of communication, records of supervision and board submissions. There were no summary sheets on closed files. Files were grouped alphabetically, with rejected, referred and undeveloped together. The accepted category included a correspondence file(s), security file and in some instances legal files. These were sometimes in three different locations. A data sheet was filled out for each client. Dates of contact were noted, along with size of loan if approved, reasons for rejection and agencies referred to if applicable. Location, type of enterprise, legal description of applicant, cultural background, CEDF activities and problem areas were indicated on the data format sheet.

The difficulty of tracking down written data contrasted with the help and cooperation of staff. They appeared genuinely interested in the research project and made every effort to assist us. Informal staff interviews were held by the present author in each consultant's office at a prearranged time and lasted approximately one hour.

Phase Two:

The field survey was carried out between mid August to mid September 1980. Interviews were conducted by a total of three interviewers using the standardized form in Appendix E. The author was present when all but three of the interviews took place. The field survey also provided an excellent opportunity to view the communities and the projects funded by CEDF.

The field trip and interviews were successful in that applicants were cooperative and the greatest difficulty frequently proved to be terminating the interview. No one refused to be interviewed and on more than one occasion sought out the researchers. It was observed that a number of native people said "I know you from somewhere". This seemed to mean they could trust the interviewer and subsequently opened up during the interview. This brought home the fact that the relationship between the client and consultant is an important part of working in northern communities.

CHAPTER II

BACKGROUND

"The "remote" communities are not alike; even though many people assume this to be the case."

(Northern Working Group
Province of Manitoba)

"The remote north has not participated in, nor really benefited from, the tremendous economic growth of the north as have the urban centres. Indeed, until recently, the situation of the remote communities had been deteriorating".

(Guidelines for the Seventies
Province of Manitoba)

Northern Manitoba--The Setting

A number of studies completed in the 1970's described the problems and social conditions of the people in Northern Manitoba.¹ Two norths were described in provincial reports, the urban north and the world of the isolated community. The causes of this situation were said to emanate from resource extraction, which characterized the north. As a result centres like The Pas, Thompson, Lynn Lake, Flin Flon and

¹Province of Manitoba, "Guidelines for the Seventies, (Manitoba, 1973).
Province of Manitoba, "Industrial Plan for Northern Manitoba 1976-1981".
Province of Manitoba, "Northern Manitoba Internal Working Papers".
Province of Manitoba, "Report on Northern Economic Development--Public Agencies in Manitoba's Remote North", 1973.
Province of Manitoba, "A Proposed Strategy for the Development of Northern Manitoba, 1976.

Pine Falls were dependent on the world market for mining commodities or forestry products. As well, large capital investments in Hydro development engendered activity at several sites throughout the North. The jobs at these centres, created by the resource extraction, should have been sufficient to employ the indigenous labor force, but in reality, less than 10% of the labor force in the mining, forestry and hydro sectors were native northerners. The high rate of turnover of migrant labor in the resource sector suggested that social conditions in these "urban" communities were not conducive to permanent settlement.

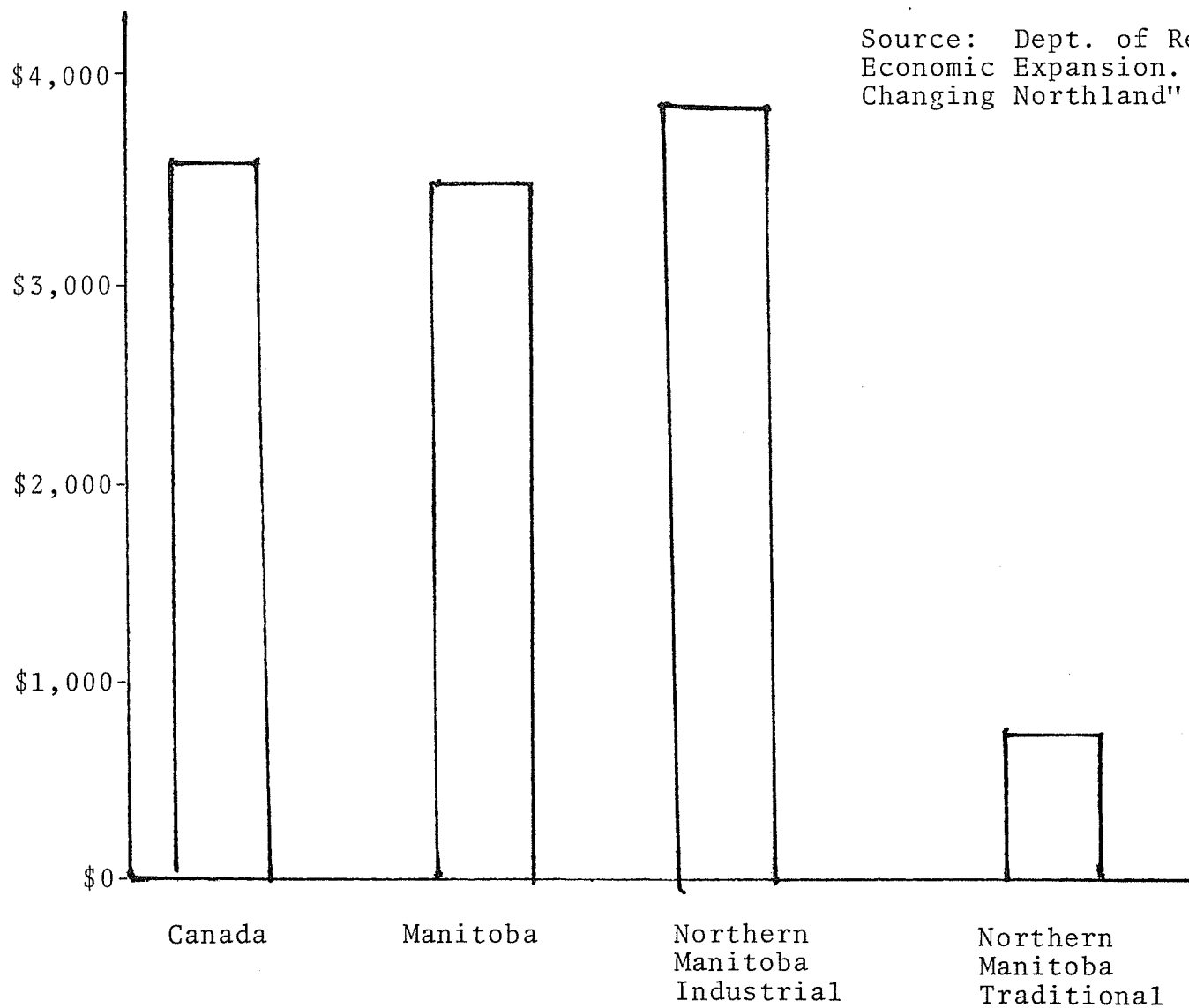
Most of the "remote" communities were unorganized and came under the jurisdiction of the Provincial Department of Northern Affairs.¹ They had limited control over community services and community development. The estimated useable income per person in remote communities in 1973 was \$600.00 and was considerably less, as shown in figure 1, than the northern industrialized communities or the Manitoba and Canadian average.² In the 57 poorer communities welfare average \$112.00 per capita, or 42% of the per capita income. Apart from unemployment and low per capita income levels, the remote communities were characterized also by inadequate housing, poor health standards caused partly by untreated water and

¹See Map number One for the Northern Affairs Regions.

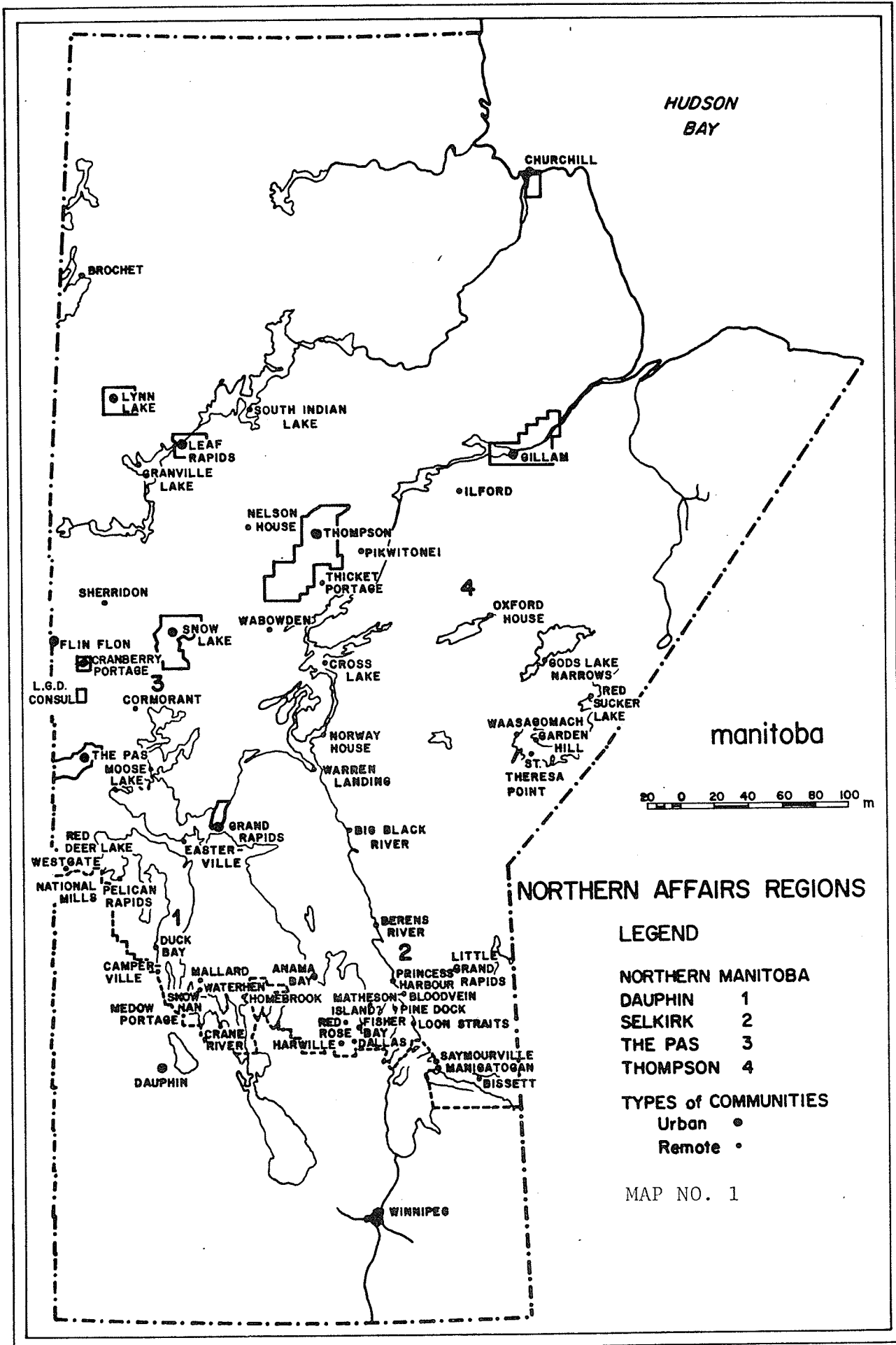
²Department of Regional Economic Expansion, "Manitoba's Changing Northland", Ottawa, 1979, p. 23.

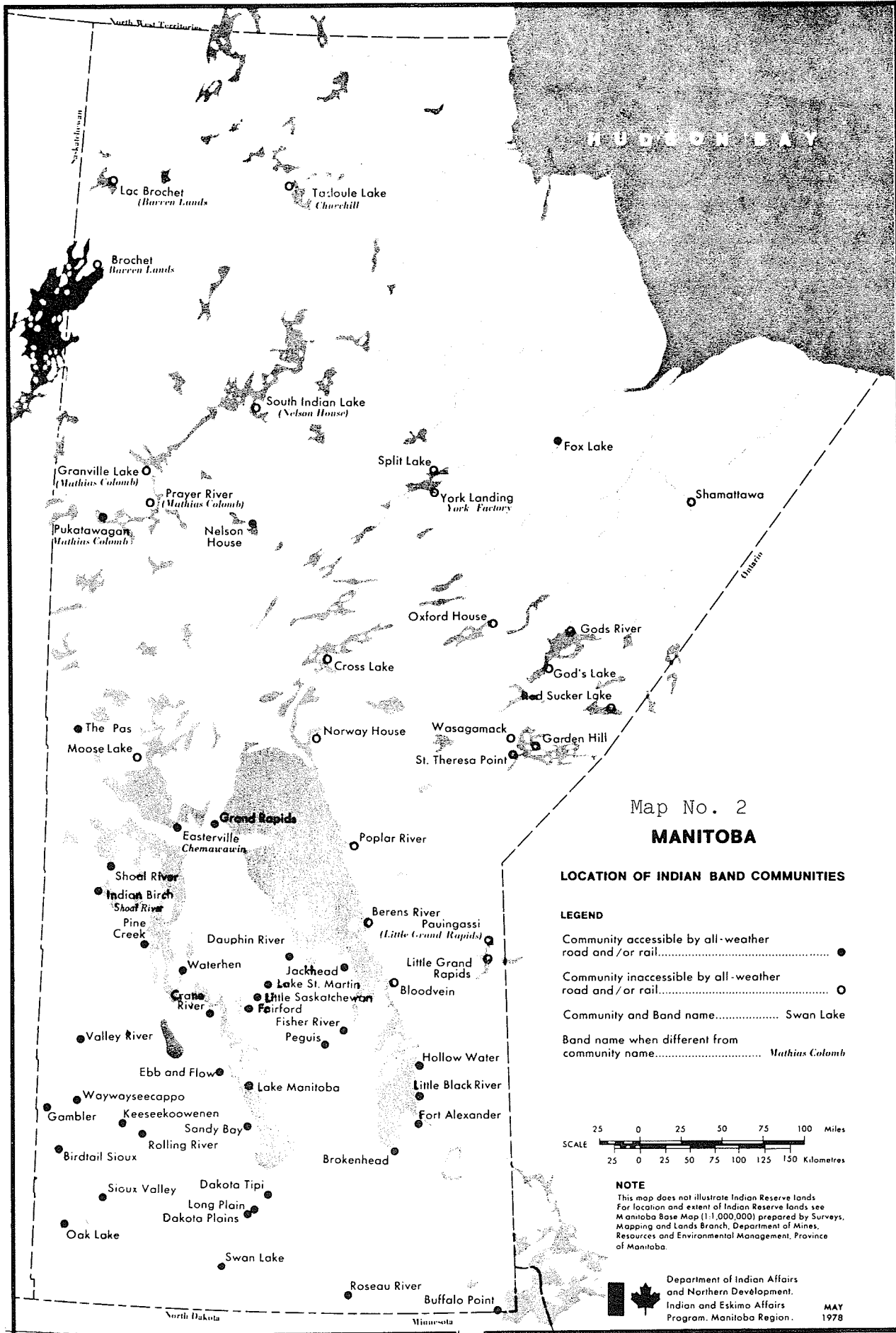
FIGURE 1

ESTIMATED USEABLE INCOME PER PERSON 1973



Source: Dept. of Regional Economic Expansion. "Manitoba's Changing Northland", Ottawa.





improper sewage systems, lack of public transportation, and limited recreational opportunity.¹

Native peoples tended to be concentrated in the remote, disadvantaged areas of the Province. Many Metis, non status and status² Indians lived in very small communities, removed from larger regional centres. A recent survey "Indian Conditions" points out that the percentage of Indians living in remote locations in Manitoba actually increased between 1973 and 1977.³

The boundary dividing the northern and southern communities of the Province of Manitoba is an arbitrary one and used for planning purposes by the Department of Northern Affairs. In practise, "north" is frequently used to refer to that area of the Province north of Winnipeg.

The northern setting is characterized then by a wide variation in communities. Peoples are grouped over a large, widely different, geographic area; from very small and isolated to a large modern city. There is a mixture of cultural backgrounds, with a high proportion of native peoples. One might look therefore to a development program which recognizes the unique situation of the communities and peoples involved.

¹CCRD, "A Development Strategy for the Mid-North of Canada", Ottawa, 1976, p. 30-34.

²See Map Number Two for the Location of Indian Band Communities.

³Government of Canada, "Indian Conditions--A Survey", Minister of Indian Affairs and Northern Development, Ottawa, 1980.

The Province of Manitoba in the late sixties and early seventies was aware of uneven prosperity in the North. Despite the potential for development in the resource sector, pockets of poverty existed. One approach to improve the conditions in these poorer communities was the establishment of the Communities Economic Development Fund (CEDF).

The Fund was part of a Government strategy for the seventies, to further development of those communities which because of their location and lack of an economic base, had high levels of unemployment and social assistance. The Government of Manitoba sought to develop these communities of the North by promoting "a social development approach to government programming".¹ Economic development was seen to be a necessary component of development. The goal of Government action was the "quality of life and the human needs and aspirations in it."²

Moreover, economic growth alone has not always led to the new improved kind of public services that are required by a higher level of private consumption or which mark our progress toward a more civilized existence. Nor does economic growth help those who for reasons of racial or cultural background, educational deprivation, geographic isolation, health or disability, age, family situation, or mental retardation, are unable to fully participate in the economy and its gains.³

¹Manitoba Government, "A Guideline for Social Development", Office of Research and Planning, Department of Health and Social Development, November 1970.

²Ibid., p. 3.

³Ibid., p. 2.

Community Development Corporations were seen to be "the most effective means for encouraging meaningful citizen participation and self-help efforts".¹ CDC's were a relatively new approach, still in the experimental stage in the United States.² Although there was no one "model" of community development corporations, the following characteristics were common to all:

Economic Development: CDCs are engaged in all stages of economic development. They act as planners, provide technical assistance to local entrepreneurs, make investments and operate businesses.

Local Control: CDCs are controlled by residents or by representatives selected by the residents of the poverty-stricken areas they seek to serve.

Social Goals: Their ultimate purpose is to increase the economic well-being of neighborhood residents.³

The above characteristics show that the goals of economic and social development are intertwined, and that local control is an important element.

The need for capital was a recognized problem in the communities in the North. Banks and Credit Unions

¹Manitoba Government, "A Social Development Approach to Poverty", a Brief to the Special Senate Committee on Poverty, November 4, 1970.

²Congress of the United States of America, "Economic Opportunity Amendments of 1966".

³Faux, Geoffrey, "Politics and Bureaucracy in Community Controlled Economic Development", Law and Contemporary Problems, Vol. 36, no. 2, Spring, 1971, pp. 227-296.

usually were not located in the remote regions. They were generally reluctant to finance projects which were operating in the North, and managed by people with lower education and business training than the average loan applicant. Banks preferred to lend money to those who had a good credit rating.

We agree that there will be occasions where the risk factor or remoteness of the community may preclude normal financing, and such proposals would of course require other arrangements.¹

The Federal Business Development Bank, which would support some small businesses, would not become involved with non-profit businesses.²

Yet the government saw "investment" in these communities as a necessity, if economic development was to serve as a means to social development.

Investment is one of the key generators of economic activity. It is crucial in decisions about what is to be produced and how it is to be produced... there is a growing urgency to develop new instruments for mobilizing and applying Canadian capital in lieu of foreign capital. Such instruments should provide exemplary models of socially conscious investment criteria and resource development based on social development principles.³

The "investment" approach to development was evident

¹Robert A. Brown, Vice-President and Manager, Bank of Montreal, Main Office, Winnipeg.

²Personal communication, D. Goodman, Assistant General Manager, Management Services, Federal Business Development Bank.

³Government of Manitoba, "A Social Development Approach to Poverty", A Brief to the Special Senate Committee on Poverty, November 4, 1970.

in "An Act Respecting the Manitoba Development Fund" of 1966. This Act preceded the "Development Corporation Act" of 1970. The Manitoba Development Fund changed to the Manitoba Development Corporation, but continued "to encourage a balanced development of industry in the province", by providing financial or other assistance. Recently, the Corporation has divested itself of investments in equity securities.¹ Financing activities of the Corporation were suspended on November 15, 1977. By Government Directive, responsibility for the administration and collection of outstanding loans has been given to the Communities Economic Development Fund.

Although both MDC and CEDF have invested money, there are major differences in the enabling legislation:

1. MDC was to promote development² whereas CEDF was to take a more passive approach and respond to local initiative ("enterprises which are locally owned and operated").³

2. MDC was involved in developing export markets;⁴ CEDF did not have his mandate.

3. Capital of MDC is fixed at \$50,000,000.00. CEDF does not have an amount stated in the Act, but depends on an advancement out of the Consolidated Fund. The authorized limit remains at the original level of \$6,000,000.00.⁵

¹Manitoba Development Corporation, Annual Report, March 31, 1979.

²Government of Manitoba, "The Development Corporation Act", Part 11.

³Government of Manitoba, "The Communities Economic Development Act", 3b.

⁴Ibid., p. 3.

⁵The Consolidated Fund is the consolidation of all general revenues of the Province of Manitoba.

4. Because of the emphasis on business and industrial development, MDC was active in the urban centres, while CEDF had a mandate to serve the "remote and isolated" regions.

5. MDC could take an equity position in projects,¹ while CEDF did not.

Legislation

The Communities Economic Development Fund is a Crown Corporation of the Province of Manitoba. It was established July 27, 1971.² It is interesting to note that the Indian Economic Development Fund (July 13, 1972) and Special ARDA (July 20, 1971), both Federal development agencies, came into existence during this same period.

The Act sets down the objects and powers of the Fund, considerations in making loans, and certain operational policy. All financial assets of the Fund were held in trust by the Manitoba Development Corporation. An amendment to the Act in 1976 gave independent financial control to CEDF. The monies required by the Fund are advanced from the Consolidated Fund of the Province.

The objectives of the Fund are listed in the Act:

The objects of the Fund are to encourage the optimum economic development of remote and isolated communities within the province and to that end:

- a) to provide financial or other assistance to i) existing economic enterprises or to economic enterprises to be established; and ii) community development corporations;

¹Government of Manitoba, "The Development Corporation Act", Part 11, Section 43.

²Appendix D--"The Communities Economic Development Fund Act", C 155, Statutes of Manitoba, July 27, 1971.

- b) to emphasize and encourage the expansion and strengthening of small to medium-sized economic enterprises which are locally owned and operated; and
- c) generally to assist the minister in furthering economic development on behalf of the residents of remote and isolated communities, particularly as regards economically disadvantaged persons.¹

To that effect, the Fund in giving financial assistance is to consider the following social and economic criteria for the project:

- a) the technical and economic requirements for the enterprise in respect of which the loan is sought
- b) the terms upon which similar financial assistance is normally provided by other institutions;
- c) explicit or implicit requirements additional to the actual financial assistance by the fund, including investment capital, grants, infrastructure such as roads and utilities, or social investments such as for education;
- d) the effect on the community, both economic and social;
- e) the location and type of employment created, as well as the location and type of employment displaced, if any;
- f) the actual source of labour to be employed;
- g) the effect on the working conditions, the wage levels, the income and the distribution and stability of income of the people affected, either favourable or unfavourably, by the price in respect of which the financial assistance is sought;
- h) the effect on conservation and on the environment, including the costs and mechanisms of pollution control;
- i) the extent and implications of local ownership and control;

¹Section 3, "The Communities Economic Development Fund Act", C 155, Statutes of Manitoba, July 27, 1971.

- j) the economic activity generated or strengthened in other local economic enterprises, by the enterprise in respect of which the financial assistance is sought;
- k) the implications for welfare costs and dependency, and the concrete steps to be taken to employ some disadvantaged persons and to upgrade the skills of the workers involved, including on-the-job training;
- l) the risk involved; and in fixing the terms and conditions on which the financial assistance is provided for, the fund shall take those considerations into account.¹

The Act permits considerable flexibility in the operations of the Fund. Loans can be made for the provision of fixed or working capital and rates of interest can be fixed or varied, (although rates cannot be changed retroactively). The Fund cannot make a loan if the applicant can obtain sufficient monies from other sources on reasonable terms. It is also to encourage others to provide assistance to the Fund, financial or otherwise, and to encourage other lending institutions and financial institutions "to assist in financing the enterprise in respect of which the financial assistance is provided by the Fund."²

The Act states the Fund is to supervise the expenditure by each borrower of the monies loaned to him, and to maintain a record of supervision for each borrower. The Fund is authorized to order an audit of the financial affairs of the borrower, and failure to permit such an audit, or to provide

¹Ibid., Section 11(3).

²Ibid., Section 11(2).

the necessary information respecting the financial affairs will mean the loan could be called.¹

The affairs of CEDF are managed by a board, of not less than four, and not more than eight members.

The board shall meet at least quarterly and shall administer the business and affairs of the fund and may pass by-laws for the following purposes,

- a) to determine the terms and conditions upon which loans generally, or any class of loans, may be made and security to be given therefore;
- b) to prescribe the form in which applications for loans and other financial assistance shall be made and the basic or minimum information to be furnished by applicants;
- c) to determine the terms and conditions under which the fund will acquire an equity position in a company, by convertible debentures, share purchase options, or otherwise;
- d) generally, to determine the conditions for the carrying out of its powers;
- e) to regulate its own procedure.²

All by laws enacted by the board requires the approval of the Lieutenant-Governor in Council.³

Procedure

The general format for the applicant is:

- 1) General inquiry, often by referral from Special ARDA,

¹Ibid., Section 12(4).

²Ibid., Section 17(1).

³Ibid., Section 17(2).

Metis Locals, Community Councils, DIAND,¹ or Band office, usually by phone, to CEDF offices.

- 2) Development of proposals, with emphasis on a number of factors; a) economic viability, b) use of outside funding c) jobs created, d) need in the community. The proposal can be completed with help from the consultant, but generally the client is encouraged to complete as much as possible.
- 3) Board presentation by the development officer. Occasionally, the applicant may be present at the board meeting.
- 4) If accepted, a letter of offer is written outlining certain conditions of the loan which may include the following a) security, b) control of drawing by principal, c) requirements of regular financial statements, d) fire and life insurance
- 5) Monitoring of account, usually by the original consultant which may range from periodic supervision to intense management training, and financial controls.

