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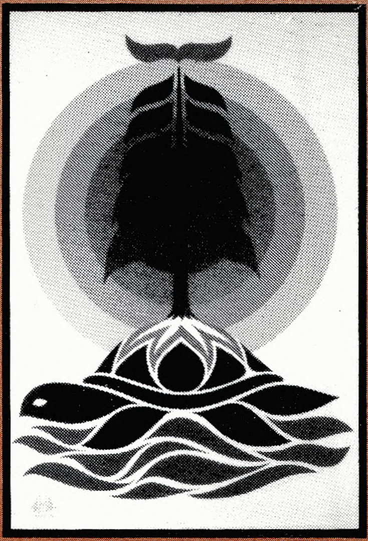

MANITOBA INDIAN AGRICULTURAL PROGRAM INC:

PROGRAM AND PERFORMANCE EVALUATION

April, 1983

About the Illustrations

The Westcoasters

(Bottom)

The Indians who now live along the west coast of Canada are direct descendants of skillful mariners who navigated the open ocean of the North Pacific in hand-hewn cedar canoes long before the arrival of the European. To attain their livelihood these people daily braved the perils of an area frequently referred to as the "Graveyard of the Pacific." The "Westcoasters" is a graphic visual tribute to the courageous and indomitable spirit of the west coast people.

Creation

(Middle)

To use the artist's words " . . . meaningful traditions are governed by the works of the Creator, and are believed to be sacred. It is from nature that the Native peoples adopt symbolism." Thus the "Creation" became the first of his Iroquois paintings. It is a work that portrays in physical symbols a vision of ancient Iroquoian spiritual concepts: the Turtle Island — the Earth, the Great Tree of Peace — Brotherhood and Unity, the Guardian Eagle — the Creator's watch-care, and the Sun — our Elder Brother.

The Goose and the Mink

(Top right)

The Northern Goose and Mink serve as a vivid portrayal symbolizing the unending and universal struggle between good and evil, the forces of life and death. In both the animate and the inanimate creation — in the prey and in its predator and in the variations between the lightened and the darkened suns — we see an emphasis on the continuing conflict between these forces and the pathway of division between them.

and the Artists ...

Roy Henry Vickers

Roy Vickers is a Coast Tsimshian who spent his early youth at Kitkatla, an ancient Indian village on an Island at the mouth of the Skeena River, British Columbia. Later his family settled in the Victoria area. While there, in art classes at school he was unable to relate to the European painters and the "great masters" and turned instead to the art of his Tsimshian heritage; it was here that he found himself.

It wasn't long before his artwork showed considerable promise and he was admitted to the Gitanmax School of Northwest Coast Indian Art at Ksan in Hazelton, B.C. In two years of intense study at Gitanmax, Roy matured into a highly skilled artist with a marked ability to sensitively blend traditionalist and contemporary forms. (Roy's other talents include University lecturing and tele- ... acting.) His carvings and paint- ... be found in major public and ... tions in Canada, the United ... oan.

Arnold Jacobs

Arnold Jacobs is a Six Nations' Iroquois artist who is emerging as a visual interpreter and historian of the rich culture of his people. After studying in the Special Arts Program at Toronto's Central Technical School, Arnold went on to develop his distinctive techniques through thirteen years of experience in the commercial arts field. His works have brought him international recognition.

Central to Arnold's creative expression are symbols of the earth and sky — such as the waters, the four winds, thunder and the sun. For him these supporters of life are also spiritual forces that should inspire within us true thankfulness to the Creator.

Jackson Beardy

Jackson Beardy was born as the fifth son of a family of 13 in the isolated Indian community of Island Lake, about 600 kilometres north of Winnipeg, Manitoba. Deprived of his home and language at the age of 7, he spent 12 disorienting and traumatic years in residential school life. Thus Jackson's early manhood found him in the struggle to reconcile the two worlds of white and Indian society. It was at this time that he returned north in a quest to again learn the ways and teachings of his people.

Later, unrecognized and being unaware of any other Indian artists in Canada, he began to pioneer his own art form — one portraying traditional legends and nature in uniquely colourful, creative and symbolic images. In time his paintings have found their place in established collections throughout North America and Europe. His recent death in December of 1984 was lamented as a great loss to Canada.

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Department of Indian Affairs and Northern Development

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April, 1983

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PREFACE

This report has been prepared by InterGroup Consulting Economists Ltd. for the Department of Indian Affairs and Northern Development under the supervision of the Evaluation Steering Committee. Members of the Committee are: Mr. Robert Green, Program Manager, Manitoba Indian Agricultural Program Inc., Mr. Claude St. Jacques, Manager, Resource Development, Manitoba Region, Indian Affairs, Ms. Barnaby, Economic Development headquarters, Indian Affairs and Mr. Peter Fillipoff, Evaluation Branch, Corporate Policy. The study is an evaluation of the extent to which the Program has achieved the goals set for the five year period April 1, 1980 through March 31, 1985. It is also an assessment of the factors responsible for Program performance and other major issues related to Program planning and operation.

InterGroup wishes to acknowledge the help provided by the Steering Committee and by numerous individuals who assisted in the conduct of this study. They are acknowledged individually in the report and include: Program Directors, administration and staff, Department of Indian Affairs Manitoba Regional officials, other federal and provincial government officials and Manitoba business people and, most particularly, the Indian farmers and other Indian people who assisted in the preparation of the study.

Although this assistance is gratefully acknowledged, InterGroup Consulting Economists Ltd. accepts full responsibility for the report's analysis, conclusions and recommendations. Unless otherwise indicated, all tabular material in this report was prepared by InterGroup using information supplied by the Manitoba Indian Agricultural Program Inc.

EXECUTIVE SUMMARY

The Manitoba Indian Agricultural Program Inc. (MIAP) is an independent non-profit corporation established to develop successful agricultural operations on Indian reserves in Manitoba. It is governed by a seven man Board consisting of representatives of Indian farmers, the Department of Indian Affairs and Northern Development (DIAND), Manitoba Department of Agriculture and the business community. It is funded through the Manitoba regional office of DIAND and had 1981/82 expenditures totalling $3.9 million.

MIAP's overall objectives are:

1. To increase farm production by 1984/85 to $14,355,000 from 295 farm units.
2. To increase gross income per unit to $48,600.
3. To increase demand for farm and domestic goods and services as a result of a minimum five year capital investment of $11,850,000 and increased available personal income.
4. To improve job opportunities on the farm and in nearby farm service industries and developments.
5. To improve small business opportunities in serving farmers.
6. To continue improved land use and productivity on the reserves.

MIAP consists of six program components which are:

1. Advisory and extension services.
2. Training.
3. Farm loans.
4. Farm development contributions.
5. Other contributions.
6. Corporate management.

In January of 1983, InterGroup Consulting Economists Ltd. of Winnipeg was commissioned by DIAND to carry out a comprehensive evaluation of MIAP in accordance with the terms of the Treasury Board Minutes which mandated the current program Agreement for the period 1980 to 1985. The terms of reference for this evaluation are included in Appendix A.

The principal conclusions and recommendations emerging from the evaluation study are as follows:

1. MIAP has met or exceeded its objectives in some areas, notably land development and some of the training sub-components. In other areas some progress has been made. However, the Program has fallen far short of its overall objectives with respect to farm numbers, productivity and viability. Perhaps 30 per cent of MIAP supported farms are currently viable. Table E-1 summarizes some of the results obtained by MIAP supported farms as determined during the course of the study. The principal problems relate in part to recent economic circumstances; they also relate, however, to the slow pace with which Indian agriculture has adopted appropriate technical, financial and management practices and, in some cases, to insufficient equity.

   In spite of these findings, perhaps because of them, we recommend that MIAP (or some similar programming) be continued beyond the current five year funding period. It has become evident that adoption of the management and technical skills needed to operate a viable farm unit can take a very long time, considerably longer, in fact, than assumed at the beginning of the current Agreement.

2. Farm advisors have a key role to play in delivering all aspects of the Program. Farm success is dependent on the quality and intensity of the advisor-client relationship. The predicted rapid decline in the farmers' need for special assistance from MIAP was erroneous. Intensive counselling will be needed well beyond 1985. MIAP clients remain highly dependent on MIAP's financial services; a predicted shift to conventional credit sources has not occurred. Consequently, both contributions and loans aspects of MIAP programming will also be required beyond 1985 even to sustain current levels of agricultural activity. Withdrawal of the Program could mean the demise of two-thirds of the farm units not yet considered viable.

3. Given the slow pace of the farm development process and the need for continued intensive counselling and training for farmers, the Program should concentrate its existing resources on consolidating the status of its existing clients and bring minimal entrants on stream during the remainder of the term of the current Agreements. Only if additional funding becomes available should MIAP consider the substantial expansion of its client base required to meet the objectives set in 1980.

4. Although the training program has met most of its objectives with respect to numbers of persons trained, the training does not appear to be having its desired impact. There would appear to be a problem with application of new skills to day-to-day farm planning and operations.

   MIAP should continue efforts to improve follow-up of training through good monitoring and recording systems to ensure that current programs are relevant and current needs are met. MIAP should evaluate its current program to determine who utilizes it, the costs per farm client, the application of knowledge gained and the career paths of trainees.

5. Our evaluation found that the current contribution ceiling of $60,000 is now inadequate for many common farm plans, particularly since land development costs must be met out of this entitlement. Consequently, MIAP should place separate limits on land development contributions and contributions for other purposes. Approvals for land development should be based on reasonable acreages and tendered costs.

6. MIAPS's loan portfolio has experienced an increase in arrears, extensions and foreclosures in the past two and a half years. The important causes are: the recent economic climate, the limitations on contributions, and underdeveloped management capabilities. The problems with the portfolio notwithstanding, we noted that MIAP's loan management procedures have improved considerably.

7. There is no documented evidence of conflict of interest on the part of MIAP's permanent Board of Directors. However, we recommend that MIAP upgrade current safeguards by adopting a policy which prohibits Board members and staff from receiving contributions or from entering into contracts (other than normal employment) with the Program.

8. With the exception of the training aspects of the Program, MIAP's current forms and policies could potentially provide all necessary management information for internal and external review and evaluation. However, provision has not been made to assure completeness of data collection or appropriate compilation of information gathered. MIAP should develop a client-based information system for its training program and should undertake to complete and compile data in areas where current forms allow for its collection.

TABLE E-1

INDICATORS OF THE IMPACT OF THE
MANITOBA INDIAN AGRICULTURAL PROGRAM INC.
SINCE LAST EVALUATION

Indicator			Number
MIAP Program Expenditure since 1980 (less Loans)			$6.0 million
IEDF Loans Approved since 1980			$3.5 million
Land Developed on Indian Reserves since 1978:	- cropland		7,000 acres
	- developed hay and pasture		9,000 acres
			16,000 acres
Net increase in farmer-clients since 1978			16
Farms by Type:	grain		46
	livestock		73
	mixed		36
	specialty		7
	Total		184
	1985 objective		295
Productivity compared to surrounding farms:			
cattle	(based on acres per animal)		-50%
wheat	(based on bushels per acre)		-23%
barley	(based on bushels per acre)		-33%
oats	(based on bushels per acre)		-20%
canola	(based on bushels per acre)		-67%
flax	(based on bushels per acre)		-29%

		MIAP Farmers	All Manitoba Farmers
Average gross income:	1978	$ 19,622	$ 36,000
	1981	20,542	56,000
Average net operating income:	1978	10,351	16,800
	1981	9,939	22,100
Average Gross Assets:	1978	75,807	59,300
	1981	88,312	88,800

Conclusions and Recommendations

1. Utilization of the Land Base

Conclusions

1. Since 1978 MIAP has developed some 16,000 acres of new cultivated land on Indian reserves of which some 7,000 are cropland and 9,000 are developed hay and pasture. Targets for developing cultivated land thus have been met or exceeded during the course of the present Agreement. We have been unable to estimate the extent to which previously unused native pasture has been taken up by Indian farmers during the same time period.

2. Since 1978 MIAP has incurred land development costs of \$1.89 million, i.e., MIAP sponsored land development costs have averaged \$117 per acre.

3. Eighty per cent of the land development that has taken place since 1978 has occurred on five reserves: Peguis (40 per cent), Ebb and Flow (15 per cent), Valley River (10 per cent), Waterhen (8 per cent), and Crane River (7 per cent).

4. Cultivated acres utilized by MIAP clients now total 82,422. We have been unable to obtain accurate estimates of the number of non-cultivated acres used but believe it to be in the neighborhood of 70,000 to 80,000. This is an increase since 1978. However, we believe that the rate of increase has levelled off since about 1980. On a few reserves the resource is fully utilized.

   Five reserves account for 57 per cent of cultivated acreage: Peguis (21 per cent), Waywayseecappo (11 per cent), Long Plains (8 per cent), Sandy Bay (8 per cent) and Sioux Valley (8 per cent).

5. Some 22 per cent of cultivated reserve land is currently farmed by non-Indians, with 62 per cent of the leased out land occurring on two reserves: Long Plains (38 per cent), and Waywayseecappo (24 per cent).

6. Productivity tends to be lower on Indian farms than on other farms in the districts where Indian farms are located. In the case of our sample, Indian farm productivity was lower by: 50 per cent for cattle operations (i.e., required 50 per cent more land per head maintained), 23 per cent for wheat, 33 per cent for barley, 20 per cent for oats, 67 per cent for canola and 29 per cent for flax. While it appears that cattle productivity is increasing over time, such a trend was not identified in the case of grains.

Recommendations

1. Because the uptake of land by Indian farmers has slowed in recent years, it is appropriate to reduce the land development

objectives and initiatives during the remainder of the present agreement.

2. Where the resource is fully utilized or reserve land is otherwise unavailable, MIAP should consider the option of developing Crown land. Otherwise the uptake of presently leased land should be encouraged as leases expire if the affected Band is agreeable.

3. On the basis of existing productivity figures, it is possible to increase the resource effectively by increasing its productivity. MIAP advisory and training components should strongly emphasize techniques and skills which will bring Indian farm productivity closer to the average of off-reserve farms.

2. The Client Group

Conclusions

1. MIAP's currently active client group numbers 184 compared to 168 in 1978 at the time of the last evaluation. This compares with an objective of 350 by 1985. Some 73 farms are cow-calf operations, 46 are grain farms, 36 are mixed, and 7 are specialty farms. On the basis of a sample of 60 farms, 37 per cent had been established seven years or longer, 33 per cent for four to six years, 15 per cent for two or three years and 15 per cent for one year or less. MIAP farms are larger, on average, than the average Manitoba farm.

2. MIAP farms' average gross incomes are substantially lower than the Manitoba average and the gap has been widening in recent years. Our sample 1981 average gross income was $20,500 compared to $56,000 for Manitoba. The gap between average operating incomes has also widened; the 1981 sample average was $9,900 while for Manitoba it was $22,100.

3. Cash incomes of Indian farmers have been declining in recent years from about $8,300 per farm in 1978, to $6,000 in 1982. Farms established three years or longer show better cash returns than younger farms. Average cash incomes on Indian farms are about 40 per cent of the provincial average. Only about 30 per cent of the sample farms show cash incomes greater than $10,000.

4. On this basis it is likely that only 30 per cent -- or some 50 to 60 MIAP supported farms,are currently viable and many of these are only marginally viable.

5. Farm asset values and net worth, however, are comparable to the Manitoba average (excluding land and buildings). Our sample suggests that recent average gross asset values are about $80,000 with average net worth being close to $50,000. These estimates attribute no value to reserve land.

6. Fifteen clients were interviewed with respect to a range of program issues including mandate, performance, accountability quality of service, criteria for acceptance into the program and future program options. Overall, the respondents had a favourable impression of MIAP and its program components. Their views with respect to ultimate program output, i.e., viable Indian farms, were mixed, with several believing that farms were not producing effectively.

Recommendations

1. While the Program has made some progress in capitalization (Indian farms equal the Manitoba average in capitalization) and training Indian farmers, it has clearly fallen far short of its objectives. Continuing and sustained program initiative is required perhaps for another 20 years, to develop fully the agricultural potential available to Manitoba Indians. If Departmental policy continues to favour agricultural development, then MIAP or some similar vehicle will be required for some time to come.

2. During the remaining years of the current agreement and in future years (should the Agreement be renewed), assuming the current funding level, MIAP should scale down present objectives with respect to increasing the number of farmers. MIAP should focus instead on monitoring and improving the technical, financial and managerial skills of the present farming group and reduced numbers of new entrants in the future. Should additional funding become available, however, MIAP could consider expanding the client base (depending upon the level provided) rather than consolidating the Program as has been suggested here.

3. Financial Mechanisms

Conclusions

1. Since the beginning of the new Agreement, MIAP has approved some 260 loans totalling $3.3 million, compared to a forecasted 250 totalling $3.5 million. Some 33 per cent of loan funding was to acquire livestock, 41 per cent for machinery and 17 per cent for operating funds.

2. At January 31, 1983, MIAP's loan protfolio included 433 loans with outstanding balances of $4.6 million. Total in arrears was $2.1 million (46 per cent of the portfolio). Fully 219 loans were in arrears on principal and/or interest for more than six months. This situation is partly the result of adverse climatic and economic conditions in recent years and partly because of management practices which lag behind those of the general farm community.

3. Both loan foreclosures and extensions have increased in number between 1978 and the present.

4. MIAP has improved loan management practices considerably in recent years. Outstanding issues are: the state of post-loan counselling, maintenance of security on long term loans, credit checks, too rapid scheduling of application reviews, terms and conditions of MIAP loans compared to other agricultural lending agencies, the current limit on IEDF funding and the desire of MIAP to operate its loan fund independent of the IEDF.

5. There has been a slowdown and even a reversal in the earlier trend for Indian farmers to use alternative sources of credit.

6. Since the beginning of the new Agreement MIAP has approved applications for contributions totalling $3.5 million, compared to a budgeted $3.6 million. Some 55 per cent of funding has gone to land development (including drainage, facilities and community pastures), 44 per cent to equipment, buildings and livestock.

7. In general, the granting of MIAP contributions has accorded with stated policy. Possible deviations include:

   a. Not all funding applications have been fully completed and it was not always possible to discern a farm plan in them. Progress toward improving this situation has been made in the last six months.

   b. MIAP appears to be providing contributions to individuals with substantial assets and repayment ability.

   c. Some MIAP assisted farmers are principals in more than one operation receiving MIAP contributions.

8. Due to rising operating, capital and interest costs, MIAP contributions are in many cases not achieving the intended effect of providing sufficient equity to permit appropriate loan funding. One result has been the increase in arrears and extensions. Contribution limits are too low and the increasing cost of land development can cause this component to swallow most of a farmer's contribution entitlement.

9. Intensive use of land is more profitable than land clearing and extensive use at a similar level of MIAP support. However, intensive use also requires the application of more labour and more technical and management skill and commitment.

10. The economics of land clearing vs. off-reserve purchase are dependent on relative productivity, costs of land clearing and price of off-reserve land. In most cases where both alternatives are available, land clearing is less costly to both the Program and the client.

11. A few new pieces of corporation owned equipment have been added since 1981 when the last inventory took place. Corporation ownership of (or 100 per cent contribution towards) specialized equipment shared by reserve or district farmers is obviously the cheapest route for the farmer. It may also be the cheapest route for MIAP, depending on the extent of use. There is a rationale for client participation in the cost of this machinery either through contribution to the initial purchase or through user fees.

Recommendations

1. MIAP should continue to improve loan management practices in the areas indicated in Conclusion #4 above. In particular, MIAP should provide Board members with summary data and recommendations on loan/contribution applications at least one week in advance of meetings.

2. Wherever possible, MIAP should encourage clients to use the loan guarantee system if, in the absence of the system, MIAP itself would have approved a loan. Established clients should be encouraged to use conventional sources of farm credit.

3. The basis of farm progress, the benchmark for evaluation of training and advisory requirements and a key input to evaluation is the farm plan. This should always be completed and updated as necessary. Loan and contributions applications should carry all necessary information.

4. MIAP should clarify its policy on providing contributions only to those who lack equity or repayment ability by indicating the level of farm and personal income and assets which represent "sufficient equity and repayment ability".

5. MIAP should develop a policy with respect to the funding of farm operations where one or more of the principals are involved in other MIAP supported farm ventures.

6. MIAP should place separate limits on land development contributions and contributions for other purposes. Land development contributions should be based on what is reasonable with no definite ceiling. The current $60,000 limit should apply to contributions for all purposes except land development and the percentage limit should accordingly be reduced to 40 per cent. In view of the proposed higher limits and therefore greater funding at risk per farmer, MIAP must tighten up its application review process by careful analysis of the prospects for success and must also closely monitor farm performance in the early years.

7. MIAP should increase support for intensive farming operations, even if this means less land clearing, if there are sufficient qualified applicants. Qualified, in this context, implies a successful track record in extensive farming or other endeavors, not merely a willingness to undergo training.

8. MIAP should supply corporation owned equipment only where it is specialized and likely to justify the cost in terms of use. MIAP should consider user fees or other client contribution to the cost of the machinery.

4. The Support Mechanisms

Conclusions

1. The predicted movement of a large number of beginning and developing farmers to the so called "mainstream" farming community as developed farmers does not appear to have occurred. On the basis of qualitative interviews, it would appear that only a small number of farmers can be considered developed. Furthermore, the financial position of existing clients does not appear to have benefited from better farm management to which advisory services and training address themselves.

2. Interviews with officials indicated that the need for intensive advisory services has not declined as predicted but in fact has increased. The increased use of MDA 1/ extension services by clients has not occurred. Opinions expressed in interviews concurred that the work of the farm advisors has been vital in keeping the existing farm units underway. Two officials went further to seggest that the majority of farm units would collapse without advisory support.

1/ Manitoba Department of Agriculture.

3. Training has generally met its specific sub-objectives regarding number of people trained, particularly in training on the job and short courses or workshops. Targets have not been met in graduating Indian students from the University of Manitoba Diploma in Agriculture, although the objective was no doubt unrealistic. What is evident from examining the training activity is that there appears to be no mechanism for determining the results of training in increasing managerial and technical capabilities and therefore of tailoring future training to client needs. A problem raised in the training component by some officials was participation by non-farmers not interested in farming in courses in order to collect revenue. Officials interviewed agreed that training should be a cornerstone of a development program such as MIAP but they did not all agree that current training is effectively enhancing farm management ability.

Recommendations

1. MIAP should continue, if not increase, the advisory services through the farm advisors into the future in order to maintain the existing farm units.

2. As noted elsewhere, relieving farm advisors of the paperwork associated with collections activities now currently included in their job description would provide more time for advisors to carry out the intensive counselling work which has proven vital to the Program up to now. In addition, MIAP should immediately implement a detailed and systematic evaluation of its training program to determine who utilizes it, the costs per client of the program, the application of knowledge and the career path of those who utilize it.

3. MIAP should put in place monitoring systems for training which would provide program staff with information regarding the number of people successfully completing training, the use made of the training in practical farm management and the effectiveness of the training in meeting the specific training objectives. In addition, MIAP should immediately implement a detailed and systematic evaluation of its training program to determine who utilizes it, the costs per client of the program, the application of knowledge and the career path of those who utilize it.

4. MIAP should consider a client centred approach to training in which the training needs of clients or serious potential clients are met through tailored courses. Results of training should be followed up with each client. MIAP may want to consider intensifying the training program by providing more specialized programs to clients only.

5. Administration

Conclusions

1. MIAP's Board of Directors has a highly satisfactory attendance record at meetings. The Board deals adequately with major policy and management issues and devotes sufficient time to them relative to time spent reviewing applications.

2. There are a number of areas where there is potential for (although no documented evidence of) conflict of interest of Board members including; a) personal applications for funding, b) contracting to MIAP, c) funding applications of relatives or associates, d) employment status with agencies such as DIAND or credit unions dealing with MIAP.

3. The Board is currently self-perpetuating. Members sit as long as they choose and, when a member retires, the remaining Directors choose a successor.

4. Most employees were actively involved in duties which correspond with their job descriptions and are appropriate. We note, however, that the farm advisors' role in financial counselling and collections may be incompatible with their advisory role. Advisors complained of too much paper burden.

5. There are no substantial differences between staff utilization and efficiency between MIAP and SIAP, its sister program in Saskatchewan. SIAP's training and advisory personnel appear to carry a larger caseload although their loan responsibilities are much less. MIAP's head office staff, on the other hand, appear to carry a greater workload than SIAP's.

6. Systems in place for accounting and filing are excellent. On the other hand, the quality of data maintained on advisor and training activities as well as data pertaining to financial status of farms and client management progress are deficient or wholly lacking. This affects both internal reporting and evaluation and the quality of reports to Government.

7. Indian participation in the Program is much greater at the Board level than at the management or staff level. MIAP's policy is to hire the best qualified staff whether they are Indian or not.

Recommendations

1. MIAP should adopt a policy which prohibits Board members and staff from receiving contributions from or entering into contracts (other than normal employment) with the Program.

2. Farm advisors should be relieved of routine matters pertaining to post-loan counselling (i.e., collections). Other "paper burden" relates to the need to maintain adequate records to monitor and evaluate client progress and this is a rightful duty of the advisors. If this burden is currently standing in the way of the type of intensive advisor/client interaction required to ensure client progress, the solution is to hire more advisors.

3. MIAP must emplace systems to assure the ready and routine availability of program performance and activity data. This includes up to date financial and management data on clients, data pertaining to training needs and training taken, summaries of farm status and advisor activities and summary evaluations of client status.

6. Potential New Options

Conclusions

1. In light of the current state of program performance as measured against objectives and in light of the current economic climate, some re-alignment of objectives may be necessary. In particular, it may be appropriate to scale down objectives regarding new farms and land development and to scale up advisory and some training inputs.

2. Some "new" economic activities offer considerable promise. These include northern commercial agriculture and possibly remote small-scale subsistence agriculture. The most promising "new" activity, however, is intensive farming in the traditional agricultural zone of Manitoba. Game ranching and wild rice farming do not appear to be commercially appropriate for MIAP at the present time. It should be emphasized that there remains sufficient challenge within MIAP's current scope of activities to utilize fully the Program's resources for some time to come.

Recommendations

1. MIAP should revise downward its objectives with respect to number of farms and land development.

2. MIAP's training program must be focused more squarely on developing clients and must be continually adjusted to their development needs and interests. MIAP should re-assess the need for per diem training allowances. The role of training-on the job should be reassessed in view of the few participants who actually become farmers.

3. MIAP should not consider expanding into game ranching or wild rice at the present time. Northern commercial scale agriculture should be supported on the same basis and under the same conditions as southern commercial agriculture. Subsistence northern agriculture should be supported only within a policy context approved by DIAND.

1. INTRODUCTION AND METHODOLOGY

This report presents the results of a study undertaken to evaluate the Manitoba Indian Agricultural Program Inc. (MIAP). MIAP is an independent non-profit corporation funded as a sectoral program by the Economic Development Branch of the Federal Department of Indian Affairs and Northern Development (DIAND) who commissioned the evaluation study in January of 1983. Its current mandate, to assist the development of commercial Indian agriculture through the provision of financial, advisory and training services, runs from April 1, 1980 to March 31, 1985.

1.1 Background

MIAP was established as a non-profit corporation in 1975 to assist Indian farmers to develop viable farm units and to develop the agricultural potential of land on Indian reserves in Manitoba's agricultural zone. The Program provides extension and advisory services as well as training to potential and actual Indian farmers living on reserves throughout the province. In addition, the Program finances land development, acquisition of farm assets (i.e., machinery and livestock) and farm operating costs by administering an agricultural loan portfolio on behalf of the Indian Economic Development Fund (IEDF) of DIAND and by making equity contributions to farmers.

MIAP is governed by a seven member Board of Directors, four of whom represent Indian farmers and one each representing DIAND, the Manitoba Department of Agriculture and the business community. Program management consists of an Executive Director, a Program Manager, a Loans Analyst, a Training Officer and accounting and support staff.

The original 1975 Agreement established MIAP for a period of five years, i.e., to the end of fiscal 1979/80. During that period, in accordance with Treasury Board guidelines, the Program was evaluated to determine its effectiveness and efficiency and to develop recommendations to improve performance. The evaluation, carried out during 1978, determined that, in general, the Program was achieving its goals. Some clients had been assisted and (based on a study sample of 15) gross incomes had increased threefold between 1975 and 1977. The Program had

> "developed a technically qualified and experienced advisor base familiar with the Indian situation in Manitoba ... (and) ... a solid base for an efficient, effective and responsible administrative component."

On the basis of the conclusions of this study, the Agreement between MIAP and the Federal Government was extended for a further five years to the end of fiscal 1984/85. The overall Program objectives for this period were as follows:

1. To increase gross farm production by 1984/85 to $14,355,000 from 295 farm units.
2. To increase gross income per farm unit to $48,600 compared to a 1980 estimated production of $23,250 per unit.
3. To increase demand for farm and domestic goods and services due to a minimum five year capital investment of $11,850,000 and increased available personal income.
4. To improve job opportunities on the farm and in nearby farm services industries and developments.
5. To improve local small business industries in serving farmers.
6. To continue improved land use and productivity of reserves.

As in the previous Agreement, the Program was to deliver its services through six components, each of which consisted of a number of sub-components. The six components were:

1. Advisory and Extension Services
2. Training
3. Farm Loans
4. Farm Development Contributions
5. Other Contributions
6. Corporate Management

Each of these components and their sub-components have target objectives under the Agreement. These are discussed at appropriate places throughout this report.

Table 1-1 shows the original budget for the program by component. Loans have been excluded from the total.

During the two and half year period from the beginning of the Agreement extension (April 1, 1980) to September 30, 1982, the Program has expended some $6.0 million,including $3.5 million in contributions, $1.0 million on advisory/extension services, $0.7 million on training, and $0.8 million for program management. Total expenditures of $6.0 million compare with an original program budget of $5.6 million.

In January, 1983, InterGroup Consulting Economists Ltd. of Winnipeg was commissioned to undertake an evaluation of the Program's second five year performance and activities in accordance with Treasury Board Guidelines. The terms of reference for this evaluation are extensive and this report's chapters have been organized around them. Hence, they are quoted at the beginning of the ensuing chapters, each of which deals with a major evaluation issue. The complete terms of reference are presented in Appendix A.

The remainder of this chapter discusses the methodology used to undertake the studies that led to the preparation of this report. Chapter 2 discusses land development and utilization on Indian farms. Chapter 3 reviews characteristics of the client group including incomes, assets and farm viability. Chapter 4 deals with the Program's support services (advisory/extension and training), while Chapter 5 discusses the financial mechanisms, loans and contributions. Chapter 6 assesses Corporate Management and Chapter 7 examines future alternatives for MIAP in terms of objectives, programming and scope. Finally, Chapter 8 presents a summary of study conclusions and offers recommendations with respect to future Program planning and operations.

TABLE 1-1

MIAP PROGRAM - ORIGINAL ESTIMATED BUDGET, 1980/81 TO 1984/85

Program Component	1980/81	1981/82	1982/83	1983/84	1984/85	Total
			($)			
COMPONENT A On-farm Advisory Services	399,840	427,720	394,150	389,950	383,400	1,995,060
COMPONENT B Training	257,250	278,950	275,375	274,900	265,625	1,352,100
COMPONENT C Loans	1,392,000	1,414,000	1,382,000	1,332,500	1,286,000	6,806,500
COMPONENTS D & E Contributions	1,282,500	1,250,500	1,023,000	817,500	674,000	5,047,500
COMPONENT F Corporate Management	352,400	377,150	403,610	431,760	462,065	2,026,985
TOTAL PROGRAM LESS LOANS	2,291,990	2,334,320	2,096,135	1,914,110	1,785,090	10,421,645

Source: Program Document, MIAP Inc., 1980-85.

1.2 Methodology

Our general approach to the study involved a detailed review of program documentation and data at MIAP together with structured interviews with MIAP Board members and officials, clients, officials at DIAND, Manitoba Department of Agriculture, Manitoba Credit Union and Manitoba Indian organizations. In brief, our methodology consisted of the following:

1. Review of program description literature including policy manuals, Treasury Board Submission and previous consultant reports.

2. Review and, where appropriate and possible, quantitative analysis of information in MIAP files including client files, training and corporate machinery files, minutes of Board meetings, and loan and contribution ledgers.

3. Interviews with Board members and staff of MIAP, including head office staff as well as field staff.

4. Interviews with a sample of fifteen MIAP clients and a representative of a Manitoba Indian organization.

5. Interviews with officials of DIAND, Manitoba Agriculture, Credit Union Central of Manitoba, and the Program Auditor.

1.2.1 Review of Program Documents

A substantial number of Program documents were reviewed in order to understand the Program's objectives, component structure, activities, organizations, sources and disposition of funds, policies and accountability features. Documents reviewed included:

1. Manitoba Indian Agricultural Program. Program Description, 1974.
2. Manitoba Indian Agricultural Program Inc. 1975-80. (Revised Edition, December, 1979).
3. PM Associates Ltd. Manitoba Indian Agricultural Program. Evaluation Report, July, 1978.

4. PM Associates Ltd. Agricultural Impact Study. Peguis Indian Reserve, June, 1979.

5. PM Associates Ltd. MIAP Corporate Machinery Study, July, 1981.

6. PM Associates Ltd. MIAP Grain Marketing Study, March, 1981.

7. MIAP Policy Manual. Vol. I, II, III.

8. PM Associates Ltd. MIAP Loan Portfolio Study, October, 1981.

9. DIAND Regional Office "Loan Portfolio Management Review - Manitoba Indian Agricultural Program" Feb/March 1978.

10. DIAND Regional Office "Loan Portfolio Management Review - Manitoba Indian Agricultural Program" October 31, 1980.

11. MIAP Quarterly and Annual Reports for Fiscal 1978/79, 1979/80, 1980/81, 1981/82, 1982/83.

12. DIAND Treasury Board Submission seeking approval for a five year extension of MIAP.

13. Agreement between Canada and MIAP.

14. Various internal memoranda of MIAP and communications with respect to specific questions.

1.2.2 Review of MIAP Files

In order to obtain both qualitative and quantitative information about the Program a number of sets of files were reviewed. Information on disbursements and balances in loan and contribution accounts were obtained from the computer printed ledgers provided to MIAP by a computer services bureau every month. These included individual loan and contribution account ledgers and aged accounts receivable,all dated January 31, 1983. The Corporate Machinery file was reviewed to identify new acquisitions (since the 1981 study) and the training files were reviewed to determine the training programs offered and the numbers of participants.

However, most information was sought from the client files which contain correspondence, applications for assistance, financial statements and advisor assessments. Our intent was to abstract relevant data in the following areas: age, size, type of farm; income, expense, asset and liability information; use of land; contributions received, training received, productivity, personal assets and liabilities. For that purpose we devised an abstract sheet, shown here as Figure 1-1.

FIGURE 1-1

ABSTRACT FORM FOR CLIENT FILE DATA

Client Number ________ P.198

Name ____________________ Reserve ____________________

Year Started ________ Number of Years Farming __________ Size of Farm __________

Type of Farm ______________________________

PRE-1978 ASSETS		PRE-1978 LIABILITIES		NET WORTH
Land (off-reserve)	________	Operating Loans - MIAP	________	
Buildings	________	- Other	________	
Machinery	________	Long-term Loans - MIAP	________	
Other farm products for sale or use	________	- Other	________	
Other	________			
$	________	$	________	$ ________

Year	Pre-1978	1978	1979	1980	1981	1982
LAND BASE:						
- Crop and summerfallow						
- Improved pasture						
- Native pasture						
- Other						
Total						
CONTRIBUTIONS:						
Land Development						
- MIAP						
- Other						
Equity						
- MIAP						
- Other						
Other						
- MIAP						
- Other						
ADVISORY SERVICES:						
- no.contacts with advisors						
- no.hours involved						

TRAINING

Pre-1978 ____________________

____

1978 ____________________

____

1979 ____________________

____

1980 ____________________

____

1981 ____________________

____

1982 ____________________

____

s = seeded *y = yield*	1978		1979		1980		1981		1982	
	s	y	s	y	s	y	s	y	s	y
PRODUCTIVITY:										
Crops										
- wheat										
- barley										
- oats										
- rapeseed										
- other										
Livestock										
- weaning %										
- weaning wt.										
- no. of cows										
- no. of others										
GROSS FARM INCOME										
- Livestock income										
- Crop income										
- Other										
- Total gross income										

(FIGURE 1-1 continued)

FARM EXPENSES					
- Fertilizers					
- Herb.& Pesticides					
- Total farm Operating expenses					
- Interest expenses					
NET CASH BEFORE INT.					
NET CASH AFTER INT.					
NON-FARM INCOME					
NON-FARM EXPENSES					
FARM ASSETS:					
- Land (off-reserve)					
- Buildings					
- Machinery					
- Livestock					
- Other products					
- Other					
DEPRECIATION					
- Buildings @ 5%					
- Equipment @ 10%					
- Other @ 5%					
FARM LIABILITIES:					
Long-term loans					
- MIAP					
- Other					
Operating loans					
- MIAP					
- Other					
NET WORTH					
NON-FARM ASSETS					
NON-FARM LIABILITIES					

Originally our intent had been to abstract data from all 184 active client files to provide a complete picture of MIAP's clients. Our intent had also been to develop a computerized data base using the file data as inputs to facilitate analysis. However, the file data was not summarized in the files and the abstracting process was very lengthy; up to two or even three hours were required to locate information. This necessitated a reduction in the number of files that could be reviewed and we settled on a one-third sample, i.e., 60 client files. Since much of the information we sought was missing and that which was available was not always presented in the same way, it would not have been productive to create a computerized data base. That must await the development of a system which routinely makes the desired information available in summary form.

Four of the sixty-client sample were chosen purposely; these were the Program's Directors who were also Indian farmers. The remaining 56 were chosen randomly from all active clients who have received loans and/or contributions exceeding $20,000 since their first application to the Program.

Our intended analytical procedure had been to trace production and financial information over the five year period, 1978-1982, to gain an appreciation of changes occurring during that period.[1/]

However, only a handful of files had complete financial information over that period and none had complete information on production. The availability of financial data for each year was as follows:

Year	Number of files	% of 60 files
1978	22	37
1979	30	50
1980	23	38
1981	25	42
1982	20	33

[1/] Forty-two of the 60 had been in the Program since 1978; 51 had been in since 1980.

The files were distributed by number of years for which sufficiently completed data were available as follows:

Number of Years	Number of files	% of 60 files
none	11	18
1	15	25
2	10	17
3	11	18
4	11	18
5	2	3

Finally the files were distributed by most recent year of sufficiently completed data as follows:

Most recent year	Number of files	% of 60 files
pre 1978 or none	11	18
1978	3	5
1979	6	10
1980	5	8
1981	15	25
1982	20	33

In other words insufficient financial data to permit analysis occurred for 18 per cent of our sample and for another 23 per cent the most recent data were for 1980 or earlier.

The 1982 sample of farms, in addition to being the smallest, was also distributed somewhat differently than the samples for the other years with respect to farm size, assets and incomes. Hence, the year 1982 was excluded from the analysis. This has a limited effect, however, on the ability of the study to draw conclusions; for the most part, trends are evident from 1978 to 1981 data.

1.2.3 Interviews with MIAP Board and Staff

Structured interviews were administered to the following MIAP Board members and staff:

Ed Anderson	Board Member, Executive Director
Tom Cochrane	Board Member
Howard Starr	Board Member
Robert Green	Program Manager
Randy Lachuta	Loans Analyst
Stan Bear	Farm Advisor
Ron Marchenski	Farm Advisor
Dave Cavers	Farm Advisor
Bill Talbot	Farm Advisor
Lorna Zacharias	Executive Secretary

1.2.4 Interviews with MIAP Clients

Structured interviews were administered to the following:

Tom Cochrane	farmer, Peguis
Frank Wilson	farmer, Peguis
Oswald Cameron	farmer, Peguis
Barry Bear	farmer, Peguis
Fred Stevenson	farmer, Peguis
Fred Soldier	farmer, Swan Lake
Robert Soldier	farmer, Swan Lake
Clinton McIvor	farmer, Sandy Bay
Wilfred Beaulieu	farmer, Sandy Bay
William Levasseur	farmer, Sandy Bay
Robert Roulette	farmer, Sandy Bay
Howard Starr	farmer, Sandy Bay
Henry Tanner	farmer, Waywayseecappo
Philip Oudie	farmer, Waywayseecappo
Tom Rattlesnake	farmer, Waywayseecappo

1.2.5 Other Interviews

Structured interviews were also administered to the following representatives of organizations interracting with MIAP or MIAP supported clients.

Brian Veinot	Regional Director General, DIAND
Claude St.Jacques	Board Member MIAP, Manager Resource Development, DIAND
Lawrence Robinson	Director, Economic Development, DIAND
Archie Sharp	Manager, IEDF Loan Fund, DIAND

William Uruski	Minister, Manitoba Dept. of Agriculture
Gerry Therrion	MIAP Board and Chief, Farm Management Section, Manitoba Dept. of Agriculture
Glen Arnott	Regional Director, Portage Region, Manitoba Dept. of Agriculture
Herb Schultz	Manager Special ARDA, DREE
Fred Homann	Manager, Agricultural Loans, Credit Union Central of Manitoba
Milt McLean	Program Auditor, Sill, Streuber, Fiske and Co., Chartered Accountants
Ernie Daniels	Chief, Long Plains Reserve

A composite listing of all interview questions forms Appendix B to this report.

2. UTILIZATION OF THE LAND BASE

It has been variously estimated that Indian reserves in the agricultural zone of Manitoba contain existing and potential agricultural use area totalling 167,000 acres[1/] and 241,000 acres.[2/] In 1971 it was estimated that some 77,000 acres had been already developed into cropland and pasture. A major objective of MIAP was to promote the development and use of the remaining agricultural potential.

This chapter looks at land utilization by Indian farmers in Manitoba from three complementary perspectives:

1. Development of land using MIAP contributions.
2. Utilization by Indian farmers of developed and native agricultural land on reserves.
3. Productivity of land utilized by Indians.

These three perspectives are complementary attributes of land development because MIAP set objectives in terms of land to be developed. However, development does not guarantee utilization of the land, nor does utilization guarantee optimal or even appropriate utilization. Consequently all three perspectives are essential to evaluate development and use of the land base.

Unfortunately, the data required for such evaluation are often either non-existent or contradictory. At headquarters, MIAP does not maintain easily accessible records of how much land development and what type of land development were carried out in each fiscal year, although

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[1/] Program Document, MIAP Inc., 1975-80, p.8 and R. Green, Personal Communication, March 1983.

[2/] PM Associates Ltd., MIAP Grain Marketing Study. March 1981, p.14.

cost of land development is well documented. Some data may be available in field offices. Some farm advisors maintain records of land utilization in their areas of responsibility, however, the availability of this information appears to be dependent on the initiative of the farm advisor. Productivity information also is sometimes recorded in client files and sometimes not. Again its availability seems to depend on the advisor.

Consequently, at least some of the numbers which form the basis of the ensuing discussion cannot be confidently viewed as accurate.

2.1 Land Development by MIAP

In 1974 the program set its land development objectives as being "to bring into production by the end of 1979/80 some 8,500 acres of arable land and 35,000 acres of undeveloped pasture lands".

A program evaluation carried out during 1978[1/] reported that the program had spent some $1.24 million on land development compared to a budgeted $1.84 million. It also reported that 7,389 arable acres had been developed with a further 3,430 in the process of being developed. Some 6,320 new pasture acres were in production and a further 6,305 acres would soon be coming into production. The report also noted that some 10,842 acres previously leased by non-Indians had been taken up by MIAP clients. Thus, during the first three years of the Program (1975 to 1978) the land resources made available to farmers had increased by 24,551 acres with a further 9,735 to come. Consequently the Program had virtually achieved its objective with respect to arable land by that time and was close to being on target with respect to new utilization of undeveloped pasture.

Because available data are very unclear it is difficult to assess what has happened to land development since 1978. The 1974

[1/] PM Associates Ltd., MIAP Evaluation Report. July, 1978.

program document indicated 69,000 developed arable acres; by 1978, according to the evaluation report, some 7,400 had been added; presumably then, total arable acres on reserves were 76,400 in 1980. Yet a 1981 study by PM Associates indicates only 65,000 cultivated acres on reserves.[1/] Additional cultivated acres are probably hidden in statistics referring to "Hay and Pasture", and are lumped together with undeveloped acres. Furthermore, some reserves (Peguis and Sandy Bay in particular) have turned cropland back to forage.

As of December, 1982, MIAP indicates total cultivated acres on reserves are 82,422 including developed hay and pasture land. This suggests that some 5,887 acres have been developed for cropland or hay and pasture since 1978 (i.e., 82,422 total developed less 69,146 developed at the time of program start-up, less 7,389 developed by 1978). On the other hand, MIAP indicates that since program start-up, the Corporation has developed a total of 23,585 acres. This would imply that since 1978 the Program has developed 23,585-7,389 = 16,196 acres, nearly three times as much as was indicated by the previous calculation. Confusion over what constitutes a developed acre and probable inaccuracy in the pre-program estimate are likely responsible for this discrepancy. The most plausible estimate we can make of MIAP developed acreage since 1978 is 16,000 acres of which some 7,000 would be cropland and 9,000 would be developed hay and pasture. Assuming that the rate of development has been fairly even since 1978, this means that since 1980 some 4,000 acres of cropland and 5,000 acres of cultivated hay and pasture have been made possible by MIAP contributions. This corresponds with the 1980-85 objective to bring on stream some 6,000 acres of arable land and 10,000 acres of undeveloped pasture lands. It appears that targets for developing cultivated land have been met or exceeded. Existing data

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[1/] PM Associates Ltd., MIAP Grain Marketing Study. March, 1981.

are unclear with respect to undeveloped pasture land; they may or may not be included in the 5,000 acres which the MIAP communication refers to as "cultivated hay and pasture".

Beginning in the 1978/79 fiscal year, land development contributions to date have totalled $1.89 million, i.e., MIAP-sponsored land development costs have averaged about $117 per acre between April 1, 1978 and the present. The distribution of development of cultivated acreage by reserve is shown in Table 2-1.

A few further interesting observations can be drawn from Table 2-1. For example it appears that 70 per cent of cropland development has occurred on one reserve, Peguis, and a further 22 per cent on another, Valley River. Almost 70 per cent of development of hay and pasture land has occurred on four reserves -- Crane River, Ebb and Flow, Peguis and Waterhen.

2.2 Land Use by MIAP Clients

MIAP clients utilize cultivated or developed land which predated the Program, land which has been developed under the auspices of the Program and undeveloped or native pasture and hay. The first two categories which make up the sum of cultivated acres are a known quantity. The extent of utilization of undeveloped land, however, is impossible to gauge. Even a thorough review of all active client files would fail to yield complete information since acreages utilized have been reported haphazardly in the past. In recent months the board has requested that more accurate data on acreages by included in applications.

For example, on the basis of the sample drawn from the client files, we could generalize land utilization by the entire active client group if we had confidence in the land utilization figures reported by the sample. Table 2-2 shows such an attempt; however, the generalized results are so implausible that we prefer to restrict our discussion of utilization to cultivated acres reported by MIAP.

TABLE 2-1

ESTIMATED MIAP SPONSORED LAND DEVELOPMENT BY RESERVE
APRIL 1, 1978 TO DECEMBER 31, 1982

Reserve	Cultivated Cropland	Cultivated Hay and Pasture	Total
		(acres)	
Crane River	-	1,185	1,185
Ebb and Flow	-	2,425	2,425
Fairford	-	700	700
Fisher River	10	475	485
Gamblers	3	10	13
Hollow Water	-	22	22
Keeseekooweenin	121	16	137
Lake Manitoba	-	430	430
Lake St. Martin	-	40	40
Long Plains	(90)	-	(90)
Moose Lake	50	-	50
Peguis	4,911	1,523	6,434
Pine Creek	-	250	250
Rolling River	21	161	182
Roseau River	205	-	205
Sandy Bay	300	258	558
Swan Lake	(50)	-	(50)
Shoal River	65	185	250
Sioux Valley	(37)	-	(37)
The Pas	-	210	210
Valley River	1,564	116	1,680
Waterhen	-	1,247	1,247
Waywayseecappo	(130)	-	(130)
Total	6,943	9,253	16,196

Source: MIAP (R. Green, Personal Communication) for land developed from program start-up to present. In most cases this communication distributed developed land into cropland and hay/pasture categories. In the case of a few reserves, an arbitrary distribution was made according to the total reserve land base.

Developed acres as at 1978 were drawn from the 1978 evaluation report. The figures shown above represent the differences between present totals and 1978 totals. Where a negative figure occurs, this is because the 1978 total exceeds the present total.

TABLE 2-2

ESTIMATES OF TOTAL LAND ON INDIAN FARMS SUPPORTED BY MIAP GENERALIZED ON BASIS OF SAMPLE

Year	Total in Sample[1/]	Acres Reported by Sample	Active Clients	Generalized Total Farm Acres
1978	26	27,994	184	198,000
1979	36	26,152	184	134,000
1980	37	23,955	184	119,000
1981	31	25,605	184	152,000

Source: MIAP client files.

[1/] Sample sizes differ year to year because only those files which had data for number of acres farmed were counted.

MIAP has reported a total of 82,422 acres cultivated and either on reserve or otherwise under the management of MIAP sponsored farmers. Some 57,281 acres are used to produce crops and 25,141 are used to produce forage. About 22 per cent of this land (or 18,495 acres) is currently leased or otherwise under management of off-reserve farmers. Table 2-3 indicates the land under cultivation for crops and forage on each reserve as well as the acreage farmed by off-reserve farmers. Most of this off-reserve acreage (62 per cent) occurs on two reserves: Long Plains (38 per cent) and Waywayseecappo (24 per cent).

TABLE 2-3

USE OF CULTIVATED ACRES ON MANITOBA RESERVES AND/OR MANAGED BY MIAP SPONSORED FARMERS AS AT DECEMBER 31, 1982

Reserve	Cropland	Forage	Total	Farmed by Off-Reserve Farmer
		(acres)		
Crane River	-	2,127	2,127	-
Dakota Plains	850	-	850	850
Dakota Tipi	105	-	105	95
Ebb and Flow	-	2,800	2,800	-
Fairford	-	2,060	2,060	-
Fisher River	750	1,250	2,000	-
Gamblers	600	70	670	-
Hollow Water	-	22	22	-
Keeseekooweenin	1,900	250	2,150	1,150
Lake Manitoba	-	830	830	-
Lake St. Martin	-	1,750	1,750	-
Long Plains	7,000	-	7,000	7,000
Little Saskatchewan	-	480	480	-
Moose Lake	50	-	50	-
Oak Lake	920	320	1,240	200
Peguis	14,039	3,500	17,539	1,500
Pine Creek	-	280	280	-
Rolling River	2,792	1,400	4,192	500
Roseau River	3,080	-	3,080	1,200
Sandy Bay	3,200	3,715	6,915	-
Swan Lake	4,020	120	4,140	1,000
Shoal River	165	235	400	-
Sioux Valley	5,000	1,200	6,200	500
The Pas	-	750	750	-
Valley River	3,660	250	3,910	-
Waterhen	-	1,682	1,682	-
Waywayseecappo	9,150	50	9,200	4,500
Total	57,281	25,141	82,422	18,495

2.3 Productivity of MIAP Sponsored Farms

The general belief, by many of the persons interviewed during this study, including advisors, Board members and outsiders (e.g., Manitoba Department of Agriculture staff) was that MIAP sponsored farms were not as productive as off-reserve farms. A number of factors were cited, including lack of training, experience and management skills and undercapitalization.

A 1981 study commissioned by MIAP[1/] bore out this general belief, at least insofar as crop production is concerned. Analyzing crop production on four reserves (Rolling River, Sandy Bay, Sioux Valley and Peguis) representing 64 per cent of Indian farmer cultivated acreage, the study found yields per acre somewhat lower than provincial averages. MIAP supported grain farms fell short of provincial averages by amounts ranging from one per cent for canola to 41 per cent for peas. For the important crops, Indian farm yields were 13 per cent less than provincial average for wheat, 18 per cent less for barley, 14 per cent less for flax and 4 per cent greater for oats.

As part of the present study, we reviewed such production data as were available in the client files. In general, reporting on production was poor. Our review of 60 files produced the best information on cattle numbers. Even in this case, however, in the year in which the largest number of farms reported cattle numbers (1979), only 27 of the 60 reported. Grain productivity was reported far less often. For example, in 1978, 8 of 60 farms reported wheat yields; this was the most complete reporting encountered for any grain. Consequently, apart from reliability of the reported yields themselves, the averages are subject to considerable uncertainty because of the small sample sizes.

Considering livestock productivity first, such data as exist are summarized in Table 2-4. Livestock productivity is depicted as average number of hay and pasture acres (developed and undeveloped) to

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[1/] PM Associates Ltd., MIAP Grain Marketing Study. March, 1981.

support one animal.[1/] The table shows productivity improving between 1978 and 1982 (although some or all of this improvement could be due to reporting error). Compared to the provincial averages, livestock productivity on MIAP supported farms appears to be low. However, the differences could reflect intensity of operation as well as quality of improved and native pasture and distribution of forage acreages between them. Averages for provincial crop districts 6 and 12 are included in the table because a majority of MIAP cattle operations are located in these districts.

TABLE 2-4

HAY AND PASTURE ACRES PER HEAD OF CATTLE:
MIAP SPONSORED FARMS AND PROVINCIAL AVERAGE

	MIAP Sponsored Farms[1/]			
	Farms in Sample	Acres per head	Provincial[2/] Average	Average[2/] in Districts 6 and 12
1978	19	13.6	n/a	n/a
1979	27	11.3	n/a	n/a
1980	22	10.8	5.0	6.9
1981	23	10.2	4.7	6.7

[1/] Source is MIAP client files.

[2/] Source is Manitoba Agriculture Yearbooks, 1980, 1981. Total improved pasture acres and non-improved acres excluding woodland divided by total cattle on farms.

[1/] We recognize that this is an extremely imprecise measure. Superior measures are: pounds of beef sold per cow maintained; calving rates; weaning rates. However, data reflecting these measures are unavailable.

Grain yields on MIAP sponsored farms are compared with provincial and district averages in Tables 2-5 through 2-9. On the basis of the (admittedly limited) sample reviewed, it appears that the widespread notion that Indian farms are less productive is well-founded. Wheat yields (see Table 2-5) consistently lagged behind the provincial average; the difference was 35 per cent in 1979. For barley, the productivity differential was as high as 62 per cent (1980). The picture was generally similar for oats and oilseeds.

TABLE 2-5

WHEAT YIELDS PER ACRE, MIAP SPONSORED FARMS AND PROVINCIAL AVERAGES

	MIAP Sponsored Farms[1/]				
Year	Farms in Sample	Acres in Sample	Yield per acre	Provincial[2/] Average	Average[2/] in Districts 3, 7 & 12
1978	8	1,149	26.5	30.7	n/a
1979	2	270	16.2	25.0	26.3
1980	7	935	14.6	21.2	21.9
1981	2	65	30.4	31.3	31.6

[1/] Source is MIAP client files.
[2/] Source is Manitoba Agriculture Yearbooks, 1980, 1981.