Historical Review

CEDF was established, according to the first annual report (1972), to complement the Special ARDA program. The following year another objective was added "to help communities obtain needed services".² This covered the thrust of

¹The Department of Indian Affairs and Northern Development of the Federal government.

²Communities Economic Development Fund, Annual Report, 1973.

CEDF's perceived role in the "remote and isolated" communities in the early years of operation: 1) to provide a total financing program (to complement Special ARDA)

2) to help existing or new business ventures

3) to help communities obtain needed services.

After two years and three months of operation, 128 projects has been funded totalling \$3,055, 442. This initial activity was followed by "retrenchment", where the annual reports stress the need for management responsibility of accounts. During this period, CEDF took full control of its own funds. MDC no longer administered CEDF's capital account. 1976-1977 saw a dramatic increase in the number of loans (from 18 to 38), followed by a stable period of two years with 20 projects funded in each year. The last year 1979-1980 appears to show another increase with 31 loans extended for a total of \$1.8 million. Up to October 1980, there have been 14 new loans issued for a total of \$450,000.

There have been significant policy directives from government and it should be remembered that the directors and staff of CEDF do not have total autonomy. For example, three instances noted in the annual reports are: 1) restrictive on activities to projects which have received Special ARDA funding, (1977), 2) the above constraint was lifted to include funding those projects which have Government contracts, (1978), 3) the above restriction was lifted but there were to be no new loans to Treaty Indians (1980).

In October 1980, new policy guidelines were issued

to CEDF after a provincial cabinet review. This policy will prevent CEDF from offering any grant assistance to anyone, limit the activity of CEDF to Northern Manitoba as defined by the Northern Affairs Act except for those with special ARDA funding, and allows partial relaxation of the former ban on loans to Treaty Indians. Applications from Treaty Indians may be considered if the project has received Special ARDA funding or if there can be assignment of government contract. Applications can not be considered if the enterprise is located on Treaty Land.

Summary

It is important to appreciate the setting within which CEDF was to operate. The economic activity of northern Manitoba was changing from traditional survival methods through a trade system to a wage-for-service economy.¹ There were numerous barriers such as the location of communities and the education and cultural background which tended to make it difficult for the people from the more remote areas of the Province to take advantage of the economic opportunities of the northern urban communities.

The context of CEDF and other local and government agencies is another point to consider. There were two major groups in many northern remote communities. The Treaty people were represented by the Chief and Council and related to the

¹Department of Regional Economic Expansion, "Manitoba's Changing Northland", Ottawa, 1979.

Federal Department of Indian Affairs and Northern Development. The non-treaty and metis people were represented by a Mayor and Council and were the responsibility of the Minister and the Provincial Department of Northern Affairs. The Northern Association of Community Councils, with representatives from the remote communities, developed from an information and planning body to an organization that initiated and advocated government programs for remote communities. At least two native organizations were actively working in northern communities, the Manitoba Metis Federation, and the Manitoba Indian Brotherhood. Obviously, no one program or agency could be expected to meet the needs of the total community, and coordination with government and local groups would be an important aspect to northern development work.

CHAPTER III

FINDINGS AND DISCUSSION

"As you know, community development at its best takes an enormous amount of time, a relatively large budget and indeed the cooperation of any agency or person involved in the project."

(K. N. Gregg
Assistant G. M., CEDF.)

Introduction

This chapter will present the results from the evaluation research. The focus of the study has been to evaluate CEDF as a development agency, and to identify the social effects of its activities. To reiterate, the objectives of the study were as follows:

1. To compare the activities of CEDF in relation to legislation establishing the Fund.
2. To trace the operation and development activities of CEDF in terms of total applications and projects supported.
3. To examine the impacts of non-lending activities.
4. To assess the impact of CEDF on Manitoba communities in terms of public services.
5. To determine the perception of clients regarding the Fund and the project.
6. To compare CEDF with other Federal and Provincial development agencies.

The findings will be presented as they related to these six major study questions, irrespective of whether the information was obtained during Phase I or Phase II of the inquiry. Before presenting the findings, it is important for the reader to have

additional information regarding some special aspects of the file review.

Special Aspects of File Review

The file review was an important part of the research process and yielded the base-line of information on the activities and operations of CEDF as expected. First however it should be pointed out that several problems arose in handling the file information.

The classification of communities with adjoining Indian reserves was dealt with by deciding if the community was generally Status and if the majority of applicants were Status. These cases were listed under Indian reserve communities. On the other hand, if the majority of residents were non Status, and if the proposed enterprises were located off reserve, the community would be listed as "off reserve".

The counting of numbers of clients, applications, projects and loans¹ was another data processing problem. Each loan was counted separately but because there could be more than one loan for one project, the number of loans does not equal the number of clients, or number of projects. A number of applicants applied to CEDF several times. The applicant could be rejected on one proposal, referred to other funders

¹Generally funding by CEDF was in the form of a loan. There were a number of cases in the files where there were guarantees, i.e. the bank extends financing and CEDF "guarantees" the loan. In this section loans will include these guarantees.

on another and accepted on the third application. Alternately, he could be accepted for initial funding but then refused for later funding. Therefore the number of applications does not equal the number of applicants. There were 1025 applications to CEDF including 20 which were not a loan application. Applications were from 899 applicants. Of these 257 were accepted and resulted in 187 projects.

A final dilemma with the data was the large number of missing cases. This was a particular problem in dealing with the socio-economic descriptors of the clients, both for the total group and the accepted category. There was very little information on the education and income levels. The cultural background of the applicant, although giving a fairly accurate indication about the number of Status Indians, leaves a large number of unknown cases where it would have been valuable to have an idea as to the background i.e., new immigrant, long-term resident etc.

Despite these methodological difficulties, the file review provided useful information relative to all study questions, particularly an information base that enabled the assessment of how well the legislated objectives of the Fund were met.

I. CEDF ACTIVITIES IN RELATION TO LEGISLATION

The objectives of the Act, "The Communities Economic Development Fund Act", were discussed in detail in Chapter II. This section of the report will present the findings under four specific objectives of the Act. In general, the mandate of

CEDF was to encourage the economic development of remote and isolated communities in Manitoba by responding to local individual and community requests for financial and other assistance.

To review, the objectives, as stated in the Act were as follows:

i) to encourage the optimum economic development of remote and isolated communities within the province

ii) to provide financial or other assistance to i) existing economic enterprises or enterprises to be established, ii) community development corporations.

iii) to emphasize and encourage the expansion and strengthening of small to medium-sized economic enterprises which are locally owned and operated, and

iv) to further economic development on behalf of the residents, particularly as regards economically disadvantaged persons.

i) Development of remote and isolated communities

The data¹ as shown in Tables 4-8 describe the location of CEDF lending activity in Manitoba. Map 3² gives a visual presentation of the extent in Manitoba where CEDF has approved loans. In total 175 communities were identified. The most intense activity was in The Pas area which included the town of The Pas, The Pas Indian Reserve and the Metis communities of Umperville, Big Eddy and Young's Point. The Northern Affairs community of Cross Lake had the highest number of approvals.

The majority of accepted applications were within the

¹The complete data showing applications and loans by community is listed in Appendix A.

²Map 3 is inserted in the back of the report.

Northern Affairs boundary, with those communities listed under the jurisdiction of the Department of Northern Affairs receiving a high number of loans. There were many communities (69) listed as south of the Northern Affairs boundary and having had contact with CEDF. Of these, fifteen communities were successful.

The Tables show CEDF has operated mainly in northern Communities and also that these communities represent a diversity of geographic location, size, community services, historical background and projects funded by CEDF.¹

The breakdown in Table 4 for northern communities and Indian Reserves are: 1) Local Government District--those communities which are administered by a Local Government District authority. These communities generally are close to a regional or market centre and are typical of the "urban" north. Included in this category are also the three incorporated communities of Thompson, Flin Flon and Lynn Lake. In total 74 loans were approved out of 320 applications. 2) Northern Affairs Communities--those "remote" communities which are administered by the Department of Northern Affairs. A total of 109 loans were approved out of a total of 360 applications. 3) Other Northern communities--those communities which are within the Northern Affairs boundary but which are not directly administered by the Department of Northern Affairs. The majority of communities that are listed are small hamlets with applications for tourist facilities. A

¹See Appendix A for listing by community.

TABLE 4

DISPOSITION OF LOAN APPLICATION,* ACCORDING TO LOCATION

District	# of Applications	Approvals		Referrals & Rejections		Incomplete	
		#	Freq. %	#	Freq. %	#	Freq. %
Northern Affairs Communities	360	109	30.2	124	34.4	127	35.3
Local Government District & incorporated Northern Communities	320	74	23.1	116	35.9	130	40.6
Other Northern Communities	26	5	19.23	10	38.5	11	42.3
Indian Reserves	118	26	22.0	43	36.4	49	41.5
South	181	43	23.8	85	47.2	53	29.3
Totals	1005	257	25.7	378	37.5	370	36.7

*This is the disposition of loan applications. Included in the total of 1025 applications to CEDF are applications for non-lending services.

total of 5 loans were approved from 26 applications. 4) The list of reserve communities are those communities where the applicant generally resides on the reserve and whose business serves reserve residents. A total of 26 loans were approved out of 118 applications. 5) South--the southern communities, including Winnipeg and Brandon, numbered 181 applications and 43 approvals. There were four loans from Winnipeg representing the CEDF support for the Me Ki Si Corporation. The directors of this company hold shares for nine Indian Bands on the east side of Lake Winnipeg and the head office for the company is in Winnipeg. Other southern communities which have received funding operate businesses at the source of application.

To understand more fully the disposition of applications, it is necessary to complete a more detailed examination. Table 5 describes the disposition of applications for those Manitoba communities with eight or more applications. The Pas area has the highest number of applications. Cross Lake, a Northern Affairs community, has the highest number of approvals. Other communities such as Manigotogan have a high number of approvals, and a low number of incomplete applications. Wabowden on the other hand has a high number of incomplete and a low number of approved applications.

Southern and Northern Communities

The communities were divided into two categories, north and south, according to the Northern Affairs Boundary (Table 6). Northern communities were highest in terms of total applications and approvals. The northern communities

TABLE 5

DISPOSITION OF APPLICATIONS FOR MANITOBA
COMMUNITIES WITH EIGHT OR MORE APPLICATIONS TO CEDF

Community	Type*	Approvals	Rejections &/or Ref- errals	Incomplete
The Pas	LGD;IR	23	33	50
Cross Lake	NAC;IR	24	16	15
Churchill	LGD	17	24	26
St. Laurent	S	11	5	3
Ilford	NAC	11	5	3
Manigotogan	NAC	11	5	1
Berens River	NAC;IR	10	11	2
Easterville	NAC;IR	7	5	5
Thompson	Incorp.	7	14	10
Grand Rapids	LGD	7	9	10
Cranberry Portage	LGD	6	11	6
Leaf Rapids	LGD	6	11	14
Ft. Alex.	IR.	6	3	2
Vogar	S	6	2	0
Thicket Portage	NAC	5	4	4
Norway House	NAC;IR	5	3	2
Waterhen	NAC;IR	4	3	2
Duck Bay	NAC	3	8	9
Moose Lake	NAC;IR	2	8	8
Wabowden	NAC	3	12	19
Gillam	LGD	3	6	2
Garden Hill	IR	2	10	4
Pikwitonei	NAC	2	6	3
Pine Falls	S	2	4	2
Cormorant	NAC	2	4	9
Sandy Bay	IR	2	0	6
Fairford	IR;S	1	6	3

*LGD=Local Government District, S=South, NAC=Northern Affairs Community, IR=Indian Reserve, Incorp.=Incorp.

were further divided into two groups, with the communities of The Pas, Thompson, Gillam, Leaf Rapids, Grand Rapids, Flin Flon and Snow Lake classified as "urban" and the Northern Affairs communities, northern reserves and other smaller northern communities classified as "remote". "Remote" communities were highest in applications and approvals (Table 7).

Table 8 refers to the number of communities represented in each category, and the number of communities which were successful in obtaining approval of applications from CEDF. Again northern communities were highest with Northern Affairs Communities and the Northern Local Government Districts having frequency counts of over 60%.

TABLE 6

CLASSIFICATION ACCORDING TO AREA

Area	# Applications	Approvals		Rejections & Referrals		Incomplete	
		#	Freq. %	#	Freq. %	#	Freq. %
North	787	205	26.0	281	35.7	301	38.2
South	218	52	23.9	97	44.5	69	31.7
Total	1005	257		378		370	

Discussion

From the information resulting from the data presented on the location of communities, CEDF has approved more northern applications than those from southern urban communities.

TABLE 7

CLASSIFICATION OF NORTHERN COMMUNITIES

	# of Applications	Approvals		Rejections & Referrals		Incomplete	
		#	Freq. %	#	Freq. %	#	Freq. %
<u>Type</u>							
"Urban"	213	46	21.6	75	35.2	92	43.2
"Remote"	574	159	27.7	206	35.9	209	36.4
Total North	787	205		281		301	

TABLE 8

NUMBER OF SUCCESSFUL COMMUNITIES

Category	Number of Communities with Applications	# Successful	Freq. %
Northern Affairs Communities	35	22	62.9
L.G.D. & Incorporated Communities	14	10	71.4
Other Northern Communities	27	5	18.6
Indian Reserves	30	14	46.7
South	69	17	24.6
Total	175		

Further, the location of the majority of northern approvals has been in "remote and isolated" communities, as defined by the Northern Affairs Act. There are however a number of communities within that jurisdiction with unsuccessful or incomplete applications.

It should be noted that in the Local Government District and the Incorporated communities, there were applications from a "community within a community". For example, The Pas area included The Pas Indian Reserve, and the three Metis communities of Umperville, Big Eddy, and Young's Point. This area was the location of a later field visit, and it was apparent that many of the applicants were from the native settlement.

The southern region as well included communities which did not have access to the type of funding services requested. For example, Vogar which was also visited on the field survey, shares with the northern remote communities a high unemployment rate and limited community facilities.

ii) Assistance to economic enterprises and to Community Development Corporations

The legislation specifically states CEDF is to provide assistance to economic enterprises and to community development corporations. The number of accepted applicants were identified according to the type of individual or group operating the enterprise.



TABLE 9

NATURE OF THE BORROWER ACCEPTED CATEGORY

	#	%
Single Proprietor	132	70.5
Partnership/Co.	27	14.4
Community Groups (total)	28	14.9
Community Dev. Corp.	10	
Community Council	5	
MMF Local	1	
Cooperative	2	
Indian Band Council	6	
Other Community Associations	4	
Total projects	187	

TABLE 10

NATURE OF THE BORROWER, ACCORDING TO LOCATION,
BY ACCEPTED APPLICATION

Legal Status	South #	Reserve #	LGD & Incorp. #	NAC #
Single Proprietor	15	14	43	58
Partnership/Co.	6	1	10	11
Community Development Corporation	1	0	2	6
Community Council	1	0	2	6
M.M.F. Local	0	0	1	0
Cooperative	1	1	0	0
Band Council	2	3	2	2
Other Community Group	3	0	1	0

Discussion

The overwhelming majority of clients accepted for funding by CEDF have operated as individual proprietors. A lesser number were either partnerships or companies. There have been ten Community Development Corporations which received CEDF support, the majority of which were located in Northern Affairs communities. A number (18) of other community groups were also noted as having received financial assistance.

iii) Support for Economic Enterprises

CEDF encouraged and strengthened economic enterprises in a number of important ways. For the purpose of this report, a distinction has been made between the lending and non lending services of CEDF. A later section will deal with the non lending activities. This account will examine the financial support program and related services of the Fund.

Table 11 gives an account of the supervision of loans as described in the files. The mandatory column shows those instances where CEDF had legal control over the enterprise. Given the lack of management ability noted in later Tables it is somewhat surprising there are not more instances of project management in the mandatory column.

Of particular interest is the large number of cases in which CEDF was involved in interagency negotiations. In many instances CEDF consultants played a distinct advocacy role for clients. Examples of this was obtaining licences, seeking other funding sources, attempting to find markets

or equipment for clients and representing client's needs to government agencies or departments.

In 40 cases CEDF took legal action which were those cases where CEDF claimed on security because the project had deteriorated and CEDF had decided the project under present management could no longer operate profitably.

TABLE 11

CEDF SUPERVISION OF LOANS

Activity	Voluntary # of Projects	Mandatory # of Projects
1. Securing Work	13	0
2. Administration of finances	24	4
3. Bookkeeping	34	2
4. Board decision-making	9	0
5. Purchase of Equipment & Stock	53	3
6. Marketing Agent	13	0
7. Referral to outside expertise	34	0
8. Interagency negotiation	76	1
9. Client Advocacy	31	2
10. CEDF as Adversary	38	3
11. Legal action against client	33	7
12. Funded outside expertise	10	3
13. Funded on site training	6	0
14. Protective disbursement	8	0
15. Equity Position	0	1

Flexibility of Repayment

It is common with most programs involving inexperienced management to encounter difficulties with loan repayment. CEDF showed itself to be extremely accommodating to clients. The changes in payment term indicates the high number of times CEDF changed the schedule of payment as originally agreed upon by the client and CEDF, the change usually at the request of the client.

In 34 cases it was noted that CEDF wrote off an outstanding loan. In these cases CEDF did not pursue litigation, usually because the security had little value or because it could not be moved due to location on an Indian Reserve.

TABLE 12

CHANGES IN INITIAL LOAN PAYMENT ARRANGEMENTS

<u>Changes</u>	<u># of Changes</u>
Interest Rate	7
Change in Principle	18
Change in payment term	69
Write-off	34
Orderly repayment	17
Security	15
TOTAL	160

Joint Funding with other Agencies

CEDF is required by the Act to encourage program participation¹ by other lending institutions. Table 13 gives the number of instances where other funding sources were involved.

TABLE 13
"LAYERING", CEDF LOANS WITH OTHER FUNDING AGENCIES

Source	# of Loans
1. Proprietor equity	42
2. Commercial	21
3. Other Public Agency	24
4. two or more of above	47
TOTAL	134

Discussion

CEDF approved a number of loans to economic enterprises located in Manitoba communities. CEDF handled these loans with flexibility of repayment terms, and with various loan support services. In the projects supported by CEDF there were 134 with other funding agencies involved.

It is important to bring to the attention of the

¹Government of Manitoba, "The Communities Economic Development Fund Act", Section 11(2).

reader, material regarding client's perception of the Fund. Although the file review describes CEDF as an agency responding well to the needs and requests of clients, it was not always so perceived by clients. Those interviewed in the field described certain difficulties with the funding process, and the operation of the Fund as they found it.

iv. Furthering Development regarding Economically disadvantaged persons

The Fund has been involved with a large number of individuals and community groups who have sought financial or other support. The data given here provide a socio-economic profile of both the applicant group and the accepted client group.

Socio-economic Profile

The socio-economic data for all applicants are presented in Appendix C, tables 1-8. The data is divided into two sections--the total applicant group and the accepted client group. Generally, the two groups are similar in socio-economic characteristics.

As stated earlier, the file review yielded useful information, but certain information was lacking in a number of important areas. It is therefore impossible to give a true and complete picture of the background of the applicants in such critical variables as education and training experience. However, the information that was available has been analyzed and is useful because, incomplete as it may be, it does offer

some guidelines. The lack of consistent record keeping probably reflects the emphasis by the consultant on the funding of the project rather than the human resources which may be required.

The Applicant

CEDF was approached by a wide range of individuals and groups whose socio-economic background is quite diverse. Of the total group of 899 applicants, 463 listed age of applicant. The average age for these cases was 37.5 and ranges between 17 to 73. This older category may explain the fairly high number of dependants. Of the 385 cases, the average number of dependants reported was 4.2 with a minimum of 1 and a maximum of 15. It is quite likely that there were applicants with no dependants in the missing cases.

The income level reported for 146 cases was an average of \$12,490 with a maximum of \$250,000 and a minimum of \$1,073.

The education and attained school level is indicated for 162 cases. The education level shows a wide range from minimum schooling to 19 years of education (post graduate). The average was 9 years of schooling.

The cultural background of the applicant group with 406 cases noted, shows a high percentage of native people-- 38% status and 45% non status or metis, and 17% non native.

The work history and related training (Table 8, Appendix C) shows the high number of applicants whose occupation is one of labourer. The labourer, unemployed and fishing/

trapping category accounts for 157 or 42% while the trades training, public administration, public employee, plus business management accounts for 143 or 38.7%

The Client

The data is included in Appendix C "Socio-Economic Profile", tables 1-8. Generally, the applicants accepted for funding by CEDF have a similar socio-economic profile as the total group applying for funding. However there is a higher percentage of reported cases, and the profile therefore more accurately portrays the accepted client group.

The data for the 180 clients in the accepted category shows there were 146 males and 12 females. The majority (91%) are married. The average age is 37.6, with a range from 17 to 72. The income level with 44 cases reported was \$10,183.36 and a range of \$1,073. to \$37,000. Average education level attained was grade 9, and a range of grade 3 to post graduate. Dependents with 122 cases reported was 4.2.

The cultural background noted in accepted applications was generally native, ie. either status Indian or metis, with the highest number in the Metis/nonstatus group, and the lowest in the non native.

The educational and related training as indicated in Table 8 in Appendix C shows the high number (41) in the labourer classification. There were 27 cases noted with trades training and 25 with business management. Fishing and trapping accounted for 22 cases.

The data on previous work-education experience would

seem to describe an individual who is not prepared for operating a business. The accounting and management skills will be lacking.

Socio-Economic Profile According to Location

The accepted number of cases were classified according to community location in the following districts:

1) South--those applicants located south of the Northern Affairs boundary, except for reserve residents which are included under

2) Indian Reserves--all those communities identified as Indian Reserve communities

3) Northern Affairs Communities--those "remote" communities of northern Manitoba which are administered by a Local Government District or are an incorporated community.

4) Local Government District & Incorporated Communities--those "urban" communities which are administered by a Local Government District or are an incorporated community.

The Tables are shown in Appendix C, Tables 9-13. Although there are a number of missing cases, particularly regarding education and income levels, they reveal pertinent information to the study.

The data, in comparing the groups of clients would seem to indicate reserve communities and Northern Affairs communities as having the lowest annual income and the highest number of dependants. The reserve communities also have the youngest applicants and the south the oldest.

The number of years of schooling shows the highest attained level for the LGD and incorporated communities with the reserve communities the lowest.

Table 14, describing the related training and previous work experience points out the diversity of background of CEDF's client group. The highest category for each region is labour experience although for Northern Affairs Communities, there are as many with a fishing/trapping background. In contrast the LGD and incorporated communities of the north have as the second highest category trades training.

This information, which provides only clues as to the client profile, points out that certain communities such as reserves and Northern Affairs communities will require supplemental instruction and assistance to the client in operating a business. The client, because of age, education and previous work experience, will not have the skills required.

Problem Areas

The problem area occurring most frequently according to file information pertained to inexperienced and untrained management. Table 15 shows the attempts by staff to develop a training program and to provide support services for inexperienced and untrained management other than financial is warranted.

Problems with cash flow, both accounts receivable and accounts payable was also noted. Again, skills in this area could be developed. The combination of personal refusal

TABLE 14

RELATED TRAINING AND WORK EXPERIENCE, ACCORDING TO
LOCATION, ACCEPTED APPLICANTS

Experience	South #	Reserve #	LGD & Incorp. ¹ #	NAC ² #
1. Trades Training	4	1	12	8
2. Public Administration	0	3	5	9
3. Business Management	4	1	9	10
4. Labour	7	5	13	16
5. Public Employee	1	2	3	5
6. Fishing, Trapping	0	2	4	16
7. Unemployed/welfare	1	3	1	4
8. Other training	0	2	3	3
Missing Cases	11	2	3	3

¹L.G.D. & Incorp.--Local Government District and Incorporated Communities.

²NAC--Northern Affairs Communities.

TABLE 15

PROBLEM AREAS, ALL LOANS

Problem	Number of times Noted	
Health		23
Maintenance Cost (total)	1	(41)
a) overhead		4
b) Repair		33
c) Replace		3
Labour Turnover		9
Management Turnover		16
Labour Productivity/Payment Structure		31
Institutional Rigidity (re commercial loans)		24
Inexperienced and Untrained Management (total)		
	1	(71)
a) operations		34
b) accounting		37
Mistrust of objection to CEDF Management activity		19
Indeterminate Management Structure		12
Cash Flow (total)	6	(54)
a) Accounts receivable		21
b) Accounts payable		27
Market changes		40
Personal Problems		20
Personal Refusal		28
Other World/Activities		30
Communication		14
Legal Opposition to Project		5

to CEDF advice plus poor communication showed in 42 loans which would indicate the communication skills of the consultant in this work is an important consideration.

The problem areas encountered by CEDF clients, as described in the files were classified according to the community type. The data as indicated in Table 16 shows the highest number of problem areas for the Northern Affairs Communities, Local Government District and Incorporated communities, and Indian Reserve communities was due to inexperienced management. Reserve and Northern Affairs communities had a higher number of "accounting" problems while the Local Government District communities and Incorporated communities were higher in "operations" management problems. In the south, the highest number of cases noted cash flow as the chief problem area.

The second highest problem area, as indicated by the data, for Northern Affairs communities was maintenance cost, particularly repairs. For the Local Government District and Incorporated communities, the second highest category was market changes. For the south, the second highest was inexperienced management. For reserve communities, next to the inexperienced management category, cash flow problems and personal refusal were the most frequently noted problem areas.

It is interesting to note that for Northern Affairs and reserve communities, accounts receivable was the highest cash flow problem, yet for Local Government and Incorporated communities, it was accounts payable which was noted most frequently.