TABLE 2-6

BARLEY YIELDS PER ACRE, MIAP SPONSORED FARMS AND PROVINCIAL AVERAGES

	MIAP Sponsored Farms 1/				Average 2/ in
Year	Farms in Sample	Acres in Sample	Yield per acre	Provincial 2/ Average	Districts 3, 7 & 12
1978	4	235	36.1	48.6	n/a
1979	1	100	35.0	40.0	41.6
1980	4	335	13.6	36.0	37.0
1981	2	50	35.0	45.5	45.6

1/ See Table 2-5.
2/ See Table 2-5.

TABLE 2-7

OATS YIELDS PER ACRE, MIAP SPONSORED FARMS AND PROVINCIAL AVERAGES

	MIAP Sponsored Farms 1/				Average 2/ in
Year	Farms in Sample	Acres in Sample	Yield per acre	Provincial 2/ Average	Districts 3, 7 & 12
1978	5	270	46.9	54.7	n/a
1979	1	30	80.0	44.4	48.4
1980	2	200	27.5	40.0	42.8
1981	1	75	60.0	50.0	61.5

1/ See Table 2-5
2/ See Table 2-5

TABLE 2-8

CANOLA YIELDS PER ACRE, MIAP SPONSORED FARMS AND PROVINCIAL AVERAGES

Year	MIAP Sponsored Farms[1/] Farms in Sample	Acres in Sample	Yield per acre	Provincial[2/] Average
1978	4	385	11.1	24.3
1979	4	630	6.2	18.5
1980	2	190	4.7	16.2
1981	0	-	-	22.5

[1/] See Table 2-5
[2/] See Table 2-5

TABLE 2-9

FLAX YIELDS PER ACRE, MIAP SPONSORED FARMS AND PROVINCIAL AVERAGES

Year	MIAP Sponsored Farms[1/] Farms in Sample	Acres in Sample	Yield per acre	Provincial[2/] Average
1978	2	124	11.0	16.7
1979	2	165	9.8	14.0
1980	2	135	7.6	10.4
1981	0	-	-	14.7

[1/] See Table 2-5
[2/] See Table 2-5

2.4 Utilization of the Resource -- Conclusions

The lack of firm data makes it very difficult to determine the extent to which utilization of the reserve land resource by Indian farmers is increasing. Indications are, however, that it has increased since the beginning of the program and that the increase has been maintained since the last evaluation took place in 1978. However, it seems certain that the rate of increase has levelled off since 1980, due in large measure to the adverse financial situation facing Indian farmers. On a few reserves the available land is being fully utilized and further development will require access to Crown land or purchases of land off the reserves. On other reserves significant amounts of land are available but cannot be brought into production because the land is controlled by traditional right or certificate of proprietorship belonging to individuals not presently interested in farming.

While MIAP is on or beyond target with respect to land development efforts, there is some evidience that Indian farmer productivity lags behind provincial averages. Productivity is a function of level of training, experience and management practices. There is some indication that cattle productivity (acres per animal) on developed and native hay/pasture land is improving.

3. THE CLIENT GROUP

Among the Program's objectives listed in the 1980 Treasury Board submission was:

> to raise the number of Indian farms in the province to 350 by 1985; 185 of these farms would be fully developed, i.e., viable and self-sustaining.

The terms of reference of the present study called for the following evaluation of the client group:

1. Number of clients in the Program -- new, old, drop-outs, impact on employment.
2. Impact on production and incomes:
   a. Change in net worth.
   b. Change in gross production.
   c. Change in net income.
   d. Relationship to Province averages for a., b. and c. above.
3. Farm viability.
4. Client assessment of Program.
5. Re-evaluate original objectives in terms of current potential and current economic climate.
6. Examine new potential opportunities not identified in setting original objectives.

Except for 5. and 6. which are dealt with in Chapter 7, the remainder of the present chapter discusses these issues. The overall finding is that while considerable equity has been accumulated by Indian farmers and the clients are generally happy with the Program, it is far from achieving its primary goal of viable Indian agriculture in Manitoba.

3.1 The Client Group

In the 1980 Treasury Board Submission, MIAP's target client group was to number 350 by 1985. Currently, MIAP's active clients total

184 compared to 168 in 1978 at the time of the last evaluation. On the basis of recent increases, then, we cannot expect the target client load to be achieved. Very probably potential new entrants have been scared away by the adverse economic conditions prevailing in agriculture in recent years,along with the poor performance of farms on their own reserves. Since April 1, 1978, some 49 new farmers have sought MIAP assistance while 33 have been closed out because of loan arrears. Thus, impact on employment both on the farm and in the farm communities has been minimal due to increased farming operations over the last several years.

MIAP's current case load of 184 farmers consists of 46 grain farmers, 73 livestock farmers, 36 mixed farms and 7 specialty operations.

Of the 60 sample farms for which client files were reviewed, some 22 (37 per cent) represented seven or more years of experience, 20 (33 per cent) represented four to six years, 9 (15 per cent) represented two or three years and 9 (15 per cent) were as recent as one year since start-up. These numbers also reflect the reduction in new program entrants in recent years.

In general, MIAP supported farms are larger than the non-Indian farms in the province, reflecting the preponderance of cow-calf operations among the former. In one year, over 20 per cent of the sample farms were larger than two sections. Table 3-1 shows the distribution of sample farms by size, along with average sizes.

As noted in Chapter 1, our review of 60 client files was supplemented by interviews with fifteen Indian farmers on four reserves in different areas of the province. A more detailed picture is available of the characteristics of these fifteen farms.

> Years of farm experience. Fully one third of this group indicated more than twenty years' experience. Only three had less than three years' experience.

TABLE 3-1

DISTRIBUTION OF SAMPLE INDIAN FARMS, BY SIZE: AVERAGE SIZE, 1978-81[1/]

Size of Farm (acres)	1978	1979	1980	1981
less than 160	2	3	3	2
160 - 319	2	5	7	6
320 - 479	2	6	9	4
480 - 1,239	14	18	15	14
1,240 - 2,479	3	2	1	2
more than 2,480	3	2	2	3
Total	26	36	37	31
Average Size	1,077	726	647	826
Manitoba Average	612	623	634	639

Source: MIAP files and Manitoba Department of Agriculture Yearbook, 1981

[1/] Sample varies year to year for only those with complete data were counted.

Full-time versus part-time. Six of the fifteen were full-time farmers with no other occupation. Another six considered themselves to be full-time but worked off the farm. Only three considered themselves to be part-time farmers.

Type of Operation. The fifteen are evenly divided with respect to type of operation: five cow-calf operations, five grain, and five mixed.

Acreage farmed. The average farm size of this group was 663 acres with 306 acres of cropland and 331 acres of pasture. Farm sizes ranged from 140 acres up to 2,020 acres.

Land Development. Seven of the fifteen indicated that they had had land developed under MIAP auspices with one indicating over 200 acres developed.

Off-reserve land. Three of these farmers utilized off-reserve land.

Cattle. Five farmers had no cattle and another five had fewer than fifty head. Three, however, had more than one hundred head.

Income. Eight of the respondents indicated that their farm income does not cover their farm costs.

Accounting system. Only five of the respondents said they maintained some form of accounting system.

Financial resources. All fifteen respondents said they had utilized their own resources to finance farm costs or capital. Ten had used banks or credit unions, three had used suppliers and only one had used the Farm Credit Corporation.

Role of MIAP. Over half the respondents (eight) indicated that they would not be farming if the Program did not exist.

Hiring. Eleven farmers did not hire any help and only one had a full-time helper.

In general, farmers in the group interviewed were better established than the overall sample. This is not surprising, however, since six of the interviewees were chosen because they had been interviewed during the 1978 evaluation.

3.2 Production and Incomes

The sample of 60 farms which were the subject of the file review did not all yield data for each of the five years as discussed in Chapter 1. Therefore the production and income data are based on a much smaller sample ranging from 22 farms in 1978 to 30 farms in 1979, i.e., between 12 and 17 per cent of the active Indian farms.

Table 3-2 shows average gross income of sampled Indian farms for each of the four years 1978 through 1981 along with the Manitoba average and the distribution of farms by gross income category.1/ In 1978 gross income was about half the Manitoba average and since then the gap appears to be widening. The largest proportion of Indian farms, usually more than 50 per cent, reported gross incomes of less than $20,000.

1/ 1982 sample was deleted due to incomplete data and small sample size.

TABLE 3-2

DISTRIBUTION OF SAMPLE INDIAN FARMS BY GROSS INCOME CATEGORY AND AVERAGE GROSS INCOME, 1978 - 1981

Level of Gross Income ($)	1978		1979		1980		1981	
	#	%	#	%	#	%	#	%
less than 10,000	5	23	10	33	8	35	6	24
10,000 - 19,999	11	50	10	33	3	13	8	32
20,000 - 29,999	3	14	4	13	6	26	4	16
30,000 - 49,999	2	9	3	10	4	17	6	24
50,000 - 99,999	0	0	2	7	2	9	1	4
more than 100,000	1	5	1	3	0	0	0	0
Total	22	100	30	100	23	100	25	100
Average Gross Income	19,622		22,143		21,736		20,542	
Manitoba Average Gross Income	36,000		43,000		49,000		56,000	

Note: Columns list number (#) of farms and per cent (%) of total farms.

Source: MIAP files and 1981 Manitoba Agriculture Yearbook.

Net operating income is defined as gross income less direct operating costs other than interest. Distribution of the sample farms by category of net operating income is shown in Table 3-3 along with sample farm and Manitoba averages. It is seen that a portion of the sample, ranging from 9 per cent in 1978 to more than 25 per cent in 1980 reported negative net operating income. Averages are significantly below the Manitoba average and, again, the gap appears to be increasing between 1978 and 1981.

TABLE 3-3

DISTRIBUTION OF SAMPLE INDIAN FARMS BY NET OPERATING INCOME CATEGORY AND AVERAGE NET OPERATING INCOME, 1978 - 1981

Level of Net Operating Income ($)	1978 #	1978 %	1979 #	1979 %	1980 #	1980 %	1981 #	1981 %
net loss	2	9	4	13	6	26	5	20
1 - 4,999	6	27	9	30	4	17	4	16
5,000 - 9,999	6	27	8	27	5	22	6	24
10,000 - 19,999	6	27	5	17	5	22	5	20
20,000 - 29,999	1	5	3	10	2	9	4	16
30,000 - 49,999	0	0	1	3	1	4	1	4
50,000 - 99,999	1	5	0	0	0	0	0	0
more than 100,000	0	0	0	0	0	0	0	0
Total	22	100	30	100	23	100	25	100
Average Net Operating Income	10,351		7,922		7,900		9,939	
Manitoba Average	16,800		18,400		20,200		22,100	

NOTE: Columns list number (#) of farms and per cent (%) of total farms.

Source: See Table 3-2

We have made an estimate of overall farm profitability, Estimated Net Income, which is equal to Net Operating Income less an allowance for interest, depreciation and return to owner's capital which is equal to 15 per cent of owner gross assets. Positive Net Income implies that the farm covers all operating costs and provides a reasonable return to capital with any return in excess of zero being a return to the farmer's labour and entrepreneurship.

In Table 3-4 we show the distribution of sample farms into net income categories along with the average net income and the Manitoba average. In all years 1978 to 1981 the majority of Indian farms sampled do not cover both operating and imputed capital costs. The average farm is yielding a negative net return as low as -\$4,800 in 1980. On this basis the average Manitoba farm is experiencing even larger negative net returns, i.e., -\$32,000 in 1980. This situation, however, can be explained in terms of inflated land values (the result of general inflation plus speculative pressure) which comprise over 50 per cent of the value of Manitoba farm assets. In the case of reserve farmers, however, there is no imputed return calculated for land. If imputed returns to land were excluded from the calculation of the Manitoba average, it would

TABLE 3-4

DISTRIBUTION OF SAMPLE INDIAN FARMS BY ESTIMATED NET INCOME[1/] CATEGORY AND AVERAGE NET INCOME, 1978 - 1981

Level of Estimated Net Income ($)	1978		1979		1980		1981	
	#	%	#	%	#	%	#	%
net loss	15	68	18	60	14	61	14	56
1 - 4,999	3	14	7	23	5	21	6	24
5,000 - 9,999	1	4	2	7	3	13	1	4
10,000 - 19,000	3	14	3	10	1	4	4	16
20,000 - 29,999	0	0	0	0	0	0	0	0
30,000 - 49,999	0	0	0	0	0	0	0	0
50,000 - 99,999	0	0	0	0	0	0	0	0
more than 100,000	0	0	0	0	0	0	0	0
Total	22	100	30	100	23	100	25	100
Average	(1,020)		(3,801)		(4,820)		(2,517)	
Manitoba Average	(15,000)		(22,400)		(32,400)		(23,700)	

NOTE: Columns list number (#) of farms and per cent (%) of total farms.
Source: See Table 3-2.

[1/] Gross income less operating costs less imputed return to capital (i.e., gross assets X .15).

be some $2,100 for 1980. If this measure of profitability is used as a yardstick of viability, very few Manitoba Indian farms would appear to be viable. While we made separate net income estimates for farms established longer than three years, they are not included here because the results were not significantly different from the estimates for all farms.

Probably the best measure of current viability is net operating income less interest costs for borrowed capital. This is net cash income to the farmer; it measures availability of funds generated by the operation in a given year that can be used to replace machinery and equipment, to finance farm growth and to provide a living to the farm family. Table 3-5 indicates the distribution of Indian farms by cash income category along with the averages for all sample farms, the average for sample farms established for three years or less, the average for farms established more than three years and the Manitoba average.

Between 20 and 40 per cent of the sample farms, depending on the year, earned no cash income. A fairly consistent 70 per cent of farms earned less than $10,000 cash income. This is not adequate to cover depreciation, income requirements and provide for farm growth. Moreover, as the averages show, the picture does not appear to be improving with time. One encouraging observation is that established farms tend to show higher cash incomes than newer farms. This optimistic finding is tempered, however, by the fact that these farms also tend to have much more assets; their returns to capital may actually be less than returns to capital on newer farms.

Thus, it appears that, at most, 30 per cent of MIAP supported farms can be considered viable at present and many of these would be marginal. Support for the remaining 70 per cent must be derived largely from off-farm income, loan arrears, drawing down of equity and social assistance. That 30 per cent of farms are viable coincides with some program officials' subjective assessment. These assessments range from 20 per cent up to "60 to 70 per cent potentially viable in two or three years."

TABLE 3-5

DISTRIBUTION OF SAMPLE INDIAN FARMS BY NET CASH INCOME[1/] CATEGORY
AVERAGE CASH INCOMES, 1978 - 1981

Level of Net Cash Income ($)	1978		1979		1980		1981	
	#	%	#	%	#	%	#	%
net loss	4	18	10	33	9	39	7	28
1 - 4,999	6	27	8	27	2	9	7	28
5,000 - 9,999	5	23	3	10	7	30	3	12
10,000 - 19,999	5	23	6	20	2	9	4	16
20,000 - 29,999	1	5	3	10	3	13	3	12
30,000 - 49,999	0	0	0	0	0	0	1	4
50,000 - 99,999	1	5	0	0	0	0	0	0
more than 100,000	0	0	0	0	0	0	0	0
Total	22	100	30	100	23	100	25	100
Averages:								
All sample farms	8,332		5,315		4,398		6,376	
Sample farms established three years or less	(2,440)		6,619		2,336		1,114	
Sample farms established more than three years	59,570[2/]		3,608		5,126		8,853	
All Manitoba farms	14,200		14,500		15,300		15,000	

NOTE: Columns list number (#) of farms and per cent (%) of total farms.

Source: See Table 3-2.

[1/] Where actual interest costs were not available they were established at ten per cent of total liabilities.

[2/] One farm only.

If 30 per cent (including marginally viable units) were viable, then probably some 50 to 60 Indian farms in Manitoba fall into this category. This accords closely with the view of one farm advisor who stated that if MIAP support were withdrawn, only 50 Indian farms in the province would survive. This contrasts with the program objective of fully developing 185 Indian farms by 1985.

As part of this study we were requested to assess the current status of the 15 clients reviewed during the previous evaluation in 1978. Unfortunately, only eleven of these could be identified and of the eleven, income data were available only for six. Gross, estimated net and net cash incomes of these six in total are shown in Table 3-6 for 1977/78 and the most recent year for which data are available. As the table shows, overall gross and operating incomes of these clients have improved and averages are higher than those of the total sample (see Tables 3-2 and 3-3 as well). On the other hand, average cash incomes are actually lower than the averages for the overall sample.

TABLE 3-6

INCOME COMPARISON: SIX CLIENTS STUDIED IN 1978 EVALUATION

Income Parameter	Total (#)	Average (%)
1977 - 1978		
Gross Income	89,350	14,892
Net Operating Income	42,461	7,077
Cash Income	n/a	n/a
Most Recent Year[1/]		
Gross Income	177,497	29,582
Net Operating Income	68,483	11,414
Cash Income	26,989	4,498

Source: MIAP files and P.M. Associates Ltd., MIAP Evaluation, 1978.

[1/] 1980 or 1981 was most recent year that data was available.

The gross position of all six clients has improved since the 1978 evaluation; the net operating position of two has deteriorated. In terms of cash income perhaps two of the six appear to be viable.

3.3 Farm Net Worth

Since 1978 it appears that the gross assets on Indian farms have increased slowly from about $76,000 per farm in 1978 to $88,000 in 1981.[1/] Table 3-7 indicates the distribution of sample farms by asset class along with average gross assets per farm. Surprisingly, because Indian farm incomes lag so far behind the provincial average, gross capitalization is comparable if land, buildings and farm inventory are excluded from the provincial average. On the other hand, the provincial average has shown a steady increase relative to the sample Indian farm average.

Generalizing, about 25 per cent of MIAP supported farms have gross assets in excess of $100,000, with 18 to 20 per cent having less than $30,000 gross assets.

MIAP farms appear to have good debt-equity ratios. In the case of the sample farms equity as a per cent of total capital ranged from 59 per cent in 1981 to 74 per cent in 1978. These high ratios are made possible in large part because of MIAP contributions. There is evidence that these ratios are declining (see Table 3-8). The coincidence of this decline with increasing loan arrears and extensions is probably not accidental. This relationship is discussed further in section 4.2.3.

Somewhere between 30 and 40 per cent of MIAP supported farms have net worth in excess of $50,000. Some 30 per cent have net worth less than $20,000, and a small number, possibly about 5 per cent, have negative net worth.

[1/] Changes in the value of assets can relate, in some cases to appreciation or depreciation of asset values, i.e., cattle.

TABLE 3-7

DISTRIBUTION OF SAMPLE INDIAN FARMS BY GROSS ASSETS CLASS

AVERAGE GROSS ASSETS, 1978 - 1981

	1978		1979		1980		1981	
Gross Assets ($)	#	%	#	%	#	%	#	%
less than 10,000	1	5	1	3	1	4	1	4
10,000 - 19,999	1	5	1	3	2	9	4	16
20,000 - 29,999	2	9	2	7	1	4	1	4
30,000 - 49,999	5	23	7	23	6	26	2	8
50,000 - 69,999	6	27	7	23	3	13	4	16
70,000 - 99,999	4	18	5	17	4	17	6	24
100,000 - 199,999	2	9	4	13	4	17	4	16
200,000 - 499,999	1	5	3	10	2	9	3	12
500,000 or more	0	0	0	0	0	0	0	0
Total farms	22	100	30	100	23	100	25	100
Average	75,807		78,845		76,678		88,312	
Manitoba Average	59,300		68,800		78,600		88,800	

NOTE: Columns list number (#) of farms and per cent (%) of total farms.

Source: See Table 3-2.

TABLE 3-8
DISTRIBUTION OF INDIAN FARMS BY NET WORTH CLASS
AVERAGE NET WORTH, 1978 - 1981

	1978		1979		1980		1981	
Net Worth ($)	#	%	#	%	#	%	#	%
less than zero	0	0	1	3	1	4	1	4
0 - 9,999	2	9	3	10	5	22	7	28
10,000 - 19,999	5	23	5	17	0	0	1	4
20,000 - 29,999	3	14	3	10	6	26	1	4
30,000 - 49,999	4	18	5	17	3	13	4	16
50,000 - 69,999	3	14	7	23	3	13	3	12
70,000 - 99,999	3	14	4	13	1	4	5	20
100,000 or more	2	9	2	7	4	17	3	12
Total farms	22	100	30	100	23	100	25	100
Average	56,376		48,485		47,442		52,508	
Per cent of Average Gross		74		61		62		59

NOTE: Columns list number (#) of farms and per cent (%) of total farms.
Source: MIAP files

In the case of eight of the fifteen clients whose farm financial situation was studied during the 1978 evaluation we were able to assemble sufficient data to measure their change in net worth and compare it to the contribution funding net of land development. The combined analysis is depicted in Table 3-9 along with net worth changes of the client group.

Overall the net worth of these clients has increased by some $179,000 (or $22,400 per client) during the two or three years between 1977/78 and the most recent statement. Net of contributions the increase has amounted to $101,000 or $12,700 per client. The average net worth of

TABLE 3-9

CHANGES IN NET WORTH AND ACCUMULATED CONTRIBUTIONS[1/]
OF EIGHT CLIENTS 1977/78 TO MOST RECENT STATEMENT

	1977/78	Most Recent	Change	Average Change per Client
Total Assets	$ 434,332	758,777	324,445	
Total Liabilities	216,112	361,655	145,543	
Net Worth	218,220	397,122	178,902	22,400
Accumulated Contributions	87.632	165,090	77,458	
Gain (loss) in net worth through operations or personal investment			$ 101,444	$ 12,700
Net Worth as per cent of Total Assets	50	52		

Source: MIAP files and P.M. Associates, MIAP Evaluation, 1978.

[1/] Excludes contributions made for land development.

these clients was $49,640 at the time of the most recent statement which makes them similar to the overall sample. Fifty-two per cent of their combined assets are financed by equity.

3.4 Client Assessment of the Program

The fifteen clients who were interviewed were asked to assess the Program with respect to a wide range of issues covering mandate, performance, accountability, quality of service, criteria for acceptance and future options. Their assessments are summarized below:

3.4.1 Program Mandate

Five farmers responded to questions about program mandate. Three of the five felt MIAP should support part-time endeavours. One felt strongly that more full-time, viable farms were "needed".

3.4.2 Program Performance on Respondents' Reserves

On the three reserves, farmers felt that the reserve farmers in general were "doing well". Most are covering costs and all are potentially viable. Recent weather and poor prices were cited as factors adversely affecting farmers.

At the fourth reserve, some clients felt that farms were not performing well, primarily due to lack of motivation.

3.4.3 Reserve Potential

On all four reserves potential agricultural land exists. However, some farmers noted that in some instances land is tied up by existing leases that no one farms or by leases to off-reserve farmers. Some farmers noted that land would come available as these leases expired; other farmers have been forced to rent Crown land off the reserve.

3.4.4 Farming Opportunities Not Taken Up

Where opportunities to farm (i.e., available land) have not been taken up, the respondents cited lack of motivation as the primary reason.

3.4.5 Band-Farmer Relations

Farmers were divided on the question of Band support for their farm venture. Some felt that the chief and council, as well as the community, supported their efforts. Others felt that the chief and council did not support farming in general. Some farmers also noted that relations with other reserve residents were not good and in fact they had been subject to serious vandalism.

3.4.6 Accountability of Board and Administration

Ten of the respondents believed that the Board made good decisions. They also thought that no changes should be made to the current Board. Four others believed that the Board should be changed periodically.

One respondent believed that a Board member should not be allowed to influence decisions pertaining to applications from his own reserve.

One respondent indicated that the newly established farm advisory board played no useful role in MIAP.

One respondent wanted to see more qualified Indian administrators in the Program.

3.4.7 MIAP Contributions/Loans

When asked about MIAP's inputs to the farm operation, only two farmers knew how much MIAP had given them in terms of contributions or loans. Many relied on their farm advisors to keep track of their loans and contributions; at least two farmers could not read or write. In most cases, farmers also did not know the current status of their other non-MIAP loans.

3.4.8 Financial Arrangements with MIAP

Twelve farmers were happy with the financial arrangement with MIAP; three people were unhappy with the interest rate on loans or felt none should be charged. One person felt that the disbursal system was demeaning and that more power should be given to local advisors and MIAP in granting loans. One person felt that the contribution proportion on machinery, livestock, etc., should be fifty per cent.

3.4.9 Training

Of those who responded, only two had taken no training. Response to training was generally favourable. Where respondents were critical they referred to the course as being too short or the fact that no advanced level courses were available after the first one. All farmers felt they had put the information to good use, although only five of fifteen, for example, maintained farm accounts. Three farmers have taken off-reserve training in local community, at the University of Manitoba or in the United States. It would appear that the extensive experience of two farmers as hired farm labourers has given them a valuable grounding in farm management.

3.4.10 Advice

In seven of nine cases farmers were pleased with advice and appeared to respect the farm advisor. In one case a farmer noted that the farm advisor was a little slow in responding to requests and another farmer resented having a farm advisor who knew less than he did.

3.4.11 Application Criteria

All respondents felt that the information taken was fair and that banks or other lenders need the same information. One person worried about confidentiality of the information.

3.4.12 Future of MIAP

All respondents believed that the program was valuable and should continue. Eleven thought it should continue as at present. One wanted to see MIAP manage its own loan fund along with the involvement of qualified Indian people. Another believed interest rates were too high and should be controlled.

Overall, the client respondents had a favourable impression of MIAP and of its program components. Their views with respect to ultimate program output, i.e., viable Indian farms, however, were mixed.

4. FINANCIAL MECHANISMS

MIAP has two financial mechanisms available to serve Indian farmers: loans and contributions. During the first five year term of the agreement the Program approved some $4.3 million in 389 loans to clients. During the same period some 679 contributions totalling $4.9 million were also approved.

The terms of reference of the present study call for both components to be assessed as follows:

> Current loaning program. Review and update latest evaluation of loan portfolio, as well as the most recent departmental reviews of the IEDF 1/agricultural portfolio.
>
> (a) Direct IEDF loans; in particular, identify current trends in loan servicing such as extension of terms, arrears, liquidations.
>
> (b) Guaranteed loans, MIAP and IEDF.
>
> (c) Other sources of credit. Trends to or from such sources.
>
> Contribution Component.
>
> (a) Evaluate current program limits in light of the increasing economic price-cost squeeze. Use models to illustrate.
>
> (b) Cost benefit of land clearing -- extensive versus intensive use.
>
> (c) Off-reserve purchases -- cost benefit.
>
> (d) Corporation-owned equipment -- update latest study.

4.1 Loan Program

4.1.1 Objectives, Policy, Loan Experience

The objective of the Loan Program, as stated in the Treasury Board submission seeking extension of program authority to 1985 is:

> "To facilitate the obtaining of loans for capital and operating on reasonable terms by some 295 applicant farmers by 1985."

1/ Indian Economic Development Fund.

This component of the program was to be continued beyond 1980, in part, because Indian farmers were experiencing considerable difficulty in obtaining loans for both operating and capital purposes from conventional sources.

The Programs policy and procedures with respect to reviewing, approving and managing loans is summarized as follows:

1. All applications to include farm plan detailing physical, management, training and financial requirements.
2. The corporation will review the application and assist and advise applicant on sources of loans and procedures to obtain loans.
3. Evidence of legal land tenure for the loan period plus one year required.
4. MIAP will recommend to DIAND Regional Director on granting of loans and will administer, disburse and collect on loans.
5. MIAP is responsible for application of IEDF regulations.
6. Security to be taken for full amount of loan and any accompanying contribution agreement other than for on-reserve land development.
7. MIAP will not fund purchase of on-reserve leases, Certificates of Occupation or Certificates of Possession.
8. Operating loans are repayable within the applicable operating cycle.
9. Action on arrears regarding extension or foreclosure is taken by the Board on review of loan status.