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TABLE 16

PROBLEM AREAS, ACCORDING TO COMMUNITY CLASSIFICATION

Problem	NAC ¹		LGD & Incorp. ²		S ³		R ⁴	
	#	%	#	%	#	%	#	%
Health	9		10		3		0	
Maintenance Cost (total)	1	(21) 13%	0	(12) 9%	0	(3)	0	(4)
Overhead	0		2		1		1	
Repair	18		9		2		3	
Replace	2		1		0		0	
Labor turnover	4		2		1		1	
Management turnover	6		6		3		1	
Labor productivity	13		8		8		1	
Institutional rigidity	1		12	9%	4		3	
Inexperienced Management (total)	0	(28) 17%	0	(21) 15%	0	(10) 15%	1	(10) 23%
Operations	13		11		5		4	
Accounting	15		10		5		5	
Mistrust & objection to CEDF	9		5		1		2	
Indeterminate Mgmt. structure	5		4		2		1	
Cash Flow (total)	1	(20) 12%	3	(12) 9%	1	(14) 21%	0	(6) 14%
Accts. Receivable	11		2		4		4	
Accts. payable	8		7		9	13%	2	
Market Changes	12		13	9%	8		5	
Personal Problems	5		9		5		0	
Other World Activity	13		12	9%	3		1	
Communication	9		2		0		2	
Legal Opposition to project	3		1		0		1	

¹NAC = Northern Affairs Communities, ²LGD = Local Government District & Incorporated Communities,

³S = Southern Communities, ⁴R = Reserve Communities.

Discussion

The individuals accepted for funding do not appear to be "economically disadvantaged", in the true sense of the word. The average income compares favorably to the income figures reported earlier, (p. 13) although if the family income is divided among the family members, the per person income would be slightly over \$2,000 considerably below the 1973 Manitoba per person income.

The socio-economic profile of the client group shows a wide variation of people accepted for funding. It is useful to note the particular needs and lack of skills of certain groups of peoples, such as those from Northern Affairs communities and from Indian Reserves.

Information from the files regarding the problem areas encountered by clients gives important information particularly in the planning of management training services.

2. OPERATIONS AND DEVELOPMENT ACTIVITIES OF CEDF

The material used to address the inquiry into CEDF operations and development activities is taken from Annual Reports, the file survey and staff interviews. The annual reports describe the general shifts in CEDF lending activity. The file survey gives the number of applications approved, the number rejected, the agencies referred to and the apparent reason for undeveloped applications. Staff interviews gave further information regarding operational changes of the Fund.

Historical Review

It is apparent from Table 17 and by information presented in Chapter 2, that CEDF has had various levels of lending activity over time. Up to 1974 there were 126 loans approved totalling over three million dollars. Other periods of increased activity noted were 1976-1977 and 1979-1980.

The number of jobs stated in the annual reports are those jobs which the applicant at the time of application states will be generated from the project. According to this source almost a thousand jobs have come from CEDF loan supported projects. It is interesting to compare the 1972-1973 and the 1979-1980 period. Both years saw total amounts of money approved for funding as well over one million dollars. The number of loans was higher in the 1972-1973 period (66 as compared to 31). Yet, there were more jobs generated in the 1979-1980 year (144 compared to 89). This would seem to mean a large number of loan approvals does not always mean a large

TABLE 17
HISTORICAL REVIEW

Year	Interest Rate	No. of loans/ guarantees	No. jobs	Dollar Value	Notes
1971-1972 (3 months)	8%	19	62	389,500	to complement SARDA
1972-1973	8%	66	89	1,488,750	provide a total financing program, help existing or new business ventures; to help communities obtain needed services
1973-1974	8%-11%	43		1,077,192	
1974-1975	10%-13 1/4%	16	454 (total) 1971-75	731,910	help communities obtain needed service, provide financial and management assistance
1975-1976	8 3/4%-11 3/4%	18		76,000	severing of ties with MDC
1976-1977	6%-8 3/4%	38	628 (total) 1971-1977	704,658	nonlending activity noted, Business advisory services and training cost shared with Federal Government
1977-1978	8 3/4%-10 1/2%	20	103	510,399	restrictive on activities to projects which received SARDA, plus financing winter roads and Government contracts
1978-1979	8 3/4%-10 1/2%	20	92	556.456	restriction to SARDA and government contracts
1979-1980	8%-15%	31	144	1.8 million	no loans to Treaty Indians
TOTALS: 1971-1980		271	967	\$7,434,865	

number of jobs generated.

The interest rate has fluctuated over time, with a wide range noted in recent years activity.

Total Applications and Projects Supported

Of the total number of applications to CEDF, almost 25% were approved, 25% rejected, 12% referred and 36% were not pursued or incomplete, as noted in Table 18. In 86 cases there was more than one coding of the application, ie. the application was both rejected and referred, or there was more than one reason for rejection. In these instances, only the first classification was counted. The most frequent reason for rejection (Table 20) was the project characteristics were unacceptably risky, followed by the loan size, location or project characteristics exceeds mandate. The most common referral (Table 21) was to alternate financing (92%). There were a number of approaches by people to CEDF which never reached board presentation, or even development of a proposal. In many of these cases, after an initial contact by the applicant, the request for further project information was never completed (Table 22).

Of the approved loans disbursed (Table 19) by CEDF, 97 or 41% were repaid completely, 29.2% were written off to some extent, and 29.2% are current. Seventy six of the 233 disbursed loans resulted in termination of the business, although in 20 cases, those loans were completely paid back.

TABLE 18

CLASSIFICATION OF CEDF ACTIVITIES

Application	Number	Percent
Approved	257	25.1%
Refused	252	24.6%
Referred	126	12.3%
Incomplete and not pursued	370	36.1%
Other	20	2.0%
Total	1025	

TABLE 19
CLASSIFICATION OF APPROVED APPLICATIONS

Repaid Loan	Number	%
a. Loan payment regular (repaid) and business appears stable and on-going	44	45.4
b. Management (project) remains a problem and future uncertain	23	23.7
c. Unstable business continues with on-going subsidy from CEDF or other agency	6	6.2
d. Business terminated	20	20.7
e. Business sold to community or other	4	4.1
TOTAL	97	
<u>Defaulted Loan</u>		
a. Business appears stable and on-going	1	1.5
b. Management (project) remains a problem and future uncertain	6	8.8
c. Unstable business continues with on-going subsidy	3	4.4
d. Business terminated	49	72.1
e. Business sold to community or other	9	13.2
TOTAL	68	
<u>Current Loan</u>		
a. Business appears stable and on-going	34	50
b. Management (project) a problem and future uncertain	19	27.9
c. Unstable business continues with on-going support and/or subsidy from CEDF or other agency	7	10.3
d. Business Terminated	7	10.3
e. Business sold to community or other	1	1.5
TOTAL	68	
Loans approved but not taken up	24	
Total Approved Applications	257	

TABLE 20

CLASSIFICATION OF REJECTED APPLICATIONS

Reason	Number	%
1. No reason noted on file	3	1.2
2. Loan size, location or project characteristics exceeds mandate	68	27
3. Project characteristics unacceptably risky	110	43.7
4. Management characteristics unacceptably risky	50	19.8
5. Required layering not possible	14	5.5
6. Lack of Community support	5	2
7. Lack of Community interest in profits	2	.8
TOTAL	252	

TABLE 21

CLASSIFICATION OF REFERRED APPLICATIONS

Referral	Number	%
1. Alternative Financing	116	92.
2. Training Programs	3	2.4
3. Consulting Services	7	5.5
TOTAL	126	

TABLE 22

CLASSIFICATION OF UNDEVELOPED APPLICATIONS

Reason	Number	%
1. Initial application followed by request for further information. No response	162	43.8
2. Initial application approved and request withdrawn	20	5.4
3. Initial application not forthcoming	114	30.8
4. Inadequate documentation to indicate reason	19	5.1
5. CEDF conditions not responded to	26	7.0
6. Project application being processed while subject of application changed	29	7.8
TOTAL	370	

Handling of Approved Loans

Tables 1-5 Appendix B describe the handling of the approved loans by CEDF. The highest frequency for repayment of loans is in the southern communities. This could be due to a number of factors such as closer markets, access to necessary support systems and better management skills and education of the client group. Southern communities were lowest in defaulted loans.

In the north, the Northern Affairs "remote" communities had the highest percentage of paid back loans, although the Indian Reserve communities and the LGD/Incorp. communities were also over 40%. The lowest classification for defaulted loans in the north is the LGD/Incorp. communities. Again this may be due to the markets available in the more urban north and the better education and training of those particular residents.

Changes in operation activities over Time

From 1971-1980 there have been a number of staff changes. During that period, twenty-two different people have served as consultants. Of the present staff of seven, four have been with the Fund eight years or more. Changes regarding the Fund's relationship to the Manitoba Development Corporation, operations of staff, provincial minister responsible for the Fund, and the authorized limited amounts for the general manager, board and minister are described in the following section.

Table 23 describes the number of consultants over time.

There was one brief period (1974) when CEDF had a staff of 13. There was another period (1979), as well as the initial phase, when CEDF staff numbered 4. There have been 4 staff members with the Fund for at least 8 of the 9 years. The general manager has had that position since the Fund was established.

Changes in the structure of operations was noted from interviews with senior consultants in the following areas:

- a) relationship to M.D.C., b) staff-board relationship
- c) provincial government minister responsible, d) organization of staff, e) outreach, f) authorized amounts.

a) Relationship to MDC.

Prior to 1976 MDC acted as trustee in terms of the finances of CEDF. After 1976 the Board and management of CEDF were responsible for all aspects of the activities of the Fund. All administrative expenses of CEDF were met directly by the Province. After 1978, CEDF administered the accounts of MDC.

b) Minister responsible:

CEDF, as a Crown Corporation, has reported to a number of Provincial Ministeries--Minister of Mines, Resources and Environmental Management 1972-1976; Minister, Department of Industry and Commerce 1977; Minister, Department of Cooperative Development 1978; Minister, Department of Northern Affairs 1979-1980.

TABLE 23

STAFF TERM OF EMPLOYMENT, CEDF

Staff Person	Starting Date	Termination Date
1	September 1971	-----
2*	October 1971	-----
3	April 1972	July 1973
4	April 1972	December 1974
5	May 1972	-----
6	September 1972	June 1975
7	January 1973	-----
8	January 1973	May 1975
9	January 1973	September 1978
10	May 1973	October 1977
11	June 1973	October 1977
12	June 1973	January 1976
13	February 1974	January 1977
14	March 1974	March 1976
15	April 1975	February 1976
16	August 1975	April 1978
17	September 1976	April 1978
18	January 1977	December 1978
19	October 1977	January 1979
20	September 1979	-----
21	October 1979	-----
22	October 1979	-----

*This staff person was a secretary October 1971-April 1977 and has continued as a consultant to the present, (October, 1980).

c) Staff-Board relationship

For a period of time, staff was not included at Board meetings, unless they were to be questioned directly. This changed in 1978, and all consultants are now included in board meetings. The general manager acted as chairman of the board for the 1978-1979 fiscal year. The board has continued to have representatives from Four Nation Confederacy, Manitoba Metis Federation, and the Northern Association of Community Councils, although at the present time the representative from the Four Nations Confederacy has withdrawn.

d) Organization of Staff

Although the original operations structure was to separate the functions of staff, one group for developmental work and arranging for submissions of new proposals to the board, the second group for management of existing accounts, this concept "never really got going".¹

e) Outreach

There was more outreach done in the early seventies through other provincial government "communication officers" and provincial agencies such as SN(N)EP, and MANWAP. A staff member of CEDF was loaned to MMF for 6 months to help with development proposals (1974).

The increase in interest rates in more recent years

¹Interview with senior staff member

has resulted in "entrepreneurial development, not community development".¹ This change in emphasis according to senior staff explains the emphasis on management skills of clients, plus outreach activities towards individuals not communities.

f) Authorized Amounts

When the Fund was established, the limits at that time for approval of applications was \$2,000 for the General Manager, and \$50,000 for the board. This was later changed in 1976, an increase from \$2,000 to \$10,000 and \$50,000 to \$75,000. All applications of more than \$75,000 must have ministerial approval.

Present Operational Structure of CEDF

Table 24 describes the project/client portfolio of the consultants. The staff at CEDF consists of general manager, six consultants, 2 clerical staff, and one accountant. Of the six consultants, one is a senior consultant, and another is secretary-treasurer of the Fund.

Consultants play an important role in administering the activities of the Fund. Consultants visit each client once every 3-4 weeks, although this depends on the needs of the clients. Services vary according to the client but include bookkeeping, financial statements, referral to outside expertise and management advice. The need for establishing a staged management training program for clients was expressed by

¹General Manager, CEDF.

TABLE 24

CASELOAD OF CEDF CONSULTANTS

Consultant	Active	Pending	MDC ¹	Grants
1	9	3-4	3	
2	12	3	3	
3	10	9	4	1
4	15	4	3	1
5	5	4	4	
6	13	0	5	

¹Manitoba Development Corporation

several consultants.

Discussions are being held at present (Fall, 1980) regarding organization of staff, mainly as it relates to two areas: 1) regionalization and 2) development and management services. In interviews with staff, there was one strongly favoured view towards regionalization but generally it was viewed that the benefits for more than one officer in a region outweighed the advantages of strict regionalization. Some of the reasons given for this preference are:

- . gives two points of view to the same region
- . helpful to have an alternate if one should be away
- . no "favoritism" in allocations of regions

It was also understood that a periodic change in accounts prevents an over identification with the client.

The separation of development and management services with different consultants responsible for each segment is another area under discussion. With the present emphasis on training, this may allow certain consultants to work exclusively in this field, and the mechanics of developing the proposal would be the ongoing job of just one consultant. There is some concern as this has been attempted in the past, that the clients would prefer to work with the first individual with whom he comes into contact, and the transfer to another officer may be unwelcome from the client's point of view.

Important insights into the operation of the Fund were given during the staff interviews. Table 25 describes the role of the consultant, how they perceive their relationship

TABLE 25

THE CONSULTANTS PERCEPTION OF THE ROLE OF CEDF

Perception of client	Perception of community	Perception of role of CEDF
<ul style="list-style-type: none"> . give the client every opportunity . Develop entrepreneurial skills . not just book-keeping . "teachers" . point out problems . important to build rapport . payment should suit the client . "lender with compassion" . doesn't approve of spoon-feeding . lack of basic skills 	<ul style="list-style-type: none"> . community support important . difficult to measure . tend to be envious . community enterprises difficult . CDC's the best although conflict between overlap of personnel on CDC and Community Council and conflict between younger and older members . "people involved in CDC;s are thinkers not necessarily administrators" . Interference by other agencies . important to keep contacts in community . should advertise more, office in Thompson, meetings with councils, banks 	<ul style="list-style-type: none"> . "Gap filler" . banks won't finance anything in the north . much more than loans officer . CEDF provides a service for FBDB who always insist on first charge of security . assisting other agencies . doesn't agree with fund totally managing project . all see CEDF as different from other lending institutions.

with the client, with the community and what they feel the role of CEDF in development should be.

Discussion

It is apparent from the various data sources that the work of the consultant is an important one in carrying out the objectives of the Fund. From the review of annual reports the changes in number and size of loan approvals over time was given. This has not been consistent and probably is accounted for by policy changes.

Although the total number of applications to the Fund is quite large, only twenty-five percent are approved. The work of the consultant and the financial flexibility of the program noted in the previous section is likely the reason for the payback rate of CEDF clients. There was a difference noted however, between location and repayment of loans with southern communities the highest, and Local Government District/ Incorporated Communities the lowest defaulted rate in the north.

3. IMPACT OF NON LENDING ACTIVITIES

In furthering the development of communities in Manitoba, the Act establishing the Communities Economic Development Fund specifically states the Fund is to provide "financial or other assistance" to the peoples it serves. The following summarizes the extent of this "other" or non-lending activity of the Fund.

Non-lending activities are those services offered by the Fund which are quite distinct from normal banking practises. For example, banks do not generally become involved in loan support services such as management training programs, or in working with community councils to develop viable enterprises.

Non-lending activities have been divided into the following:

1. Administration of trusts and grants
2. Research
3. Training programs
4. Outside boards (government and community)
5. Community development

1. Administration of trusts and grants:

In a number of instances, CEDF has acted as trustee in administration of funds from government for a designated purpose. Ten such instances were identified:

- i. in 1976 the Fund administered a \$10,000 grant from the Provincial government to assist in the developmental stage of a hand-knitting machine operation to be formed by the parents

of children attending the Native School in downtown Winnipeg, and also for inaugural funding for research in the establishment of a Native restaurant in Winnipeg. Winter Works Committee of Cabinet was also involved with funding. CEDF was active with this project from January, 1976 to March, 1979.

ii. In its role as trustee, CEDF has administered the annual deficit grants to Channel Area Loggers for the Province. This company was formed under the Manitoba Natural Resources Act in 1972 to provide employment to the local residents of Channel Area (predominantly Berens River). In 1979, there were 53 man years of employment with \$339,500 paid in wages. Losses since inception total in excess of one million dollars, and are shared on a 60-40 basis by the two senior levels of government.

iii) Administration of SN(N)EP (Special Northern Native Employment Program) Funds

Funds of up to \$500,000 for the 1979-1980 fiscal year from the SN(N)EP Program are to be directed by CEDF for management assistance purposes to organizations that required assistance beyond the normal CEDF loans.

Recipients of these grants or forgivable loans are three community projects, Duck Bay, Ilford and Cross Lake, plus two individual projects. In total \$227,000 of these grant monies have been allocated.

These funds are to be used for entrepreneurial and

community economic development for northern and remote communities¹ and residents; grants may be approved for Indian Bands, subject to matching funds from Canada.

iv) Administration of SN(N)EP projects

An amount of \$500,000 was included in the 79/80 CEDF estimates to meet commitments incurred earlier under the Special Northern (Native) Employment Program. Under the old SN(N)EP guidelines grants were provided to native and remote communities to assist in the establishment of both short and long term employment. Carry over of 10 grant recipients to 79/80 were administered by CEDF.

v. Trustee of funds for Northern Fisherman's Association in 1977 for \$81,187.

This money was used for roads and to assist in the harvesting of 250,000 pounds of fish and fur. File closed in 1978.

vi. Administration of Ilford Trust Fund.

This was established in 1977 by Manitoba Hydro. Part of the \$100,000 was used to purchase Ilford Construction Ltd. for the Ilford Community Development Corporation. Still active.

vii. Requested and received \$2,500 to cover costs of architectural plans for a community hall to be built at Gillam for the benefit of the Fox Lake Band from Department of Indian

¹Order in Council, Province of Manitoba, Nov. 29, 1978.

Affairs and Northern Development.

viii. Administration of a grant from the Provincial Department of Northern Affairs to partly cover the costs of training of project analysts for the Neyanun Development Corporation in 1979.

ix. Administration of Manitoba Development Corporation Accounts.

The financing activities of MDC were suspended on November 15, 1977. By government Directive, responsibility for the administration and collection of the outstanding loans has been given to the Communities Economic Development Fund. At March 21, 1979, there were 38 loan accounts owing a net amount of \$5,003,000.

x. Administration of the Wild Fur Development Programme.

The Fund entered into an agreement on September 27, 1976 with the Department of Renewable Resources and Transportation Services to administer the loan portion of the "Wild Fur Development Programme". The Fund approved 115 loans totalling \$51,632 between 1976-1978. This program is no longer administered by CEDF.

2. Research

Initiating research regarding potential projects is considered the responsibility of other line departments.¹ Frequently, though, it was observed CEDF located information for applicants for a variety of different ideas; including

¹Personal communication, H. Jones, General Manager CEDF.

a film company, a primal scream clinic, laundromat, hand made knife manufacturing, a bicycle assembly plant, etc. CEDF was able to track down regulations pertaining to the enterprise, market studies, cost factors, requirements for setting up the new business, and other financial sources. The following excerpts from a letter are an example of the type of research assistance that CEDF extended:

Please find an enclosed copy of a Mineral Variation Branch Map, outlining existing sand and bedrock supplies in the Cross Lake area. This hopefully will add some background to comments and reply to your recent enquiry of developing a cement block manufacturing plant in Cross Lake.

Basically, according to available information there is a shortage of suitable gravel supply in Cross Lake. This is the basic ingredient in cement block manufacturing. While sand is available, the clay sand mix requires washing the sand to remove clay deposits. Crushing bedrock to 1/4" screen size would be a substitute for gravel. Ample water must be available to complete raw material supply.

Proper blending of sand, gravel water cement, and highly technical process is required to produce cement blocks. A modest block plant could be constructed at an estimated price of \$400,000. Because of the technical nature this process is not a high job intensity facility (4 persons). Sources of gravel from crushed bedrock would require a crusher estimate costs \$150,000, again a low job intensity exercise (3 people). Aside from the crusher other equipment required would be drilling machines, truck and a loader. This is providing that suitable bedrock, sand, etc. is available to adjacent roads.

The question of cement prices must receive your consideration.

The prices quoted are based on recent carrier quotes, loads of 550 bags minimum or 44,000 lbs. via water, overland or winter roads. Since cement must be stored under shelter some consideration must be given to a suitable warehouse. The present price of cement blocks is \$55.40 per hundred F.O.B. Winnipeg. Freight via winter road (subject to change) is \$4.50 per cwt. based on 40,000 lb. trailer loads.

Many of these requests were completed for social or community projects such as Anishabi Neebin,¹ Community Communications,² The Pas Nursing Home, Thompson Hostel, and various Community Development Corporations.

Besides feasibility research in response to applicants, CEDF initiated and coordinated at least three major studies in the following areas:

- 1) Down clothing study
- 2) Fish Plant study
- 3) Demand for wood as a fuel

The first two projects did not prove viable; the third study was applied to a current project.

3. Management assistance and Training Programs:

Management assistance and training is a service CEDF extends to clients.

There have been instances in Northern and rural Manitoba where this Fund, having certain difficulties with unsophisticated entrepreneurs, has had to become involved to a degree not normally considered appropriate by lending institutions.

Management assistance is offered only to those who are successful applicants for loans, although it was noted there is one case in which CEDF is currently providing outside management

¹A proposed Indian Village/Camp providing a recreational, educational and cultural program for native people in downtown Winnipeg, (1977).

²A proposed newspaper of interest to Native people, (1979).

advise prior to consideration of extending financial assistance. In the past, management assistance has been done on an "ad hoc" basis, but included the following:

i. CEDF organized a short Management training course at Keewaitin Community College, The Pas for clients in 1973. The difficulty with this training program is that there is no motivation to attend this type of session unless the client is assured of receiving a loan. If there is a loan and a business operating, it was found to be difficult for the client to leave and arrange for someone else to manage the business.¹

ii. CEDF funded attendance for two clients at Oozawekhun, a Native training centre at Rivers, in 1977. In both cases there was a problem in uprooting the client from his home. One individual did complete the course however, and subsequently obtained employment elsewhere.

iii. CEDF utilized the services of CESM (Canadian Executives Serving Manitoba)² in 1972. This arrangement was noted only infrequently in the files.

iv. CEDF entered into a contract to provide training

¹Personal Communication--Harold Webber, Dept. of Northern Affairs.

²CESM is an organization, similar to CASE, which draws upon, usually retired, experienced business people, to provide training to clients. It was used once in the 1979-1980 year. According to a senior consultant, one of the apparent difficulties is the request is made for assistance when the problem is almost beyond help.

for three people to become development officers for the Neyanun Development Corporation. These officers are acting as development officers for the five Indian Bands covered by the Northern Flood Agreement, and administering the Fund established for economic development.

v. Forty percent of the consultant's wages and travel is written off to the Northlands Agreement as management assistance administered by staff to CEDF clients. This would appear to recognize the fact CEDF does provide this service on an ongoing basis in working with clients. It would appear from the files that, except where Special ARDA has provided grant monies to cover management training, the efforts of CEDF Staff are significant in this area.

There is reference by staff to the difficulty in working with clients.

This was the last of a number of difficult interviews in Camperville/Duck Bay which caused the writer some concern. The people concerned have so little knowledge of business and projects which they are contemplating that it is very difficult to talk to them.

Because CEDF is required to operate as a lending institution they have a particular interest in monitoring the activities of all clients.

Far from being concerned only with receiving the stipulated loan repayments, we have a clear obligation, in terms of our legislation and by-laws to ensure that we have a complete understanding of the financial situation of every business financed by the Fund.

There is a responsibility, of course, upon ourselves to ensure that, not merely the loan payments made, but also that both the client and ourselves understand fully the progress or otherwise of the business being financed.

This responsibility ranged from accepting monthly payments as assignment of contract from clients, to managing the enterprise by paying the wages of an on the site manager who reported directly to CEDF; countersigning all cheques, and participating on the board of a company.¹ The majority of clients though, received general advice from CEDF in a number of areas: house-keeping, personal withdrawals, wages, ordering, systematic recording, and purchasing.

The Fund's experience has been that businesses like your own do require a degree of assistance on an ongoing basis if you are to avoid problems.

The degree of success attainable in such business ventures must rest upon good management of initial capital funding.

Contact our office and give us an explanation of any problem which you may be encountering so that we may be able to give you some assistance in solving the problem.

Try to get your taxi fixed and get back in the business before it is too late.

Your position is now quite serious and we strongly recommend you take immediate steps now to reverse the trend. In general, this means either increasing your prices, reducing your expenses, or obtaining grant funds from some source.

¹This practise is no longer followed by CEDF. "The fund should not be using the practise of having Directors/or staff take the position of Directors of Incorporated borrowers".

Where CEDF was concerned about the management ability, and the Fund believed the loan in jepordy, CEDF undertook tight financial controls.

The Fund's continuing assistance henceforth is subject to your agreement to permit the Fund's representatives to have access at all times to all financial and other relevant information respecting the business. To ensure satisfactory progress of the business, it is also to be understood that effective immediately, the Fund will exercise control of all facets of the business including counter signature upon all cheques drawn which relate to the business.

vi. Identification by staff of a \$500,000 grant (SNNEP funds) from the Province as monies to be considered for purchase of management training or outside expertise as required. The use of this fund is described under the previous section.

vii. Many of the projects in which CEDF have been involved have had management assistance from Special ARDA. This assistance involves purchasing by Special ARDA of "tutoring" services either operations or financial from trained people in the area.¹

4. The role of CEDF in Community Development:

The extent of involvement by CEDF in encouraging and supporting Community development was noted in the file review. Most of this activity took place in work by consultants with community representatives, either councils, bands, or community

¹Personal communication, Percy Williams, Training specialist, Special ARDA.

development corporations.

- CEDF extended loans to 21 community groups. The following communities had contact with CEDF: Manigotogan, Ilford, Churchill, Cross Lake, South Indian Lake, Wabowden, Easterville, Vogar, Pelican Rapids, Crane River, Mallard, Duck Bay, Leaf Rapids, Nelson House, Bloodvein Indian Reserve, The Pas, St. Laurent, Camperville, Fort Alexander Indian Reserve, and Winnipeg. Community projects consisted of saw mills, general store, housing, hotel, hostel, winter road construction, garment manufacturing, fence post operation.
- CEDF considered certain projects important to the development of the community and in providing necessary services. In one instance it was noted CEDF chose not to jeopardize a community project in Thicket Portage by calling a personal loan of one of the principals:

(Aug. 1977) We do not wish, in any way to see the Kristigan project affected, and we understand clearly that the monies provided under your programme are directed to a community venture and have no bearing whatsoever on x's personal affairs.

- In other instances CEDF was involved in continuing support of necessary community services, even after the project had failed on a financial basis. Management services and flexibility of loan payments were extended.

We feel that the facility is required on the Reserve and that if cooperation is forthcoming, and X is able to set up the basic practices and follow them religiously the situation is salvageable.

This Fund is a Provincial Crown Corporation which is engaged in assisting in the economic development of the remote and isolated communities of Northern Manitoba, and our participation in x's business seemed to us to be a step in the right direction in providing a service to the Churchill area which had not previously existed.

The trucks purchased in 1973 are the only ones in Pukatawagan.

We must do all we can to assist those in need of such services (Management) and especially in this case, where the owner and loan obligant has walked away and Camperville, a very fractured community, needs the services of this business.

- Unique community situations were considered as illustrated in this note:

It may be that as a result of this proposal, we may be able to bring some sense to the taxi service serving the area of Waterhen, Skownan, Mallard and Salt Point. These communities are divided into two distinct groups by a body of water which divides the peninsula from north to south. On one side is the reserve of Waterhen, the village of Skownan and the settlement at Salt Point. On the other side is the settlement of Mallard and on the axis of the "Y" is Waterhen. X, to whom we have made a loan, has the taxi service in the reserve area. He has applied for another licence which has been declined by the Transport Board, Y wishes to withdraw from the taxi business completely and start farming. He would not be adverse to selling his remaining licence to X who would then have two licences for his area, and the other two licences could go to another party on the other side. In this way, there would be very little conflict between the two businesses.

- There was work done by CEDF with Community representatives to identify a means of development.

The fund was also made aware of the keen interest in community development prevalent in the representatives of the Sioux Valley Band who were in attendance.

I explained what a Community Development Corporation is and how it differs from a Co-op and an ordinary corporation.

- There were difficulties in working with community projects. Two major projects, Easterville and Fort Fashions (Fort Alexander Reserve) lost considerable money. The summary of the project at Easterville (1977) summarizes the problems with which CEDF had to contend:¹
- . Initially 5 separate agencies or government departments were involved. Eventually only two agencies CEDF and the Department of Renewable Resources were actively monitoring the project.
- . There was a lapse between training period and start up of production due to poor agency coordination. CEDF did not insist on assuming the role of project management from the beginning. There was difficulty in maintaining a stable on the site management due to a serious automobile accident, and subsequently other opportunities for work for management.
- . There was a limited market for the product, which was never properly developed.

¹Taken from a project summary compiled by CEDF and directed to Associate Deputy Minister, Renewable Resources, Department of Renewable Resources and Transportation Services.

- . Mechanical problems with equipment (peeler, chainsaws) and arranging repairs away from the community was necessary.
- . Low production due to "lack of community participation". This was said to be because of other government agencies financing projects at the same time.

The Fund took the view its financial advice and attempts at control were just not being taken seriously by anyone and certainly the community itself seemed to have no understanding of the debt financing.

- Due to the nature of their relationship with the client, i.e. requiring payment on a loan, CEDF maintained an image of "going after" security to show others in the community they were serious about payments.

No matter how it is handled it's a losing proposition but at least it will indicate to the residents of Pukatawagan that the Fund is serious in their recovery procedures.

5. Outside boards:

CEDF has actively participated on a number of government and community boards.

i. CEDF is currently participating on the Provincial LEAP¹ Review Board for Manitoba.

ii. CEDF has been active on the Neyanun Development

¹Local Employment Assistance Program.

Board, and is now an ex officio member.

iii. CEDF has attempted to establish and has successfully chaired two meetings of an "Inter-agency Committee", consisting of DREE, Provincial Departments of Northern Affairs, and Mines and Resources and FBDB.

iv. One member of the board of CEDF sits on the Special ARDA Review Board.

v. CEDF maintains or has sat in an exofficio position on the Community Development Corporations of Ilford, Cross Lake, South Indian Lake, Manigotogan, and Churchill.

vi. CEDF is represented on the Churchill Research Centre Board and this year the general manager of the Fund is chairman of the Research Centre Board. He was personally responsible for arranging a grant to do research on a vertical axis windmill at the Churchill Research Centre.

vii. CEDF participated on the Task-Force: Northern Secondary Industry 1978-1979, which studied the possibility of establishing a garment plant near Crane River, Manitoba. Other agencies represented on the Task Force included the Federal and Provincial Departments of Labour, the Provincial Department of Northern Affairs, the Provincial Department of Economic Development, Manitoba Metis Federation and Manitoba Indian Brotherhood.

viii. The General Manager of CEDF sits on the Board of the Manitoba Forestry Products Co., The Pas.

Discussion

The contribution by CEDF staff and management in non

lending services for communities in Manitoba has been significant. The role of CEDF consultants regarding management training is of immediate concern as it relates directly to the successful outcome of the lending activity. It is apparent that this is an area with no easy solution and will necessarily include a variety of programs to suit the particular needs of the client, the project and the community.

4. IMPACT OF CEDF ON MANITOBA COMMUNITIES IN TERMS OF PUBLIC SERVICES

From the file review, projects supported by CEDF were categorized according to the primary, secondary and tertiary classification as shown in Table 26. There were 21 loans given to primary producers, 27 to secondary industries, and 143 to the tertiary sector. The largest number of loans by far supports enterprises in the service sector.

Project Description

The large number of loans supporting service, forestry and transportation are further described in Table 27.

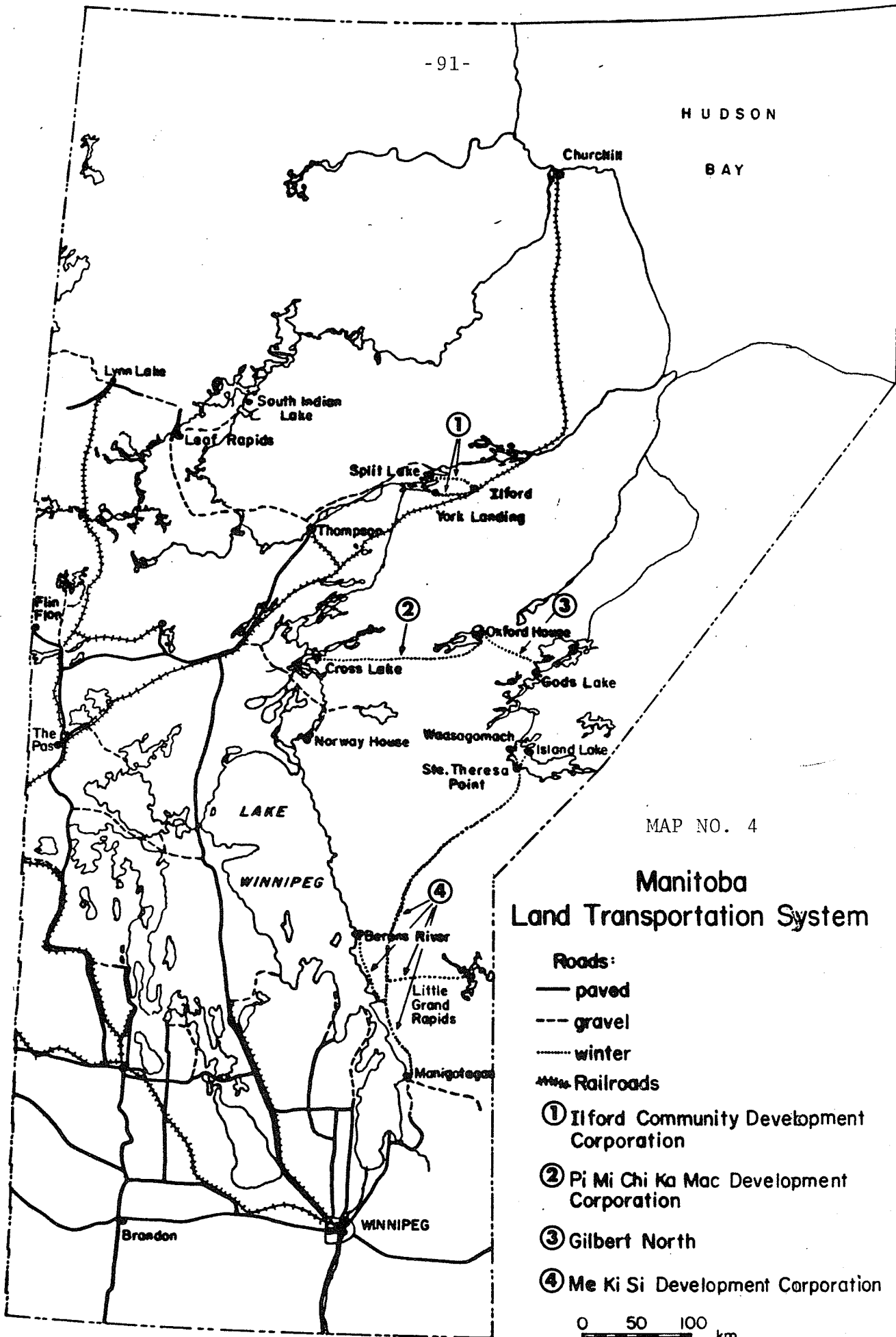
One point to consider is the number of loans does not necessarily describe the impact of the project on the community. For example 10 loans are noted for Winter Roads in Table 27 yet it is evident in Map 4, Land Transportation System, that many communities are dependent on the winter roads supported by CEDF.

There are a large number of retail projects which may require particular emphasis by CEDF on teaching certain accounting and management skills. The high number in the taxi/bus operations is important in serving communities which completely lack a public transportation system.

Continuation of Project

Because there was no information regarding the project outcome noted in the file review, this question was asked

HUDSON
BAY



MAP NO. 4

Manitoba Land Transportation System

- Roads:**
- paved
 - - - gravel
 - ⋯ winter
- Railroads**
- ① Ilford Community Development Corporation
 - ② Pi Mi Chi Ka Mac Development Corporation
 - ③ Gilbert North
 - ④ Me Ki Si Development Corporation

0 50 100 km

TABLE 26

PROJECT DESCRIPTION, ACCEPTED CATEGORY

Business	Number of Loans	%
Primary (total)	(21)	10.6
agriculture	2	
forestry	17	
fishing	2	
trapping	0	
mining	0	
Secondary		
manufacturing	(27)	13.7
construction	15	
Tertiary	(143)	71.9
transportation	13	
trade	3	
finance	0	
service	126	
public admin	1	
defense	0	
Other--Nonprofit	8	4.0
Missing cases	58	

TABLE 27

PROJECT DESCRIPTION: SERVICE SECTOR, FORESTRY,
TRANSPORTATION AND WINTER ROADS

Project Type	Number
Winter Road	10
Forest Products	12
Tourist	20
Retail	35
Restaurant	15
Recreation	10
Taxi/Bus	26
Other Service Projects	19

TABLE 28

CONTINUATION OF ENTERPRISE

Classification	Number	%
Terminated	59	31.5
Sold	26	13.9
On-going by original Applicant	102	54.5
Total Projects	187	

of senior management. According to the response, the majority of projects are on going under the original applicant, and sixty-nine percent are still in existence.

Community Field Visits

Community projects were seen as generating considerable social benefits in terms of providing employment, "only large employer in town", "helped the community with jobs and the satisfaction of conceiving and implementing local development", and also "good for community to see idea working out".

Other social benefits from individual projects were noted, mainly in the service area.

Discussion

The investigation of effects of projects on communities was important for a number of reasons. The initial concern related to the effect on community services. The information from the file review indicated the majority of loans were given to this sector of the economy. The projects ranged from provision of necessary services such as water trucks, school buses and winter roads to supportive community services such as a day care centre, recreation facilities and retail store outlets.

Other social benefits for the community noted from the file review and field work included the number of jobs generated, particularly from community projects. As stated earlier, the annual reports give a figure of almost one thousand jobs

TABLE 29

SOCIAL BENEFITS FOR THE COMMUNITY, TAKEN FROM FIELD SURVEY

Type of Project	Benefit to the Community
Day Care Centre	Employment (10 full time, 3 part time), care for 66 children, (waiting list of 45).
Pool Tables	Recreation, when observed, well used by teen agers and younger brothers and sisters. Limited recreation in town.
Taxi	No public transportation in community, especially needed by elderly and sick.
Van	Used by church for transportaion to services and wakes.
School Bus	Transports 80 children daily to and from school.
Store	Only store for ten miles.
Lodge	Recreation for Thompson residents, tourist attraction, people spend money in the area.
Community Sawmill	Only large employer in the neighborhood, (24-28 employees), good for community to see idea working out.
Native Handicrafts	Teaches crafts, pays women on the reserve for work they complete. Only source of income for most of these women.
Gas Bar	Only place open for gas.
Confec./coffee shop	A meeting place, convenience for grocery supplies.
Motel	Jobs, (10), only decent place to stay, "social drinking", different sporting teams can now participate in regional events.
Community Hall	Gives the community a hall for meetings, health services, bingo etc.
Water Truck	Provides an essential service.
Four stores in native owned Mall	Indirect support of Native owned Project.
Skidder operation	Hires local people and they all spend money locally.
Firewood operation	Provided employment, (30) now closed down, most on welfare.

in total from CEDF supported projects. It should be noted too, that the source of employment is not always at the source of application. There are two current tourist projects, one from Gillam and one from Leaf Rapids which because of the location of the project draws employees from York Factory and York Landing, and from Pukatawagon and Granville Lake. The Me Ki Si Company operating from Winnipeg, employs over 200 people on a part time basis on the east side of Lake Winnipeg.

A final observation on the benefit to communities by CEDF is the role of CEDF in community development. As stated earlier, consultants participate on CDC boards, and have worked closely with a number of community projects. See also the Cross Lake Study in Appendix F.

5. THE PERCEPTIONS OF CLIENTS

The field work was carried out in northern Manitoba from mid August to mid September, 1980. In total sixteen communities, 31 projects and 41 applicants were visited. Individual proprietors, community development corporations and nonprofit business administrators were interviewed. The questions touched on a number of issues, and were intended to assist the researcher in gaining further insights from individuals who had made application to the Fund.

In general discrepancies between how the interviewees found the process worked was much closer to how the consultants perceived the process should be working. In contrast, the actual process was viewed as a definite handicap to the successful outcome of the project. Interviewees described considerable difficulties in operating a business according to the economic expectations of the Fund. Generally in the early years of operation sufficient earnings were not generated by the business to provide a livelihood. Improvements in the operations of the Fund and assistance, both financial and managerial, were seen as of potential benefit to the eventual success of the project.

The clients were generally favorable about services from CEDF and most stated they could not have started without CEDF support. Recommended changes in operations of the Fund dealt with the need for consultants to be familiar with their community and to provide services to assist in the success of their operation. The majority perceived the social

changes on individuals from the projects as mostly good, with the social benefits from individual projects for the community noted in the service area. Community projects provided larger numbers of jobs than individual projects and were seen as of positive affect in development of the community.

The data are organized according to the order in which the questions were asked. 1) reasons for starting the business, first heard about CEDF and awareness of the Fund; 2) rating of CEDF service, and what the Fund did, or did not do, and problem areas; 3) recommendations from clients.

Reasons for Starting the Business

The question was asked of all applicants why they had wanted to start the proposed enterprise. In general, the replies fell into four categories, with personal reasons having the highest response. Examples of these types of responses: "didn't want to work for someone else"; "needed a boat for fishing"; "perceived a business opportunity"; "retirement plan"; "a way to make money"; "full time work". The next highest category of response given were reasons of service to the community. Sometimes these accompanied personal reasons. Examples expressed in this category included "council anxious to get a community project going"; "opportunity for native women"; "jobs"; "a need in the community". There were three cases where expansion of an existing business was the reason for originally seeking out CEDF. There were six cases where the applicant did not respond or could not remember the reason.

TABLE 30
REASONS FOR STARTING BUSINESS

Reason	Number of Respondents
Personal	25
Service to Community	7
Expansion	3
Don't remember or wasn't around	6
Total number of respondents	41

How the client first heard about CEDF

This question was asked of all interviewees to ascertain which sources are referring prospective clients to CEDF. Government agencies were the most frequently mentioned source, with the following agencies mentioned: Federal Business Development Bank, Manitoba Development Corporation, Department of Northern Affairs, Special ARDA, Canadian Imperial Bank of Commerce, and Department of Manpower. The next highest group of respondents were referred to CEDF by town or band council. A private consultant at The Pas had referred five of those interviewed. Other clients of CEDF was another source. Manitoba Indian Brotherhood and Manitoba Metis Federation, private agencies, and "a friend" were the least mentioned contacts regarding information about CEDF.

TABLE 31

SOURCE OF INFORMATION REGARDING CEDF

Source of Information	Number of Respondents
Government Agencies	14
Town or Band Council	6
Private Consultant	5
Other Clients	4
MIB - MMF	3
Private Agencies	2
A Friend	1
Don't remember or wasn't involved at time of application	6
Total Number of Respondents	41

Awareness of the Fund

The question was asked of all those interviewed if they were aware of CEDF activities in their communities, and in the north. Of those who responded to the question, the majority knew of at least other projects in the community, although ten replied they were completely unfamiliar with any of CEDF activities, except for their own application.

Rating of CEDF Service

CEDF service was generally rated as good, although there were several who expressed mixed opinions. For example,

TABLE 32

AWARENESS OF CEDF ACTIVITIES

Awareness of CEDF Activities	Number of Respondents
Familiar with program	20
Familiar with local projects	10
Unfamiliar with other than own application	10
Total number of Respondents	40

TABLE 33

RATING OF CEDF SERVICE

Response	Number of Respondents
Excellent-very good	9
Good-Pretty fair	10
Not bad-not good	3
Slow-Poor	6

"I initially thought they were helpful, but now I think they're a bunch of bureaucrats", or "no complaints but Special ARDA still better". There was one response of "excellent", and six responses of "poor" or "slow".

Waiting Period

One of the complaints regarding CEDE service was the waiting period between time of board approval and time of disbursement. There were six who strongly felt the waiting period was too long, but eighteen responded that they did not think the waiting period was a problem.

TABLE 34

LENGTH OF PERIOD BETWEEN APPROVAL AND MONEY DISBURSED

Response	Number
Too long	6
Not too long	18

What did the Fund do for You/Not do for You

These questions drew a variety of responses, approximately 11 negative, 10 neutral and twelve positive. The negative comments dealt with the operations of the Fund-- "took too much security", "argued with my figures", "too stingy", "awful slow", "constant push to keep them going", "low interest rates work out to be higher when you figure all you lose because

of the waiting period", "consultant's attitude was expecting failure", "didn't keep their word", "sent a man up to manage project and paid him \$1,000 a month and I was only getting \$450/month between my partner and myself", "interfered with management", "need to expand but now CEDF won't give me another loan", "repossessed my equipment and sold it for less than it was worth".

Neutral comments saw CEDF in terms of receiving money and nothing else "all dealings through letter", "nothing else".

Those who responded favorably viewed the operations of CEDF as positively affecting the outcome of the project-- "manager's salary not charged against the loan", "did a lot-- sent me to Special ARDA, contacted people, set up the books, low interest rate", "arranged for purchase of van", "did the books and taught me how. Now I realize how important it is to keep the books up", "offered advice on Brief to Minister".

TABLE 35

WHAT DID THE FUND DO (OR NOT DO) FOR YOU

Positive	Neutral	Negative
12	10	11

When asked if CEDF did anything they did not think was right, twelve responded yes, and nineteen responded no. The twelve who responded yes, documented their reason with examples of how CEDF operations "got in the way" of their

management of the project. "Wouldn't accept my statements of operating costs", "used research money for a study instead of promotion", "changed the original proposal", "my wife had to guarantee the loan", "should have hired me to drive the water truck after it was repossessed", "sent incorrect financial statements to Department of Indian Affairs", "always bugging me about credit policy and that's what drove my customers away".

Problem Areas

The question asking about problems the client had in managing the business led to a variety of responses. Some dealt with operations of the business--"there was work for two people, and we had three in partnership", "problems in dealing with consultants who wanted to run the business like you would in the south", "attitude of people towards Indian women in business", "mechanical problems", "competition", "difficult to find skilled carpet layers", "problem of dealing with so many agencies", poor cooperation from government agencies", "problem with contractors", "problem related to CEDF mismanagement". Other problems related to the financial side of the project--"Man For pays more than I can afford to in wages", "getting security arranged", "cash flow", "didn't borrow enough", "even though I worked along side the construction crew, and I knew the business, it cost me more", "principle problem is credit", "problem with taxes", "CEDF went by the book, and it gave me a headache". Generally the

problem areas related to areas other than the lending activity of CEDF.

TABLE 36
INCOME LEVEL FROM CEDF PROJECT

Level	Number of Respondents
Increased	11
No better	4
Down at first	2
Income went down	5
No income as yet	2

In response to the question regarding income level, the majority of clients noted a change in income. Only one noted a doubling of income, ten noted a slight increase, and four stated they were no better off. Two stated their income went down at first, and two that there was no income as yet from the project. Four replied their income went down, and one replied he had "lost everything".

Jobs

Jobs related to CEDF projects were mainly filled by members of the client's families. Community projects generated the highest number of jobs to be filled by the community.

TABLE 37

LOCATION OF EMPLOYEES BY PROJECT

Source of Employees	Number of Projects
No employees	6
Family	9
Family plus community	9
Community	9
Partnership	2
Family plus "southern workers"	2

Attitude toward CEDF

The majority of respondents in the accepted category were positive about their association with CEDF and believed they could not have started without CEDF support.

TABLE 38

COULD HAVE STARTED WITHOUT CEDF

Opinion	Number of Respondents
yes	4
doubtful	5
no	21
no opinion	2

The majority would go back to CEDF, and would recommend CEDF to others.

TABLE 39
WOULD GO BACK TO CEDF

Reply	Number of Responses
yes	22
no	9
no response or unsure	9

TABLE 40
WOULD YOU RECOMMEND CEDF

Reply	Number of Respondents
yes	21
no	9
no response or unsure	10

The majority still thought their original idea was good.

TABLE 41
ORIGINAL IDEA

Idea	Number of respondents
Good	30
Having Second thoughts	1
No response or N/A	9

Discussion

In spite of this generally favourable impression of CEDF, many had suggestion for change and improvements in operations particularly,

. CEDF loans important for business to get started
Banks too strict.

. CEDF shouldn't disappoint people--if going to reject, tell them as soon as possible.

. "A rule can't be kept unless its from the North".

. "Work programs rather than unemployment insurance".

. provide money for projects which will employ native women.

. community projects needed.

. should be an agency like CEDF to give a break over the bank and bank conditions.

. Important to see development as a social investment.

. Grants a good idea to get started.

. "Everyone should have a chance to appear before the board".

. a former user of CEDF services should sit on the board.

. should have someone from Metis Confederacy sit on the board.

. should have more frequent board meetings.

. "the proponent should put up money for accountant and lawyer to do preliminary study".

. "CEDF should refuse if proponent not willing to put in his own equity".

. not a good idea to have an outsider making loans on the reserves.

. More power to Indian people. The Indian Economic Development Fund not doing its job.

. Indian Economic Development Fund not doing a good job--too long delays and red tape. Should have more government assistance readily available.

. "I don't care who I do business with--white or Indian".

. Should be financing projects banks reluctant to fund.

. Continue with use of grant money for management services and forgivable loans.

. Special ARDA approval should mean CEDF approval.

. Should budget for cost over runs.

. Shouldn't pay lawyer's fees until all work done and loan disbursed.

. CEDF should expect a second smaller loan in new businesses because of cash flow.

. "one stop financing".

. should be approving more loans.

. at present time, CEDF seems to be discouraging applications and this isn't good.

. doesn't like idea of Fund processing many applications and then turning most of them down.

. lower interest rate in first few years of operation.

. regular payments should be a percentage of income for seasonal workers.

. Have payments start later on when business making something.

. client should have access to files in case of dispute.

. receipt after each payment.

. give more time before claim on security.

. use resource people in the area.

. should be out into the communities and advertise by radio when and where available.

. should be more flexible.

The question regarding CEDF making "just loans" drew a general response in favor of grants, although not necessarily by CEDF. "Grants are important to get started", "grants not free money--paid back many times over in wages, taxes, hydro etc.", "grants are for those who have no capital", "grants are a good idea for community services like garbage collection", "when making grants have to consider management".

Respondents did agree CEDF should continue to try and get their money back, i.e., claim on security, although many felt it should depend on the attitude of the client, "people who don't try should be pursued, good faith should be written off". Others commented it depended on the situation "with a community project, twenty four people are given work here. Would be unemployed if it wasn't for the project". The Fund "has to consider other factors than getting money back--long term effects".

6. CROSS CANADA SURVEY

A number of government agencies are working in the development area--Federal, Provincial and shared Federal/Provincial. In looking at development agencies, it was decided to compare those which had a similar mandate as CEDF, either in terms of providing loans or in providing similar services.