Between the beginning of fiscal 1980/81 (the first year of the five year Agreement extension) and September 30, 1982, the program has approved a total of 260 loans. The total amount approved was $3,340,734, i.e., some $12,849 per loan. The Treasury Board Submission forecast that, during the first two and one-half years of the Agreement extension, loans would total 250 with approved amounts of $3,497,000. Thus actual experience has been almost exactly as predicted.

Since the period covered by the previous Program evaluation, i.e., since April 1, 1978, the Program has approved 431 loans with a total approved amount of $5,265,073 or $12,216 per loan. Livestock and machinery account for the largest share of loan funding, as shown in Table 4-1 below.

TABLE 4-1

DISTRIBUTION OF MIAP LOAN FUNDING BY PURPOSE, 1978-1982

	$000	Per Cent
Livestock	1,719	33
Machinery	2,147	41
Buildings	355	7
Operating	880	17
Other	165	3
Total	5,266	100

Source: MIAP Inc., 2nd Quarter Report, 1982/83.

4.1.2 Loan Portfolio Evaluation

In 1978 and again in 1981 MIAP's loan portfolio and practices were reviewed by DIAND loan officers. In addition a major review of the loan portfolio and lending practices along with an analysis of alternative loan systems was undertaken by PM Associates Ltd.[1/] While the present study has undertaken to update some of the information and assessment prepared during these reviews, it is neither as comprehensive nor as wide in scope as any of them.

[1/] PM Associates Ltd., Loan Portfolio Study. October 1981.

The PM study covered the period from the inception of the Program to October 31, 1980. During this period, the Program approved $5.0 million in loans, an amount which accounted for 50 per cent of loans made from the IEDF in Manitoba during that period. At the time of the review, there were 474 loans outstanding with total balances of $3.1 million. The review found that 41 per cent of outstanding loans accounting for 17 per cent of the outstanding balance were in arrears. Five per cent of loans were in arrears for more than 3 years. The study determined that 12 per cent of the portfolio represented bad debts of which perhaps half would be recoverable via seizures of security or voluntary releases.

The PM and departmental loan reviews produced a fairly lengthy list of concerns and recommendations relating to loan applications, documentation, security, disbursements, repayments and reporting procedures. These are summarized below:

1. Delays in processing of applications to approvals stage.

2. Availability and type of post-loan counselling.

3. Security Procedures
   - documentation should include loan reference number
   - files should be properly cross-referenced
   - procedure should be in place to release security on discharged loans
   - appropriate security should be in place or, if appropriate, formally waived
   - procedures should be instituted for follow-up and renewal of all types of security
   - chattel mortgages should be prepared by program staff, not legal counsel
   - security data should be recorded in computer files
   - security documentation should be controlled by a security clerk
   - security documentation should be tailored to loan circumstances
   - delays between loan disbursement and execution of security should be reduced

- chattel mortgages should coincide with the amount of the loan
- there should be regular reports to the Board on the status of loan and security portfolios.

4. Disbursement Procedures Required
   - to reduce computer entry errors
   - to notify Board by memorandum of overdisbursements
   - to notify Board of change of loan purpose
   - to notify Board of extension of disbursement period.

5. Loan Documentation
   - applications should contain improved historical and financial data
   - credit checks should be better documented
   - applicants should receive formal explanation of security requirements during application and at time of approval
   - application review should be scheduled to permit Board time to analyze application and staff recommendations thoroughly.

The present study reviewed the portfolio's current status through study of the computer printed loan ledgers and aged accounts receivable. The extent to which procedure improvement has occurred was assessed through interviews with MIAP's Loans Analyst and DIAND's IEDF Fund Manager.

Current Portfolio Status

As at January 31, 1983, MIAP's loan portfolio included 433 loans with outstanding balances totalling about $4.6 million. Since the loans were disbursed, some $4.1 million in principal and interest has come due, of which $2.0 million have been paid. Total arrears are thus $2.1 million or 46 per cent of the outstanding portfolio (compared to 41 per cent at October 31, 1980). Table 4-2 summarizes the portfolio position with regard to amounts.

TABLE 4-2

MIAP LOAN PORTFOLIO AT JANUARY 31, 1983[1/]

	Principal ($000)	Interest ($000)	Total ($000)	% of Total Outstanding
Outstanding	4,067	692	4,650	
Due	2,673	1,467	4,141	89
Paid	1,218	776	1,994	43
Arrears	1,455	692	2,147	46

Source: MIAP Loan Ledger Summary, January 31, 1983.

[1/] This refers to all loans outstanding including those made prior to 1978. Clients often have more than one loan (e.g., tractor, operating); IEDF regulations do not permit consolidation of loans so they are maintained separately.

Because the ledger reported status at January 31, 1983, only two months after the due date of virtually all MIAP loans, some 297 -- or 69 per cent of all loans -- were technically in arrears. The remaining 136 were either paid to date or pre-paid. If six months past-due is taken as the cut-off defining serious arrears, then some 219 loans or 50 per cent of the portfolio's accounts are in arrears. Table 4-3 indicates the portfolio's status with respect to age of arrears.

Over half of MIAP's accounts in arrears represents a serious situation. The arrears problem is no doubt, in part, the result of the serious drought conditions of the early 1980s, early frost in 1982 and low farm product prices that have prevailed in recent years. Yet casual inquiry among other agricultural lenders suggests that while the farm community in general is struggling and having more than the usual problems in managing debt loads, the magnitude of the problem in no way approaches that of MIAP's clientele. In this case poor climatic and economic conditions are probably compounded by lack of experience, small scale, lack of equity, underdeveloped management skills and certainly, in some cases, a poorer quality land base, inadequate training and insufficient interaction with farm advisors.

On the other hand, one DIAND lending official was concerned that MIAP's current write-off rate (6 per cent of the portfolio, compared with 25 to 30 per cent for the rest of the IEDF) is artifically low and being kept there by MIAP's practice of extending loan terms too often. In his view this could mean that when extensions are no longer possible and write-offs and liquidations finally become necessary, the farm equity base will be eroded through continued losses.

TABLE 4-4

MIAP TRENDS IN LIQUIDATIONS AND EXTENSIONS

Fiscal Year	Liquidations[1/] and Defaults	Extensions
1978/79	5	17
1979/80	8	15
1980/81	9	22
1981/82	0	20
1982/83	11	30

[1/] Includes voluntary releases, foreclosures, repossessions and defaults without security.

Loan Portfolio Management Procedures

The interviews with the MIAP Loans Analyst and DIAND's IEDF Manager revealed that most of the procedural problems identified in the earlier reviews were either remedied or on their way to being remedied. Some of the outstanding problems are:

1. Post-loan counselling continues to be a difficult area as evidenced by the state of arrears. One reason for this difficulty is that the farm advisers are required to function as loan counsellors/collectors, a role which is not always compatible with their advisory relationship with the clients.

TABLE 4-3

MIAP LOANS OUTSTANDING BY AGE OF ACCOUNTS RECEIVABLE

	Number of Accounts	% of Accounts
Current or Prepaid	136	31
Less than 6 months in arrears on principal and/or interest	78	18
6 to 12 months in arrears on principal and/or interest	0	0
12 to 24 months in arrears on principal and/or interest	79	18
More than 24 months in arrears on principal and/or interest	140	32
	433	100

Source: MIAP Aged Accounts Receivable, January 31, 1983.

Among conventional lenders and indeed at DIAND itself, such an arrears situation would prompt increases in foreclosures, liquidations and bad-debt write-offs. Such has been the case at MIAP. Whereas in 1978/79, 5 foreclosures and voluntary liquidations occurred, by 1980/81 the number had risen to 9. In fiscal 1982/83, there have been 11 foreclosures or voluntary releases. The rates of liquidation (voluntary or otherwise) are shown in Table 4-4. More dramatic has been the increase in term extensions, also shown in Table 4-4. Program staff emphasize that extension is their way of dealing with situations where ability and willingness to pay may overcome an arrears position which is not yet out of hand.

Program staff indicated that the board policy in granting loan extensions is to consider the following:

1. poor production due to natural disasters or poor prices (1 year extension);
2. attempt by the farmers to pay where the production has been sold (other action may be taken);
3. attempt to salvage an operation in extreme cases (extension of loan three to four years and tight financial controls).

2. Most security management and documentation problems have been resolved since the Program hired a Security Clerk. One outstanding concern is the maintenance of security on long-term livestock loans. These loans have terms as long as fifteen years; during this long a period, security is at risk for two reasons: (a) the asset may not survive and (b) it is easily disposed of. Most farm lenders do not lend for more than five years against livestock chattels.

   Machinery loans normally have five year terms; however, in some cases, machinery may also be at risk due to poor maintenance.

3. Outstanding problems with respect to loan documentation are: (a) there is no mechanism yet established to undertake comprehensive credit checks and (b) loan/contribution application review is still not scheduled to permit thorough review by the Board.

During the course of the evaluation several other issues emerged which were not discussed in the Departmental portfolio reviews. These included:

1. Concern on the part of some advisors and clients that MIAP loans had higher interest rates and less favourable terms than those of other agricultural lenders, e.g., the Farm Credit Corporation.

2. The current IEDF regionally-approved loan limit of $50,000 is too low for agriculture under today's conditions. Applications for greater amounts must be approved at DIAND Headquarters in Ottawa; applicants are experiencing unconscionable delays.

3. Some MIAP officials stated that MIAP's image and track record argued in favour of MIAP's establishing its own loan fund independent from the IEDF, a position that was supported by some of the DIAND officials interviewed. The fact that MIAP loan repayments have been greater than those of the rest of the IEDF has also been marshalled in support of an independent fund. Other Departmental officials disagree, however, and cite the high rate of arrears and extensions.

4.1.3 Use of Guaranteed Loans and Conventional Lenders

MIAP clients have two guarantee mechanisms available to them to assist them in securing loans from conventional sources. One is a DIAND guarantee on loans from the Farm Credit Corporation (FCC), the other is a guarantee arrangement between MIAP and the Credit Union Central of

Manitoba (CUCM). Neither of these guarantee mechanisms is widely used. It appears that the reluctance of individual credit unions to finance Indian farmers plus the ready availability of loans through MIAP have discouraged the use of these services. For example, while MIAP maintains an account of over $400,000 at CUCM for the purposes of covering loan guarantees, only six loans have been made on this basis. Alternatively, the FCC's eagerness to invoke the guarantee clause has also discouraged the use of this mechanism.

The guarantee programs were established to assist Indian farmers in obtaining experience and a credit background with conventional lending institutions. Clearly the programs are not having this effect and should be re-assessed. It may be that MIAP should take the initiative in steering its more established clients in the direction of this lending service so that they may develop contacts and confidence with outside lenders. At present, however, there is little incentive to use this source of funds since there is no shortage of IEDF funding.

While Indian farmers rely extensively on MIAP for farm operating and capital loans, conventional lenders are providing loan funds to some Indian farmers. A trend toward use of outside financing was noted some two years ago, however it does not appear to have been sustained, except perhaps in the case of operating loans. Outside loans associated with MIAP contributions numbered 36 (for $260,000) in 1979/80 and 38 (for $267,000) in 1980/81; they had fallen to 24 (for $106,000) in 1981/82 and numbered only 7 (for $23,000) during the first half of 1982/83.

At the end of 1981/82, MIAP staff noted that Program operating loans had declined substantially over the previous year and attributed this decline to use of outside financing. In the first half of 1982/83, however, the value of MIAP operating loans has increased dramatically, suggesting, perhaps, that growth in use of outside financing has been curtailed, at least temporarily.

4.2 Contribution Component

4.2.1 Objectives, Policy, Experience

The objective of the contribution component of the program is to assist Indian farmers to establish an equity position to encourage and facilitate more extensive use of loans. The rationale for the component is that it:

> "...is not economically possible under prevailing conditions for a modern farm operation to carry the financial burden imposed by the required infrastructure development and startup costs, even on a long term basis..." 1/

Currently the policies pertaining to farm contributions are as follows:2/

> "The maximum contribution to an individual shall not exceed $60,000 or 60% of the total farm cost, whichever is less.
>
> The maximum contribution to a group, Corporation, Co-op, Partnership, etc. shall not exceed $180,000 or 60% of the total cost or, the lesser of $60,000 or 60% of the total cost in respect of each single farm unit that could be established on the same land, provided that the aggregate amount so derived does not exceed the lesser of $180,000 or 60% of the aggregate total cost of the single unit. No individual is eligible to obtain in excess of $60,000 contribution.

- The Corporation <u>may</u> provide individuals or groups of clients with 100% contributions over and above the limitations specified above to provide necessary access roads and drainage works which are deemed to provide overall economic benefits which could not otherwise be included within an individual or group's application as a result of the limitations specified above.

- All applications submitted to the Corporation must include a farm plan detailing the total physical, management training and

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1/ 1980 Treasury Board Submission.

2/ Ibid.

financial requirements for developing the farm unit and implementing the operation. The amount of contribution that is required to establish an equity position will be determined in such a way that loan capital needs can be geared to the applicant's repayment ability.

- Contributions will be approved to only those applicants who the Corporation is convinced lack equity and repayment ability to obtain the necessary loan credit.
- All contributions or other non-repayable financing obtained by the applicant from other sources will be included and considered for purposes of determining the maximum contributions which can be approved under this program."

The program makes contributions available for a number of purposes: land development, off-reserve land purchases, livestock, farm buildings and equipment, community pasture development and veterinary services. The program objectives and policy pertaining to each of these purposes are discussed below.[1/]

Land Development

OBJECTIVE: To bring into production between 1980/81 and 1984/85 some 6,000 acres of arable land and 10,000 acres of undeveloped pasture lands.

POLICY:

- Contributions in amounts up to and including 100% of the cost of land improvements may be approved by the Corporation pursuant to the limits prescribed in Farm Development Contributions Policy paragraphs 1 and 2.
- Land improvements, by definition, shall include such things as: land clearing, land breaking, perimeter fencing, primary and secondary drainages, livestock handling facilities, water sites and direct access roads to agricultural land resources.
- The Corporation must ensure that financial and other resources of existing Federal and Provincial programs are investigated and utilized before approving and committing funds provided to MIAP.
- The Corporation must ensure that all major contract work is tendered and that progress payments are made only following inspection and certification by qualified persons.

[1/] From 1980 Treasury Board Submission.

Purchase of Off-Reserve Land

OBJECTIVE: To provide an opportunity for Indian farmers to acquire additional land resources as the availability of reserve lands declines.

POLICY: Re: Amendment of Manitoba Indian Agricultural Program Inc. The subject Program is hereby broadened to allow an equity contribution to be made to an Indian applicant, qualified within the meaning of the Program, for the purchase of off-reserve farm land, including any permanent improvements thereon, under the following conditions:

1. Land of suitable quality and quantity for the establishment and/or maintenance of an economic single farm unit is not available on reserve.
2. The applicant qualifies for a loan to the satisfaction of the Farm Credit Corporation or other recognized lending institutions.
3. The farm land intended to be purchased is of quality and quantity adequate for the establishment and maintenance of an economic single farm unit.
4. The contribution made to an applicant will be in the amount necessary to assist the applicant to meet the equity requirements of the purchase but in no case shall exceed 30% of the purchase price,to a maximum of $30,000.
5. The aggregate of a contribution toward the purchase of farm land as described in paragraph 4) above and other contribution sums to which an applicant may be entitled under Schedule "D" of the program shall not exceed $60,000.
6. In the event that recipient of contributions, made in accordance with paragraphs 4) and 5) above, decides for whatever reason to dispose of the farm land by sale within five years from the date of purchase, the following provisions will apply against the proceeds of sale:
    a. Outstanding loans contracted for the purchase of the farm land or its improvements or operation will be retired.
    b. The balance of proceeds from the sale will be used to reimburse the Manitoba Indian Agricultural Program Inc. on the following basis for contributions made toward the purchase of the farm land and for subsequent permanent improvements as provided for in paragraph 5) above:
        i. if sold within one year from the date of purchase 90% of contribution;
        ii. if sold within two years from the date of purchase 70% of contribution;

iii. if sold within three years from the date of purchase 50% of contribution;

iv. if sold within four years from the date of purchase 30% of contribution;

v. if sold within five years from date of purchase 20% of contribution.

7. Contributions and/or IEDF loans made to an applicant under this amendment will be secured by a second mortgage.

Livestock, Farm Buildings and Equipment

OBJECTIVE: To establish a minimum operating position for the applicant in terms of basic livestock, buildings and equipment.

POLICY:

- Contributions in amounts up to but not exceeding forty per cent (40%) of the total cost of livestock, buildings and equipment items may be approved by the Corporation.
- The Corporation must satisfy itself that the costs of items quoted in an application are fair and just.
- The Corporation must assist and advise a successful applicant in every possible way to ensure he receives fair and just treatment in purchases and construction.
- Contributions will be earned over a period of time based on the financial and physical productivity of the client.
- The Corporation may purchase special equipment on its own account to provide groups of clients with machinery that is not economically justifiable for individuals to retain. Alternatively, up to 100% contribution may be provided to groups to purchase these machines for similar purposes.

SOURCES OF FUNDING FOR SCHEDULE "D" - Indian Affairs, The Manitoba Agricultural Rural Development Agreement and the Department of Regional Economic Expansion programs make available certain assistance. It is not possible at this time to predetermine the amount of assistance which may be obtained from these sources. Provision has been made for 100 per cent to be funded by Indian Affairs.
The Corporation will continue to examine these other programs with a view to negotiating shared cost arrangements, thereby reducing its reliance on Indian Affairs for total funding of the Agricultural Program. In particular, this will apply to areas such as access roads, community pastures and drainage projects.

Community Pastures

OBJECTIVE: To increase Indian livestock farmers' production capacity and earnings opportunities.

POLICY:

- The Corporation may make a contribution up to but not exceeding $180,000 for the construction of any one community pasture.
- Community pastures developed under this program must be made available to all livestock farmers within a band. Where there remains an unutilized capacity after meeting local needs the pasture management may fill that capacity with other farmers.
- There must be a formalized agreement between the Corporation and the applicant for the establishment and maintenance of a community pasture organization and management which will include farmer representation. In addition, the applicant organization must agree to a user fee structure sufficient to permit permanent maintenance of the pasture at a level acceptable to the Corporation.
- Contributions for community pastures shall not be approved where Indian usage will be less than seventy-five per cent of the carrying capacity after an initial period of three years.

Veterinary Services

OBJECTIVES: To facilitate the ability of Indian farmers to avail themselves of the existing provincial veterinary clinic program. To ensure that an adequate level of veterinary services is provided to livestock on reserves.

PURPOSE: To ensure participation in the Provincial Vet Services Program at an equitable cost to the Indian farmers.

POLICY:

- Financial assistance may be provided annually up to but not exceeding $380 for the provision of services on an area or reserve basis but not on an individual farm basis.
- Items such as emasculators, dehorners, calf puller syringes, if required,should be identified and included in the overall farm plan. Items such as drugs, needles, etc., should be included in the farm plan when the operating requirements are identified.
- No individual farm bills or Band bills for veterinary services or supplies are eligible for financial assistance.

Since the program began in 1975, the Board has processed some 1,240 applications for contributions (to September 30, 1982) and approved

1,094 (88 per cent) of these. Approvals were for a total of $9.0 million, an average of $8,223 per approval. Since the beginning of the program extension in fiscal 1980/81, the Board has processed 475 applications and approved 415 (87 per cent) for a total of $4.1 million or $9,779 per approval. Table 4-5 compares the use of contribution funds during the first three years of the Agreement extension with the budgeted amounts. This comparison shows that the component spending has not exceeded the budget. Included in the Treasury Board budget figures here are the last six months of 1983, for the budget was committed prior to the last half of the fiscal year.

TABLE 4-5
USE OF CONTRIBUTED FUNDS BY INDIAN FARMERS
ACTUAL VERSUS BUDGET, APRIL 1, 1980 TO SEPTEMBER 30, 1982

	Actual[1/] ($000)	%	Budget ($000)
Land Development and Purchase	942	27	1,165
Drainage	360	10	250
Fence, Wells, Livestock Facilities	221	6	350
Equipment, Buildings, Livestock	1,557	44	1,056
Veterinary Services	0	0	30
Community Pastures	195	6	425
Access Roads and Other	230	6	280
Total	3,504	100	3,556

Source: Actual from MIAP Annual Reports 1980-81, 1981-82 and Quarterly Report, 2nd Quarter 1982-83.
Budget from 1980 Treasury Board submission.

[1/] Total may not concur with column due to rounding.

4.2.2 General Observations

In general two issue areas are of interest in evaluating the contributions component. First, to the extent that objectives and achievements are measurable, did this component effectively achieve its goals? Second, was the component managed according to the set of principles and guidelines discussed above as policy?

With respect to the first question, only two of the objectives set out under this component are actually measurable. They are: (1) the extent to which land development goals have been met, and (2) the extent to which contributions have produced financially stable farm enterprises. The land development objectives were discussed in Chapter 2. It appears that MIAP is on, or almost on, target with its land development goals although, at the same time, some previously developed land has gone out of production. The overall objective, it appears, is not being achieved or has only partly been achieved. This is apparent from the number of farm failures and the high rate of arrears on loans. Factors other than the adequacy of the contributions component have had a role in this situation (see 4.1.2). However, as discussed below in 4.2.3, the adequacy of current contribution limits can be questioned, especially for farms which began development since, say, 1978.

As part of our review of a sample of sixty client files, we attempted to assess the extent to which contribution component management accords with MIAP policy. We found that, in general, and to the extent that such a review could reveal degree of policy compliance, that the granting of contributions was in accord with policy. For example, only a few minor instances were noted where contribution limits were exceeded; in all these cases the sums were trifling.

As a result of this review, however, we found that there are three areas where MIAP should clarify its policy by setting explicit guidelines.

First, not all funding applications were fully completed. In many cases reviewed there were significant information gaps. It was often difficult to determine whether or not a complete and satisfactory farm plan has been developed in accordance with the policy that all applications include a detailed farm plan with respect to physical, management, training and financial requirements. In the last six months progress has been made, at the request of the board, toward ensuring that applications are completed.

Second, there is some evidence that MIAP is not always acting in accordance with its stated policy of approving contributions only to applicants who lack their own equity and repayment ability, although in the absence of defined guidelines it is difficult to be certain. For example, in 1982, MIAP approved a contribution of $39,000 to a client whose reported farm net worth was in excess of $90,000 and who reported off-farm income of over $64,000 in that year. In 1979, another client, reporting off-farm income of $67,000 and non-farm assets in excess of $110,000,received a $6,000 contribution. Another client, in 1982, received nearly $30,000 in contributions while reporting a non-farm net worth in excess of $150,000. In the same year another client reported non-farm net worth of $120,000 and off-farm income of $56,000 and received $22,400 in contributions.

Third, one MIAP official noted that there were a number of cases where a MIAP-assisted farmer was a participant in more than one farm venture which had been granted contributions. In at least one case two operations were established on the same land base and shared machinery. One of these operations was a single proprietorship, the proprietor of which was also a partner in the other operation. The partnership had received contributions totalling $76,834 while the proprietorship had received $36,965 for a total of $113,799. This area too, is one where MIAP should clarify its guidelines.

MIAP has pursued funding from other programs in order to supplement contribution funds provided by the program. PFRA and Special ARDA have been approached by MIAP regarding access roads to agricultural areas on reserves, dugout construction and land clearing. MIAP has had little success, however, in tapping the funding available through these programs. This situation contrasts with Saskatchewan where Special ARDA undertakes about ninety per cent of the land development cost for the SIAP program and PFRA has been involved in Indian farm operations. MIAP should continue to pursue these potentially useful and appropriate alternate funding sources, particularly for the costly land development activities in the program.

4.2.3 Contribution Limits

There has been increasing concern in recent years that limits on contributions either as a percentage of cost or as a global ceiling have become inadequate. These limits were established in 1975; since that time general inflation has almost halved the value of a dollar. Farm input prices have more than doubled.

The objective of the contributions component was to provide a sufficient equity base to make the farm unit financially viable. In order to test the theory that the limits were now too low we carried out a simple financial analysis of two different but typical MIAP farm units. Certain simplifying assumptions were made in each case to illustrate the impact of contribution limits. The first is a mixed operation whose asset base and production resemble that of the average Manitoba farm. The second is a representation of a larger cow-calf finishing operation typical of the largest MIAP assisted farms in the Interlake area. The results of each analysis clearly indicate a need to re-assess contribution limits.

Mixed Farm

This mixed farm is patterned after the statistically "average" Manitoba farm. Table 4-6 below indicates its size, asset base and operat-

TABLE 4-6

CHARACTERISTICS OF MIXED FARM

	1976	1981
Total acres	600	600
Improved acres	400	400
Value of machinery and equipment	$ 30,000	$ 54,000
Value of livestock	11,000	23,000
Total gross assets	$ 41,000	$ 77,000
Gross income	$ 29,000	$ 55,600
Operating expenses	$ 14,600	$ 30,400
CONTRIBUTIONS:		
Land development, 360 acres	$ 21,600	$ 54,000
Machinery, equipment	12,000	4,300
Livestock	4,400	1,700
Total	$ 38,000	$ 60,000
LOANS:		
Total amount	$ 24,600	$ 71,000
Average assumed term	7 years	7 years
Interest rate	12%	15%
Operating loan requirements (% of costs)	75%	75%
Operating loan interest rate	13%	16%

ing income and expenses for two years. The year 1976 is taken to represent the time at which the limits were originally established, while 1981 is used to depict the present.

As Table 4-6 shows, asset requirements, operating costs and gross incomes have all approximately doubled between 1976 and 1981. The contribution is constrained by the $60,000 cap; since most of the $60,000 is now required for land development, however, loan requirements for livestock and machinery have tripled. Long term interest rates and operating loan interest rates have also increased. On average we continue to assume that the loans must be amortized over seven years. Thus, annual interest and principal payments would total $5,390 for the loan taken out in 1976 and $17,065 for the 1981 loan.

Consider first the farm started in 1976 and assume equal performance in each of the first five years of operation. Table 4-7 depicts this farm's financial picture. At the end of five years this farmer's outstanding debt has decreased from $24,600 to about $9,000; his equity has increased from $41,000 to $56,400 and his accounting income (gross cash flow less interest less depreciation) increases from $6,600 in the first year to $8,000 in the fifth. His actual cash income for personal expenses, to replace depreciated assets and to finance growth, stays at about $8,300 per year. His annual return on equity, without imputing any value to his labour, ranges from 14 to 16 per cent, hardly a munificent reward. However, this farmer accumulates no loan arrears. With sacrifice and reasonably good luck, a projection of this income picture over several more years would see the farmer gradually increase his equity to the point that the farm could provide cash returns commensurate with the scale of his investment and perhaps even his efforts.

The picture shown in Table 4-7 depicts a farmer whose financial and management acumen approximate those of the "average" Manitoba farmer. Suppose, however (and not unrealistically) that:

1. When the new farmer begins, his lack of experience means that in the first year he will only gross 75 per cent of the Manitoba "average", a proportion which rises by five percentage points a year until his productivity is identical.

TABLE 4-7

FIVE YEAR FINANCIAL PROJECTION: MIXED FARM STARTING IN 1976

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	$ 29,000	29,000	29,000	29,000	29,000
Operating Expenses	14,600	14,600	14,600	14,600	14,600
GROSS CASH FLOW	14,400	14,400	14,400	14,400	14,400
Operating loan interest	700	700	700	700	700
Capital loan interest	3,000	2,700	2,300	2,000	1,600
	3,700	3,400	3,000	2,700	2,300
CASH FLOW AFTER INTEREST	10,700	11,100	11,400	11,700	12,100
Principal Repayments	2,400	2,700	3,100	3,400	3,800
NET CASH INCOME	8,300	8,400	8,300	8,300	8,300
Depreciation at 10% straight line	4,100	4,100	4,100	4,100	4,100
ACCOUNTING INCOME	$ 6,600	7,000	7,300	7,600	8,000
Loan arrears on principal	0	0	0	0	0
Loan arrears on interest	0	0	0	0	0

Numbers may not add due to rounding.