Development lending programs generally are characterized by large budgets, land development, and equity investments. Canada Development Corporation for example had working capital of \$431 million dollars for the 1978-1979 fiscal year to invest on an equity basis in Canadian businesses. The Federal Business Development Bank has a total of 892 loans worth \$42,982,000 outstanding in Manitoba. British Columbia and Saskatchewan are both active in equity investments and land development. Two provincial development corporations offer a low interest loan assistance program, Ontario (Small Business Interest Abatement) and British Columbia (Low Interest Loan Assistance).

An example of Federal programs which are set up for social development purposes are Special ARDA, LEAP, and LEDA. These agencies give grants. The Indian Economic Development Fund also gives grants in the form of stabilization or contribution. In two provinces, Ontario, and New Brunswick, the Development Corporation administers the Special ARDA program.

Of all replies received, Newfoundland commented on the similarity between one of their programs and CEDF. The

Newfoundland and Labrador Rural Development Association is a council of forty-two development associations which reports directly to the Provincial Department of Rural Development. These councils are locally controlled and are involved in a number of development activities.

Loan support services to small businesses in Manitoba are offered by FBDB and Enterprise Manitoba for larger centres and the Indian Economic Development Fund and Special ARDA for smaller communities.

CROSS CANADA SURVEY

CANADA

Canada Development Corporation

- Established in November 1971 to assist in the creation of business, resource properties, and industries, to provide a vehicle for Canadians to invest in the economic development of Canada.

- Investments in resources, high technology and high value added secondary manufacturing.

- Initial share subscription came from the Federal government, Canadian investors presently own 34% of CDC.

- Working capital 1979, \$431,000,000 with cash and short term investments accounting for \$211,000,000.

DREE: Department of Regional and Economic Expansion

- Objectives are "to encourage industrial activities which are closely linked to those activities already significant in the Province's economy; to develop industries

in which Manitoba has advantages compared to other areas; to support high wage industries and industries which provide stable long term employment".

- Total expenditure 1978-1979 \$4,225,573,000; Western region \$112,000,000.

Federal Business Development Bank

- Crown Corporation (Canada)

- Established 1975

- One of Canada's largest equity investors in the small business field.

- 96 branches, 7 sub branches

- recent years activities 16,571 loans totalling \$866,433,000

- Half the loans authorized are for \$25,000 or less, 75% are for \$50,000 or less

- total loans 39,947 for \$2.2 billion

- Equity position in 86 investments totalling \$14,218,000

- Management Services, Counselling, training, information.

- 62,000 enquires.

- Employs 2,500 with head office in Montreal

- Mandate "extend financial assistance to businesses which is not available from other sources on reasonable terms and conditions"

Federal Business Development Bank (Manitoba)

- 1979-1980 figures
- 406 new loans worth \$22,925,000
 - 20% tourist
 - 20% retail
 - 24% Mfg.
 - 20% service
 - 11% misc.
 - 5% const.
- Average size of loan \$57,000
- As of March 1980 992 loans out worth \$52,875,000
- About 25% in the North, mostly "urban north"
- 50% of all clients run into financial difficulties at one time or another.
- Division between Management Services and Credit Services
- Interest rate 17%
- Works closely with "Enterprise" Manitoba
- Will disburse money on promisory note that security will be arranged.

Indian Economic Development Fund

- Administered by Department of Indian Affairs and Northern Development
- Established 1970
- Assists Indian people to develop income opportunities and creates employment by providing capital to individuals

and businesses.

- Guarantees and Loans, /78-/79: 313 for \$318 million loans, \$11.1 million guarantees
- Development of Indian controlled enterprises \$20.1 million
- Second year of program reassessment.

Indian Economic Development Fund (Manitoba)

- Part of Economic Development Branch, Department of Indian Affairs and Northern Development
- Economic Development divided into three sections: Resources, Development and Fund.
- Contributions (grants) play an important part of Fund activities.
- Rates: Prime plus 1-19%
- \$10 million out in loans in Manitoba (Aug. 1980)
- Uses management services of CESO--Canadian Executives Serving Overseas.

LEAP: Local Employment Assistance Program

- Administered by Employment Development Branch of Canada Employment and Immigration Commission.
- Provided chronically unemployed with work skills: establishes small businesses where jobs could exist; projects

for Native people for human and community development activities such as community infrastructure.

- Three phases of project: predevelopment, development and operational

- Transitional short-term funding available for Native people

- Client "nonprofit organizations or community groups; profit seeking companies provided they are worker owned, volunteer agencies, cooperatives, community development corporations, but not local community councils".

- The funding for this program is \$5.5 million with a proposed 550 persons served.

LEDA: Local Economic Development Assistance

- New programs for 1979-1980, designed to stimulate and assist local private sector employment and small business development.

- Up to \$250,000 per year can be provided to LEDA corporations owned and operated by the community as seed money or last resort financing.

- Communities under 50,000 population with a persistently high rate of unemployment will be served.

- Funding is \$500,000 for 1979-1980 with proposed employment for 50 persons in Manitoba.

Canada Manitoba

Manitoba Northlands

- Canada-Manitoba Agreement

- "to enable the people of northern Manitoba to contribute to and participate in the development of the area while continuing, if they wish, their own way of life, and to encourage the orderly utilization of the natural resources of the area."

- Established 1/4/76 to 31/3/81

- Cost shared DREE, Employment and Immigration, Minister of Transport, Indian Affairs and Northern Development, Province of Manitoba.

- Estimated cost \$155,416,000

Industrial Development Agreement

- 1978-1983

- Estimated cost \$44,000,000

- Cost shared DREE, Industry Trade and Commerce and Province of Manitoba.

Industrial Development Subsidiary Agreement

Number of applications
rejected 87

- Signed April 21, 1978
- Operates under the name "Enterprise Manitoba"
- Objectives, provide Manitoba's industrial sector

with a comprehensive program of industrial development assistance

- Total \$44 million in joint and coordinated programs, \$26.4 million from DREE and \$17.6 million from Manitoba

Department of Economic Development

- \$5,000,000 allocated for Rural and Small Enterprise Incentives. To serve outside Winnipeg, to qualify, a small business must be in manufacturing or processing or a maintenance or repair facility related to same, where yearly sales do not exceed \$500,000. In each case the maximum forgivable loan available does not exceed \$30,000. No interest rate.

- unsecured promissory demand note.
- \$2.7 million committed to 144 projects as of June

1980.

- Requires two years of past financial statements, monthly cash flow, projected financial statements. Will share accountant costs 50% to develop proposal. Have expertise for support services at Development Centres (One in Winnipeg, Brandon, and St. Boniface).

- Up to June 1980: Number of applications received 261
- Number of projects 144
- Number of offers declined 7
- Number withdrawn 17

Total outstanding \$2,721,043

- Projects in the north 3 in Thompson, 1 in The Pas

Special ARDA: Agricultural and Rural Development Act

- DREE and Department of Northern Affairs (Manitoba)

- Support initiatives which broaden community participation in development ventures and increase the degree of local ownership of undertakings by encouraging the development of local resources by local people.

- 1978-1979 DREE expenditure under Special ARDA totalled \$1,592,000 to Manitoba.

Manitoba

CEDF: Communities Economic Development Fund

- Provincial Corporation
- Present Minister responsible Minister of Northern Affairs
- Established 1971
- Total loans or guarantees \$7,434,865.
- Recent years activities 31 new loans for \$1.8 million
- Mandate "encourage the optimum economic development of remote and isolated communities with the Province"
- Special services Management assistance, administration of Government Trusts, Grants, work with Community Development Corporations.

Saskatchewan

SEDCO: Saskatchewan Economic Development Corporations

- Crown Corporation, (Saskatchewan)
- Minister responsible Minister of Industry and Commerce
- Established 1963
- Portfolio 336, 5% in receivership
- recent years activities 103 for \$28,000,000 all over \$25,000, three over \$1½ million
- equity investments
- one of roles to provide serviced industrial sites
- "Research Park" project
- mortgage loans for up to 20 years
- Mandate "Comprehensive range of financial services from term loans, equity participation, inventory/working capital financing to industrial parks and industrial sites".
- Industrial advisory services are available.
- Applicants are required to remit a negotiation fee with the application of financing.

Industry and Commerce Programs

- Rural Community Retention Program to help stabilize and maintain a level of commercial services in rural Saskatchewan.
- Small Business Interest Abatement Program, if a firm obtains term financing after April 1978, they may qualify for an interest abatement grant

- Small Business Loan Act, Loans may not exceed \$75,000

- Interest rate 1% over prime, 10 year maximum, must be secured.

Ontario

Ministry of Northern Affairs

- Ministry of Northern Affairs created 1977 to coordinate policy and actions of Government in Northern Ontario
- \$120,000,000 for planning and construction priorities for northern highways, resource roads, remote airstrips
- Administers "Isolated Communities Assistance Fund" established in 1976. Basic servicing needs of unorganized northern co-munities. Mandate to see that northerners have the same access to services as residents elsewhere in Ontario and to ensure that the special developmental needs and conditions in the north are accommodated in government policies and programs.

Ontario Development Corporation, Northern Ontario Development Corporation, Eastern Ontario Development Corporation

- Mandate "providing financial advice and assistance to local entrepreneurs, as well as assisting them in their search for adequate private financial resources"
- direct loans to new and existing businesses when funds are not available from conventional sources on reasonable terms and conditions.
- encourage more private lender participation in small

business financing. Provides financial consulting assistance.

Assembles financial packages.

- Guarantees maximum \$500,000, loans maximum \$250,000
- Incentives for substantial jobs, carry over the

initial stage of business.

- Export Support Loans--Lower interest rate.
- Advisory Services.
- Industrial Park Development
- Agent for ARDA

- Administer Employment Development Fund--encourages tourism industry to undertake upgrading and expansion projects.

- Total 1978-1979 377 loans or guarantees for \$76,000,000
- Administers Ontario Business Incentive Program 141

loans for \$37,600,000

- Wholly owned subsidiaries (eg. Minaki)

British Columbia

British Columbia Development Corporation

- Minister responsible, Economic Development
- Established 1975
- Recent years activities 90 loans or guarantees
- 33 less than 100,000
- 40 between 100,000 and 500,000
- 6 between 500,000 and 1 million
- 11 were for more than \$1 million
- losses 1.8% decreased to .8%
- Financial services performance bonds and deficiency

guarantees

- Administers "Low Interest Loan Assistance" Program for small businesses, loans total \$6,035,705.
- Land Development
- \$10 million investment by the Government of British Columbia in the Development Corporation in past year.
- Business Assistance Division: 90 loans and guarantees totalling \$47,891,100
- Share Capital, The Development Corporation of British Columbia Act was amended 1978 to increase the authorized capital of \$25,000,000 to 2,000,000 shares at a par value of \$100 for a total authorized capital of \$200,000,000
- Directors 11, Officers 3, Management Group 8.

Prince Edward Island

Prince Edward Island Lending Authority Board

- Board established 1969
- Divided into Agriculture, Fishing, and Tourist industry
- Loans and credit to persons engaged in fishing, farming and tourism.
- recent years activities: 379 loans \$9,391,021
- Staff 18, operating grant from PEI \$480,000
- Accumulated advances from PEI for program \$12,188,066

New Brunswick

Community Improvement Corporation

- Established 1973
- Administer 8 subagreements under General Development Agreements
 - Cochairmanship with Federal Government.
 - Division into Forestry, Industrial Development, Minerals and Fuels, Agriculture, Tourism
- In many instances, the projects are administered by various provincial departments and agencies.

Newfoundland and Labrador

Newfoundland and Labrador Corporation Limited

- established July 1972 as a result of an agreement between Provinces
- Mandate "assist in the establishment, modernization and expansion of small and medium sized business by the provision of loan financing, equity financing, management advisory services and assistance".
 - 1979 loan and equity investments totalled \$8,234,300
 - InfoReach services 535 businesses using library facilities.
 - "Business books by mail". 43% of all library book borrowings were by mail.
 - Staff 24, Loss ratio 8.7%
 - Research-in-house, 137 areas of entrepreneurial endeavors.

- "opportunity Identification Program".
- Management Advisory Services, includes market research production flow assessment, cost analysis and control
- "Entrepreneur Identification Program" confidential list of entrepreneurs.
- Seminars "Develop Business Opportunities", Publications, jointly recoverable from Government of Canada and Province of Newfoundland and Labrador.
- Source of money: Province of Newfoundland and Labrador \$1,700,000 and Canada \$17,500,000
- 88 clients on the books at year end.
- no guarantees
- Reports to Minister of Regional Economic Expansion and Provincial Minister of Industrial Development.

Newfoundland and Labrador Rural Development Council

- Found in 1969
- Reports to Provincial Department of Rural Development which administers and funds Special ARDA with DREE.
- 42 active development associations.
- Social programming such as liaison work between individuals and government agencies, tourist chalets, newsletters.

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS

"I know that much effort has been spent on behalf of Ilford Community Development Corporation by Communities Economic Development Fund, its management and staff.

I honestly believe that this group are the only ones knowledgeable of conditions in the remote north especially relating to Economic Development."

Ilford Community Development
Corporation

"We also have a growing number of people who are starting to run their own pool halls, restaurants, stores and taxi business. They have all the guts and determination needed to succeed but they have no idea of what cash flow means or how to keep taxes straight. If we get this kind of training we'll have a lot better chance of reaching the level of self-sufficiency which is our aim for the next decade."

Gerry Martin
Employment Officer for Swampy
Cree Tribal Council.

This chapter presents the conclusions in summary form followed by the recommendations of the researcher. It is important to note that although much of the research material related to the study questions, additional material relevant to the objectives of the Fund was identified also.

The conclusions are from the perceptions of the researcher. There may be other factors which the writer is not aware of, dealing with internal administration and

requirements of the Fund which could enable a somewhat different set of conclusions.

Summary Conclusions

CEDF provided financial and other support services to people who are generally denied access to normal banking programs. CEDF's objectives were in the areas of economic as well as social and community development. The Fund's aims were short term in requiring repayment of loans, and long term in improving the conditions and basic needs of people in northern remote and isolated communities. By encouraging local entrepreneurial initiatives and/or community development corporations the people were better served with improved local services, a source of employment, money spent and kept within the community and the means to control the development of their own area.

The social benefits from activities of the Fund were important in the development process. Projects identified in the study provided a diverse group of service enterprises. In some instances, the services could be classified as essential, for example, the water truck which delivers water at The Pas and Fort Alexander. The support of the winter road program was of major benefit to many northern communities as the roads provide the means to bring in supplies. Other projects provided services not normally available in the community such as the only pool hall and cafe in Camperville, the school buses at Cross Lake, Pine Falls, South Indian

Lake, Crane River, Manigotogan and Long Plains. Taxis were an important community service where public transportation was not available. Other service projects offered convenience in a larger centre, for example, hostel, day care centre, hairdressing, autobody, musical group, upholstery, publishing company and service station.

The benefits to individuals through the program were also identified. Local people were employed in many of the projects, particularly community projects. The native handicraft business was important in supplying an independent source of income to women on reserves. Small grocery stores were important where public transportation was non existent. Loans to tourist projects provided a convenience to the traveller and an attraction to the community where hopefully money would be spent in other businesses and for other services.

The effects from CEDF on the accepted client group were mainly in learning to operate businesses, providing clients with the means to further their own ambitions, giving them a chance they may not otherwise have had, and eventually a source of income. The income level of clients did not generally increase during the initial period of operation of their business.

Only 180 of 899 people who applied to CEDF obtained funding. There are a rather large number of people who were not successful in obtaining funding and of those who were successful, 26% defaulted on their loans. The social effects from CEDF's activity on those who have defaulted on the loan, have "voluntarily surrendered" security, or have had legal

action taken against them is obviously not positive in the short run.

The collectibility of accounts is of concern to the Fund. This study presented material which indicated the major problem area in the operation of the project was the management skills of the client. Training programs to develop these skills will improve the chances for success of the project. The profile on clients from Northern Affairs and reserve communities showed these areas are in particular need of such assistance. A training program which clients responded favorably to was the "tutoring" approach used by Special ARDA. With the wide range of people and projects CEDF deals with, it will be useful to develop a number of alternative training programs.

1. Activities of CEDF in Relation to Legislation
Establishing the Fund

Conclusions show that the mandate of the Manitoba Government was served well by CEDF.

. The majority of enterprises funded by CEDF were located in Northern communities. These communities represented a wide range of geographic location, size and resource base. The communities administered by the Provincial Department of Northern Affairs had the largest number of loan approvals.

. The majority of enterprises are continuing under original ownership or have been sold.

. The financial support provided by CEDF to individuals, companies and community development corporations was not available from traditional sources.

. The Fund served government by participating with other government agencies such as Special ARDA and the Federal Business Development Bank.

i) Within the constraints of the program, CEDF has successfully met the terms of its mandate. Recent policy guidelines have narrowed the geographic site location to that area north of the Northern Affairs boundary. It is recommended that consideration be given to allocation of funds within that region to give an equitable distribution to all Northern Affairs communities. The needs of particular groups of peoples in the northern urban communities and reserves adjoining these communities should be recognized.

ii) It is recommended that the situation of support for enterprises on reserves be clarified between the two levels of government. At present there is reluctance on the part of the Province of Manitoba to fund such projects.

CEDF might consider accepting a partial guarantee from the Department of Indian Affairs and Northern Development for loans supporting projects located on Indian reserves.

iii) The participation by CEDF on outside boards, particularly Special ARDA, is important in furthering community and individual development. It is recommended the interagency committee continue with representatives from the Indian Economic Development Fund, Special ARDA, FBDB, and possibly the Neyanun Corporation and Enterprise Manitoba. The coordination and structure of the committee could be under the auspices of the Provincial Department of Northern Affairs.

2. Operation and Development Activities of CEDF

The role of the consultant emerged as an important one in furthering the objectives of the Fund. The work by the consultants kept the Fund in order and was useful to community groups and individual applicants. It is apparent that the Fund continues to learn from its experiences in the north.

The separation of the Fund as a Crown Corporation from a large government department is helpful as it assists the Fund in training and keeping consultants working in the field.

The development aspect of the financial services of the Fund was mainly the lower interest rate compared to conventional sources, and the flexibility of the repayment schedule. The opportunity to change the terms of the loan as the program developed was of further benefit to the successful repayment of the loan.

i) It is recommended that the training and instruction of consultants be continued with a resource library organized to include reference material on types of potential enterprises and the work of other agencies. Accounting and communication seminars would be of further benefit to the work of the

consultant.

ii) Financial services of the Fund, as of the recent (October 1980) policy statement, cannot include grants. All monies loaned by CEDF are to be repaid. Many of those interviewed reported difficulty with establishing a project if there was no grant money available. It is recommended that other means to develop a feasible financial package be considered such as a) a minimal interest rate in the first two years of operation, b) no payments in the first year of operation, c) an equity position by CEDF. This last point refers to a "joint venture" approach to the development of a project which would reduce the size of the required loan. At a later date, CEDF's interest in the project would be sold to the client.

iii) With the present system of CEDF requiring repayment of loans, it is not unexpected that risky projects will be declined. Possibly an increased number of undeveloped applications would be considered if there was a review of the initial response to applicants. It is recommended that CEDF develop a program explaining the services of the Fund to present in northern communities. Many of the referrals to CEDF come from other agencies. It is recommended that guidelines for potential applications be sent to these agencies and consideration be given to providing pamphlets in native languages.

iv) It is recommended that there be a "one stop" funding program for Special ARDA and CEDF applications. At the very least, applications should be dealt with simultaneously.

v) It is recommended that the procedure for disbursement of funds be examined with a view to reducing the waiting period between loan approval and disbursement.

3. Non lending Activities

The findings showed that the non lending services of CEDF played an important role in meeting the objectives of the Fund in the following ways:

. Administration of trusts and grants provided an accountability of funds for government and saved government money in not having to establish a new agency.

. Research activities, although generally in response to applicant's requests, provided helpful information.

. Management training is a difficult area yet one which is required as shown by past experience.

. The outreach activities in working with community groups served an important function in the community development process.

. The financial skills and the first hand knowledge of local situations and people involved in the communities contributed valuable information to outside agency and government boards.

i) It is recommended that the Government of Manitoba continue to use the services of CEDF in administration of development programs, particularly those designed for northern communities.

ii) It is recommended that the resource library referred to earlier be developed and material be made available on request by applicants and clients.

iii) The training program and loan support services are important to the outcome of the project. It is recommended

that a range of management training programs be available to CEDF clients.

4. Public Services

The financing of projects of a service nature has provided communities with important and often essential services. The urban as well as the remote communities have benefited in this regard.

i) It is recommended that consultants continue to be aware of community needs by contacting key people in the area as a matter of course.

5. Clients' Perceptions of the Fund

The Fund is regarded favourably by the majority of clients of CEDF. The perception of clients regarding operational requirements however, was frequently negative and viewed as handicapping the operation of the project. CEDF is associated with the success or failure of the projects which it is funding, irrespective of the validity of this perception.

i) It is recommended that consideration be given to including a former client of CEDF on the board to generate greater sensitivity to various operational aspects of the Fund.

6. Comparison with other Canadian Development Agencies

In the overview of Canadian development agencies, CEDF appears to be unique. Its experience compared favorably with other Canadian agencies. It is similar in objectives to social development agencies but requires repayment of loans. CEDF responds to local initiatives rather than actively promoting development by external agencies or agents.

i) It is recommended that the Province of Manitoba

continue to support CEDF as it provides important services to Manitoba communities, particularly northern residents.

ii) It is recommended that CEDF establish and maintain an on-going dialogue with similar agencies or departments located in other provinces.

Much useful information was derived from this evaluation research and it is expected that this will be supplemented by other material from the companion report being prepared by Douglas Wanamaker. In view of the useful insights being derived, the Communities Economic Development Fund might well consider requesting modest additional funds from the Government of Manitoba to permit ongoing evaluation of the Fund's activities. For instance the maps contained in this report noting geographic location of loan approvals can now be updated very easily. As well, a summary sheet could be developed for closed files noting the economic history of the transaction and the social history of the client.

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APPENDIX A
DISPOSITION OF LOAN APPLICATIONS, ALL COMMUNITIES

	A	B	C	D	E		A	B	C	D	E
Alonsa	0	1	1	0	0	Deerhorn	0	0	0	1	0
Altona	0	0	1	0	0	Delorainne	0	0	0	1	0
Amaranth	2	1	1	3	0	Duck Bay	3	7	1	9	0
Anama Bay	2	0	0	1	0	Easterville	7	1	4	5	0
Arnes	0	0	1	0	0	Ebb & Flow	1	2	0	8	0
Ashern	0	1	1	1	1	Elma	0	0	1	1	0
Bakers Narrows	0	1	0	0	0	Eriksdale	0	1	1	2	0
Balin Lake	0	1	0	0	0	Ethelbert	2	0	0	0	0
Barrows	0	2	0	1	0	Fairford	1	5	1	3	0
Beausejour	2	3	0	0	0	Fisher Branch	0	1	1	1	0
Berens River *	10	8	3	5	0	Fisher River *	0	0	1	0	0
Big Black River	0	0	0	1	0	Flin Flon	1	1	0	3	0
Birch Lake	0	0	0	1	0	Fort Alexander	6	1	2	2	0
Birch River	1	0	0	0	0	Gainsborough	1	0	0	0	0
Bissett	1	1	0	2	0	Garden Hill	2	4	6	4	0
Bloodvein	2	0	0	0	0	Gillam	3	5	1	2	0
Bowsman	0	1	0	0	0	Gimli	0	3	0	0	0
Bracken Dam	0	0	1	0	0	Glenboro	0	0	0	1	0
Brandon	1	1	0	0	0	Gods Lk Narrows	0	2	2	0	0
Brochet *	3	0	1	4	0	Grand Rapids	7	6	3	10	0
Brokenhead Res	0	1	1	0	1	Grandview	0	1	1	0	0
Buffalo Point	0	1	0	0	0	Griswold	1	0	0	0	0
Camper	0	0	0	1	0	Gypsumville	0	1	0	1	0
Camperville	7	13	2	15	0	Harrop Lake	0	1	0	0	0
Canon Lake	0	0	0	0	0	Hecla Island	0	0	1	0	0
Cayer	1	0	0	0	0	High Rock Lake	0	0	0	1	0
Channing	1	0	0	0	0	Hodgson	0	1	1	2	0
Churchill	17	13	11	26	3	Ilford	11	5	0	3	2
Clandeboye	0	0	0	1	0	Island Lake	1	0	0	4	0
Cormorant	2	3	1	9	0	Jackhead Reserve	0	0	1	0	0
Cowan	0	0	0	1	0	Jenpeg Jnct	0	1	0	0	0
Cranberryportage	6	9	2	6	0	Kanuchuen Rapids	0	0	0	1	0
Crane River	2	2	0	2	0	Kinosota	0	0	0	1	0
Cross Lake *	24	10	6	15	1	Kississing Lake	0	0	1	0	0
Dallas	1	0	0	1	0	Koostatak	0	0	0	2	0
Dauphin	0	2	1	2	1	L Grand Rapids	0	1	1	0	0
Dauphin River	0	0	0	1	0	Lac Du Bonnet	1	1	0	5	0

A = Accepted B = Rejected C = Referred D = No Response E = Other
 * = Adjoining Reserve

	A	B	C	D	E		A	B	C	D	E
Lake Wpg	0	0	0	1	0	Poplar River	0	1	0	2	0
Leaf Rapids	6	3	7	14	1	Poplarfield	1	0	1	0	0
Limestone Lake	0	0	0	1	0	Portage	0	1	0	5	0
Little Black R	0	0	1	0	0	Powerview	0	0	0	2	0
Lk St Martin	0	0	0	2	0	Pukatawagan	1	0	0	5	0
Long Plains	1	1	0	0	0	Red Sucker Lake	0	2	0	2	0
Loon Straits	1	0	0	0	0	Rennie	0	1	0	0	0
Lundar	0	1	0	0	0	Richer	2	1	0	1	0
Lynn Lake	0	2	0	3	0	Rivers	0	0	1	0	1
Mafeking	3	2	0	0	0	Riverton	0	1	2	1	0
Mallard	1	1	0	0	0	Roblin	1	1	0	0	0
Manibridge	0	0	1	0	0	S Indian Lake	2	1	1	2	1
Maniqotagan	11	4	1	1	1	S Knife Lake	0	0	0	1	0
Marchand	0	1	0	0	0	San Clara	0	1	1	1	0
Matheson Island	0	1	1	0	0	Sandy Bay	2	0	0	6	0
Meadow Portage	0	0	0	1	0	Saskatchewan	0	0	0	0	1
Minitonas	0	0	0	1	0	Savage Island	0	0	0	0	1
Moose Lake *	2	7	1	8	0	Scanterbury	2	0	0	0	0
Moosehorne	2	0	1	1	0	Selkirk	0	1	1	2	0
National Mills	0	1	1	0	0	Setting Lake	1	0	0	0	0
Nelson House	1	0	0	2	0	Seymourville	0	1	1	1	0
Ninette	0	1	0	0	0	Sherridon	0	0	0	1	0
Nokomis Lake	0	0	1	0	0	Sickle Lake	1	0	0	0	0
Norway House *	5	2	1	2	0	Sioux Valley	0	0	0	2	0
Nueltin Lake	0	1	0	0	0	Skownan	0	0	0	1	0
Oak Lake *	1	0	0	0	0	Snow Lake	4	1	0	2	0
Oak Point	0	0	1	1	0	St Ambrose	0	2	0	0	1
Oozawekwun	0	0	1	0	0	St George	0	0	0	1	0
Oxford House *	4	0	2	1	0	St Laurent	11	3	2	3	0
Peguis	0	0	0	0	1	St Lazare	0	1	0	0	0
Pelican Rapids	1	1	0	1	0	St Pierre	0	1	0	1	0
Pikwitonei	2	6	0	3	0	St Rose Du Lac	0	0	0	1	0
Pine Cr. Reserve	0	0	0	1	0	St Theresa Pt	1	2	1	2	0
Pine Dock	0	0	0	4	0	Steinback	0	0	0	1	0
Pine Falls	2	2	2	2	0	Stonewall	0	0	0	1	0
Pine River	0	2	0	1	0	Sunset Beach	0	1	0	0	0
Ponton	0	0	1	0	0	Swan River	0	1	0	0	0

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A = Accepted B = Rejected C = Referred D = No Response E = Other
 * = Adjoining Reserve

	A	B	C	D	E		A	B	C	D	E
Tadoule Lake	1	0	0	1	0	Wanipigow	0	0	0	2	0
The Pas *	23	18	15	50	2	Wanless	0	2	0	2	0
Thicket Portage	5	2	2	4	0	Warren	0	0	1	0	0
Thompson	7	12	2	10	1	Washahigan L	0	0	0	1	0
Tolstoi	0	1	0	0	0	Wassagamack	0	1	0	1	0
Utik Lake	0	0	0	1	0	Waterhen *	4	2	1	2	0
Victoria Bch	0	0	0	1	0	Wellman Lake	0	0	0	1	0
Viriden	0	0	1	0	0	Westgate	0	1	0	0	0
Vita	0	2	0	0	0	Winnipeg	5	5	1	1	0
Vogar	6	2	0	0	0	Winnipegosis	0	4	1	2	0
Wabowden	3	10	2	19	0	Woodlands	0	0	1	0	0
Walker Lake	0	0	1	0	0	Woodmore	0	1	0	0	0
Wallace Lake	0	0	0	1	0	Woodridge	0	0	0	1	0
						Wrong Lake	1	0	0	0	0

A = Accepted

B = Rejected

C = Referred

D = No Response

E = Other

* = Adjoining Reserve

APPENDIX B
HANDLING OF APPROVED CEDF LOANS

TABLE 1
HANDLING OF APPROVED LOANS, LOCAL GOVERNMENT DISTRICT AND
INCORPORATED COMMUNITIES*

Communities	Repaid Loan	Defaulted Loan	Current Loan	No Disbursement
Amaranth	1	0	0	1
Churchill	9	3	2	2
Cranberry Portage	4	1	1	0
Gillam	2	0	1	0
Grand Rapids ¹	3	3	1	0
Leaf Rapids	1	0	4	1
The Pas ¹	4	8	9	1
Thompson	4	2	2	0
Flin Flon	0	0	0	1
Snow Lake	0	0	3	1
Totals	28	17	23	7
Freq. %	41.2	25.0	33.8	

*The loan applications from four L.G.D. or incorporated communities were declined or incomplete: Alonsa, Bracken Dam, Kinosota, and Lynn Lake.

¹The adjoining Indian Reserve is included in this district.

TABLE 2

HANDLING OF APPROVED LOANS, OTHER NORTHERN COMMUNITIES*

Community	Repaid Loan	Defaulted Loan	Current Loan	No Disbursement
Cayer	1	0	0	0
Channing	0	1	0	0
Setting Lake	0	0	1	0
Wrong Lake	0	1	0	0
Totals	1 (33.3%)	2 (40%)	2 (40%)	0

*Loan applications from twenty-three communities north of the Northern Affairs Boundary and not included in a Local Government District, administered by the Department of Northern Affairs or an incorporated community were declined or incomplete: Bakers Narrows, Balin Lake, Birch Lake, Canon Lake, Cowan, Harrop Lake, Hecla Island, Jenpeg Jct., Kanuchuen Rapids, Koostatak, Limestone Lake, Manibridge, Nokomis Lake, Nueltin Lake, Ponton, S. Knife Lake, Savage Island, Utik Lake, Walker Lake, Wallace Lake, Washahigan Lake, and Wellman Lake.

TABLE 3

HANDLING OF APPROVED LOANS, RESERVE COMMUNITIES

Indian Reserve Communities	Repaid Loan	Defaulted Loan	Current Loan	No Disbursement
Bloodvein	1	0	0	1
Ebb and Flow	0	1	0	0
Fairford	0	0	1	0
Fort Alexander	2	3	0	1
Garden Hill	1	1	0	0
Island Lake	0	0	1	0
Long Plains	1	0	0	0
Nelson House	0	0	0	1
Oxford House ¹	2	1	1	0
Pukatawagan	0	1	0	0
Sandy Bay	0	2	0	0
Scaterbury	1	0	1	0
St. Theresa Pt.	1	0	0	0
Tadoule Lake	0	0	0	1
Totals and	9	9	4	4
freq. %	40.91	40.91	18.18	

*Loan applications from sixteen Indian Reserve Communities were declined or incomplete: Brokenhead, Buffalo Point, Dauphin River, Fisher River, Gods Lk. Narrows, Jackhead Reserve, L. Grand Rapids, L. Black River, Lk St. Martin, Pequis, Pine Creek Reserve, Poplar River, Red Sucker Lake, Little Saskatchewan, Sioux Valley, Wassagamack.

¹Projects from this community may be located off reserve.

TABLE 4

HANDLING OF APPROVED LOANS, SOUTHERN COMMUNITIES*

Southern Communities	Repaid Loan	Defaulted Loan	Current Loan	No Disbursement
Beausejour	1	0	1	0
Birch River	0	0	1	0
Brandon	0	0	1	0
Ethelbert	0	0	2	0
Gainsborough	0	0	1	0
Griswold	1	0	0	0
Lac Du Bonnet	1	0	0	0
Mafeking	1	0	2	0
Moosehorne	0	2	0	0
Oak Lake ¹	0	0	1	0
Pine Falls	2	0	0	0
Poplarfield	0	0	0	1
Richer	0	2	0	0
Roblin	0	1	0	0
St. Laurent	6	2	1	2
Vogar	2	1	3	0
Winnipeg	3	1	1	0
Totals and	17	9	14	3
freq. %	42.5%	22.5%	35.0%	

*Loan applications from 52 southern communities were declined or incomplete: Altona, Arnes, Ashern, Bowsman, Camper, Clandeboye, Dauphin, Deerhorn, Deloraine, Elma, Eriksdale, Fisher Branch, Gimli, Glenboro, Grandview, Gypsumville, High Rock Lake, Hodgson, Lake Winnipeg, Lundar, Marchand, Minitonas, Ninette, Oak Point, Pine Falls, Poplarfield, Portage, Powerview, Rennie, Rivers, Riverton, San Clara, Selkirk, St. Ambroise, St. George, St. Lazare, St. Pierre, St. Rose Du Lac, Steinbach, Stonewall, Sunset Beach, Swan River, Tolstoi, Victoria Beach, Virden, Vita, Warren, Westgage, Winnipegosis, Woodlands, Woodmore, Woodridge.

¹The adjoining Indian Reserve is included in this district.

TABLE 5

HANDLING OF APPROVED LOANS, NORTHERN AFFAIRS COMMUNITIES*

N.A. Communities	Repaid Loan	Defaulted Loan	Current Loan	No Disbursement
Anama Bay	0	1	1	0
Beren's River ¹	3	3	1	3
Bissett	1	0	0	0
Brochet ¹	1	0	1	1
Camperville	1	3	3	0
Cormorant	0	1	1	0
Crane River ¹	2	0	0	0
Cross Lake	11	5	5	3
Dallas	0	1	0	3
Duck Bay	2	1	0	0
Easterville	0	6	1	0
Ilford	4	1	6	0
Mallard	1	0	0	0
Manigotagan	7	0	4	0
Moose Lake ¹	1	1	0	0
Norway House ¹	1	2	0	2
Pelican Rapids	0	1	0	0
Pikwitonei	0	2	0	0
S. Indian Lake	0	0	2	0
Thicket Portage	3	1	1	0
Wabowden	1	2	0	0
Waterhen ¹	4	0	0	0
Loon Straits	0	0	0	1
Totals and	42	31	26	10
Freq. %	42.42	31.3	26.3	

*Loan applications from 12 Northern Affairs Communities were declined or incomplete: Barrows, Big Black River, Kississing Lake, National Mills, Seymourville, Sherridon, Skownan, Wanless, Wanipigow, Matheson Island, Meadow Portage, and Pine Dock.

¹The adjoining Indian Reserve is included in this district.

APPENDIX C
SOCIO-ECONOMIC PROFILE

TABLE 1

AGE, ALL APPLICANTS AND ACCEPTED APPLICANTS

Age	All Applicants	Accepted Applicants
Average	37.52	37.59
Minimum	17	17
Maximum	73	72
Missing Cases	436	40

TABLE 2

CULTURAL BACKGROUND OF ALL APPLICANTS AND ACCEPTED APPLICANTS

Culture	All Applicants		Accepted Applicants	
	#	%	#	%
Status	154	38%	55	30.5%
Nonstatus/metis	184	45%	91	50.5%
Non native	58	17%	34	18.9%
Missing cases	493		0	

TABLE 3

MARITAL STATUS OF ALL APPLICANTS AND ACCEPTED APPLICANTS

Marital Status	All Applicants		Accepted Applicants	
	#	%	#	%
Married	417	92%	123	91%
Single	21	4.7%	7	5%
Other	15	3.3%	5	4%
Missing Cases	446		45	

TABLE 4

NUMBER OF DEPENDANTS, ALL APPLICANTS AND THE ACCEPTED APPLICANTS

Number of Dependants	All Applicants	Accepted Applicants
Average	4.24	4.18
Minimum	1	1
Maximum	15	13
Missing Cases	514	48

TABLE 5

ANNUAL AND FAMILY INCOME, ALL APPLICANTS AND ACCEPTED APPLICANTS

Income	All Applicants	Accepted Applicants
Average	12,491.19	10,183.36
Minimum	1,073.00	1,073.00
Maximum	250,000	37,000.00
Per person Family Income	2,384	2,027
Missing Cases	758	136

TABLE 6

SEX, ALL APPLICANTS AND ACCEPTED APPLICANTS

Sex	All Applicants		Accepted Applicants	
	#	%	#	%
Male	537	91%	146	92.4%
Female	53	9%	12	7.6%
Missing Cases	362		22	

TABLE 7

NUMBER OF YEARS OF SCHOOLING OF ALL APPLICANTS AND ACCEPTED APPLICANTS

Education	All Applicants	Accepted Applicants
Average	9.25	9.15
Minimum	3	3
Maximum	19	19
Missing Cases	737	133

TABLE 8

EDUCATION AND RELATED TRAINING EXPERIENCE, ALL APPLICANTS AND ACCEPTED APPLICANTS

Background	# of total Applicants	# of Accepted Applicants
1. Trades Training	41	27
2. Public Administration	24	17
3. Business Management	44	25
4. Labourer	85	41
5. Public Employee	34	12
6. Fishing, Trapping	54	22
7. Unemployed	18	7
8. Other training	70	7
Missing Cases	529	22

TABLE 9

AGE, ACCORDING TO LOCATION, ACCEPTED APPLICANTS

Age Range	South #	Reserve #	LGD & Incorp. ¹ #	NAC ² #
15-10	1	0	0	0
21-25	0	2	1	7
26-30	1	3	7	7
31-35	4	4	14	7
36-40	3	3	12	8
41-45	3	0	2	14
46-50	2	1	2	8
51-55	3	1	2	3
60 +	1	0	2	5
Average Age	39.17	33.14	36.44	38.90
Missing Cases	10	7	12	15

¹L.G.D. & Incorp. = Local Government District and Incorporated Communities.

²NAC = Northern Affairs Communities.

TABLE 10

EDUCATION, ACCORDING TO LOCATION, ACCEPTED APPLICANTS

Education Range # of Years	South #	Reserve #	LGD & Incorp. ¹ #	NAC ² #
1-4	1	1	0	2
5-8	2	2	5	10
6-10	3	0	1	4
11-13	0	0	10	5
14-16	0	0	0	1
Average # of years	8.00	6.33	10.13	8.67
Missing Cases	27	16	26	53

¹L.G.D. & Incorp. = Local Government District and Incorporated Communities.

²NAC = Northern Affairs Communities.

TABLE 11

INCOME, ACCORDING TO LOCATION, ACCEPTED APPLICANTS

Income Range	South #	Reserve #	LGD& Incorp. ¹ #	NAC ² #
0-3,000	0	1	1	3
3,000-6,000	0	6	4	4
6,000-8,000	0	2	1	6
8,000-10,000	1	0	3	0
10,000-12,000	0	0	3	0
12,000-14,000	0	0	2	1
15,000 +	0	1	5	1
Average Annual Income	9,000	7,414.29	12,606.05	7,728.31
Missing Cases	28	19	54	74

¹L.C.D. & Incorp. = Local Government District & Incorporated Communities.

²NAC = Northern Affairs Communities.

TABLE 12

OF DEPENDANTS, ACCORDING TO LOCATION, ACCEPTED APPLICANTS

	South	Reserve	LGD & Incorp. ¹	NAC ²
Average	3.79	4.80	3.15	4.80
Min.	1	1	1	1
Max.	7	13	11	7
Missing Cases	14	8	20	14

¹L.C.D. & Incorp. = Local Government District & Incorporated Communities.

²NAC = Northern Affairs Communities.

TABLE 13

CULTURAL BACKGROUND, ACCORDING TO BACKGROUND, ACCEPTED APPLICANTS

	South #	Reserve #	LGD & Incorp. ¹ #	NAC ² #
Status	7	18	14	17
Nonstatus-Metis	13	2	15	51
Non Native	9	1	20	2
Missing Cases	11	0	5	4

¹L.G.D. & Incorp. = Local Government District & Incorporated Communities.

²NAC = Northern Affairs Communities.

APPENDIX D
"THE COMMUNITIES ECONOMIC
DEVELOPMENT FUND ACT"

CHAPTER C155

THE COMMUNITIES ECONOMIC DEVELOPMENT FUND ACT.

(Assented to July 27, 1971)

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

Definitions.

1

In this Act

- (a) "board" means the board of directors of the fund;
- (b) "chairman" means the chairman of the board;
- (c) "community development corporation" means a corporation incorporated under Part XXI of The Corporations Act; /
Am. S.M. 1978, c. 49, s. 18.
- (d) Repealed.
S.M. 1976, c. 8, s. 1.
- (e) "economic enterprise" means an enterprise in which is carried on any industry, trade, business or other undertaking of any kind whatsoever;
- (f) "fund" means the Communities Economic Development Fund;
- (g) "minister" means a member of the Executive Council charged by the Lieutenant Governor in Council with the administration of this Act;
- (h) "remote and isolated communities" means those communities which meet the criteria of remoteness and of isolation established from time to time under this Act, either by by-law of the board or by order of the Lieutenant Governor in Council.

S.M. 1971, c. 84, s. 1; Am. S.M. 1976, c. 8, s. 1; S.M. 1978, c. 49, s. 18.

Establishment of fund.

2

Communities Economic Development Fund is established as a body corporate and politic and shall consist of the directors from time to time appointed under the provisions of this Act.

S.M. 1971, c. 84, s. 2.

Objects.

3

The objects of the fund are to encourage the optimum economic development of remote and isolated communities within the province and to that end

- (a) to provide financial or other assistance to
 - (i) existing economic enterprises or to economic enterprises to be established; and
 - (ii) community development corporations;

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- (b) to emphasize and encourage the expansion and strengthening of small to medium-sized economic enterprises which are locally owned and operated; and
- (c) generally to assist the minister in furthering economic development on behalf of the residents of remote and isolated communities, particularly as regards economically disadvantaged persons.

S.M. 1971, c. 84, s. 3.

Assistance from public and Government of Canada.

4(1) In pursuance of its objects, the fund shall permit and encourage any person to assist in the achievement thereof by way of providing assistance to the fund, financial or otherwise; and, subject to subsection (2), the fund may accept gifts in money or otherwise, grants, or loans or any or all of them from any person or from the Government of Canada.

Approval of conditions.

4(2) If the making of any such gift, grant, or loan, is conditional on the agreement by the fund to observe and carry out any terms or conditions, the fund shall not accept the gift, grant, or loan, unless its acceptance thereof and those terms or conditions are approved by order of the Lieutenant Governor in Council.

S.M. 1971, c. 84, s. 4.

5 Repealed.

S.M. 1976, c. 8, s. 2.

Board.

6(1) The affairs of the fund shall be managed by, a board consisting of not fewer than four and not more than eight persons to be appointed by the Lieutenant Governor in Council to hold office for such term as the Lieutenant Governor in Council may fix.

6(2) Repealed.

S.M. 1976, c. 8, s. 3.

S.M. 1971, c. 84, s. 6; Am. S.M. 1976, c. 8, s. 3.

Chairman.

7(1) The Lieutenant Governor in Council shall appoint one of the directors to be chairman of the fund to hold such office during the pleasure of the Lieutenant Governor in Council and shall fix the salary to be paid the chairman by the fund.

Remuneration to directors.

7(2) Each director shall be reimbursed by the fund for any reasonable travelling and other out-of-pocket expenses necessarily incurred by him in discharging his duties; and, in addition, but subject to subsection (1), any director, other than the chairman, may be paid and accept, as remuneration for

COMMUNITIES ECONOMIC DEVELOP. FUND S.M. 1971, c. 84 - Cap. C155

his or their services, such daily or periodical amounts as are fixed by by-law of the board.

S.M. 1971, c. 84, s. 7.

8

Repealed.

S.M. 1976, c. 8, s. 4.

Powers.

9

The fund may

- (a) subscribe for, obtain, or otherwise acquire and hold, and dispose of shares, share warrants and securities of any company or acquire assets or any interest of any person carrying on any business capable of being conducted to enhance the economic development of remote and isolated communities;
- (b) subject to the approval of the Lieutenant Governor in Council, cause to be incorporated, establish, make loans to and operate corporations and dispose of shares, assets or interest in the shares or the assets of such corporations and grant options respecting the same to prospective purchasers;
- (c) generally exercise the powers set out in Part III of The Corporations Act.
S.M. 1971, c. 84, s. 9; Am. S.M. 1978, c. 49, s. 18.

Forms of loans.

10 The fund may provide financial assistance in such forms as it may decide; and without restricting the generality of the foregoing, it may make loans to borrowers for the provision of fixed capital or working capital, or for both these purposes.

En. S.M. 1976, c. 8, s. 5.

Where loan obtainable elsewhere.

11(1) The fund shall not make a loan if, in its opinion, the applicant for the loan can obtain sufficient moneys for his requirements from other sources on reasonable terms.

Encouragement of assistance from other institutions.

11(2) In providing for financial assistance, the fund shall seek to do so in such a manner, and under such conditions as will encourage other lending institutions and financial institutions to assist in financing the enterprise in respect of which the financial assistance is provided by the fund.

General considerations in making loans.

11(3) In providing for financial assistance, the fund shall take into consideration

- (a) the technical and economic requirements for the enterprise in respect of which the loan is sought;

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- (b) the terms upon which similar financial assistance is normally provided by other institutions;
 - (c) explicit or implicit requirements additional to the actual financial assistance by the fund, including investment capital, grants, infrastructure such as roads and utilities, or social investments such as for education;
 - (d) the effect on the community, both economic and social;
 - (e) the location and type of employment created, as well as the location and type of employment displaced, if any;
 - (f) the actual source of labour to be employed;
 - (g) the effect on the working conditions, the wage levels, the income and the distribution and stability of income of the people affected, either favourably or unfavourably, by the enterprise in respect of which the financial assistance is sought;
 - (h) the effect on conservation and on the environment, including the costs and mechanisms of pollution control;
 - (i) the extent and implications of local ownership and control;
 - (j) the economic activity generated or strengthened in other local economic enterprises, by the enterprise in respect of which the financial assistance is sought;
 - (k) the implications for welfare costs and dependency, and the concrete steps to be taken to employ some disadvantaged persons and to upgrade the skills of the workers involved, including on-the-job training;
 - (l) the risk involved;
- and in fixing the terms and conditions on which the financial assistance is provided for, the fund shall take those considerations into account.

Fixing of rates of interest.

11(4) The board may by resolution fix or vary the rates of interest payable on loans made by the fund, but no resolution varying the rates of interest payable on loans has retroactive effect.
En. S.M. 1976, c. 8, s. 6.

11(5) Repealed.
S.M. 1976, c. 8, s. 6.

Repayment of loans.

11(6) The fund may accept from borrowers repayment of the whole or any part of moneys borrowed without requiring notice thereof and without payment of any bonus.

Diversity.

11(7) In making loans, the fund shall seek to maintain a reasonable diversity in the location and type of economic enterprises, as reflected in the total amount loaned and outstanding at any time.

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Compliance with Act.

11(8) No loan shall be made or financial assistance given if the making or giving thereof contravenes any provision of this Act.

Reports as to borrowers, etc.

11(9) Before providing for financial assistance, the fund shall secure such reports and appraisals as the board of directors considers necessary to meet the requirements of this Act.

Technical and professional assistance.

11(10) The board, in order to discharge its duties, may obtain the advice and assistance of such accountants, surveyors, architects, engineers, solicitors, and other professional or expert personnel as it may deem necessary; but it shall not obtain such advice and assistance if it is available from the officers and employees of any government department.

Am. S.M. 1976, c. 8, s. 7.

Information by applicants.

11(11) An applicant for a loan or financial assistance under this Act may be required, if an individual, to appear, and if a company, to cause such of its directors, officers, or employees as the board may designate to appear, before the board or such person or persons as may be designated by the board, to submit evidence as to any matter related.

S.M. 1971, c. 84, s. 11; Am. S.M. 1976, c. 8, ss. 6 & 7.

Supervision of expenditure of loans.

12(1) The fund shall supervise the expenditure by each borrower of the moneys loaned to him in order to ensure that the moneys are duly expended for the purpose for which they were loaned.

Record of supervision.

12(2) A record of the supervision shall be made in the accounts of the fund respecting each borrower.

Where money misapplied.

12(3) If at any time, in the opinion of the board, any money loaned under this Act has not been, or is not being, applied for the purpose for which it was advanced, or is not being carefully and economically expended, or if the security depreciates in value, the fund may refuse to make any further advance and may call in the whole amount then advanced and all interest thereon and declare that amount and interest to be immediately due and payable; whereupon the borrower shall at once repay the moneys borrowed with interest thereon at the rate agreed upon, and in default of payment the fund has the like remedies for the recovery of the moneys as if the time for repayment thereof has fully arrived.

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Audit of affairs of borrower.

12(4) The fund may at any time at the discretion of the board, order an audit of the financial affairs of a borrower, and failure of the borrower to permit such an audit, or to provide the fund with information respecting the financial affairs of the borrower, shall constitute cause for action under subsection (3).
S.M. 1971, c. 84, s. 12.

Sale of mortgaged security.

13 It shall be a term of every loan made that, upon the sale of any land mortgaged to the fund as security therefor, the loan, shall at the option of the fund, immediately become due and payable.
S.M. 1971, c. 84, s. 13.

Reports as to condition of securities.

14 The fund shall, from time to time, secure reports as to the condition of any securities taken by it for loans under this Act and as to the progress and prospects of the borrower and of the enterprise in respect of which the loan is made; and for that purpose any governmental agency may co-operate with the fund by rendering assistance of any educational or other nature that appears calculated to facilitate the success of the borrower or of the enterprise.
S.M. 1971, s. 84, s. 14.

Advances to protect security.

15 Nothing herein prevents the fund from making advances for the purpose of paying insurance premiums, taxes or other encumbrances, or otherwise to protect any security held in respect of any loan.
S.M. 1971, c. 84, s. 15.

Acting chairman.

16 Where the office of the chairman becomes vacant or in the absence of the chairman or during his inability to act as chairman or at the request of the chairman or the minister, then a director to be named by the board, shall act in place and stead of the chairman and while so acting shall be designated as "acting chairman".
S.M. 1971, c. 84, s. 16.

Board to supervise fund.

17(1) The board shall meet at least quarterly and shall administer the business and affairs of the fund and may pass by-laws for the following purposes,
(a) to determine the terms and conditions upon which loans generally, or any class of loans, may be made and security to be given therefor;
(b) to prescribe the form in which applications for loans and other financial assistance shall be made and the basic or minimum information to be furnished by applicants;
(c) to determine the terms and conditions under which the fund will acquire ~~an equity position~~ in a company by the purchase of shares of that company, by convertible debentures, share purchase options or otherwise;

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- (d) generally, to determine the conditions for the carrying out of its powers;
- (e) to regulate its own procedure.