2. His management ability, coupled with his location, create operating costs 25 per cent higher than the average in the first year, a proportion which declines by five percentage points per year until it is identical with the average.

3. Certain costs such as rents and land taxes are not applicable to the Indian farmer.

4. In the third year he is hit by drought or hail which reduces his gross income to 50 per cent of what it would have otherwise been.

The financial experience of this farmer is shown in Table 4-8. Unless this farmer has non-farm income to cover his operating losses and to make provision for asset depreciation his equity will have declined by some $15,000 over the five year period. No positive cash income is earned at all and accounting income is negative in all but the fifth year. His total loan arrears on principal and interest amount to nearly $11,000 in the fourth year. Probably access to non-farm income or disposal of some farm equity are all that would prevent the Program from foreclosing in the third or fourth year. This farm failure would cost society some $38,000 in contributions, not to mention the considerable personal anguish of the farmer. Alternatively, off-farm income and/or loan extensions would keep this operation going; if years 6 and 7 were like year 5, this farm might finally get on its feet.

This is probably a fair, albeit simplified, representation of a typical MIAP client beginning operations in 1976. If the same client were to begin operations in 1981, however, the outcome would be much more certain. This farm would not survive the first five years and if it did, equity losses would exceed $35,000. All income to meet personal expenses would have had to come from other sources. With a very large off-farm income, the farmer may have been able to ameliorate the state of arrears shown to have developed by year 3 (i.e., some $35,000 in principal and interest). For most MIAP sponsored farmers, however, this level of income does not exist, nor is there sufficient equity to buffer the farmer against the interest costs of his debt load. Indeed, that is why the contribution component exists. Here, in a reasonably typical situation,

TABLE 4-8

FIVE YEAR FINANCIAL PROJECTION: MIXED FARM STARTING IN 1976
WITH LEARNING COSTS

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	$ 22,000	23,000	12,000	26,000	28,000
Operating Expenses	18,000	17,500	17,000	16,000	15,000
GROSS CASH FLOW	4,000	5,500	(5,000)	10,000	13,000
Operating loan interest	900	900	0	1,600	700
Capital loan interest	3,000	2,900	0	8,400	3,800
	3,900	3,800	0	10,000	4,500
CASH FLOW AFTER INTEREST	100	1,700	(5,000)	0	8,500
Principal Repayments	100	1,700	0	0	8,500
NET CASH INCOME	0	0	(5,000)	0	0
Depreciation at 10% straight line	4,100	4,100	4,100	4,100	4,100
ACCOUNTING INCOME	$ (4,000)	(2,400)	(9,100)	(4,100)	4,400
Loan arrears on principal	$ 2,300	3,300	6,300	9,800	5,100
Loan arrears on interest	0	0	3,600	1,100	0

Numbers may not add due to rounding.

it is shown to be inadequate. Given MIAP's current policies, this farmer would have been closed out at the end of year 3 (see Table 4-9).

While rising costs in general have created this type of situation, the major villain in the piece is the increase in land development costs. In the above example, the requirement for $54,000 to develop land means that this farmer has little contribution funding available for livestock and machinery and must finance far too much of these costs through loans.

It has been suggested by some of the respondents in our interviews that land development costs be treated differently from other contribution areas. The role of land development costs in reducing the value of current maximums also argues in favour of treating land development separately from other contributions.

Large Cow-Calf Operation

With many of the reserves on which farming activity is taking place consisting of land suitable for cattle operations, the cow-calf finishing farm utilizing a fairly substantial land base is often an objective of farm development. This type of operation typically utilizes two or more sections of pasture land, some of which may be developed.

In this example it is assumed that the land base is acquired and partly developed during the first two years. Livestock and equipment, however, are acquired over a five year period with about half the acquisitions occurring during the first two years. The ultimate number of marketings of finished cattle is not achieved until the fifth year when the farmer markets one hundred head of finished steers and heifers. Operating costs are typically about fifty per cent of gross earnings on a farm of this type. The operating and capital parameters of this operation are shown in Table 4-10 separately for an operation commencing in 1976 and one commencing in 1981. The corresponding loan and contributions profiles are depicted in Table 4-11. As indicated, contributions are received totalling $48,000 for 1976 start-up; this is equivalent to fifty

TABLE 4-9

FIVE YEAR FINANCIAL PROJECTION: MIXED FARM STARTING IN 1981
WITH LEARNING COSTS

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	$ 41,000	43,800	23,300	49,200	52,000
Operating Expenses	30,400	29,200	28,000	26,800	25,600
GROSS CASH FLOW	10,600	14,500	(4,800)	22,400	26,400
Operating loan interest	1,900	1,800	0	3,300	1,500
Capital loan interest	8,800	12,800	0	19,200	17,200
	10,700	14,600	0	22,500	18,700
CASH FLOW AFTER INTEREST	0	0	(4,800)	0	7,600
Principal Repayments	0	0	0	0	7,600
NET CASH INCOME	0	0	(4,800)	0	0
Depreciation at 10% straight line	7,700	7,700	7,700	7,700	7,700
ACCOUNTING INCOME	$ (7,700)	(7,700)	(12,500)	(7,700)	(100)
Loan arrears on principal	6,400	13,800	22,300	32,000	35,600
Loan arrears on interest	1,900	0	12,400	5,700	0

Numbers may not add due to rounding.

TABLE 4-10

CHARACTERISTICS OF COW-CALF OPERATION

		1976	1981
Total acres		1,600	1,600
Improved hay/pasture		400	400
Value of farm assets excluding land:	Year 1	$ 40,000	$ 80,000
	Year 2	50,000	100,000
	Year 3	60,000	120,000
	Year 4	70,000	140,000
	Year 5	80,000	160,000
Per Cent of Ultimate Capacity Marketed (Capacity = 100 head)	Year 1	20	20
	Year 2	40	40
	Year 3	60	60
	Year 4	80	80
	Year 5	100	100
Price Received per Pound Liveweight of Cattle Marketed		$ 0.42	$ 0.70

TABLE 4-11

CONTRIBUTION AND LOAN PROFILE OF COW-CALF OPERATION

		1976	1981
Land Development Contributions	Year 1	$ 8,000	$ 16,000
	Year 2	8,000	16,000
	Total	16,000	32,000
Livestock and Equipment Contributions	Year 1	16,000	14,000
	Year 2	4,000	3,500
	Year 3	4,000	3,500
	Year 4	4,000	3,500
	Year 5	4,000	3,500
	Total	32,000	28,000
TOTAL CONTRIBUTIONS		$ 48,000	$ 60,000
Loans for Livestock and Equipment	Year 1	$ 24,000	$ 66,000
	Year 2	6,000	16,500
	Year 3	6,000	16,500
	Year 4	6,000	16,500
	Year 5	6,000	16,500
	Total	$ 48,000	$ 132,000
Average term of loans		7 years	7 years
Capital loans interest rate		12%	15%
Operating loans interest rate		13%	16%
Operating loan requirements (% of operating costs)		75%	75%

per cent of total costs. By 1981, however, total costs have risen enough to bring the $60,000 limit into force and consequently loan requirements are almost triple those for the 1976 start-up.

Table 4-12 depicts the financial performance of the farm starting in 1976. The farm has a rocky start, going into arrears in the initial year. However, it recovers and during the five year period the farmer acquires new equity of $19,000 and earns net income after depreciation of about $13,000. This level of income is very modest and cannot be said to represent a reasonable income considering the work invested in developing the farm and the contribution of $48,000. However, at the end of the five year period, the farmer, who had nothing to begin with, has a total equity of some $47,000 plus the land and his income prospects should be brighter in future years.

Not so for his counterpart who undertakes the same program five years later. This farmer never earns an income during the first five years of operation. His equity loss is some $9,000. He is able to bring his interest arrears under control by year 3. However, principal arrears will continue to increase well beyond year 5 (Table 4-13). Unless this farmer is extremely lucky, he will spend almost ten years working for nothing, that is if the Program allows him to continue beyond year 3. If bad luck should intervene in this scenario, he may never even bring his interest arrears under control.

This is clearly the type of situation that the contributions component was intended to forestall. In this case land development costs are less significant; however, this farm is a more ambitious undertaking, typical of the larger MIAP clients. The overall $60,000 limit is clearly inadequate to meet this farm's needs in present day circumstances.

Suggested Limits

The foregoing examples, the current state of a large number of MIAP loans and the beliefs of several Program officials all point toward the following future courses of action with respect to contributions:

TABLE 4-12

FIVE YEAR FINANCIAL PROJECTION: COW-CALF OPERATION STARTING IN 1976

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	$ 8,400	16,800	25,200	33,600	42,000
Operating Expenses	4,200	8,400	12,600	16,800	21,000
GROSS CASH FLOW	4,200	8,400	12,600	16,800	21,000
Operating loan interest	200	400	600	800	900
Capital loan interest	2,900	3,400	3,600	3,800	3,900
	3,100	3,800	4,200	4,600	4,800
CASH FLOW AFTER INTEREST	1,100	5,000	8,400	12,200	16,100
Principal Repayments	1,100	4,500	4,300	5,400	6,600
NET CASH INCOME	0	400	4,100	6,800	9,500
Depreciation at 10% straight line	4,000	5,000	6,000	7,000	8,000
ACCOUNTING INCOME	$ (2,900)	0	2,400	5,200	8,100
Loan arrears on principal	1,200	0	0	0	0
Loan arrears on interest	0	0	0	0	0

Numbers may not add due to rounding.

TABLE 4-13

FIVE YEAR FINANCIAL PROJECTION: COW-CALF OPERATION STARTING IN 1981

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	$ 14,000	28,000	42,000	56,000	70,000
Operating Expenses	7,000	14,000	21,000	28,000	35,000
GROSS CASH FLOW	7,000	14,000	21,000	28,000	35,000
Operating loan interest	400	800	1,300	1,700	2,100
Capital loan interest	6,600	13,200	18,200	17,100	18,200
	7,000	14,000	19,500	18,800	20,300
CASH FLOW AFTER INTEREST	0	0	1,500	9,200	14,800
Principal Repayments	0	0	1,500	9,200	14,800
NET CASH INCOME	0	0	0	0	0
Depreciation at 10% straight line	8,000	10,000	12,000	14,000	16,000
ACCOUNTING INCOME	$ (8,000)	(10,000)	(10,500)	(4,800)	(1,200)
Loan arrears on principal	$ 6,000	14,300	25,400	35,100	48,200
Loan arrears on interest	3,300	2,900	0	0	0

Numbers may not add due to rounding.

1. Place separate limits on land development and other contributions. Aside from the more rapid increase in costs, there is another rationale for this approach. Unlike machine or livestock contributions, reserve land development contributions are recoverable in a sense, even when a farm fails. The developed land can potentially form a basis for starting a new farm venture.

   Land development contribution limits should be dependent on tendered cost with restrictions, if any, on total acreage in keeping with a sound farm plan. Other factors, of course, such as the availability of contribution funds and the demands on them would continue to influence the size of contributions actually granted.

2. The current $60,000 limit on total contributions should apply to contributions made for other than land development purposes. The per cent of costs constraint could be lowered, say to 40 per cent from the current 60 per cent. Such a provision would have substantially reduced the debt burden of the cattle farmer in the previous example, especially in the early years. This would have enabled him to acquire new equity of $27,000, reduce his debt to a manageable $58,000 by the end of year 5, and to eliminate all arrears by the end of year 5.

3. While increasing the contribution limits may meet the original objective of providing sufficient equity to a farmer, it is no guarantee against financial collapse, as the number of closures since 1975 has indicated. While there is a strong case for increased contribution limits, there is an equally strong case for careful screening of applicants and, more particularly, for very close monitoring of farm performance in the early years.

4.2.4 Land Clearing versus Intensive Use

In general, intensive land use produces better incomes and creates more employment per dollar invested than does extensive use. Thus, all other things being equal, MIAP will obtain a better return on contribution funds invested in, say, a beekeeping[1/] operation with 500

[1/] Beekeeping is used as an example since there are several MIAP clients involved in this pursuit and their actual experience is used to construct the example. Other types of intensive farming include feedlots, hog farrowing and/or finishing, poultry and eggs, vegetable farming and greenhousing. While some of these operations are capable of using land extensively to produce feed, all can be developed on a relatively small land base using purchased inputs to substitute for extensive land use.

hives than land clearing for grain production using the same total contribution dollars, as the following example shows.

Grain Operation:

A grain operation producing a mix of crops and experiencing operating costs typical of those shown in the MIAP Grain Marketing Study[1/] would produce a gross income of $43,000 on 400 acres at 1981 prices. Operating costs would run about $31,000, leaving $12,000 to pay interest, principal and provide operator income. After interest payments about $8,000 would be available to the operator. MIAP investment in such an operation might look as follows:

(a) $20,000 contribution to develop 200 acres of land at $100 an acre;
(b) $24,000 contribution for buildings and equipment;
(c) $36,000 loan for buildings and equipment.

Honey Producer:

A honey producer receiving the identical $44,000 contribution would be establishing a 500 hive operation. This should yield some 80,000 pounds of honey and 1,200 pounds of beeswax. At 1981 prices for these products, gross income would be $52,000. Operating costs which run at about forty per cent of gross would leave the producer a cash flow before interest of $31,000. Interest costs on loans of some $8,000 would leave the producer a net income of $23,000 which is clearly better than that yielded by the extensive farm operation. On the other hand, it has probably involved more labour.

The issue of intensive farming versus land development is significant where:

1. there is concern about the cost of land development or the productivity of land to be developed; and
2. there is interest and actual or potential expertise on the reserve in question in one of the more intensive types of agriculture.

Although intensive farming should be, in general, more profitable, there are other options to land development, i.e., off-reserve

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[1/] PM Associates Ltd., 1981.

purchase. Intensive operations tend to require more skill, management and commitment than extensive operations. Thus, individual applications for assistance should be considered on the basis of these qualities. Overall policy with respect to relative support of extensive or intensive farming should be guided by the level of farming skills and commitment among MIAP's actual or potential client group.

4.2.5 Land Clearing versus Off-Reserve Purchase

We have not undertaken detailed case studies of the relative profitability to MIAP or the farmer of land clearing and off-reserve purchases. Given today's relative costs for each, it would seem intuitively that land clearing is the less costly option. However, with some assessment of land productivity and future production, a few fairly simple decision rules can be established.

1. If a farmer meets the usual policy and Board criteria for off-reserve purchases (i.e., established successful farmer) and reserve land of suitable quality is unavailable, the purchase of off-reserve land is an economic choice provided that analysis shows the farmer can cover all costs including capital costs on the land.

2. Where reserve land is available the decision rule is based on the cost of land development, the productivity of the land and the cost of the off-reserve purchase. In general (abstracting from such complications as fluctuating long term interest rates, taxation and varying productivity) from MIAP's perspective, purchase of off-reserve land makes sense if it is available at a price per acre of P or less, where:

$$P = \frac{G + Cr - F}{r}$$

where:

- G = gross revenue productivity per acre of off-reserve land
- F = gross revenue productivity of reserve land once developed
- C = cost per acre to develop reserve land
- r = an appropriate long term interest rate on land purchases or development

In the above formula, it is assumed that operating and non-land capital costs per acre are identical in each situation. Where they are not a simple adjustment to the formula is possible, i.e.,

$$P = \frac{G + Cr - F + X - Y}{r}$$

where: X = operating and non-land capital costs per acre on reserve land, and

Y = operating and non-land capital costs per acre on off-reserve land.

As an example, if it is assumed X = Y, revenue productivity per acre is identical on and off the reserve at \$120, while land development costs are \$150 per acre and the long term interest rate (in an inflation free world) on land is 7 per cent, then:

$$P = \frac{120 + (150 \times .07) - 120}{.07} = \$150$$

which is what would be expected. If the lands are of equivalent quality then, from the Program point of view, no more should be paid for off-reserve land than it would cost to develop the equivalent land package on reserve.

On the other hand, apparently small differences in productivity can radically change the value of off-reserve land to the Program.

If all quantities in the previous example remain unchanged except that revenue productivity of reserve land is \$100 per acre instead of \$120, then:

$$P = \frac{120 + (150 \times .07) - 100}{.07} = \$436$$

By the same token, the break-even price for off-reserve land will be different for the client since he does not share in the costs of land development but does share in the cost of acquiring off-reserve land.

In this case the break-even price of off-reserve land would have to be lower to account for the real or imputed interest the farmer pays on the portion of the land which is not financed by a MIAP contribution. From the perspective of the client the maximum price he is willing to pay for off-reserve land is:

$$P = \frac{G - F + X - Y}{(1 - m)\ r}$$

where m = the proportion of the purchase price covered by a MIAP contribution. The contribution raises the client's break-even value for non-reserve land. However, it is clear that this value is zero in the case where the reserve and off-reserve land are equally productive and have identical non-land farming costs. However, productivity differences in favour of non-reserve land rapidly increase the client's break-even price even in the absence of contributions. For example, if there is a \$20 per acre difference in productivity and non-land costs are equal, then even without a contribution:

$$P = \frac{20}{(1 - 0)(.07)} = \$286 \text{ per acre}$$

The greater the contribution, of course, the greater the client's perceived break-even price. At a maximum 30 per cent, we have:

$$P = \frac{20}{(1 - .3)(.07)} = \$408$$

which is almost as much as the Program's break-even price of \$436 under the same circumstances.

4.2.6 Corporation Owned Equipment

In July of 1981, PM Associates Ltd. undertook a comprehensive study of Corporation owned machinery. The study identified the machinery, its current condition, purchase cost, present value, replacement cost, and level of use by farmers. It also evaluated the economic benefits to farmers of the Corporation owning specialized machinery which could be shared by residents of a reserve or region.

Our intent, within the present terms of reference, is not to duplicate this study. Rather we will indicate which equipment has been purchased by the Corporation since that study was undertaken and review the principles which should underlie a corporate policy to purchase machinery.

New purchases approved by the Corporation are as follows:

1. Lake Manitoba Band

   a. Drum Type Seeder, purchase price $10,800, Feb.1/83
      - Ralph's Repair, Lundar, Manitoba

   b. Trailer Type Post Pounder, purchase price $2,500, July 19/82
      - Gudmundson Farm & Equipment, Lundar, Manitoba

   c. Post Hole Auger (6" & 9") purchase price $806.04, Aug.23/82
      - Tractor Supply Farm Centre, Ashern, Manitoba

   (approved July 8/82 meeting)

2. Fairford Band

   a. Tub Grinder
   b. Rock Rake total purchase price $21,000, June 15/82
      - Leo's Sales, Argyle, Manitoba

   (approved July 8/82 meeting)

3. Sandy Bay Band

   a. Roller Seeder, purchase price $9,300, Feb.7/83
      - Ralph Dodge, Lundar, Manitoba

   (approved Apr.29/82 meeting)

4. Sandy Bay Band

   Approval of purchase of sod seeder up to value of $15,000; approved March 10/83; no disbursement made as of March 29/83.

It appears, on the basis of the earlier Corporate Machinery Study, that the principal justification of this policy is that it produces benefits to farmers at much lower cost than individual ownership or periodic rental of the same equipment. For the specialized pieces of equipment provided by the corporation, e.g., rockpickers, mowers and grain dryers, sharing clearly makes sense and reduces the cost to all. If, as at present, MIAP pays the full capital cost of the machine, this is naturally the least costly alternative to individual farmers. Similarly, provision by MIAP of one hundred per cent contributions to a user group has the same effect. In terms of social decision-making, however, the important questions are (1) whether shared machinery is the least cost alternative considering <u>all</u> costs, including those paid by the funding agency, and (2) the extent to which clients should contribute to machinery costs in cases where shared machinery is the least cost route.

The first question can only be answered if existing or proposed levels of use are known. If the equipment is well used by a number of farmers and the mechanisms are in place for assuring that each farmer has the use of the equipment when required, then joint or corporate ownership is appropriate. Some of the machinery reviewed in the Corporate Machinery Study appeared to have this use pattern. Other machines, on the other hand, were infrequently used and, from a Corporate standpoint, their services might be more efficiently procured by periodic rental.

The second question can only be answered by MIAP policy makers on the basis of client needs, program incentives and consistency with other aspects of the program. Technically, to treat corporate owned machinery in the same way as client owned machinery would require that clients finance sixty per cent of costs through their own equity or through user fees. In that way they could still realize the benefits of sharing, if such benefits are real, without depending on the Corporation to finance the purchase fully.

5. SUPPORT MECHANISMS

The program document distinguishes between four types of farmers:

1. Potential identified farmers -- people showing an initial interest in farming activities.
2. Beginning farmers -- people having obtained funding to start farming and require extensive supervision and training.
3. Developing farmers -- people who have started on road to viability and may even be financially viable but require supervision and/or training.
4. Developed farmers -- viable, seeks own advice and information but may need financing from IEDF.

The MIAP program assumes that potential, beginning and developing Indian farmers generally lack the practical experience, managerial knowledge and technical expertise about farming to operate a viable farm unit independently. Two support components of the MIAP program address this gap -- on-farm advisory services and training.

5.1 On-Farm Advisory Services

5.1.1 Document Objectives

Under normal circumstances the regular provincial Department of Agriculture extension services can meet the needs of farmers regarding technical and managerial advice. In fact, the program assumes that "developed" farmers make use primarily of the MDA extension services for technical information needs and use MIAP on-farm advisors only in their financial capacity regarding MIAP loans and contributions.

However, in the case of new and developing Indian farmers, the services of the MDA are not equipped to provide the special attention and effort required.

> "The On-Farm Extension and Advisory Assistance component is intended to fill the technological, managerial and experience gap between what Provincial extension services can provide and what the Indian farmer and community needs on a continuing basis." [1]

The role of the farm advisor with regard to beginning or developing farmers is to assist and advise clients in "...pre-assistance planning and organizing, marketing, operational techniques, accounting, utilizing Provincial and Federal specialists and services, etc."[2] With all MIAP clients, farm advisors are expected to fulfill the administration and post-loan counselling requirements associated with the loan portfolio. The program document indicates that farm advisors will be assisted in their advisory services by CESO volunteers (see Training) and five assistant farm advisors. These native assistants are intended to train as farm advisors and eventually to move into farm advisor positions. The position is expected to be phased out by 1985.

From the 1980 to the 1985 period, the program document predicted that there would be a decline in the need for advisory services for two reasons:

1. There would be a gradual decline in the number of potential, beginning and developing farmers as the available land base is used up and as fewer individuals become interested in farming.

2. There would be a rapid increase (from 7 per cent to 57 per cent of all clients) in the number of developed farmers no longer requiring the intensive counselling provided by advisors but using instead the services of MDA extension branches.

This decline in need would result in a reduction of advisory staff from eleven advisors and five assistant advisors in 1980/81 to ten advisors and no assistants in 1984/85. The document indicated that by 1984/85 five advisor positions, at minimum, would be filled by native people.

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[1] Treasury Board Submission 1980-85 MIAP Program

[2] Ibid.

5.1.2 Conclusions of First Period Evaluation

At the time of the last program evaluation (covering the period to March 1978) ten farm advisors carried a caseload of 168 clients for an average of 17 clients per advisor. They were assisted by five native farm advisors. All advisors at the time were non-Indian; the evaluation indicated that Indians with appropriate qualifications were not available for advisory jobs.

The evaluation report indicated that the total average cost per person-month for farm advisors was $1,816. The total average cost per person-month for native extension workers was $1,673. About 70 per cent of the cost of the advisory service was made up of salary, 20 per cent was travel cost and 10 per cent administration. The total budget exceeded the estimated document budget for both farm advisors ($49,912 overrun) and native extension workers ($18,724 overrun) but the authors believed this was justified in that field administration costs had been greatly underestimated and no account had been taken of staff salary increments to reward job performance. The field staff component of the MIAP program represented 18.5 per cent of the total actual budget expenditures in this period.

5.1.3 Advisory Service Activity and Costs

Table 5-1 indicates that the number of farm advisors has increased from nine in 1980/81 to eleven in 1983. The total caseload of these advisors has increased from 168 (in 1978) to 184 (1983); the average caseload per advisor remains the same as in the earlier period at 17 clients. A significant change from the earlier period is the hiring of four Indian people as farm advisors. This is consistent with the intent of the program objectives. Further, the number of native extension workers has been reduced and in 1982/83 the remaining two extension workers were transferred to the training component of the program.

TABLE 5-1
MIAP FIELD STAFF, 1980/81 TO 1982/83

	1980/81	1981/82	1982/83
Native farm advisors	1	4	4
Non-native farm advisors	8	6	7
Total farm advisors	9	10	11
Native extension workers	5	2	2[1/]

Source: Annual Reports 1980/81, 1981/82 and Quarterly Report, 2nd Quarter 1982/83.

[1/]Native extension workers now work with the training co-ordinator in delivering the training component of the program.

The prediction that the need for advisory services would decline over the current period has not occurred; in fact, the demand for advisory support has increased. The predicted rapid evolution of Indian farmers from "developing" to "developed" status has not occurred. Two program officials felt that close advisory support through the farm advisors is still needed by farmers and will not decline in the near future. An official of DIAND indicated that the predicted decline in need was premature. The projected hand-off of the advisory function to Manitoba Dept. of Agriculture Extension Services has not occurred. This, he felt, is due to the fact that MDA services must be requested by the farmer and very few are willing to initiate requests of this kind. In contrast, the on-farm service initiated by the MIAP advisor is well used. A key aspect of the farm advisor's role, which the farmer will probably not get from MDA, is assistance in organizing inputs (financial and other) to the farm unit. This more intensive counselling will be needed for some time to come. This official compared the short farming history of Indian farmers in the MIAP program with the generations of experience of many non-Indian farmers and indicated that continuing support would be needed.

MDA officials confirmed that there has been very limited use made directly of their ag. rep. staff by Indian farmers.[1/] Two officials felt that ongoing intensive counselling of farm advisors would be needed for some time to come; one official suggested that most Indian farmers may never graduate to the mainstream farming community and use MDA services unless farmers are willing to seek out the advice they need independently.

Farm advisors acknowledged that only a handful of their clients make direct use of MDA services. One advisor noted that he found it difficult to get people to use MDA services.

Providing field staff for the MIAP program (including native extension workers now under the training component) takes between 14.5 and 17.9 per cent of MIAP's total budget.

Table 5-2 illustrates the actual expenditures on farm advisors in 1980/81, 1981/82 and the first half of the 1982/83 fiscal year. As in the earlier period, costs were made up primarily of staff salaries. Over the two and one-half year period, the total cost of farm advisors was consistently under budget. The average total cost per person-month of advisory service has risen from $1,816 in 1978 to $2,094 in 1980/81, $2,282 in 1981/82 and $3,070 in 1982/83. Costs for the full two years are less than those predicted in the program document ($2,160 in 1980/81 and $2,311 in 1981/82).

Table 5-3 illustrates the actual expenditures on native extension workers in 1980/81, 1981/82 and the first half of the 1982/83 fiscal year. The total cost of extension workers was over budget in 1980/81 and under budget for the following years. As of 1982/83 the services of the two remaining extension workers was used in delivering the training component of the program.

[1/] Use is made through the MIAP farm advisor of specialists such as agrologists and agricultural engineers.