Approval of by-laws by L. G. in C.

17(2) Any by-law enacted by the board becomes effective and valid only after it has been approved by the Lieutenant Governor in Council.

Limitation of loans.

17(3) Subject to subsection (5), no loan or other financial assistance shall be made or given to a company, organization, firm, or business of which any director of the fund is a director, officer, owner, or operator or in which he has a significant beneficial interest through ownership of capital stock or otherwise.

Appointment of directors of corporate borrowers.

17(4) The board may require, as a condition of making a loan or giving financial assistance to any corporate borrower, that one or more persons nominated by the board be appointed as a director or directors of the corporate borrower to which the loan or assistance is being made or given, to serve while any part of the loan remains unpaid; but neither the fund nor any person so appointed as a director by the fund is liable for wages or any other sums due for services by virtue of such an appointment.

Am. S.M. 1976, c. 8, s. 8.

Appointment under subsec. (4) does not create significant interest.

17(5) A director of the fund who is a director of a corporate borrower, solely by reason of being nominated as such in accordance with subsection (4), does not have a significant beneficial interest in the corporate borrower by reason only of the fact, and he shall not be excluded from meetings of the board or from voting on any matter relating to the corporate borrower by reason only of that fact.

Limitation on actions of directors where financial interest involved.

17(6) No director shall be present at any meeting of the board during a time at which there is under discussion any matter relating to a company, organization, firm, or business of which he is a director, officer, owner, or operator or in which he has a significant beneficial interest through ownership of capital stock by himself or members of his family or otherwise; and a director shall not vote with respect to any such matter.

Decision as to interest.

17(7) If a question arises as to whether a director has a significant beneficial interest as mentioned in subsection (6), the matter shall be decided by a unanimous vote of the other directors present at a meeting of the board; and their decision is final, and shall be made on the basis that any interest whether more or less than a controlling interest, that may influence the judgment of a director is a "significant beneficial interest".

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Disclosure of facts by directors.

17(8) A director who, under subsection (6), is or may be debarred from being present at the time of the discussion of any matter or from voting thereon shall, when the matter arises, disclose any facts that so debar or may so debar him, and shall withdraw; but, if the disability arises by reason of a question as to his having a significant beneficial interest as mentioned in subsection (6), and if the other directors declare, as provided in subsection (7) that he does not have such a significant interest, he may resume his seat on the board and discuss and vote on the matter.

Offence and penalty.

17(9) A director who contravenes or neglects to comply with this section is guilty of an offence and is liable, on summary conviction, to a fine not exceeding two hundred dollars.

S.M. 1971, c. 84, s. 17; Am. S.M. 1976, c. 8, s. 8.

Duties of chairman.

18(1) The chairman is the chief executive officer of the fund and, subject to section 8 and to the regulatory by-laws of the fund, is responsible for the overall direction and control of the operations of the fund.

Exercise of powers by chairman.

18(2) While the board is not in session, the chairman may exercise the powers conferred upon the fund by this Act and by regulations made hereunder; and he shall report thereon to the board at its next following regular meeting.

S.M. 1971, c. 84, s. 18.

Shares in companies.

19(1) All stock in any company owned by the fund shall be issued in the name of the fund.

Qualifying shares in companies.

19(2) With respect to any person acting on behalf of the fund as a director of a company that is a Manitoba company, qualifying shares of that company shall be deemed to have been issued to and held by that director without any transfer thereof on the books of the company or the issue of any stock certificate to the director with respect thereto.

Transfer of qualifying shares in companies.

19(3) Qualifying shares owned under subsection (2) are held in trust for the fund and on the person ceasing to be a director shall be conclusively deemed to have been transferred to, and vested in, the fund without any transfer thereof on the books of the company or the issue of any stock certificate to the fund with respect thereto.

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Transfer of shares in subsidiary company.

19(4) With respect to any subsidiary company that is not a Manitoba company, shares belonging to the fund and held in the name of any person acting as director on behalf of the fund shall be held by that person in trust for the fund; and upon the person ceasing to be a director shall be transferred to the fund or as directed by the fund.

En. S.M. 1976, c. 8, s. 9.
S.M. 1971, c. 84, s. 19; Am. S.M. 1976, c. 8, s. 9.

20

Repealed.
S.M. 1976, c. 8, s. 10.

21

Repealed.
S.M. 1976, c. 8, s. 11.

Fiscal year.

22 The fiscal year of the fund is the period of twelve months, beginning on the first day of April in each year and ending on the thirty-first day of March in the next succeeding year.

S.M. 1971, c. 84, s. 22.

Audit.

23 The books and accounts of the fund shall be examined, checked, and audited from time to time, and at least annually, by an auditor, who may be the Provincial Auditor, appointed by the Lieutenant Governor in Council; and the cost of the audits shall be paid by the fund.

S.M. 1971, c. 84, s. 23.

Fund an agency of Crown.

24

The fund is an agency of Her Majesty in right of the province.

S.M. 1971, c. 84, s. 24.

Acquisition of property.

24.1(1) Upon such terms and conditions as the fund deems reasonable, it may acquire from the Crown or any other person by purchase, lease, licence, or otherwise, any property, real or personal, that the fund deems necessary for its purposes.

En. S.M. 1976, c. 8, s. 12.

Disposal of property.

24.1(2) The fund may execute any conveyance, transfer, bill of sale, agreement, lease, caveat, withdrawal of caveat, discharge of mortgage or any other document relating to any property acquired by the fund or that may be sold, leased or otherwise disposed of by the fund under this Act; and it may, on behalf of the Crown, contract and acquire property in its own name without specific reference to the Crown or Her Majesty.

En. S.M. 1976, c. 8, s. 12.

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Where approval of Lieutenant Governor in Council not required.

24.1(3) The approval of the Lieutenant Governor in Council is not required for any sale, lease, or disposition, by the fund of any property that is acquired by the fund in its own name.

En. S.M. 1976, c. 8, s. 12.

Acceptance of certificate by district registrar.

24.1(4) The district registrar of any land titles office may accept as conclusive the certificate or affidavit of the chairman of the board as to whether any particular property has been acquired by the fund, as to the purpose for which it has been acquired, and as to whether it was acquired, dealt with or disposed of by the fund pursuant to the powers contained in this section.

En. S.M. 1976, c. 8, s. 12.

Chairman's report.

25(1) Not later than the thirtieth day of June in each year the chairman shall make a report to the board on the operations of the fund during the fiscal year ending on the thirty-first day of March in that year and the board shall forthwith forward the report to the minister who shall lay it before the Legislative Assembly if it is then in session, and if it is not then in session, at the next ensuing session thereof.

Further reports.

25(2) The Lieutenant Governor in Council may, at such times and as often as he deems it necessary, require the board to furnish to him such reports or information respecting the business and operations of the fund as he may direct; and the board shall comply with the requisition.

Certain publications in Gazette.

25(3) The board shall cause to be published in The Manitoba Gazette within thirty days of the end of each quarter of the fiscal year, in the form prescribed by the Lieutenant Governor in Council,

- (a) the balance sheet of the fund at the end of the quarter;
- (b) the amount of assistance granted or to be granted by the fund and the parties to whom the assistance was or is to be granted, whether by way of loan, guarantee, lease, grant, investment or otherwise; and
- (c) the terms under which the assistance was or is to be granted.

Special reports.

25(4) The minister may, at such times and as often as he deems it necessary, request an independent committee appointed by the Lieutenant Governor in Council and designated for the purposes of this section by the Lieutenant Governor in Council, to prepare a special report in respect of an individual loan where he has received a written request from a borrower who

COMMUNITIES ECONOMIC DEVELOP. FUND S.M. 1971, c. 84 - Cap. C155

believes he has not been fairly treated and the fund shall provide, with the permission of the borrower, in confidence to such committee, details of the loan transaction involved and the actions taken; and the minister shall lay the report of the committee before the Legislative Assembly if it is then in session, and if it is not then in session, at the next ensuing session thereof.

S.M. 1971, c. 84, s. 25.

Production of information for assembly.

26(1) The fund may produce or be required to produce to the assembly or to any committee thereof or to any other person, any information respecting an applicant or borrower, or respecting a loan or other financial assistance, the release of which would not in the opinion of the board be prejudicial to the interests of the applicant or borrower, or of the fund.

Production on most recent audited statement.

26(2) Notwithstanding subsection (1), the fund may be required to provide to the Legislative Committee on Economic Development the most recent annual audited statements of assets and liabilities and profit and loss in respect of any company in which the fund has acquired an equity position by the purchase of shares of that company or otherwise.

S.M. 1971, c. 84, s. 26.

Regulations.

27(1) For the purpose of carrying out the provisions of this Act according to their intent, the Lieutenant Governor in Council may make such regulations and orders as are ancillary thereto and are not inconsistent therewith; and every regulation or order made under and in accordance with the authority granted by this section has, subject to subsection (2), the force of law.

Publication, etc.

27(2) No regulation or order made under subsection (1) has any force or effect until published in one issue of The Manitoba Gazette; and every such regulation or order shall be laid before the Legislative Assembly, if it is then in session, within fifteen days after the publication thereof, or, if the assembly is not then in session, within fifteen days after the beginning of the next following session thereof.

S.M. 1971, c. 84, s. 27.

Application of Securities Act.

28 The Securities Act does not apply to the fund or any subsidiary of the fund.

S.M. 1971, c. 84, s. 28.

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Application of Part XXIV of The Corporations Act and Consumer Protection Act.

29(1) Part XXIV of The Corporations Act and The Consumer Protection Act do not apply to the fund or to any subsidiary of the fund.
Am. S.M. 1978, c. 49, s. 18.

General capacity.

29(2) The fund and any subsidiary of the fund has the general capacity and powers of a common law corporation; and no act of the fund or any subsidiary of the fund and no conveyance, transfer or security given to the fund is invalid.

Taking security.

29(3) Security of any kind and in any form may be taken, accepted, acquired, held, sold, transferred or conveyed, or otherwise in any way dealt with, disposed of or realized on by the fund in the same manner as by a private individual.

Exercise of rights, etc.

29(4) The fund has, and may exercise, all the rights, powers and privileges in respect thereof that a private individual would have or might exercise in like circumstances.

Acts to prevail.

29(5) Where there is any conflict between any provision of this Act and a provision of The Corporations Act, the provisions of this Act prevail.
Am. S.M. 1978, c. 49, s. 18.

S.M. 1971, c. 84, s. 29; Am. S.M. 1978, c. 49, s. 18.

Penalty.

30 Every person who, without the consent in writing of the fund, uses the name of the fund in any prospectus or advertisement, is guilty of an offence and is liable, on summary conviction, to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding one month or to both such fine and such imprisonment.

S.M. 1971, c. 84, s. 30.

Limitation on liability.

31(1) The chairman, or any director, or any one acting under the instructions of any of them or of the board, or under the authority of this Act, is not personally liable for any loss or damage suffered by any person by reason of anything in good faith done, or omitted to be done, by him or them or any of them pursuant to, or in the exercise or supposed exercise of, the powers conferred by this Act.

APPENDIX E

"RESEARCH TOOLS"

1. "File Survey Guide"
2. "Staff-Interview guide"
3. "Field-interview guide"
4. "Cross-Canada" letters



THE UNIVERSITY OF MANITOBA

NATURAL RESOURCES INSTITUTE

WINNIPEG, MANITOBA R3T 2N2
PHONE (204) 474-8373

May 16, 1980

The Indian Economic Development Fund
Les Terrasses de la Chaudière
10 Wellington Street
HULL, Quebec
K1A 0H4

Gentlemen:

I am writing to request information regarding the Indian Economic Development Fund. A study has recently been undertaken by the Natural Resource Institute, University of Manitoba, of the Manitoba Communities Economic Development Fund. C.E.D.F. is a provincially financed corporation established in July, 1971 with the objective of encouraging optimum economic development of remote and isolated communities. The purpose of the study is to determine socio-economic impacts of C.E.D.F. activities. Pursuant to this objective, we are attempting to identify similar developmental programs and agencies across Canada.

It would be helpful to obtain annual reports, plus any information regarding policy development of your agency. I have also noted reference to a document "Standards of Operation, Developmental Values and Performance Measures for Economic Development", 1978, and would appreciate obtaining a copy. A final request would be for an account of any perceptions you may have of C.E.D.F., are you aware of this Fund, and how do you see the Indian Economic Development Fund in comparison to it.

Your cooperation in this matter is greatly appreciated.

Sincerely,

Thomas J. Henley
Assistant Director



JUL 04 1980

OTTAWA, Ontario K1A 0H4
June 30, 1980.

Your file Votre référence

Our file Notre référence 1/19-7

Mr. Thomas J. Henley,
Assistant Director,
National Resources Institute,
The University of Manitoba,
Winnipeg, Manitoba
R3T 2N2

Dear Mr. Henley:

This refers to your letter of May 16, 1980 requesting information on the Indian Economic Development Fund to assist in the study presently underway by the Manitoba Communities Economic Development Fund.

.. Enclosed is the following material:

- copies of the I.E.D. Direct and Guarantee Loan Orders of December 22, 1977;
- copy of a Report entitled "To have what is one's own" published in 1979 by the National Indian Socio-Economic Development Committee;
- copy of the 1978/79 Departmental Annual Report (latest available issue);
- copy of a Discussion Paper on Standards for Economic Development (referred to in your letter as "Standards of Operation, Developmental Values and Performance Measures for Economic Development, 1978").

With reference to the latter item, the guidelines contained in this paper were specifically related to the Indian Economic Development Fund and were designed to respond to particular operational problems that existed at that time. Some of the guidelines are concepts only and have not been fully applied. However, they do provide a portion of some of the issues that were being dealt with. The program is still being modified to better respond to Indian needs.

.../2

Concerning your final request for comparison comments between C.E.D.F. and I.E.D.F., you may wish to contact Mr. A.C. Sharp of our Winnipeg Regional Office. A copy of your May 16 letter and our response is being provided to Mr. Sharp at the address shown below.

We hope the enclosed material will be of assistance to you and apologize for the delay in responding to your letter.

Yours sincerely,

E.E. Hobbs,
A/Director General,
Economic and Social Development.

att.

c.c. Mr. A.C. Sharp,
Manager, Project Review and Loans,
Economic Development, Indian and
Inuit Affairs,
Department of Indian and Northern
Affairs,
275 Portage Avenue,
Winnipeg, Manitoba.
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THE UNIVERSITY OF MANITOBA

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May 16, 1980

Federal Business Development Bank
901 Victoria Square
MONTREAL, Quebec
H2Z 1R1

reply June 6

Attention: Mr. G.A. Laviguer
President

Dear Sir:

I am writing to request information regarding the Canadian Federal Business Development Bank. A study has recently been undertaken by the Natural Resource Institute, University of Manitoba, of the Manitoba Communities Economic Development Fund. C.E.D.F. is a provincially financed corporation established in July, 1971, with the objective of encouraging optimum economic development of remote and isolated communities. The purpose of the study is to determine the socio-economic impacts of C.E.D.F. activities. Pursuant to this objective, we are attempting to identify similar developmental programs across Canada.

Specifically, I would appreciate a brief outline of policy development of the Federal Bank, plus the current annual report. It would be helpful if you could direct us to other federal or provincial lending authorities that you are aware of which would be similar to the Federal Business Development Bank. One final question, "Are you aware of C.E.D.F. activities and what are your perceptions of this fund?"

Your cooperation in this matter is greatly appreciated.

Sincerely

Thomas J. Henley
Assistant Director

TJH:en



-171-

JUN 06 1980

HEAD OFFICE
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MAILING ADDRESS: P.O. BOX 6021, MONTREAL, QUE., H3C 3C3

June 3rd, 1980

Mr. Thomas J. Henley
Assistant Director
The University of Manitoba
Natural Resources Institute
Winnipeg, Manitoba
R3T 2N2

Dear Mr. Henley:

Thank you for your letter of May 16th requesting information about the Bank. In this regard, I am enclosing:

- 1- A résumé of the Bank and its activities;
- 2- Copy of our 1979 Annual Report (latest available);
- 3- Supply of some of our brochures and pamphlets;
- 4- List of other federal and provincial lending authorities.

While we are aware of the activities of the Manitoba Communities Economic Development Fund, our liaison with that body is handled through our regional office at Winnipeg. Dave Goodman, the Assistant General Manager, Management Services, at our Winnipeg Regional Office could provide you with further information in that regard. He can be reached at (204) 943-8581.

Yours very truly,

~~Ken Mercer~~
Director, Public Affairs



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THE UNIVERSITY OF MANITOBA

NATURAL RESOURCES INSTITUTE

WINNIPEG, MANITOBA R3T 2N2
PHONE (204) 474-8373

May 13, 1980

Mr. N.R. Morrison
B.C. Development Corporation
272 Granville Square
200 Granville Street
VANCOUVER, B.C. V6C 1S4.

Dear Mr. Morrison:

I am writing to request information regarding the B.C. Development Corporation. A study has recently been undertaken by the Natural Resources Institute, University of Manitoba, of the Manitoba Communities Economic Development Fund. C.E.D.F. is a provincially financed corporation established in July 1971 with the objective of encouraging optimum economic development of remote and isolated communities. The purpose of the evaluation is to determine the socio-economic impacts of C.E.D.F. activities. Pursuant to this objective we are attempting to identify similar developmental programs and agencies across Canada.

Specifically, I would appreciate receiving the current annual report of the B.C. Development Corporation, the names and addresses of similar provincial agencies that you are aware of, and an account of any prior perceptions you may have had regarding C.E.D.F.

Your cooperation in this matter is greatly appreciated.

Sincerely

Thomas J. Henley
Assistant Director

TJH:en

-173-
THE
DEVELOPMENT
CORPORATION

June 2, 1980

Thomas J. Henley:
Assistant Director
Natural Resources Institute
The University of Manitoba
Winnipeg, Manitoba
R3T 2N2

Dear Mr. Henley:

Enclosed is the information on the Development Corporation you requested in your letter (of May 13th, 1980) to Mr. Newell Morrison, Chairman. We trust this is satisfactory.

Should you require additional information on the Development Corporations activities, please do not hesitate to let us know.

Yours very truly,

Susan D. Baerg (Miss)
Executive Assistant

SDB/laf
Enclosures



THE UNIVERSITY OF MANITOBA

NATURAL RESOURCES INSTITUTE

WINNIPEG, MANITOBA R3T 2N2
PHONE (204) 474-8373

May 14, 1980

Mr. Frank J. Nolan
President
Newfoundland & Labrador Development
Corporation
P.O. Box 1738
ST. JOHNS
Newfoundland A1C 5P5

Dear Mr. Nolan:

I am writing to request information regarding the Newfoundland & Labrador Development Corporation. A study has recently been undertaken by the Natural Resources Institute, University of Manitoba, of the Manitoba Communities Economic Development Fund. C.E.D.F. is a provincially financed corporation established in July, 1971 with the objective of encouraging optimum economic development of remote and isolated communities. The purpose of the evaluation is to determine the socio-economic impacts of the C.E.D.F. activities. Pursuant to this objective, we are attempting to identify similar development programs and agencies across Canada.

Specifically, I would appreciate receiving the current annual report of the Newfoundland & Labrador Development Corporation, the names and addresses of similar provincial agencies that you are aware of, and an account of any prior perceptions you may have had regarding C.E.D.F.

Your cooperation in this matter is greatly appreciated.

Sincerely,

Thomas J. Henley
Assistant Director

TJH:en

Newfoundland and Labrador Development Corporation Limited

44 Torbay Road, P.O. Box 9548, St. John's, Newfoundland, Canada A1A 2Y4

Our Ref.

Your Ref.

May 28, 1980

Mr. Thomas Henley
Assistant Director
The University of Manitoba
Winnipeg
Manitoba
R3T 2N2

Dear Sir:

Further to your recent request concerning information on the Newfoundland and Labrador Development Corporation Limited. Enclosed herewith is a copy of our most recent Annual Report as well as a brochure outlining the programs offered by the Corporation. I am also enclosing information on the Newfoundland and Labrador Rural Development Council, P. O. Box 306, Gander, Newfoundland, A1V 1W7, Mr. John Curran, Executive Director. This Council seems to have objectives closely associated to those of the C.E.D.F.

Should you require further information or clarification please contact me at your convenience.

Yours truly,

RICHARD J. COMERFORD
Director of Analysis



RJC:rbs
Enclosures

Phone
3) 753-3560
Telex
316-4675



-176-

THE UNIVERSITY OF MANITOBA

NATURAL RESOURCES INSTITUTE

WINNIPEG, MANITOBA R3T 2N2
PHONE (204) 474-8373

May 14, 1980

New Brunswick Community Improvement
Corporation
377 York Street
Box 428
Fredericton, N.B.
E3B 5R4

Gentlemen:

I am writing to request information regarding the New Brunswick Community Improvement Corporation. A study has recently been undertaken by the Natural Resources Institute, University of Manitoba, of the Manitoba Communities Economic Development Fund. C.E.D.F. is a provincially financed corporation established in July, 1971 with the objective of encouraging optimum economic development of remote and isolated communities. The purpose of the evaluation is to determine the socio-economic impacts of the C.E.D.F. activities. Pursuant to this objective, we are attempting to identify similar developmental programs and agencies across Canada.

Specifically, I would appreciate receiving the current annual report of the New Brunswick Community Improvement Program, the names and addresses of similar provincial agencies that you are aware of, and an account of any prior perceptions you may have had regarding C.E.D.F.

Your cooperation in this matter is greatly appreciated.

Sincerely,

Thomas J. Henley
Assistant Director

TJH:en

COMMUNITY IMPROVEMENT CORPORATION
SOCIETE D'AMENAGEMENT REGIONAL

FILE/DOSSIER

May 26, 1980

Mr. Thomas J. Henley
Assistant Director
Natural Resources Institute
The University of Manitoba
Winnipeg, Man
R3T 2N2

Dear Mr. Henley,

Thank you for your letter of May 14, 1980.

I attach a copy of the current annual report of the Community Improvement Corporation. As you will note from this report the Corporation's name is somewhat misleading when compared to its actual role. CIC is the Provincial agency charged with the administration of all cost shared Federal/Provincial funds under the General Development Agreement; in this respect its role has very little in common with C.E.D.F.

If we can be of further assistance please do not hesitate to call on us.

Yours sincerely,

Richard E. Crighton
Director, Program Coordination

REC-cmd

Enc.

June 6, 1980

My apologies for the
omission.
cmd.



THE UNIVERSITY OF MANITOBA

NATURAL RESOURCES INSTITUTE

WINNIPEG, MANITOBA R3T 2N2
PHONE (204) 474-8373

May 13th, 1980

Prince Edward Island Lending Authority
Kent Place
180 Kent Street
P.O. Box 1420
Charlottetown C1A 7N1
P.E.I.

Gentlemen:

I am writing to request information regarding the Prince Edward Island Lending Authority. A study has recently been undertaken by the Natural Resource Institute, University of Manitoba, of the Manitoba Communities Economic Development Fund. C.E.D.F. is a provincially financed corporation established in July, 1971 with the objective of encouraging optimum economic development of remote and isolated communities. The purpose of the evaluation is to determine the socio-economic impacts of the C.E.D.F. activities. Pursuant to this objective, we are attempting to identify similar development programs and agencies across Canada.

Specifically, I would appreciate receiving the current annual report of the Newfoundland & Labrador Development Corporation, the names and addresses of similar provincial agencies that you are aware of, and an account of any prior perceptions you may have had regarding C.E.D.F.

Your cooperation in this matter is greatly appreciated.

Sincerely,

Thomas J. Hanley
Assistant Director

TJH:en

PRINCE EDWARD ISLAND LENDING AUTHORITY

CONFEDERATION COURT OFFICE BUILDING

134 KENT ST., P.O. BOX 1420, CHARLOTTETOWN, P.E.I. C1A 7N1

"A Crown Corporation"

OFFICE OF THE
GENERAL MANAGER

TELEPHONE
902-892-4247

May 27, 1980

Mr. Thomas J. Henley
Assistant Director
National Resources Institute
The University of Manitoba
Winnipeg, Manitoba
R3T 2N2

Dear Mr. Henley:

Reference your letter of 13 May, 1980, in which you request certain information concerning the loan programs of this Corporation.

In this regard, we are enclosing a copy of our Act of Incorporation, a copy of the Regulations to the Act, a copy of our last Annual Report, together with a Brochure outlining our loan programs in more detail.

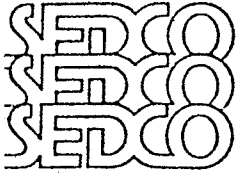
We trust this is the information you require and remain.

Yours very truly,

William M. Jay
General Manager

WMJ/md

Enclosures



August 8, 1980

Mr. Thomas J. Henley
Assistant Director
Natural Resources Institute
The University of Manitoba
Winnipeg, Manitoba
R3T 2N2

AUG 11 1980

Dear Mr. Henley:

It's a pleasure to reply to your recent letter.

Saskatchewan Economic Development Corporation (SED CO) was established in 1963 as a corporation of the Government of Saskatchewan to provide financial assistance to industrial and economic enterprises in Saskatchewan. SEDCO offers a comprehensive range of financial assistance, including term loans, guarantee financing, equity participation, inventory/working capital financing, lease and lease/options, and industrial park development.

I have enclosed a copy of our most recent annual report and a brochure explaining the various activities and programs of SEDCO.

Also enclosed are two publications which will give you information on other development programs and economic data of the province - Saskatchewan Business Guide and Economic Review 1979.

If you require additional information please contact me.

Yours very truly

Mary Lou Willows
Information Officer

CLASSIFICATION SCHEME FOR CEDF APPLICATIONS

A -- accepted for CEDF financing

- i. "good" loan (repaid)
- ii. defaulted loan
- iii. current loan (active)
- iv. loan approved but no disbursements made
 - a. loan payment regular (repaid) and business appears stable and on-going
 - b. management (project) remains a problem and future uncertain.
 - c. unstable business continues with on-going support and/or subsidy from CEDF or other public agency
 - d. business terminated
 - e. business sold to community/or other

B -- rejected

- i. loan size, location and project characteristics exceed mandate
- ii. project characteristics unacceptably risky
- iii. management characteristics unacceptably risky
- iv. required layering is not possible or has yet to be secured
- v. lack of community support (or opposition)
- vi. lack of community interest in profits or project

C -- referred to

- i. alternative financing
- ii. training programs
- iii. consulting services (research)

D -- lack of response to CEDF "prospect"

- i. initial application followed by request for complete project analysis and cost breakdown --no response. Client changes his mind.
- ii. initial application approved and request withdrawn
- iii. initial application not forthcoming following client contact (assumption: file creation indicates inquiry potential).
- iv. inadequate documentation to indicate reason.
- v. CEDF conditions not responded to (i.e. initial application financially adequate but subject to political agenda e.g. layering or jurisdiction)
- vi. project application being processed while subject of application changed e.g. alternative purchase of business arranged.

E -- Other

- i. administration of trusts
- ii. policy restraint on lending activity
- iii. not a loan application e.g. inter-agency discussions and policy formulation
- iv. management assistance grant

FILE REVIEW GUIDE

FINANCIAL

Date of original application (day, month, year)

Termination date--loan
 --grant
 --guarantee

Date of subsequent application (see p. II)

Legal status of enterprise (I-7;A-C)

Location--business
 --proprietor (i.e. manager)
 --major shareholders (i.e. owner)

Type of business (description, code, purpose)

Financial assistance--grant (source)
 --loan (source & I.R.)
 --guarantee (source & I.R.)

Repayment--problem areas
 --changes in terms of regular payment
 --amount of payment as % of total
 --number of months business has run successfully

 --number of months CEDF has been lenient.

OPERATIONAL

Expenditures program

- Uses 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9

Sources--proprietor's
 --public (specify)
 --CEDF
 --commercial (specify)
 --total

FILE REVIEW

RACIAL BACKGROUND

1. status
2. (metis and non-treaty) non status
3. non native

MARITAL STATUS

- married M
- single S
- common-law C
- divorced D

EDUCATIONAL LEVEL

1. no school
2. primary school
3. secondary school
4. high school
5. university
6. community college

COMMUNITY TYPE

1. reserve
2. native (metis)
3. predominantly white

EDUCATION AND RELATED TRAINING TO EXPERIENCE

1. trades training
2. public administration
3. business management
4. labour
5. public employees
6. fishing, trapping
7. unemployed/welfare
8. other

MANAGEMENT STRUCTURE (Legal Status)

1. single proprietor
 2. partnership
 3. community development corporation
 4. community council
 5. MMF local
 6. cooperatives
 7. band council
 8. other (specify)
-
- A. company
 - B. limited company
 - C. corporation

BREAKDOWN OF SERVICE, FORESTRY AND CONSTRUCTION PROJECTS

1. winter road
2. forest products
3. tourist
4. retail
5. restaurant
6. recreation
7. taxi or bus
8. other

MANAGEMENT ACTIVITY

1. occasional/voluntary source of expertise
2. mandatory/legal/effective (i.e. Board) co-management.
 - a) securing work (revenue)
 - b) administering finances
 - c) bookkeeping, accounting
 - d) Board decision making
 - e) purchase of equipment and stock
 - f) marketing agent
 - g) referral to outside expertise (lawyer, accountant, training)
 - h) inter-agency negotiation
 - i) client advocacy
 - j) CEDF as adversary
 - k) legal action against client
 - l) funded outside expertise (i.e. management)
 - m) CEDF financed training and on site instruction
 - n) protective disbursement
 - o) equity position

SOURCES OF FINANCE (amount)

1. personal
2. shareholders
3. bank and commercial
4. CEDF and others

TYPE OF BUSINESS

- I. Primary
 - a. agriculture
 - b. forestry
 - c. fishing
 - d. trapping
 - e. mining
 - f. other (renewable resource extraction)

II. Secondary

- a. manufacturing
- b. construction

III. Tertiary

- a. transportation
- b. trade - ex. wholesale
- c. finance
- d. service
- e. public administration
- f. defense

IV. Other - non profit

PROBLEM AREAS

- 1. health
- 2. maintenance cost (a) overhead
(b) repair
(c) replace
- 3. labour turnover
- 4. management turnover
- 5. labour productivity/payment structure
- 6. institutional rigidity (re commercial loans)
- 7. inexperienced and untrained management
 - a. operation
 - b. accounting (financial statements and cash flow)
- 8. mistrust or objection to CEDE management activity conditions
- 9. indeterminant management structure
- 10. cash flow
 - a. accounts receivable
 - b. accounts payable
- 11. market changes
- 12. personal problems
- 13. personal refusal
- 14. "other world" activities
- 15. communication
- 16. local opposition to project

CHANGES IN REPAYMENT TERMS

- 0. money
- 1. interest rate
- 2. change in principle
- 3. change in terms
- 4. write off (interest and/or principle)
- 5. orderly repayment
- 6. security

Liabilities--CEDF
 --other (specify)
 --outstanding current
 --past due a) number of people
 b) amount

Assets--total
 --fixed

MANAGEMENT PERSONNEL

--cultural background
--number (total, lst officers, assistant
--ages " "
--sexes " "
--marital status " "
--# of dependents " "
--related experiences "
--education and
 related training " "
--subjective attributes
 (D.O. quote) " "
--former income &
 sources " "
--contracted professional
 (specify who & what
 e.g. auditors; year-
 end accountant, bookk-
 eeping " "

Number of Employees--positions
 --salaries/wages
 --residence location
 --other (as above)

Actual performance--revenue
 --net worth
 --net profits
 --change over previous period

CEDF Activities

Financial referral service (yes, no, indeterminant)

CEDF as agent--real estate
 --collection

CEDF consulting service--bookkeeping
 --3rd party

Historical Notes-(problems, activity, loan, inter-agency,
management structure, management personnel, refinancing)

Staff Interview Guide

Introduction:

As you know, the Natural Resources Institute, University of Manitoba, has undertaken an evaluation of the Communities Economic Development Fund. Part of the study is to complete interviews of the staff. Your knowledge and perceptions will assist us a great deal in understanding the operations of the Fund. All material will be confidential. The interview should take about an hour.

Objectives

1. To identify changes in operation activities over time.
2. To determine the present operational structure of CEDF.
3. To identify the development officers' perceptions of the role of CEDF.
4. To elicit a personal assessment by the development officer of his own activities.

Questions:

1. When did you start your present position with CEDF?
2. Describe your job and methods of operation. Do you make regular reports? Have board submissions changed over time?

Applicants--how handled? Referrals?

Split between Development and Management
Development officers assigned to a region.

3. What do you see as the major role of the Fund.

Do you think CEDF is different from other lending institutions? In what way?

Do you think CEDF is serving "economically disadvantaged persons?" In what way.

How would you define remote and isolated? Community development?

4. What do you see as the most important part of your activities?
5. What is the extent of your relationship with other agencies?

Have you been involved in any non-lending activities? What are they?

Loan support services are important to CEDF. What services do you think CEDF should offer? What activities do you think are the most helpful?

6. Do you have any input into programs and projects? Lines of communication?
7. What assistance would be useful to you to do a better job for your clients?
8. How do you think the clients perceives the Fund?
9. Any recommendations about the program or about internal management?

NORTHERN FIELD SURVEY OF CEDF CLIENTS

Introduction:

A survey has been undertaken by the Communities Economic Development Fund, and we understand you have had something to do with this agency. Is that correct? Your views and opinions will be valuable if you could take a few moments to talk to us. What you say will be confidential, and your name will not appear in the study.

A 1's-

General

1. How did you hear of CEDF?
2. Why did you start the project/business?
3. What exactly did the Fund do for you?
4. Did the business continue after CEDF repaid? Did you arrange financing elsewhere?

Attitude

1. Would you go back to CEDF if you required another loan, or recommend it to your friends?
2. What do you think CEDF should be doing in Northern Manitoba?
3. How would you rate CEDF services: Helpful, of some assistance, not much help, a real handicap to your operation?

Social

1. What changes did the project make to your life? Probes-- cultural background, income level, family changes, i.e. education, health, recreation.

2. Do you see your business as being a real asset to your community?

Economic

1. How many jobs were created? Where did employees come from? What was the quality of jobs--income level.
2. Do you agree with CEDF as a lending institution or do you think CEDF should be giving grants?
3. Do you think it is important for people to put something of their own into a project (equity)?

A II's-

General

1. How did you hear of CEDF?
2. Why did you start the project/business?
3. What exactly did the Fund do for you?
4. How long did the business operate?
5. What do you think were the main reasons for defaulting on the loan?
6. What have you done since the business closed, or your part in it terminated?

Attitude

1. Would you go back to CEDF if you required another loan, or recommend it to your friends.
2. What do you think CEDF should be doing in Northern Manitoba?
3. How would you rate CEDF services: Helpful, of some assistance, not much help, a real handicap to your operation.

Social

1. What changes did the project make to your life?
2. What have you done since you've been away from the business?

Economic

1. How many jobs were created? How long did they last?
2. Would it have made a difference if CEDF gave grants rather than loans? Would you like to see them issue grants in certain circumstances?
3. Do you think it is important for people to put something of their own into a project (equity)?

A III's

General

1. How did you hear of CEDF?
2. Why did you start your present project/business?
3. What exactly has the Fund done for you?
4. What kinds of problems have you experienced in setting up the business?
5. Any suggestions for improving CEDF services?

Attitude

1. Would you recommend CEDF to your friends?
2. What do you think CEDF should be doing in Northern Manitoba?
3. How would you rate CEDF services: helpful; of some assistance, not much help, a real handicap to your operation.

Social

1. What changes is the business making to your life?
2. Do you see your business as being a real asset to your community?

Economic

1. How many jobs were created? Where do the employees come from? What is the quality of jobs income level?
2. Do you agree with CEDF as a lending institution or do you think CEDF should be giving grants?
3. Do you think it is important for people to put something of their own into a project (equity)?

B's - Rejections

1. Still at location at time of application.
2. Did you go ahead with the project, is so how?
3. What are you doing now?
4. What were the reasons given for refusal by CEDF.
5. Would you apply to CEDF again?
6. What do you think is the main function of the Fund?

C's - Referrals

1. Was the referral successful?
2. If not, why?
3. Did you complete the project?
4. How did it turn out?
5. What do you think is the main job of CEDF?

D's - Undeveloped

1. Why did you not continue with your application to CEDF?
2. Did you apply anywhere else?
3. Would you approach CEDF again?
4. Are you still located at address, location given at time of application to the Fund?
5. Do you still think your idea was basically a good one?

APPENDIX F
CROSS LAKE CASE STUDY

Cross Lake Case Study

The following case study outlines the involvement and activity by CEDF with community groups in the Cross Lake area. It is presented as an illustration of a community which has struggled to initiate projects for development. Individual applications from Cross Lake and Cross Lake Indian Reserve (and there have been several) are not included here.

The Community

Cross Lake is situated on the Nelson River system approximately 35 miles north and east of Jenpeg, 85 air miles south and east of Thompson or 420 air miles north of Winnipeg.

The site is typical of northern communities, spread out along the river shore, and consisting of a Treaty and Non-treaty area. The Provincial Department of Northern Affairs is responsible for the Nontreaty community of 86 households. Although there is an elected community council, it is not incorporated. The Indian community at Cross Lake is part of the Northern Flood Agreement which five Indian Bands signed with the Province, the Government of Canada and Manitoba Hydro. This allows the Band and Status Indians to borrow money from the Neyanun Development Corporation for economic development projects.¹

¹The Neyanun Development Corporation Inc. is an economic development entity incorporated by the Indian Bands of Cross Lake, Nelson House, Norway House, Split Lake, and York Landing. The Corporation is funded by a Canada/Manitoba grant in accordance with the terms and conditions of the Agreement dated September 1, 1977 between the Government of Manitoba, the Hydro Electric Board, the Northern Flood Committee and the Government of Canada.

The total population is made up of 600 families, average size 3.3 or 2,000 people. It is estimated that roughly 25% or 500 are employable males. Many male workers leave the area and work elsewhere. A number of the men trap and fish and some are employed locally by the school as custodians or on airport and road maintenance.

Services

An all weather road was completed in the Spring of 1980, but the community must depend on ferry access. For about four weeks of the year this is not operational.

Water Source: River water with chlorination

Sewage: Limited, privately installed systems. The community has a large number of out-houses.

Garbage: Garbage dump, weekly pick up provided.

Telephones: Direct dialing has recently been installed.

Shopping: The Bay provides the main outlet for most items from food to hardware.

Medical: Nursing station on site. Doctor and dentist make regular visits.

Police: RCMP serve from Norway House on weekends or on request.

Community Applications

This community or groups within the community have approached the Fund on a number of occasions. First mention in the files of an application was as early as August 1972

when the Cross Lake Indian Band applied for a loan of \$60,000 for the purpose of setting up a grocery store. This loan could not be approved because DIAND would not allow the Band to use capital funds to pay off the loan. Shortly after, September 1972, the Cross Lake Fisherman's Cooperative approached the fund with 13 members requesting money for an icemaking machine. Although this was approved, and the machine purchased, the Cooperative did not accept the loan, and the equipment was later sold to another community. In January 1973, a request came from the Community Council for a loan to operate a licensed Beverage Room. CEDF asked for projected estimates of costs and expected income. There was no reply to this but in December 1974, an application came from the Council asking for a loan for equipment for winter road construction. This was refused.

(We) could not possibly recommend to our Board of Directors that a loan of this nature be provided when the ability to repay, bearing in mind today's extremely high interest rates (13 1/2%) would be almost non-existent.

The Fund suggested renting the necessary equipment. The Community Council was upset with this response:

I don't know how you got your name "Economic Development for Communities."

In spite of this rejection, the council, by renting equipment, did complete winter roads during the 1974-1975 winter season. In meetings between the council and CEDF during this period, it was pointed out to the group that the council, not being

incorporated was not authorized to borrow money, and unless there could be identified an individual or individuals to act as borrowers there could be no possibility of processing a loan.

Another application from the Cross Lake Indian Band arrived February 1975, requesting funds for converting the Band's administration building into a restaurant. Further information was requested but not received by CEDF. In November 1977 a loan for \$5,000 (8 1/4%) was approved as working capital and security deposit on a rented plane for the Ninanau Enterprises from Cross Lake. This operation, with three principals from the community, employed 8 to 10 fishermen, and the loan was repaid in 1978.

Pi-Mi-Chi-Ka-Mac Development Corporation

In February 1977, the Cross Lake Community Council requested and had approved a \$4,000 loan (9 1/4%) for rental of a skidder and cat to facilitate transportation of logs for the Council's logging operation. This logging operation had begun with a \$75,000 Local Initiatives Program grant. Pi-Mi-Chi-Ka-Mac Development Corporation (PDC) was incorporated in June 1977 with the "purpose of fostering the social and economic development of the Cross Lake area in Manitoba". PDC members were interested in a sawmill, gravel haul and winter road construction.

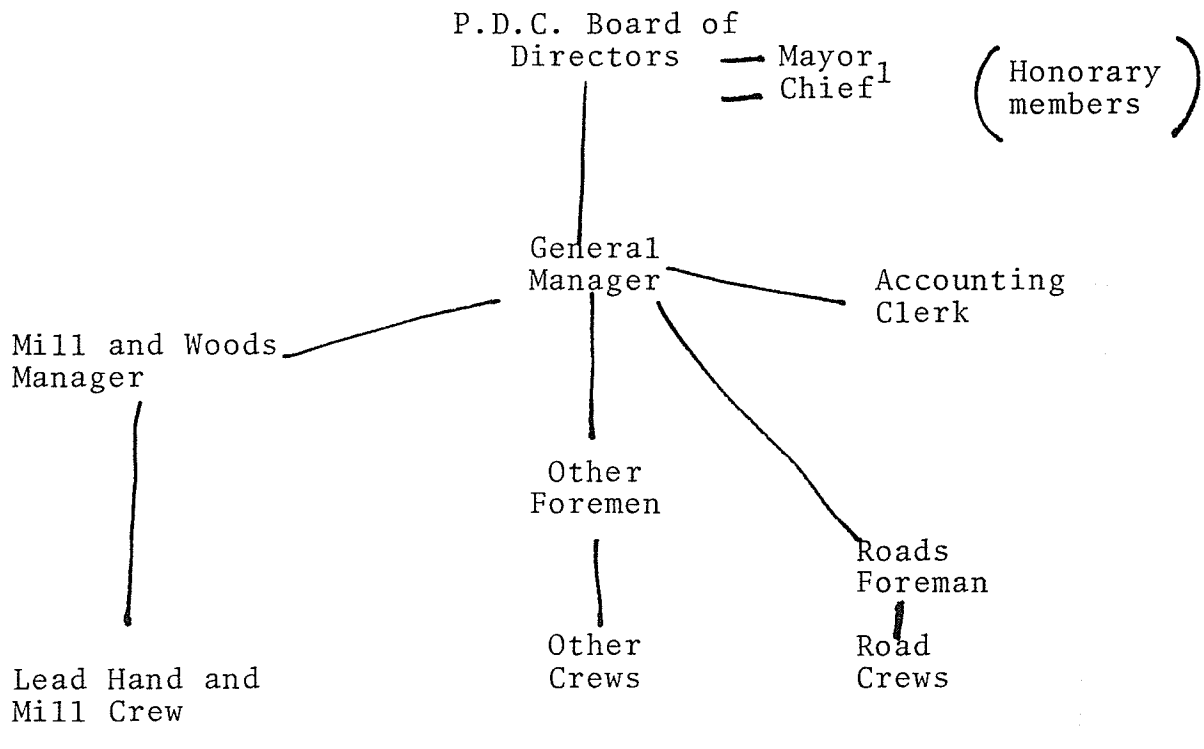
Minutes from the community development corporation spell out the objectives and problems as they perceived them

TABLE 1
LENDING ACTIVITY TO THE CROSS LAKE COMMUNITY

Size of loan	Status of Loan	Purpose of Loan
151,455	Balance of \$92,217	Sawmill and Logging Operation
21,000	pd.	Winter Road Construction
46,000	pd.	Gravel Haul
15,000	pd.	Construction for Dock
10,000	pd.	Dock Landings
4,000	not taken up	Production of saw logs
23,000	pd.	Winter road construction
138,220	pd.	RipRap Gravel Haul
35,700	pd.	Winter Road
75,000	Balance of \$55,000	Revolving Line of Credit

to be:

This organization was originally set up to be the economic development arm of the Community Council. The core of the operation was to be the sawmill that was to provide lumber for the local market and markets in the surrounding area. The other purpose of the project was to provide local employment and to develop a work ethic varying from the customary seasonal work pattern of the north. As well as this, we are striving to develop supervisory, managerial and control skills in the local population. From this start the organization has expanded into winter road and other road construction. The operation is pyramidally controlled as indicated in the sketch below. Steps have been taken to stabilize the structure and to make the participants in the operation aware of their place in the operation. The other problem is this area has been the lack of communication up and down the line, particularly as regards communicating with the Community Council. This problem is being overcome by instituting regular monthly meetings between the Mayor and General Manager and/or joint meetings between the Community Council and the Board and Management of PDC.



¹Although invited to attend, up to now the chief has not participated as an honorary member of the board of P.D.C.

In June 1977, a loan of \$151,455 (6 3/4%) was approved by CEDF for their endeavors, with financial input as well from Special ARDA, SN(N)EP, and community equity. A month later PDC bid on winter roads. A comptroller of the sawmill operation was provided by the provincial department of Renewable Resources, and bookkeeping training was provided by Special ARDA. The manager and sawyer were under contract with the Department of Northern Affairs. CEDF maintained tight financial control from the beginning with the restriction stated in the letter of offer that all capital expenditures required prior written approval of the Fund.

Funding from CEDF

The funding from CEDF to the Cross Lake Community council or to PDC is presented in Table 1. Historically the contract portions of the operation have been successful and profitable and all the loans issued for this purpose have been repaid on schedule. The surplus has been applied to the Mill loan or to repairs and inventory in the Mill and logging operation.

As well as financial input from CEDF, the Fund has been involved in a number of "nonlending" activities:

. Advocacy on the part of CEDF regarding, a) forestry permits, b) Manitoba Hydro compensation for low levels of water, c) grant monies for training purposes from Special ARDA., d) contract from ManFor and an attempt to arrange prepayment of pulp and logs.

. providing pre-approved financing arrangements of up to \$100,00 for winter road work.

. arranging payment of an on the site general manager who reports directly to CEDF, through the Western Northlands Agreement.

. Grant of \$130,000 (January 1980) for use as working capital, inventory and wages. This grant was part of the SN(N)EP monies which was transferred to CEDF as of January 1980. PDC was in a critical situation because of a dramatic change in water levels which meant thier logs could not be floated to the mill. The grant saw them through this period. The money was used for working capital, inventory, and wages.

. Ex-officio member of the board of PDC.

Jobs Created

A number of jobs have been created from PDC projects. When interviewed most of these men stated if it were not for this job, they would be unemployed.

1) Saw Mill and logging operation: 24 full time employees

2) Winter road construction: 4-6 full time jobs and approximately the same number of part time jobs over the 8 week period.

3) Gravel Haul: 4-6 men were employed on a full time basis for the duration of the contract (6 weeks)

4) Dock Construction: 19 temporary jobs.

In addition to the employment opportunities, funded in part by CEDF, the community has benefited with the provision

of winter roads between Cross Lake and Oxford House which are an essential service and the means by which supplies are brought in to the communities, a permanent dock, a permanent road, a sawmill operation, and various heavy equipment. A high proportion of the products from the sawmill is used by the Indian Band and by the local community. All chips and slabs from the logging and sawmill operation that are not needed are left by the side of the road near town for people from the community to pick up and use for firewood or scrap.

Operations

A number of concerns were noted either through the files or in discussion with members of PDC. These related mainly to operations, lines of communication and "inter-agency negotiations".

. The hourly pay originally set up in the Logging and Milling operation has proven "to be fatal to the efficient conduct of business". Changes were made to piece work which has made a considerable improvement in output. An explanation was given to staff and met with their full support.

. Sufficient haulage (delivery) is not being charged on shipments. There is no local hauler in the Cross Lake area. This may be considered in future plans by PDC.

. Number of agencies involved--Northern Development Corps (Northern Affairs), SNNEP, DREE, Special ARDA, CEDF, Department of Renewable Resources and Transportation Services, Man-For, Manitoba Hydro and Forestry.

It seems to me that much of the confusion in this community corporation has been caused by too much involvement by a multitude of different Federal and Provincial Programmes; as far as the Fund is concerned, we intend, without question, to support and cooperate to achieve the success, desired by both the Corporation and by the Fund.

The strong management role of the sawmill operation is accepted by the Development Corporation who appreciates the fact "you need it to get the job done". The general manager sees himself there on a temporary basis, until the operation is supporting itself and a member of the community is trained to take over. It is interesting to note here that every successful community based CDC studied by the Harvard Law Group found it was necessary "to go outside the community for either managerial or professional assistance in planning and initiating business activities."¹ Part of the present manager's responsibilities is to prepare monthly financial statements and present them to the board of PDC.

. The successful winter road work has been managed by a member of PDC for the last four years.

Community Development Corporation²

The benefits for the community in choosing the Community Development Corporation model as the vehicle for community

¹Koozma J. Tarasoff, Review of Community Development Corporations in the USA--Implications for Canadian Development, Social and Human Analysis Branch, Department of Regional Economic Expansion, Ottawa, 1973, p. 19.

²This material was noted in the files and confirmed by a field visit, September, 1980.

development include:

1) Such a vehicle allows for the separation of the political aspects of the Community Council from the economic development aspects and in turn enhances the continuity of economic projects beyond the term of office of specific elected representatives on the community Council.

2) Allows for easier segregation of the financial affairs of economic projects in the community as distinct from the finances of the community council.

3) Assists the community in the short-run (CEDF) and in the longer term (conventional sources of finance) in obtaining funding for projects clearly separated from the operations of the community council as embodied in a separate legal entity.

4) Serves as a focus for community development effort and by separation from council financing allows for simpler economic evaluation and accountability to the shareholder (initially the elected community council).

5) Allows for the identification, funding and implementation of new projects to be funded from surpluses from past projects and if successful, in time, provides the necessary equity base to attract conventional funding and government grants.

6) A further benefit has been a participation via employment, (not, unfortunately at board level) by the Indian and Metis community. The breakdown here is approximately 60% status and 40% nonstatus at the logging and sawmill operation.

The likelihood of the Indian community cooperating with a vehicle clearly identified as the Community council would have been remote owing to historical antagonisms.

Summary

The activity by CEDF as represented in this case study is important in the development process of the Cross Lake community. The people expressed the view they would not have the community projects such as the saw mill and winter roads if it were not for the support of CEDF. Several individuals from the area are learning new skills as a result of the projects which can be applied elsewhere, although most of the workers want to remain in the community. There is very little turnover of labour. The employees are both status and non-status Indians. Unfortunately the band has not participated at the board level of Pi-Mi-Chi-Ka-Mac Development Corporation.

The on the site presence of an experienced manager is obviously benefiting the operations of the projects. The regular reporting and meetings with the manager and the corporation board provides an important and essential line of communication.

Generally, there is a positive attitude towards CEDF by PDC. The status Indian community, although it has approached CEDF in the past, is currently applying to the Neyanun Corporation for financial assistance. The Indian Band Manager reported this is the agency where all future band applications will be directed. But for the rest of the community, as a

group, CEDF is the only agency which will support their endeavors. Other government agencies and departments were not as favorably viewed (Manfor, Manitoba Hydro, Forestry), and the community viewed CEDF as a definite asset in expressing their views to government bureaucracy.