TABLE 5-2

ON-FARM ADVISORY SERVICE, 1980/81 TO 1982/83[1/]

Characteristic	1980/81	1981/82	1982/83 (6 months)
Total Person-Months	130.5[2/]	124.0[3/]	60.0
Costs:[4/]			
Salaries	$ 189,479	$ 186,079	$ 115,108
Travel	44,626	54,216	36,713
Administration	39,176	42,711	32,391
Total costs	$ 273,280	$ 283,007	$ 184,212
Deviation of Total Cost from Budget (under in each case)	$ 48,800	$ 16,493	$ 5,037[5/]
Average Total Cost per Person-Month	$ 2,094	$ 2,282	$ 3,070

Source: Annual Reports, 1980/81, 1981/82. Quarterly Report, 2nd Quarter 1982/83.

[1/] CESO workers, although noted under the training budget, contribute to advisory services.

[2/] Includes 34 person-months of former employees.

[3/] Includes 8.5 person-months of former employees.

[4/] Rounded to dollars.

[5/] The administration portion was over budget although the total component was under budget.

TABLE 5-3

NATIVE ASSISTANT EXTENSION WORKERS, 1980/81 TO 1982/83

Characteristic	1980/81	1981/82	1982/83 (6 mon.)
Total Person-Months	61.5	24.0	12.0
Costs:			
Salaries	$ 86,029	$ 74,996	$ 21,212
Travel	27,256	26,333	6,399
Administration	20,512	16,867	1,882
Total Costs	$ 133,797	$ 118,196	$ 29,493
Deviation of Total Cost from Budget (over budget in brackets)	$ (7,237)	$ 28,797	$ 757
Average Total Cost per Person-Month	$ 2,175	$ 4,925	$ 2,458

Source: Annual Reports, 1980/81, 1981/82. Quarterly Report 1982/83.

5.1.4 Effectiveness of Advisory Services

No objective measures of program effectiveness are available. However, in the course of interviews conducted with program officials, DIAND officials, MDA officials and farm advisors, questions regarding the value and effectiveness of farm advisors as a whole were asked.

Virtually all of the eleven officials agreed that the farm advisor component of the MIAP program is instrumental to program success. Farm advisors are the key to actual delivery of the program (both advisory and financial) in the field and the quality of the program in the field depends upon the quality of the farm advisor.

One program official noted that good farm management, particularly in times of high input costs, is the key to farm viability. The intensive individual counselling provided by farm advisors, although not officially documented, is instrumental in successes which have been achieved through the program. Perhaps one indicator of this is that farmers who have not followed the advisors' advice have generally experienced difficulty.

DIAND officials appeared happy with the quality of advisory assistance provided. One official noted the businesslike manner and continuing quality of field staff. One MDA official noted that, although he had no hard evidence, he felt that the success of MIAP clients had been due, in part, to the quality of on-farm counselling. Another MDA official noted that farm advisors he had known in the field had gained considerable respect among their clients. He concluded that, without the farm advisor component, the existing program would collapse within two years.

The role of the farm advisor has been supported by MDA in the field. MDA officials noted that advisors draw on the expertise of MDA specialists in regional offices to solve particular client problems. As well, farm advisors are invited to attend seminars and short courses provided for comparable MDA staff.

The role of the farm advisor was compared by MDA officials to the role of extension workers under the five year farm diversification program run by MDA in the 1970s and aimed at low income farmers. The intensive client counselling and on-farm visits were similar to the requirements of the MIAP farm advisor. The average caseload for the Farm Diversification extension worker was 15 to 20 clients. Regular MDA ag. reps. carry a much larger caseload but their role requires less involvement with each client.

Farm advisors saw their own role as including preparation of loan statements and applications, advising individuals on the specifics of farm operation, and monitoring the client progress for head office.

Frequent client contact was maintained by most advisors (from one to five times per week for each client).

5.2 Training

5.2.1 Document Objectives

The overall objective of the training component as set out in the first agreement is as follows:

> "to upgrade the Indian farmer's technical and managerial knowledge, skill and competence and thereby assist him in improving his productive and managerial efficiency and effectiveness." 1/

The 1980-85 program document emphasized that training should be tailored to the classification of farmers as "potential", "beginning", "developing" or "developed". The skills and situation of each of these types of farmers would be taken into consideration in tailoring training. Potential farmers without an existing farm to care for would be encouraged to attend the Diploma of Agriculture course at University of Manitoba or learn farming skills through a training-on-the-job program at a working farm. Beginning farmers would be provided with workshop, specialized and demonstration training as well as specialized on-farm assistance from the CESO program. As farmers develop, MDA training and extension services would be introduced to the farmer. The developed farmers would be expected to use MDA training services and would be able to make use of MIAP's own workshop, demonstration and specialized training.

As in the case of advisory services, the program document assumed that the number of potential and beginning farmers would decline in the period and that developing farmers would move rapidly to the independent, developed level of farm management.

1/ MIAP Inc. Program Document, 1980-85.

Six primary types of training were identified in the program document. Table 5-4 lists the target objectives for training in each component.

TABLE 5-4

TRAINING COMPONENT: TARGET NUMBER OF TRAINEES, 1980/81 TO 1984/85

Training	1980/81	1981/82	1982/83	1983/84	1984/85
			(number of trainees)		
Training on-the-job	20	20	17	15	12
On-farm training (CESO program)	50	50	45	40	35
Training workshops[1/] (trainee days)	300	375	375	300	300
Specialized training[2/]	17	18	16	15	12
Other training	20	20	20	20	20
Demonstration training	20	19	18	17	16

Source: Treasury Board Submission, 1980-85.

[1/] Minimum of one workshop per reserve per year based on local conditions.

[2/] It is expected to graduate 41 new clients in Diploma of Agriculture at University of Manitoba.

1. Training on-the-job. This training places potential farmers with little or no experience for varying periods of time with selected experienced farmers. Workshops would be available as well.

2. On-farm training. This training would be provided by CESO workers to continue on-the-job training after a farmer obtains his own operation. This is intended to supplement farm advisory services.

3. Training workshops. This sub-component was designed to provide local training through intensive one- and two-day workshops in specific technical areas.

4. Specialized training. This is a vehicle to deliver advanced courses such as farm management and the diploma course in agriculture at University of Manitoba.

5. Other training. This training is designed to upgrade technological and management skills through ten-week courses.

6. Demonstration training. This sub-component provides practical demonstrations of the benefits of technological changes to Indian farmers through on-farm demonstrations.

In addition, the training component includes the production of a farm fact bulletin distributed to farmers, chiefs and councils and other interested parties. Circulation of 500 copies per month was anticipated. Finally, the training component provides for an annual two to three day conference for Indian farmers and an annual one day conference for agricultural area chiefs to ensure that the program is meeting the needs of the Indian community.

5.2.2 Conclusions from First Period Evaluation

The program evaluation completed for the last program period found that the training component was generally underutilized in the first three years of the program. Less than half of MIAP's own budget for training (total of $467,614 allotted) was spent to the end of March 1978, although Canada Manpower exceeded their allotted contribution to MIAP training by some $18,200. Training on-the-job was provided to 27 trainees which fell short of the 110 target. The report noted appropriate farmer-trainers were difficult to find during this period. Training workshops and specialized training also fell short of their targets. However, at the time of the evaluation, 18 people were enrolled under specialized training in the Diploma of Agriculture course at the University of Manitoba.

5.2.3 Training Activity and Costs

Data regarding training activity undertaken in the present period are sketchy at best. Table 5-5 presents the approximate number of trainees under each training sub-component. The quality of data on the 1982/83 fiscal year is poor, being derived from accounting ledgers, and should be regarded with caution.

TABLE 5-5

TRAINING ACTIVITY, 1980/81 TO 1982/83[1/]

Training Sub-Component	1980/81	1981/82	1982/83
		(number of trainees)	
Training on-the-job	20	n/a[2/]	70[3/]
On-farm training (CESO program)	40 - 50	40 - 50	n/a[4/]
Training workshops	360 clients	275[2/]	212
Specialized training	26	27	82
Other training	15	-	29
Demonstration training	15	-	87

[1/]Activity data should be considered indicative only of activity -- the quality of data was very poor. In 1982/83 accounting files were reviewed to approximate training activity. Categories did not always correspond to those six given in program document.

[2/]Training on-the-job and workshops combined in statistics.

[3/]The new 52 week training on-the-job has nine trainees; many of the sessions last less than one month.

[4/]No client numbers available -- three workers deal with nine reserves.

The training on-the-job sub-component matched the targeted number of trainees as set out in the program document. In 1982/83, 9 of the 70 listed trainees were enrolled as of March 1983 in a pilot 52-week training on-the-job program. Of the remaining trainees, many were listed as trainees for a period of less than one month -- in some cases only a few days.

The on-farm training by CESO workers has met its target of about 50 trainees in each year. This individual training was delivered on 10 reserves by 5 CESO workers in 1980/81, on 9 reserves by 4 workers in 1981/82, and on 9 reserves by 3 workers in 1982/83.

Trainees attending short courses and workshops held locally on or near reserves vastly exceeded the objectives specified in the program document. The objective is stated in trainee days (trainees X days of training). The number of trainees alone exceeded the target trainee days in 1980/81. In 1981/82 and 1982/83 the number of trainee days (if data were available) would no doubt exceed the stated objective.

Specialized training (i.e., advanced courses) was taken by 26, 27 and 82 trainees in the three years respectively. This exceeded the target objectives in each year. An important sub-objective of this component, however unrealistic, was the graduation of 41 trainees from the Diploma in Agriculture course at University of Manitoba. Only in 1981/82 do the data indicate that any students were enrolled at U of M (the actual number of students are not given). Personal communication with program officials indicated that four people are currently enrolled in the program with MIAP assistance. Program staff also indicated that only five Indian people in total have successfully completed the Diploma in Agriculture. Other specialized training has included enrollment at Assiniboine Community College in Brandon, Olds College in Olds, Alberta, Graham School in Garnet, Kansas, and the International Stockman's School in San Antonio, Texas. Seminars and courses in Winnipeg, Regina and Reston have also been supported.

The problems of farmers sending sons or daughters to courses instead of attending themselves as well as people with no intention of farming attending courses or training on-the-job simply for the per diem income was raised in more than one interview.

File review of a randomly selected sample of clients revealed that utilization of training by MIAP clients may be less extensive than the trainee figures might suggest. Table 5-6 shows the number of files listing training sessions attended each year. In each year between 25 and 29 per cent of the sample listed no training sessions attended.[1/] Applied to the total client group this would suggest that non-farmers attending training sessions could be a factor in the high trainee numbers in Table 5-5.

TABLE 5-6

CLIENT SAMPLE: NUMBER OF COURSES RECORDED, 1980/81 TO 1982/83

Training Sessions Attended	1980/81	1981/82	1982/83
		(number of clients)	
none listed	8	7	5
one listed	5	8	4
two listed	5	5	6
three or more listed	5	5	5
Total	23	25	20

Source: File review of randomly selected clients.

Other training was intended to support long term courses (of at least ten weeks). Targets were not met. Targets for demonstration training were well-exceeded in 1982/83.

In addition to these six main sub-components of training, activity has included production of 1,200 copies annually of "The Indian

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[1/] The possibility exists that farmers did not list training when in fact they did attend.

Farmer", a farm bulletin circulated to farmers, chiefs and councils and interested parties. As well, the training budget annually supports the Indian Agriculture Conference which about 200 people (primarily farmers) attend.

The above data indicate only the number of people who were enrolled in MIAP training courses. No data are available on whether the trainees are potential, beginning, developing or developed farmers. In fact, a MIAP program official indicated that this distinction is not used in planning for training. No data are available on whether the trainees are, in fact, farmers or potentially interested in farming.

The cost of providing the training component is illustrated in Table 5-7. Actual costs overran the document budget quite significantly in 1980/81, while total actual costs have been less than the annual budget in 1981/82 and the first six months of 1982/83.

5.2.4 Effectiveness of Training

On the basis of information reviewed during the course of the study, including all existing files on the training component, there appears to have been no attempt to measure or otherwise determine the effectiveness of the training in enhancing the technical and managerial skills of Indian farmers. Available evidence does not even appear to indicate successful completion of courses in which trainees have enrolled. Further, it would appear from our review of available data that follow-up is not carried out on clients enrolled in courses to determine if new technical or managerial skills have been retained and if those skills have been translated into a better run farm unit. These data gaps make it impossible for the evaluators, and presumably the program administrators, to pinpoint concretely the effectiveness and value of the various types of training.

Some conclusions may be inferred from final outcomes of the program. From the time of the last evaluation, the number of active

TABLE 5-7

TRAINING SERVICES, 1980/81 TO 1982/83

Component	1980/81 Actual	1980/81 Deviation from Budget	1981/82 Actual	1981/82 Deviation from Budget	1982/83 (6 months) Actual	1982/83 (6 months) Deviation from Budget
			($)			
Communication reporting	316,421.04	(59,171.04)	253,898.65	21,476.35	5,470.65	14,829.35
On farm training	42,038.76	14,211.24	56,427.70	(11,427.70)	20,770.63	6,979.37
Specialized training	90,938.20	(38,938.20)	56,139.37	3,860.63	1,210.18	8,989.82
On reserve workshop	98,196.79	(38,196.79)	34,657.00	12,843.00	22,667.73	27,832.27
Client instigated courses and youth programs	3,465.00	(1,465.00)	0	2,500.00	70.75	1,179.25
Training on-the-job	55,100.01	(8,100.01)	75,798.01	(5,423.01)	102,330.94	22,856.56
Total	606,159.80	(131,659.80)	476,920.73	23,829.27	152,520.88	82,666.82

Source: Annual Reports, 1980/81, 1981/82. Quarterly Report, 2nd Quarter 1982/83.

client farmers has only increased from 168 to 184. Assuming that training on-the-job, training workshops and specialized training are, in part, designed to bring potential farmers to the point where they can successfully manage a farm unit, then the training has not been successful. The training of large numbers of people has resulted in a net increase of only 16 farmers in the province (some 49 new farmers since 1978 less 33 retired or closed out).

In terms of translating managerial and technical skill into increased income and employment, it is useful to examine the changes in net income in this period. Elsewhere in this report (Chapter 3) it has been shown that about 60 per cent of client farmers could not cover their costs at the time of the last evaluation. This ratio has remained approximately constant from that time to the present indicating that no progress has been made in terms of income improvements for farmers. Although the poor market and weather conditions generally experienced by Manitoba farmers over the past two or three years have been a factor it is not likely that they have affected Indian farmers to a significantly greater extent than other Manitoba farmers.

Officials interviewed regarding the MIAP program generally agreed that training is one of the most important aspects of a development program. An official of MDA indicated that when the department ran the comparable Farm Diversification Program in the 1970s, they learned that training regarding when and how to use technology was a key factor in success or failure of farmers in the program. Therefore, training regarding technology has been a major thrust of MDA Extension Services for the mainstream farming population.

Officials interviewed were less conclusive about how effective MIAP training has been in building the knowledge base of Indian farmers. One program official indicated that, earlier in the program, courses were too much a carbon copy of MDA courses and Indian farmers did not respond well to them. He felt that more recently courses have been geared to Indian farmers and this has resulted in a positive attitude among clients to training; more are attending.

A DIAND official felt that the program has not emphasized the implementation of training acquired; results in practice have therefore been minimal. Two program officials raised the issue of paying per diem allowances to attend courses; in many cases this has resulted in attendance by people who have no use for the information. One program official felt that attitude to training was important -- those who are interested get much from the training offered.

Three officials interviewed focused on the effectiveness of demonstration training in translating to better farming practice. This training format provides practical, local knowledge and has a snowball effect in that those originally shown how a particular technology operates can then act as resource people for others in their community.

Officials also made note of the value of the CESO program in training. Like the demonstration training, the intensive on-farm assistance, like a farm advisor, has had good results.

Finally, of note were comments by an MDA official closely associated with that department's extension program. He indicated that training in a program such as MIAP will likely be slow to achieve results. In the mainstream farming community, the literature indicates that adoption of new technology takes from seven to thirteen years to complete. Given the generally poor knowledge base of Indian farmers compared to mainstream farmers, it is conceivable that this process would be extended to as much as fifteen to twenty years. Over that period, information would have to be continually repeated and reinforced to become incorporated into farming practice. He noted that what is also vital for this process, and where there is an evident gap in the training activity, is the follow-up of training to determine what has been retained and to find the best possible way of transferring both knowledge and the desire to apply it.

The training program at MIAP is in its ninth year. Although concrete results may not be seen for some time, there is no apparent evidence that training is being well-monitored and internally evaluated so that programs can be optimally designed for program clients.

6. ADMINISTRATION

The role of the Program's corporate management (Board and Administration) encompasses the policy and management activities traditionally within the purview of management, i.e., planning, organizing, implementing, monitoring and evaluating. Specifically, according to the 1980 Treasury Board Submission, Corporate Management has the following purposes:

1. "To assume responsibility and attendant accountability to the Minister, and to the Indian farmers of Manitoba, for the efficient and effective administration and management of the Program.
2. To provide a climate conducive to the development of a high degree of administrative and management skill amongst those Indians concerned with the advancement of their peoples in primary agricultural pursuits.
3. To investigate and take advantage of programs of assistance in Agriculture offered by other Agencies or Institutions which would benefit Manitoba Indian farmers."

The terms of reference of this study call for a number of specific issues to be addressed with respect to both the Board and Administration. These are:

1. Evaluate Board:
   (a) Attendance
   (b) Issues dealt with
   (c) Policy Direction
   (d) Conflict of Interest
   (e) Method of Selection.
2. Evaluate Administration of Program:
   (a) Identify the various functions being performed
   (b) Relate these functions to existing job descriptions
   (c) Assess staff utilization, looking at work flow and efficiency in carrying out existing and future functions
   (d) Assess the management systems currently in place for:
   - Accounting
   - Filing
   - Internal Reporting
   - Data Bank.

   (e) Assess personnel services
   (f) Assess systems and formats for reporting to Government
   (g) Assess Indian participation in the administration and delivery of the program.

6.1 Board

6.1.1 General

MIAP is currently directed by a seven member Board which is accountable to DIAND for use made of funding of contributions and for program activities and loans administered on behalf of the IEDF. Representation on the Board has not changed since MIAP's establishment in 1975, although some of the actual members have changed.

The Board consists of:

- four representatives of Indian farmers
- one representative of DIAND
- one representative of the Manitoba Department of Agriculture
- one representative of the general business community.

At the time this evaluation was undertaken the Board membership was as follows:

Representing Indian Farmers:

Mr. E. Anderson, Chief, Executive Director and farmer,
Fairford Reserve.

Mr. Howard Starr, Chairman of MIAP, farmer,
Sandy Bay Reserve.

Mr. Tom Cochrane, farmer,
Peguis Reserve.

Mr. Gordon Bone, farmer,
Sioux Valley Reserve.

Representing DIAND

Mr. Claude St. Jacques,
Manager, Resource Development, DIAND.

Representing Manitoba Department of Agriculture

Mr. Gerald Therrien, Chief,
Farm Management Section.

Representing the Business Community

Mr. Wes Cook, formerly with Moosehorn Credit Union, now farming.

The duties of the Board of Directors, as stated in MIAP's policy manual, are:

- appoint and direct program manager
- direct program plans, policies, guidelines
- direct budget preparations
- direct preparation of quarterly and annual reports
- direct preparation of statistical and data systems
- review and assess program performance
- approve or deny assistance applications
- receive briefs and consult with Indian farmers
- establish liaison with other lending agencies.

Since 1980, expenditures on Board activities have fallen within the budgeted allocation as shown below:

		Actual	Budget
1980/81		$34,343	$34,300
1981/82		34,168	36,750
1982/83	2 quarters	14,984	19,650

6.1.2 Attendance

MIAP Board members rarely miss meetings. Since the beginning of the 1978/79 fiscal year, the Board has held 68 meetings, 29 (43 per cent) of which were attended by all members and 25 of which (37 per cent) were missing only one member.[1/] A review of 1981/82 Board minutes showed that three members attended all meetings held that year and only two missed more than two meetings.

[1/] As reported in MIAP's quarterly and annual reports.

6.1.3 Issues and Policy Direction

A large part of the Board's time is taken up with considering applications for financing. As many as 30 applications may be considered at a single meeting. In addition, the Board spends considerable time reviewing requests for deferral or rescheduling of loan payments.

A review of Board minutes of meetings held during fiscal 1981-82, however, also indicates that the Board spends a great deal of time dealing with traditional Directors' issues: i.e., major management questions and policy. We were able to identify a total of 88 separate minute items relating to policy and major management issues. They are grouped loosely under the following headings:

1. Management, Administrative Component (3 items) including: renewal of head office lease, discussion of agricultural lending course, board member resignation.

2. Management, Training Component (6 items) including: per diems paid to attendees, applications for living and tuition assistance, request for special training contribution.

3. Management, Loans and Contributions (37 items) including: relations with Credit Union Central of Manitoba, payment on loan guarantee, arrears of several clients, problems of seizures, voluntary releases, change of purpose and extension requests, consideration of client plans to deal with financial problems, change in location of security files, role of Special ARDA in access road building, waivers of tender on development or construction where several farmers from one reserve are involved, refusal to transfer contribution funding to a Band's account, review of appeals in funding denial decisions, transfer of farm and assets, clarification and review of contribution limits, contractor cost overruns, off-reserve purchase requests.

4. Management, General (2 items) including: problem of confidentiality at Peguis Field Office, advisor report on a client's problems.

5. Reporting (4 items) including: year-end report, interim financial statements on drought assistance, report on annual conference.

6. Staffing (4 items) including: dismissal, salary appeals, new accountant, new Program Manager.

7. <u>Internal Monitoring and Evaluation</u> (1 item) corporation equipment study.

8. <u>New Policies</u> (13 items) including: interest rate subsidy, holiday policy, one entire meeting devoted to discussion of proposed transfer of complete loan portfolio responsibility to MIAP, new community pasture responsibility, new policy regarding reimbursement to MIAP for Crown land development where Crown makes such reimbursement available, Farmers Advisory Committee to MIAP Board, contribution limits, livestock brand policy, contractor waiver of tender policy, training allowance policy, contribution policy on Crown land leases.

9. <u>Program Funding</u> (4 items) all related to Region's attempt to reduce MIAP budget for the year.

10. <u>Client Advisory</u> (2 items) including: crop insurance appeals and protest of conditions of loan refinancing proposed by IEDF.

11. <u>Liaison: Clients, Bands, DIAND</u> (3 items)

12. <u>General Agricultural Issues Affecting MIAP and MIAP clients</u> (9 items) including: interest rates, livestock situations at Swan River, agricultural leases, hail damage, drought assistance.

Our overall evaluation of the issues dealt with by the Board is that they conform, in general, with the expectations as stated in MIAP's policy manual. The emphasis on policy is certainly appropriate and, during a difficult year, focussed on what was probably the most important issue affecting all farmers, Indian and non-Indian alike: interest rates. Loan management issues also were a major concern, again appropriately in light of current and recent conditions.

The Board's role in budget preparation, in review of program performance and internal and external reporting is not clear from the minutes of the Board meetings. If these were the only criteria by which the Board's activities could be judged it would appear that they have received insufficient attention. This may be due to the fact that both Board and DIAND consider the reporting relationship to be smooth and to convey to DIAND all the information needed for routine review and assessment.

With respect to program performance, it would appear that management relies on such descriptions as are available with respect to such gross indicators as: number of clients, number of persons attending training sessions and acres of land developed. Key issues regarding farmer technical and management capability and farm viability do not appear to have received a great deal of attention during Board meetings.

On the other hand, it is clear from the Board meeting minutes that the Board is involved in an ongoing fashion in: staffing issues, planning and guidelines, application review and approval consultation with farmers and (at least the beginnings of) liaison with outside lending agencies.

6.1.4 Conflict of Interest

Potential areas where conflict of interest could occur are:

1. where eligible Board members or staff members apply for financial assistance (either loans or contributions);

2. where Board members or staff members have an interest in organizations providing or tendering to provide services to MIAP or MIAP clients;

3. where Board members are considering applications of individuals who are related to them or are well-known by them; and

4. where employees or officers of organizations routinely dealing with MIAP or MIAP clients are Directors (e.g., DIAND, credit unions).

MIAP currently has procedures for dealing with potential conflict of interest situations involving Board members seeking financial assistance or contracts from MIAP, (i.e., 1. or 2. above). In both cases the member whose application or tender is being considered cannot participate in either the discussions or the decision on the request or tender and must leave the room while it is being considered. In addition, applications or tenders of Board members are reviewed by the Region to assure that these requests or tenders meet all the criteria required for granting of such assistance or contracts.

These provisions, particularly the review by Region, should allow for equitable consideration of these requests. However, it is worth noting that most organizations (e.g., City of Winnipeg and other municipalities) prohibit their Board members or elected officials from participating in the benefits of expenditures by the organization. This prohibition is not necessarily because such participation is inherently unfair or inefficient. A Board member may, for example, be able to provide needed services to the organization at costs which are highly competitive with other potential suppliers. The issue is more often one of perceived equitableness and relates more to the credibility of the organization to its constituents than to unfair access to benefits.

The issue is, of course, not cut-and-dried. It is desirable that MIAP's Board be representative of Indian farmers and, by the same rationale that established the Program, these farmers are eligible for its benefits and, in fact, require them unless they are well established. The case for Board members' contracting to MIAP cannot depend on the same rationale; however, MIAP is a development program with objectives relating to agri-business development as well. By extension, then, it can be argued that agri-business opportunities should be made available to Indians and, therefore, Board members should not be excluded from participation in these opportunities.

Concern has been expressed by farmers, program officials and influential representatives of the Indian community that potential exists for conflict of interest of the type described in (3) above. That is, an individual Board member's knowing an applicant may have undue influence on the review of an application. It has been suggested, for example, that a Board member be required to leave the room whenever an application from a resident of his reserve is being reviewed by the Board.

The 1978 evaluation concluded on the basis of a reserve-by-reserve review of loan and contribution funding that there was no evidence "that the Board has shown any special consideration in the allocation of Program benefits". The analysis supporting this conclusion compared the percentage of total loan and contributions received for each reserve with the proportions each reserve had of total available agricultural land. Use of other comparative measures (i.e., proportion of active farmers, proportion of developed agricultural land) might have yielded different results. Consequently, inequitable consideration of applicants cannot be ruled out on the basis of that analysis.

In fact, the only way these concerns could be either substantiated or alleviated is by a detailed review of a meaningful sample of applications and a comparison of objective client data with: farm advisors' recommendations, loans analysts' recommendations, Board decisions and MIAP criteria. Our review of client files did not explicitly include such an assessment; however, differing treatment of individuals in apparently similar situations was evident to casual inspection in a few cases.

In spite of the fact that current procedures are not safeguards against inequitable treatment of applications by the Board, we are loathe to recommend changes to the current system of review. Restraining Board members from review of applications submitted by known associates is no guarantee against favouritism as not all relationships are known. Moreover, log-rolling (i.e., the phenomenon of "I'll scratch your back if you scratch mine") is not an unknown condition in organizations with small constituencies and managers and directors well known to each other. It is more efficient to rely on the integrity and good judgment of individual Board members and the accountability relationship to DIAND. Additional safeguards are possible through changes in the manner of Board selection (see below).

Finally, a conflict of interest situation can occur where a Board member representing an outside agency has an interest in MIAP policy or activities which is not necessarily compatible with the interests of the Corporation (item 1. above). For example, an equipment dealer. could conceivably have interests which would favour treatment of assets of insolvent MIAP clients in a manner different from that which would support the Program's objectives. The Indian Affairs representative on the Board is automatically in a potential conflict of interest situation since he represents the funding agency and is, indeed, a major instrument of accountability to that agency. The potential for conflict has been reduced by having someone else within DIAND responsible for the monitoring and evaluation of the Program. However, this representative's role in these areas cannot be completely eliminated without also destroying in part, the rationale for his Board membership. As long as the relationship is reasonably smooth, however, the potential conflict can probably be overlooked, since it is not the type of conflict in which personal benefits are involved and since he is only one out of seven Board members.

6.1.5 Method of Selection

The present method of Board selection allows for self-perpetuation. The Board is the direct successor of the Manitoba Indian Agriculture Committee which developed the program rationale and structure. The basis for selection to this committee is not clear; it was formed twelve years ago in 1971. At that time there were eight members including five Indian representatives. Four of these, including three of the original Indian members, are still sitting on the Board. When, as infrequently happens, a Board member resigns, his replacement is chosen by the remaining Board members.

There are both advantages and disadvantages to a permanent Board of Directors. The current approach is certainly uncomplicated. No election mechanism needs to be established and operated at periodic intervals to replace the board members. Without periodic elections, the kind of politicing which can surround short term directorships does not influence program operation. Some program officials argue that a long term board is more committed to the job at hand, as evidenced by better attendance records than programs with an elected board. Finally a long term board brings with it experience in choosing potential program clients and in directing such a program.

On the other hand, the present system makes no formal provision for introducing new skills, ideas and perspectives to the Board. It can lead to perceptions among Indian people that the Board is exercising its biases if it is not actually self-serving. It also aggravates potential conflict of interest situations since, as noted previously, it is difficult to have bylaws which actually exclude Board members from Program benefits if they are Indian farmers with long Directorship tenure. Finally, there is the belief, held by some influential Indian leaders, that the Board is not accountable to Indians because it is not accountable to Chiefs. According to this viewpoint, accountability to Chiefs would mean that the Chiefs of Manitoba's Indian bands would have power of appointment or election of at least the Indian representatives on the Board.

This latter issue is actually beyond the scope of the present evaluation since it cannot be resolved in the context of MIAP only; it is a national policy issue relating to the degree of decentralization of Indian programming and funding desired by the federal government and Indian people. The other issues, however, argue powerfully for a mechanism which would allow new Board members to be appointed or elected routinely. Many publicly funded organizations attempt to provide for both continuity (to take advantage of accumulated expertise) and new representation by requiring that a certain number of members (say a third to half of the Board) be replaced every term (say two years). These organizations also place a limit on the number of years or terms an individual may serve on the Board.

6.2 Administration

6.2.1 General

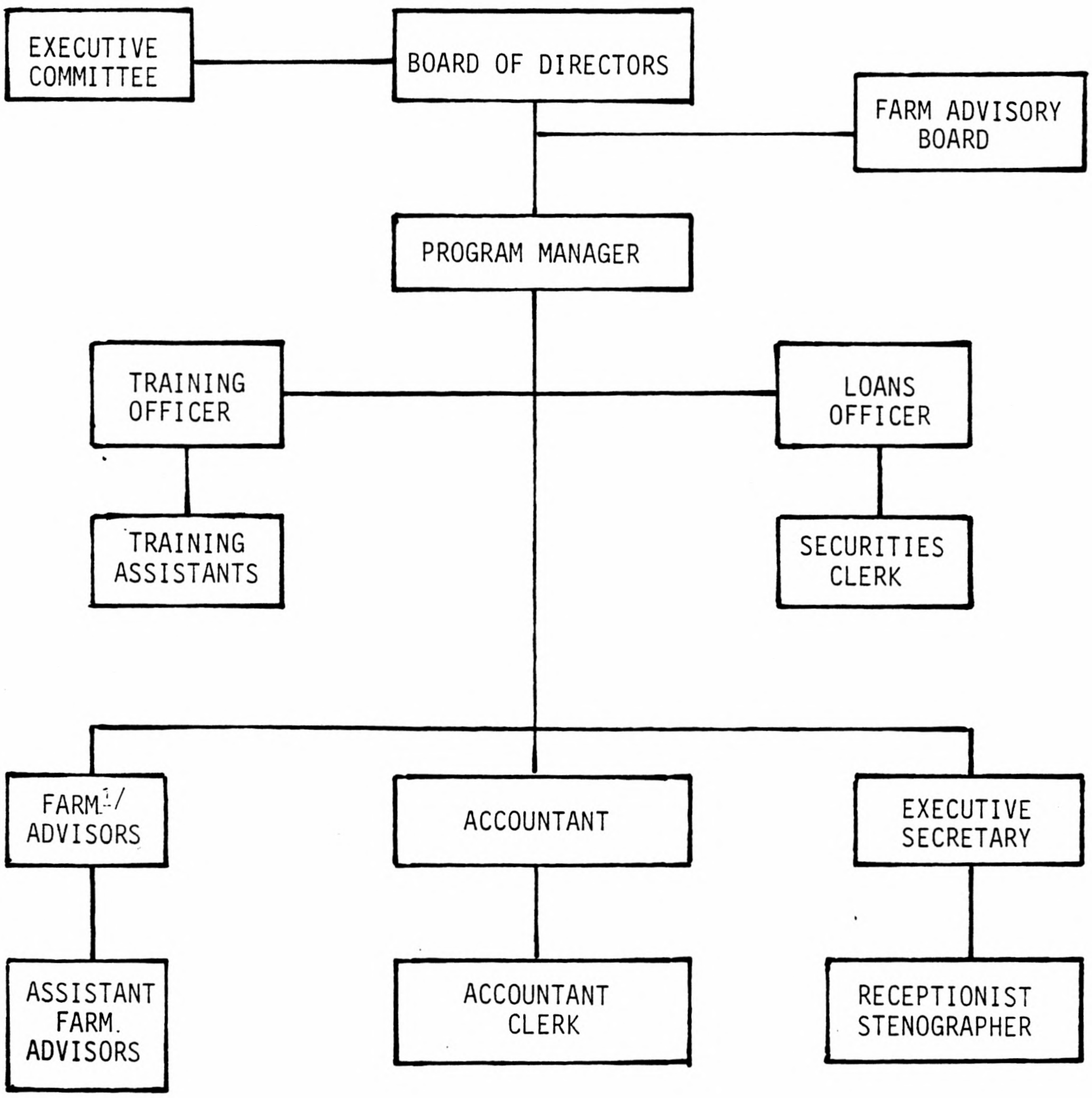
Overall program administration is the responsibility of the Board whose broad duties were discussed in the previous section. The Board has hired a staff for both head office and field operations which numbers 24 as of September 30, 1982. In addition, the program pays the expenses of five Canadian Executive Services Overseas (CESO) workers who provide on-farm advice and assistance to Indian farmers as required. Employees include four professionals and five support staff at Head Office, two field extension workers, ten field farm advisors and three field support staff.

The Program is directed by an Executive Director who sits on the Board and a Program Manager responsible for all day to day operations. The Program Manager is assisted at Head Office by a Loans Analyst, a Training Officer, two Accounting staff, a Securities Clerk, an Executive Secretary and a Receptionist/Stenographer. The field Farm Advisors report directly to the Program Manager (formerly senior farm advisor). When the current Program Manager was appointed, the senior farm advisor position was left vacant. The corporate organization chart, indicating reporting lines, is shown in Figure 6-1.

In the first two and one half years of the new Agreement, administration costs have been less than originally budgeted, as shown in Table 6-1 below.

FIGURE 6-1

CORPORATE ORGANIZATION CHART



[1/] Farmers are also assisted by CESO wokers through the training component. In addition to farm advisors through the MIAP program, farmers have access to MDA Extension Services and specialists (e.g., agricultural engineer).

TABLE 6-1

COMPARISON OF ACTUAL AND BUDGETED MIAP ADMINISTRATION COSTS

	Actual ($000)	Budget ($000)
Professional Staff	146	234
Support Staff	169	159
Travel	33	32
Specialized Services	140	139
Administration	249	272
Total	737	836

Source: MIAP Annual and Quarterly Reports. 1980 Treasury Board Submission.

6.2.2 Program Functions

MIAP is structured into six main program areas, called "Schedules" A through F in the Treasury Board Submission which describes program structure and activities for the 1980 to 1985 period. The six program areas are:

A. Farm Advisory and Extension
B. Training
C. Loans
D. Farm Development Contributions
E. Other Contributions
F. Corporate Program Management

These schedules describe the full range of activities carried out by the Program. Most staff functions can be described as involving primary responsibility in one of these areas. For example, the Program's Executive Director has primary responsibility in the area of Program

Management. The Program Manager's primary functions are also in this area; in addition, he may be involved in most of the other staff functions. Management support is provided by the Executive Secretary and Receptionist/ Stenographer. The role of the Loans Analyst is almost exclusively in the assessment of applications for financial assistance (schedules C, D and E) and in the administration of the financial support instruments. In these functions, he is assisted by the program accounting staff and the Securities Clerk. The Training Officer is responsible for Schedule B, i.e., to administer the training component by evaluating and securing appropriate training resources, preparing training plans, counselling and maintaining records. Finally, the Advisors are responsible for schedule A; they are the key field people that maintain and monitor program activities at the level of the individual farmer. They are responsible to assist with farm planning, client evaluation, identification of client goals, resources and requirements, recommending on applications for assistance and providing advice. In this latter role particularly, they are aided by the CESO workers. These are farmers living in the area of the reserve farmers who volunteer advice and assistance to Indian farmers and are reimbursed by the Program for expenses.

6.2.3 Job Descriptions

As part of the evaluation we reviewed job descriptions of all staff involved in the above jobs. The job descriptions are quite terse; in general, however, they describe the roles of each staff member in a manner which matches the functional needs of the Program.

Progam Manager

The Program Manager's job description can be summarized as: to provide overall direction to all program staff, assist Board in formulating objectives, planning, organizing, monitoring and evaluating. He is the senior budget and reporting officer.

During the course of the evaluation, we received no comments or other indication that the Program Manager's actual duties diverged significantly from his job description.

Loans Analyst

The duties of the Loans Analyst are described as: to evaluate loan/contribution applications prior to submission to the Board, to process approved applications and to administer the loan portfolio.

During the course of the evaluation, we received no comments or other indication that the Loans Analyst's actual duties diverged significantly from this job description.

Training Officer

The Training Officer's duties are described as: to administer the Training Component, i.e., to secure appropriate courses from available sources, to prepare training plans for Indian farmers and monitor progress, to maintain records of training for each client and to counsel trainees.

During the course of the evaluation we received no comments or other indication that the Training Officer's actual duties diverged significantly from this job description. We were made aware, however, that the current incumbent is the first to maintain a systematic set of records regarding the training activities and persons attending. Our review of these records leads us to suggest that some provisions be made to upgrade them by:

- noting training attendance, degree of participation and trainer evaluation in the client files;
- by indicating which attendees were farmers and which were not;
- by indicating what skills the participants in each training session were expected to acquire or master.

Program Accounting Staff

Program Accounting Staff duties are described as follows: to maintain general and financial records, loan and contribution records, records of financial commitments, payroll records. To prepare financial statements and cheques for signature.

During the course of the evaluation we received no comments or other indication that the accounting staff's actual duties diverged significantly from this job description.

Other Support Staff

Other support staff duties are described as follows: the Executive Secretary provides secretarial services to the Program Manager and Executive Director, maintains correspondence and staff files, supervises the receptionist/stenographer and provides general typing services. The Securities Clerk is responsible for preparing security documentation, maintaining security files and typing. The receptionist/steno's duties include: reception/telephone, typing services to staff and management, mail, filing and photocopying.

During the course of the evaluation we received no comments or other indication that the support staff's actual duties diverged significantly from these job descriptions. We did receive comments that rationalization of support staff functions during the past two years has improved effectiveness, particularly in the case of security management and documentation.

Farm Advisor duties have been described as: carry out activities at field level, identify goals and resources of farmers, advise on all aspects including training needs, assist farmers in planning. Assistant advisors'duties are to assist the advisors, with a special emphasis on training assistance.

A major concern was voiced by a large number of respondents both within and outside MIAP, about the role and duties of the farm advisors. This concern focussed on the role of the advisor in applying for and managing farm loans, including collections. The belief was widespread that these activities took away valuable advisor time which could have been used in actually advising clients as well as creating a role conflict which eroded client's trust in the advisors. It has been noted that Manitoba Department of Agriculture representatives are not involved in loan activities on behalf of any agricultural lending agency.

In favour of this dual role, some respondents indicated that it causes farm advisors to be more careful with loan applications and that they are more knowledgeable about clients' financial status. The experience of Manitoba Agriculture's Farm Diversification Program (FDP) also supports the dual role. Here field advisors prepared loan applications which were reviewed and decided upon by the FDP Board. However, MACC was required to manage and collect the loans. MACC officials believed that FDP staff would have been more careful in initial assessments as well as client follow-up if they had had loan management responsibilities. The separation of the roles causes the advisor and the client personnel to fall, in some cases, into separate "camps", i.e., to have the objective of developing farmer capabilities including financial management capabilities.

On balance, however, and given that communication between advisors and loan officials is good, we recommend that the advisors be relieved of credit management duties. If the issues of role conflict and paper burden are really destroying the ability and credibility of the advisors, their knowledge of client financial status and the soundness of loan applications can be secured by other means.

6.2.4 Staff Utilization, Work Flow and Efficiency

MIAP officials felt, generally, that their staff utilization work flow and efficiency were all at acceptable levels. The only problems raised were the paper burden of the field advisors and the delays in obtaining approvals on loans from the IEDF.

Unfortunately, short of a lengthy participant-observer study in both field and head offices, it is difficult to validate these claims. In order to gain some perspective, however, we subjected three of the program components (advisory services, training and administration) to a comparison with the sister program in Saskatchewan (Saskatchewan Indian Agriculture Program -- SIAP) in the areas of output, staffing and costs. We found the differences between the programs to be slight. MIAP's costs per farmer are somewhat higher for both training and advisory components; on the other hand, MIAP's administration appears to be somewhat more efficient.

Advisory Component

MIAP's advisory staff consists of ten extension workers who are committed to advisory duties and field management of the loans/contributions process. Two further field staff are apparently committed to the training program. In addition, however, MIAP clients can draw on the advisory services of the Canadian Executive Services Overseas (CESO) workers who are farmers or retired farmers living in the area of some of the reserve farms. If their expenses are indicative of their time spent on the job, they represent the equivalent of at least two full-time advisory staff. Total active farm caseload now stands at 184 farms.

SIAP has 24 active field staff to serve 440 active farms. Field staff are more diverse in terms of job duties: six are agricultural representatives, six are assistant agricultural representatives, three are financial advisors, three are "on-site advisors" and three are specialists. Staffing and cost ratios are shown in Table 6-2. MIAP is shown to have greater costs and staffing per farm although having a smaller client base which may mean that MIAP cannot enjoy some of the economies of operation that SIAP can. Further, MIAP staff must handle loan activities which are the responsibility of DIAND in Saskatchewan.

TABLE 6-2

COMPARISON OF MIAP AND SIAP
ADVISOR PROGRAM COST AND STAFF RATIOS 1981/82

	MIAP	SIAP
Number of Farms	184	440
Full time Equivalent (FTE) Staff	12	24
Program Cost $000 [1/]	399	829
Active Farms per FTE Staff	15.3	18.3
Cost per Active Farm	$2,165	$1,884

Source: MIAP 1981/82 Annual Report
SIAP 1981/82 Annual Report and internal memoranda

[1/] Includes CESO worker costs but excludes 50 per cent of native extension worker costs as half of these workers are considered to be involved in the training function.

Training Component

MIAP and SIAP provide similar training opportunities to their clients and potential clients. SIAP has eliminated the on-farm advisor sub-component which is equivalent to the CESO component in MIAP, considered here as an advisory service. In addition, MIAP appears to put greater emphasis on training-on-the-job which would explain, in part, its higher cost per trainee. MIAP also continues to pay per diem allowances to trainees, a practice which SIAP has discontinued.

TABLE 6-3

COMPARISON OF OUTPUT AND COSTS OF TRAINING COMPONENT
MIAP AND SIAP 1981/82

	MIAP	SIAP
Number of Attendees	641	1,100
Number of Active Farms	184	440
Attendees per Active Farm	3.5	2.5
Program Costs $000 [1/]	257	337
Cost per Attendee	$400	$306
Cost per Active Farm	$1,394	$766

Source: MIAP 1981/82 Annual Report
SIAP 1981/82 Annual Report and internal memoranda

[1/] Excludes CESO worker costs but includes some native extension worker costs. See Footnote 1/ in Table 6-2.

Administration

Administration is the area in which MIAP appears to be more efficient than its sister program. Although MIAP sponsored farmers number less than half the SIAP caseload, MIAP administers a contributions budget of equal size [1/] and administers a loan portfolio of some $4.1 million with 433 active loans in a difficult lending environment. Some 3.0 to 3.5 full-time equivalent staff are involved in the loans process, not unreasonable given the size and nature of the portfolio. The remaining

[1/] However, SIAP is able to make use of some $600,000 in ARDA funding for its land development work; MIAP must use contribution funds for the same type of land development.

program administration activities are carried by some 5.0 to 5.5 full-time equivalent staff. This compares with 8.0 full-time equivalent staff at SIAP, including their Regional Co-ordinator, Farm Management Specialist and Training Co-ordinator. Although SIAP's caseload is larger, MIAP administered a larger contributions budget in 1981/82 ($1.6 million vs. $1.2 million). MIAP's 1981/82 administration budget was $315,000 compared with $502,000 for SIAP (includes budgeted salaries of Regional Co-ordinator, Management Specialist and Traning Co-ordinator as well as actual administration budget).

6.2.5 Management Systems

In general, systems in place for accounting and filing are excellent; they have, according to most persons interviewed, improved substantially over the last few years. On the other hand, the quality of data maintained on advisor and training activities as well as with respect to financial status of farms and objective reporting of client management ability could use substantial upgrading. These are discussed in more detail below.

Accounting

Interviews with both the Program's external auditor and the regional manager of the IEDF indicated that MIAP's accounting system is adequate. It reports fairly on program expenditures and provides for adequate accountability of disbursements. Reports are timely as well.

Minor concerns have arisen with respect to the inordinate number of adjustment entries in the accounting ledgers. Also, the practice of sending loan billings out two months in advance of the due date, which bill interest only to the date of sending, can exaggerate the perceived problem of arrears in the 0-6 months categories.

Filing and Data Base

MIAP currently maintains three files on each client. These include an accounting file which records loan and contribution approvals, disbursements and payments along with documentation, a security file which contains security documents for loans (e.g., chattel mortgage, contribution agreement) and a general file. The latter contains copies of correspondence, client forms (e.g., applications, net worth statements, income and expense statements), band council resolutions or leases related to land and Board minutes related to application reviews or other client activity.

In sum, the files provide, or could potentially provide, much of the information regarding client history that is necessary for internal monitoring and evaluation of the program. The most significant information missing relates to training. It is our understanding that separate training files are now being maintained. However, this is a recent development (during the last twelve months). A summary of farm advisor activity with respect to each client would also be useful, although less crucial. Information with respect to client financial status, farm viability and progress is potentially available in these files on the net worth and income and expense forms and the client applications for assistance. This information, however, is not always maintained up to date and even where it is available the forms are not completely filled.

Of equal significance, the data that are potentially available are not systematically maintained. It would have been most useful, during our review of these files, to have had summary information on each client's farm status at year-end along with any relevant comments. Some simple variant of the form we designed to abstract file data could prove useful in summarizing this information. Consideration might also be given, however, to a computerized system of storing this information. Software could be designed to store, retrieve and perform simple manipulations on data to aggregate or analyze it. This could be done using either a computer service bureau or an in-house microcomputer system with specially designed software.

The facts that: a) these files were not designed to convey complete information regarding use of training and advisory services, b) that information on farm and financial status was often incomplete or not up to date, and c) that summaries of farm status were not available posed significant problems and required us to alter one evaluation methodology substantially (see Chapter 1). If MIAP were to overcome these problems, the benefits in terms of program monitoring and evaluation could be considerable. For example, it would facilitate tabulation and reporting on land development; the effects of training and advisory services on farm success could be more readily gauged and management could more readily identify farms in trouble.

Internal Reporting and Reporting to DIAND

MIAP's internal reporting system is defined here to include: 1) forms and procedures for reporting to MIAP management on client status, loan or contribution status and activities in each of the program components, and 2) forms and procedures for reporting to the Department of Indian Affairs and Northern Development. As will become apparent, the type and quality of information available for the second level of reporting is vitally dependent on the adequacy of systems at the first level.

MIAP's own internal reporting system includes the following elements:

1. The loan and contribution ledgers, produced monthly from the computerized system developed and maintained by a commercial computer service, along with supplementary reports that may be requested on an as-needed basis.

2. The field staff bi-weekly (now monthly) reports of activities, which are essentially time and contact sheets.

3. Client net worth statements which value different classes of assets and liabilities.

4. Client annual income and expense statements, which also yield information on crop and livestock production and inventories.

5. Client applications for financing which provide, in addition to net worth and income statements and funding requests, the personal, financial and experience data required to develop a farm plan and evaluate the application.

6. Loan summary form, which is a summary of the Loan Analyst's evaluation of the client's loan request.

7. Application for reserve land improvement.

8. Application for farm well and dugouts.

With one notable exception, these internal reporting forms provide the basis for adequate management information on program performance and activities. That exception is the lack of systems, procedures or forms for recording information about training. This deficiency could be overcome by having the training co-ordinator or farm advisors complete a short annual training form for each active client.

However, the fact that reporting mechanisms on other program activities and on client status exist has been no guarantee that useful information is produced or that it is used appropriately.

The best developed system is the automated reporting system for contributions and loans. Provided this system is properly maintained, i.e., inputs timely and correct, it is an invaluable tool for day to day management of the loans and contributions components.

At present, the field staff monthly reporting form provides one basis for evaluating the activities (although not the effectiveness) of field staff, assuming that they accurately reflect field activities. However, in the absence of a system for compiling and summarizing this information as well as relating it to individual clients and their farm status, it has little relevance to strategic program assessment and management.

Current forms and prescribed procedures are appropriate to provide information regarding net worth, income and expenses and applications for funding. In practice, however, the forms are not always completed fully. Moreover, while current policy calls for annual updating of net worth and income statements, up-to-date statements were found in only 22 of 64 client files examined.

Finally, as noted in the previous section, there does not appear to have been any attempt to summarize or analyze available information other than loan and contribution accounts. Consequently, management summary statistics regarding land development, farm financial status, management or cultural practices are indifferent or non-existent.

Reporting to DIAND is handled formally through MIAP's quarterly and annual reports which provide: complete financial statements, summaries of loans and contributions made (number and amount), an estimate of jobs created, an estimate of next quarter funding requirements, a listing of staff and man-months worked and a report on Board activities. The strengths and weaknesses of MIAP's internal reporting system are reflected in these reports.

For example, financial data and summaries of loans and contributions are quite adequate. Summaries of Directors' activities reflect the content of Board meetings and decisions. Staffing information is accurate. However, the questions to which DIAND should be receiving answers regarding program status and performance are addressed perfunctorily or not at all.

The reports do not indicate the number of active clients, the number of new clients using program resources or the number of dropouts. The information on jobs created or maintained may relate to the number of contributions and loans approved but does not necessarily reflect real employment generated since farms may be part-time or unviable. The status of the clients is not summarized even in a cursory way.

Training reports indicate the numbers of persons attending courses given over a year or estimates of these numbers. Yet there is no information even anecdoted regarding the extent to which training plans were actually followed through or the numbers of persons successfully completing the courses, workshops or longer-term training programs. There is no indication of the extent to which training programs related to assessed need or even in many cases, whether the individuals attending were actively farming. No information, even anecdotal, is provided on advisors' evaluations of the progress of their clients.

In order to provide meaningful performance (and not just activity) reports to DIAND, the Program will have to take steps, as indicated in this and the previous section, to assure that existing policies regarding data collection are implemented, to compile the information in useable form and to carry out appropriate analyses.

6.2.6 Personnel Services

The personnel function is divided between the Program Manager (hiring, evaluation) and the Executive Secretary (maintenance of personnel records). Staff training responsibilities were not viewed as part of this evaluation.

Personnel policy is to hire the best person for the job; there is no affirmative action policy (see 6.2.7). Other than the lack of such a policy, the one complaint voiced during the course of the study was that yearly evaluations of personnel were not undertaken. In small organizations, the yearly (or more frequent) evaluation is probably the most important tool for personnel management. Hence, failure to undertake them is a serious deficiency.

6.2.7 Indian Participation

While it is not an explicit program objective, Indian participation in management and delivery of the Program has been targeted as a desirable end. From the commencement of Program operation, a majority of the Directors, four of seven, have been Indians; this representation is, in fact, mandated by the Corporation's by laws.

During the eight years since the Program commenced, a significant number of Indian people have held both head office and field positions with MIAP. Currently, the program staff includes two Indian extension workers, three Indian farm advisors and two Indian support staff. The Program's present policy, however, is to hire Indian people only where they meet the qualifications and requirements for available positions. Other affirmative actions (i.e., promoting less qualified persons and providing training and guidance during an initial period) are not now being undertaken. Such policies, according to several staff interviewed, have been tried and did not work out.

More recently, the Program has moved to establish a Farmers' Advisory Committee. Active Indian farmers would elect one representative from each of nine districts. The role of the committee would be to provide formal liaison and advice to the Board. It would have quarterly meetings with the Board. MIAP has provided an initial budget of $9,920 from its Training and Corporate Management schedules.

This degree of Indian involvement has not been sufficient to deflect criticism from the larger Indian community that the Program is not really accountable to Indians. This criticism focuses on MIAP's accountability relationship to DIAND and on the perceived power of a Board of Directors whose authority is not derived from Manitoba's Indian political structure. However, no amount of Indian participation can change either of these features of the Program; these issues are part of a larger policy or even constitutional framework.

7. POTENTIAL NEW OPTIONS

The results of the rather wide-ranging study of program issues and activities reported in the previous chapter offer significant insights into the alternatives available for structuring MIAP's objectives, activities and scope over the next several years. After eight years, MIAP has achieved, in significant measure, some of the goals set out in 1975 and again in 1980. Land development is on target with objectives. The number of active farmers has increased somewhat although not in line with objectives originally established. Acreage under Indian farm management has increased along with gross production and returns. However, the program has fallen far short of its objectives with respect to developing economic farm units, as the results of Chapter 3 argue so convincingly. And, it is on this objective that the program should focus more energy and resources in the coming years, even at the cost of not meeting quantifiable objectives such as number of farms or number of new acres.

If agricultural development remains a priority within DIAND's overall economic development thrust, there is no question that programming must continue to be supported at current levels, and that special programming of some sort will be required for, perhaps, another twenty years.[1/] Within the global framework of support, however, some realignment in objectives and programming may be required. There may also be some opportunities for enlargement of the Program's scope to include other agricultural activities. It should be emphasized, however, that sufficient challenge remains within the current scope to utilize fully the resources available to MIAP.

[1/] This is in considerable contrast to the optimistic tone taken in the 1980 Treasury Board submission: "It is clearly intended that existing and proposed delivery mechanisms will terminate in 1985 when the development process will be completed."

Potential revisions in Program objectives, components and scope are discussed in the following subsections. Not discussed, however, are the implications that could flow from major policy changes with respect to Indian agriculture. For example, there is a belief among influential members of the Indian community that the Program should be fully accountable to the Tribal Councils of Manitoba, i.e., they would appoint the Board. The obvious impact of such a change on objectives and programming is not considered. Similarly, it is assumed that DIAND's and the Federal agencies' policies on Indian agriculture will continue to favour the development of viable, commercial agriculture within the scope of the sectoral programs.

7.1 Revisions in Objectives

MIAP's overall objective, to promote the development of viable Indian agriculture in Manitoba, does not need revising within the context of present DIAND economic development policy. However, in light of the eight years that have passed since the program began and the accumulated experience (some of which we have been able to review), some clarification and shifts in emphasis are in order.

7.1.1 Program Objectives

In 1980 a number of program objectives were established relating to number of farm units, incomes, investment and spin-off benefits that were to occur by the end of fiscal 1984/85. In light of recent experience, some of these will need to be modified.

1. Increased farm production by 1984/85 of $14,355,000 from 295 farm units.

   Since 1978 the number of active farmers has only increased by 16, from 168 to 184. This has been due largely to the inability of many Indian farms to develop successfully, partly because of adverse economic conditions, but also because management skills have not advanced as rapidly as it was earlier believed they would. This has resulted in a number of farm failures (33 close-outs since April 1, 1978) and, no doubt the discouragement of potential new entrants.

Gross farm production as estimated by a one-third sample of client data has been static at about $4.0 million since 1979.

Clearly then, it is most unrealistic to expect achievement of this goal by 1985. The Program should therefore aim at only a nominal number of new farmers in the next two years while making a major effort to raise gross production on the smaller number of farms.

2. Increased gross income per unit of $48,600 compared to a 1980 estimated production of $23,250 per unit.

   Unless there is a major upward adjustment in farm product prices MIAP supported farms will fall far short of this objective by 1984/85. Average gross incomes have hovered around $20,000 per unit since 1978. Again this suggests the need for a major emphasis on upgrading skills of existing farmers.

3. Increased demand for farm and domestic goods and services due to a minimum five year capital investment of $11,850,000 and increased available personal income.

   This objective too far exceeds what can actually be expected to happen. Although our sample did not provide complete data on capital infusion, on the basis of 22 farms which reported net worth changes between 1979 and 1981 or between 1980 and 1982, we estimate annual capital infusion at $1.5 million which includes the average annual level of contributions of $1.36 million during this period.

   Projected over a five year period this suggests new capital infusion of some $7.5 million between 1980/81 and 1984/85.

   Over the past two years farm cash flow less interest is estimated to average between $8,800 and $10,000 per farm or $1.5 million to $1.9 million for all MIAP supported farms. A substantial increase from this level cannot be expected within the next two years, hence only modest spin-off benefits in farm communities will result. However, increased investment, largely through contribution funding (and corresponding loans) will be required to further capitalize farm units and, along with continued efforts in the training and advisory components, raise farm net incomes.

4. Improved job opportunities on the farm and in nearby farm service industries and developments.

This should remain an objective. However, it is clear that current income levels are not such as to create significant numbers of either opportunity. Again this points to the need to focus on client management practices.

5. Improved local small business opportunities in serving farmers. This also should remain an objective and is dependent on increases in both farmer gross and net incomes.

6. Continued improved land use and productivity of the reserves.

There is some evidence that productivity is improving, especially for livestock farmers. Continued efforts in this direction are required and should take priority over increasing the amount of land in agriculture.

7.1.2 Advisory Component Objectives

The 1980 Treasury Board recognized the need for intensive advisory input.

> "There is a need for considerable advisory input for beginning and developing farmers ... The Provision of intensified extension and advisory services is mandatory to the overall success of the Program."

However, this submission also noted that the requirement for technical and management extension services from a MIAP advisory component would decline as

> "...the number of fully developed farmers is expected to increase from 50 to 185 between 1980 and 1985, the provincial extension services will be expected to increase their role in the Indian agricultural community."

On the basis of our examination of records it is doubtful if, even now, there are fifty developed Indian farmers in Manitoba, and there will certainly not be 185 by 1985. The need for intensive advisory services is as great as ever even though the number of farmers has not increased as much as anticipated.

7.1.3 Training Component

The overall objectives of this component, as stated in the submission were:

> "To upgrade the Indian farmer's technical and managerial knowledge, skill and competence and thereby assist him in improving his productive and managerial efficiency and his effectiveness."

Several types of training are provided and each has set objectives.

Training on the Job was to provide this type of training for 84 clients during the 1980-1985 period. According to the training reports, this number has been exceeded already. Obviously many who accept this type of training do not continue on to become farmers. In fact, in recent years the gap between numbers taking training on the job and the numbers beginning farms has become so large that one is forced to conclude that most trainees are using the program as a basis for short term employment not as a springboard for a farming career.

This high effective drop-out rate is costing the program considerable training resources. However, some leakage is inevitable and the Program has a justifiable role in exposing Indian youth to farm employment on a trial basis. However, the extent of leakage appears to be so severe that the Program should begin to consider alternate strategies for focusing the training resources more closely on those who are committed to an agricultural lifestyle.

On Farm Training is really an extension of the advisory role to a more intensive level. This role is filled by the CESO workers. The objective has been to provide on farm training resources to 220 farmers during the five year program extension. In effect, this has meant 50 farmers per year and this in fact is the caseload of the CESO workers. We have no way of knowing, however, if it is indeed those in greatest need who are receiving these services. On the basis of farm performance it appears that this objective should be redefined upwards.

Training Workshops were intended to provide 1,650 person days of training in specific technical areas. These one or two day workshops have traditionally been popular with Indian farmers because the training is of short duration and occurs locally. We are unable to evaluate the extent to which such workshops are applied in daily farm activity and decisions. They are clearly relevant to developing farmers; the extent to which they are targetted, however, towards clients needing them is also unclear.

On the basis of program documents, this sub-component objective is also being achieved or exceeded; again, however, it is not possible to determine if the training is being received by those who need it.

Specialized Training objectives were to provide 41 new clients with training in the two year diploma course at the University of Manitoba and to upgrade technological and management skills in agriculture using available 10-week courses for 100 potential, beginning and developing farmers.

These objectives are far from being met. While this training sub-component offers economic development opportunities in agri-business as well as direct farming, the take-up rate on it has not been what was expected.

In fact, there is some concern that much of the training component is not perceived as relevant by the client group, otherwise better farm performance could be expected. While the overall objectives of this component are as relevant as ever, it is clear that even achievement of the quantifiable objectives (i.e., persons trained or enrolled in training) is not having the intended effect. MIAP officials should be closely monitoring their training programs over the next six months with a view to discerning their actual and perceived relevance to the client group and amending perhaps both content and numerical objectives.

7.1.4 Loans Component

The objective of the loans component is:

"to facilitate the obtaining of loans for capital and operating on reasonable terms by some 295 applicant farmers by 1985."

It is apparent that the numerical goal will not be achieved. However, the overall objective of the loans program for whatever number of farmers exists is relevant as long as sizable numbers are in the developmental stage.

7.1.5 Contributions

The objective of this component "to assist Indian farmers in establishing an equity position...." continues to be relevant. Within this component, the findings of this study suggest that a de-emphasis of land development in favour of greater capitalization of some of the existing farm units may be appropriate.

7.1.6 Corporate Program Management

Obviously the role of management has been and will continue to be critical. Management's skills in defining policy, supervising staff, and managing financial instruments have progressed well over the period of the present agreement. Management should increase its focus on information development and management and on ongoing monitoring and evaluation of the effectiveness of individual program activities, particularly in the training and advisory components.

7.2 Revisions in Programming Components

In light of the foregoing some revisions in programming are appropriate. In particular a commitment needs to be made to a more directed and client-centred training program. While the original program document appears to have had this in mind, in practice it appears to have been more haphazard, with particular programs being made available in a particular area by popular demand or because somebody thought it was appropriate. The Program needs to be structured to be purposive in terms of the needs of each individual within the large group of current developing farmers who are considered to have potential for long term independent viability. In addition, the impact of training on management practices and farm and financial status should be routinely monitored for each client with a view to providing additional training, revising the training course content or adopting new approaches to supplying training.

Clearly there is a key role for the farm advisors in managing the training program. They interact most frequently with clients and, of all program staff, should have the best understanding of their training needs. But in the developmental stage (which most MIAP supported farmers are in at present) the role of the advisor goes beyond this. The advisor needs to take responsibility for assuring that training is applied in day-to-day situations and so is meaningful in these situations.

The long term development of this group of developing farmers is clearly an intensive process. Because the advisory and management role of the advisors will continue to be intensive for some years to come, all possible steps must be taken to ensure that the advisor is seen as an aid, not a detriment to the development process, by the client. This does not mean that the advisors should abdicate all responsibility for understanding a client's financial situation or assisting in financial planning. But it does mean, at a minimum, that advisors should no longer have to be collection agents. To state that this role tempers their evaluation of loan prospects is an indefensible rationale; the Program has a Loans Analyst whose second sober opinion should be equally if not more effective in screening dubious prospects.

While Farm Advisors can obviously not be freed from paperwork, neither should it hinder a reasonably intensive interaction with their developing farmer clients. Properly used, paperwork is an aid to their role in the development process. Moreover, if the program operations are to accord with current policy with respect to data availability and compilation, there is likely to be more, not less, paperwork. The creation of a data base for effective ongoing evaluation (as described in section 6.2.5) will also require greater attention to gathering and recording of information. Two steps can be taken to mitigate the paper burden and assure adequate time for the management duties of the advisors:

1. To the extent that paper burden is the result of routine recording or transfer functions, provision could be made for part-time clerical staff to assist the advisors.

2. To the extent that paper burden can only be handled by the advisors it may be appropriate to recognize the need for more intense advisor/client interaction <u>and</u> better recording of client financial and management progress by reducing the client/advisor ratio, say, by adding two new advisor positions. Before authorizing new positions, however, Program Management should undertake a detailed audit of advisor activities. It may be that procedures and guidelines can be established to improve advisor productivity. One possible measure would be to attempt, as much as possible, to schedule paper work for the winter months.

Programming recommendations covered so far appear to be in the direction of costing more money and, in all probability, the Program will not be able to avail itself of additional funding. Some trade-offs may be necessary and while the following may appear radical, in our opinion they represent the smallest sacrifices that would be in order to enhance the Program's needed human development thrust:

1. Deployment of training programs should be carried out with a view to the needs of developing clients. This will no doubt increase the training resources required by these clients. However, the training programs should focus squarely on them and their needs. This alone may reduce rather than increase the requirements of this component.

2. MIAP should purposely limit the number of new clients accepted into the program each year to enable maximum advisor attention to be paid to them as well as the large group of developing clients.

3. MIAP should consider reducing or eliminating per diems paid to trainees attending sessions as SIAP has done, except in cases where out-of-pocket costs are actually incurred.

4. Finally, if the above measures are not sufficient to finance additional investment in training and advisory services, the Program could consider tapping the contributions budget.

Within the contributions component itself, some reshuffling of priorities may be appropriate. The scaling back of land development objectives (and hopefully the creation of an expanded role for other agencies in financing land development) should free funding for greater capitalization of developing farms. This capitalization, along with improved management and financial skills are what are required to improve the prospects for Indian farm viability.

Even with greater emphasis on buildings, livestock, equipment and farm improvements (other than land development) increasing contribution limits and reducing the number of new applicants accepted into the Program is likely to create strong opposition among those in the Indian community who feel the benefits of the resource should be available to more, not fewer, Indian people. However, the same rationale that allows entire reserves to be leased to non-Indians so that lease revenue or their benefits can be apportioned among all residents, can be used to argue for a process that creates viable Indian farming entities. Viable farms will ultimately be capable of returning not only lease revenues to the Band, but also skills, achievement and an example of economic development success. Provided that primary MIAP beneficiaries are seen to be supported by the Program on the basis of potential and actual achievement, it will ultimately be recognized that the efficient use of the resource by Indian farmers will contribute maximum development benefits to the Bands.[1/]

The loans component currently has all the necessary ingredients to play a key role in achieving the redefined objectives and programming discussed above. Again, some shifts in emphasis may be warranted. For example, the few established farmers still utilizing the program's financial services should be directed towards conventional lenders, e.g., the banks, the Farm Credit Corporation and the Manitoba Agricultural Credit Corporation. As farmers move towards being established, MIAP should direct these clients as well toward the conventional lenders and assist the development of this relationship by utilizing its guarantee fund. Ultimately, only new farmers and some proportion of developing farmers, say those with less than a five or six year track record, would

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[1/] Under the right conditions (i.e., responsible management and committed workers) band farms, managed by reserve residents can also maximize development benefits by providing training and employment to band members as well as monetary compensation to the Band for use of the land.

be borrowing from the IEDF through MIAP. Naturally this exposes the IEDF to the highest risks; however, given the developmental nature of the fund this is not entirely inappropriate. Moreover, it is understood to be a precept of MIAP and DIAND that economic development implies the ability to interact effectively with mainstream economic institutions.

7.3 Revisions in the Scope of Programming

The types of agriculture supported by MIAP during the past eight years have, with a few exceptions, been the extensive agriculture typical of much of western Canada, i.e., grain and cow-calf finishing types of operations. Limited intensive agriculture, i.e., hogs or poultry, has been practised on some of the mixed farms supported by MIAP but these tended to rely on a more or less extensive land base for support. A few specialty farms, notably four market gardening and three beekeeping operations, are currently supported by the Program.

Other suggested areas for MIAP programming support include: wild game ranching, wild rice and "agro-euthenics", i.e., subsistence agriculture in the north. While these less traditional activities clearly fall within MIAP's mandate, all of them, however, involve serious obstacles to MIAP's participation.

In many respects wild rice harvesting and/or farming is an agricultural activity which is highly compatible with the more traditional Indian way of life. Other than the new approaches to this crop being used in Minnesota,[1/] the technology is relatively simple and not costly and the work of seeding and harvesting is seasonal, thus permitting other traditional pursuits. Once operation is established, profitability,

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[1/] Wild rice is now grown in paddies which are drained at harvest time. The crop is then harvested by cutting into swath and combining.

while not assured, is as good as or better than grain operations at today's prices for wild rice.[1/] From the perspective of a funding agency, the contribution requirements are relatively modest. From these perspectives it appears to be a near-ideal activity for MIAP to assist.

Extensive further development of wild rice production by Manitoba Indians should not, however, be undertaken without a good understanding of the methods by which the product is marketed as well as the likely supply-demand balances over the next five to ten years. Such review and analysis is beyond the scope of this report. Moreover, MIAP has in the past been explicitly warned by the Manitoba Indian Brotherhood not to become involved in the province's wild rice economy.

Game ranching has limited, if any, potential during the next several years. Unlike wild rice, its economics are unproven. It may be that this type of initiative is seen as an answer to criticism that MIAP does nothing for Indians living in the non-agricultural zone of the province. Regrettably, wild game ranching is not the answer at this point. The contribution dollars required to support such operations would be a drain on the Program that it can ill-afford, given the developmental needs and opportunities in the traditional agricultural zone.

It may, however, be appropriate for MIAP, perhaps in association with its sister organizations in Ontario and Saskatchewan, to take a leadership role in developing a research program, including a pilot project which would be aimed at better understanding the requirements and aims of game ranching. Funding could be sought from DIAND as well as other federal and provincial agencies concerned with agriculture and northern development. Participation by one or more university departments would add to the scientific credibility of such a project as well.

[1/] SIAP currently funds wild rice operators in northern Saskatchewan and documents that profitability is good provided the market expands to take up additional production and maintain prices.

The potential for northern commercial scale agriculture is not so clear cut. Where interest is shown by residents of these areas, MIAP's response should not differ from its current policy and guidelines for agriculture in southern Manitoba. Proposals and requests for funding should be examined on their own merits and sound plans and sound applicants be funded and advised accordingly.

Small, "self-sufficienty" type units do not fall into the same category. As a sectoral program, MIAP's role is in economic development, i.e., the creation of jobs and livelihoods, normally at a commercial scale. It can be argued that small gardens providing their proprietors with sufficient produce to reduce or eliminate imports from the south are commercial. After all, while they do not produce incomes as such, they displace expensive imported produce, thereby making a meaningful contribution to their owners' standards of living. The same argument, of course, can be made for a much wider range of small scale activity (e.g., a few pigs or chickens) in the south as well as in the north.

Should the Program officials believe that support for these activities is worthwhile, the following should be borne in mind:

1. The Program should develop a policy explicitly geared toward this type of activity. This policy should formally affirm MIAP's support for it and offer a rationale for this support. It should, moreover, explicitly indicate the level and types of support that would be available and the conditions under which it would be available.

2. The Program should seek policy guidance from DIAND regarding the appropriateness of support for this type of activity by a sectoral program.

3. To increase the salability of such an initiative to the federal funding agencies, the Program should identify product and geographic areas where home production is clearly economic relative to purchase of the imported commodity.

All the above notwithstanding, however, the continued availability of the undeveloped land resource along with the questionable viability of most of MIAP's caseload will combine to cause traditional agriculture to be, by far, the number one priority for the Program for many years to come. Cow-calf and grain operations represent the least complex agricultural technologies available to MIAP-supported clients at the present time and consequently the most convenient opportunities. The next most available and exploitable opportunities are in intensive farming: feedlots, commercial hog farrowing and finishing, commercial poultry and egg operations, vegetables, honey production, etc. While their generally greater gross profitability against capital make them good candidates for MIAP support, their more rigorous demands on management and technical skills should caution program officials. As a general rule, extreme caution should be exercised in reviewing applications concerning intensive farming where the applicant has not already demonstrated competence in another farming or business endeavour. In other words, unlike many current approvals which are made, subject to the applicant's willingness to train, approvals for intensive farming support should be based on previous training and track record.

8. CONCLUSIONS AND RECOMMENDATIONS

This chapter summarizes conclusions and recommendations drawn from the analysis and evaluation presented in Chapters 2 through 7. Conclusions and recommendations are arranged in the same order as those chapters.

8.1 Utilization of the Land Base

Conclusions

1. Since 1978 MIAP has developed some 16,000 acres of new cultivated land on Indian reserves of which some 7,000 are cropland and 9,000 are developed hay and pasture. Targets for developing cultivated land thus have been met or exceeded during the course of the present Agreement. We have been unable to estimate the extent to which previously unused native pasture has been taken up by Indian farmers during the same time period.

2. Since 1978 MIAP has incurred land development costs of $1.89 million, i.e., MIAP sponsored land development costs have averaged $117 per acre.

3. Eighty per cent of the land development that has taken place since 1978 has occurred on five reserves: Peguis (40 per cent), Ebb and Flow (15 per cent), Valley River (10 per cent), Waterhen (8 per cent), and Crane River (7 per cent).

4. Cultivated acres utilized by MIAP clients now total 82,422. We have been unable to obtain accurate estimates of the number of non-cultivated acres used but believe it to be in the neighborhood of 70,000 to 80,000. This is an increase since 1978. However, we believe that the rate of increase has levelled off since about 1980. On a few reserves the resource is fully utilized.

   Five reserves account for 57 per cent of cultivated acreage: Peguis (21 per cent), Waywayseecappo (11 per cent), Long Plains (8 per cent), Sandy Bay (8 per cent) and Sioux Valley (8 per cent).

5. Some 22 per cent of cultivated reserve land is currently farmed by non-Indians, with 62 per cent of the leased out land occurring on two reserves: Long Plains (38 per cent), and Waywayseecappo (24 per cent).

6. Productivity tends to be lower on Indian farms than on other farms in the districts where Indian farms are located. In the case of our sample, Indian farm productivity was lower by: 50 per cent for cattle operations (i.e., required 50 per cent more land per head maintained), 23 per cent for wheat, 33 per cent for barley, 20 per cent for oats, 67 per cent for canola and 29 per cent for flax. While it appears that cattle productivity is increasing over time, such a trend was not identified in the case of grains.

Recommendations

1. Because the uptake of land by Indian farmers has slowed in recent years, it is appropriate to reduce the land development objectives and initiatives during the remainder of the present agreement.

2. Where the resource is fully utilized or reserve land is otherwise unavailable, MIAP should consider the option of developing Crown land. Otherwise the uptake of presently leased land should be encouraged as leases expire if the affected Band is agreeable.

3. On the basis of existing productivity figures, it is possible to increase the resource effectively by increasing its productivity. MIAP advisory and training components should strongly emphasize techniques and skills which will bring Indian farm productivity closer to the average of off-reserve farms.

8.2 The Client Group

Conclusions

1. MIAP's currently active client group numbers 184 compared to 168 in 1978 at the time of the last evaluation. This compares with an objective of 350 by 1985. Some 73 farms are cow-calf operations, 46 are grain farms, 36 are mixed, and 7 are specialty farms. On the basis of a sample of 60 farms, 37 per cent had been established seven years or longer, 33 per cent for four to six years, 15 per cent for two or three years and 15 per cent for one year or less. MIAP farms are larger, on average, than the average Manitoba farm.

2. MIAP farms' average gross incomes are substantially lower than the Manitoba average and the gap has been widening in recent years. Our sample 1981 average gross income was $20,500 compared to $56,000 for Manitoba. The gap between average operating incomes has also widened; the 1981 sample average was $9,900 while for Manitoba it was $22,100.

3. Cash incomes of Indian farmers have been declining in recent years from about $8,300 per farm in 1978, to $6,000 in 1982. Farms established three years or longer show better cash returns than younger farms. Average cash incomes on Indian farms are about 40 per cent of the provincial average. Only about 30 per cent of the sample farms show cash incomes greater than $10,000.

4. On this basis it is likely that only 30 per cent -- or some 50 to 60 MIAP supported farms, are currently viable and many of these are only marginally viable.

5. Farm asset values and net worth, however, are comparable to the Manitoba average (excluding land and buildings). Our sample suggests that recent average gross asset values are about $80,000 with average net worth being close to $50,000. These estimates attribute no value to reserve land.

6. Fifteen clients were interviewed with respect to a range of program issues including mandate, performance, accountability quality of service, criteria for acceptance into the program and future program options. Overall, the respondents had a favourable impression of MIAP and its program components. Their views with respect to ultimate program output, i.e., viable Indian farms, were mixed, with several believing that farms were not producing effectively.

Recommendations

1. While the Program has made some progress in capitalization (Indian farms equal the Manitoba average in capitalization) and training Indian farmers, it has clearly fallen far short of its objectives. Continuing and sustained program initiative is required perhaps for another 20 years, to develop fully the agricultural potential available to Manitoba Indians. If Departmental policy continues to favour agricultural development, then MIAP or some similar vehicle will be required for some time to come.

2. During the remaining years of the current agreement and in future years (should the Agreement be renewed) assuming the current funding level, MIAP should scale down present objectives with respect to increasing the number of farmers. MIAP should focus instead on monitoring and improving the technical, financial and managerial skills of the present farming group and reduced numbers of new entrants in the future. Should additional funding become available, however, MIAP could consider expanding the client base (depending upon the level provided) rather than consolidating the Program as has been suggested here.

8.3 Financial Mechanisms

Conclusions

1. Since the beginning of the new Agreement, MIAP has approved some 260 loans totalling $3.3 million, compared to a forecasted 250 totalling $3.5 million. Some 33 per cent of loan funding was to acquire livestock, 41 per cent for machinery and 17 per cent for operating funds.

2. At January 31, 1983, MIAP's loan protfolio included 433 loans with outstanding balances of $4.6 million. Total in arrears was $2.1 million (46 per cent of the portfolio). Fully 219 loans were in arrears on principal and/or interest for more than six months. This situation is partly the result of adverse climatic and economic conditions in recent years and partly because of management practices which lag behind those of the general farm community.

3. Both loan foreclosures and extensions have increased in number between 1978 and the present.

4. MIAP has improved loan management practices considerably in recent years. Outstanding issues are: the state of post-loan counselling, maintenance of security on long term loans, credit checks, too rapid scheduling of application reviews, terms and conditions of MIAP loans compared to other agricultural lending agencies, the current limit on IEDF funding and the desire of MIAP to operate its loan fund independent of the IEDF.

5. There has been a slowdown and even a reversal in the earlier trend for Indian farmers to use alternative sources of credit.

6. Since the beginning of the new Agreement MIAP has approved applications for contributions totalling $3.5 million, compared to a budgeted $3.6 million. Some 55 per cent of funding has gone to land development (including drainage, facilities and community pastures), 44 per cent to equipment, buildings and livestock.

7. In general, the granting of MIAP contributions has accorded with stated policy. Possible deviations include:

    a. Not all funding applications have been fully completed and it was not always possible to discern a farm plan in them. Progress toward improving this situation has been made in the last six months.

    b. MIAP appears to be providing contributions to individuals with substantial assets and repayment ability.

c. Some MIAP assisted farmers are principals in more than one operation receiving MIAP contributions.

8. Due to rising operating, capital and interest costs, MIAP contributions are in many cases not achieving the intended effect of providing sufficient equity to permit appropriate loan funding. One result has been the increase in arrears and extensions. Contribution limits are too low and the increasing cost of land development can cause this component to swallow most of a farmer's contribution entitlement.

9. Intensive use of land is more profitable than land clearing and extensive use at a similar level of MIAP support. However, intensive use also requires the application of more labour and more technical and management skill and commitment.

10. The economics of land clearing vs. off-reserve purchase are dependent on relative productivity, costs of land clearing and price of off-reserve land. In most cases where both alternatives are available, land clearing is less costly to both the Program and the client.

11. A few new pieces of corporation owned equipment have been added since 1981 when the last inventory took place. Corporation ownership of (or 100 per cent contribution towards) specialized equipment shared by reserve or district farmers is obviously the cheapest route for the farmer. It may also be the cheapest route for MIAP, depending on the extent of use. There is a rationale for client participation in the cost of this machinery either through contribution to the initial purchase or through user fees.

Recommendations

1. MIAP should continue to improve loan management practices in the areas indicated in Conclusion #4 above. In particular, MIAP should provide Board members with summary data and recommendations on loan/contribution applications at least one week in advance of meetings.

2. Wherever possible, MIAP should encourage clients to use the loan guarantee system if, in the absence of the system, MIAP itself would have approved a loan. Established clients should be encouraged to use conventional sources of farm credit.

3. The basis of farm progress, the benchmark for evaluation of training and advisory requirements and a key input to evaluation is the farm plan. This should always be completed and updated as necessary. Loan and contributions applications should carry all necessary information.

4. MIAP should clarify its policy on providing contributions only to those who lack equity or repayment ability by indicating the level of farm and personal income and assets which represent "sufficient equity and repayment ability".

5. MIAP should develop a policy with respect to the funding of farm operations where one or more of the principals are involved in other MIAP supported farm ventures.

6. MIAP should place separate limits on land development contributions and contributions for other purposes. Land development contributions should be based on what is reasonable with no definite ceiling. The current $60,000 limit should apply to contributions for all purposes except land development and the percentage limit should accordingly be reduced to 40 per cent. In view of the proposed higher limits and therefore greater funding at risk per farmer, MIAP must tighten up its application review process by careful analysis of the prospects for success and must also closely monitor farm performance in the early years.

7. MIAP should increase support for intensive farming operations, even if this means less land clearing, if there are sufficient qualified applicants. Qualified, in this context, implies a successful track record in extensive farming or other endeavors, not merely a willingness to undergo training.

8. MIAP should supply corporation owned equipment only where it is specialized <u>and</u> likely to justify the cost in terms of use. MIAP should consider user fees or other client contribution to the cost of the machinery.

8.4 The Support Mechanisms

Conclusions

1. The predicted movement of a large number of beginning and developing farmers to the so called "mainstream" farming community as developed farmers does not appear to have occurred. On the basis of qualitative interviews, it would appear that only a small number of farmers can be considered developed. Furthermore, the financial position of existing clients does not appear to have benefited from better farm management to which advisory services and training address themselves.

2. Interviews with officials indicated that the need for intensive advisory services has not declined as predicted but in

fact has increased. The increased use of MDA 1/ extension services by clients has not occurred. Opinions expressed in interviews concurred that the work of the farm advisors has been vital in keeping the existing farm units underway. Two officials went further to seggest that the majority of farm units would collapse without advisory support.

3. Training has generally met its specific sub-objectives regarding number of people trained, particularly in training on the job and short courses or workshops. Targets have not been met in graduating Indian students from the University of Manitoba Diploma in Agriculture, although the objective was no doubt unrealistic. What is evident from examining the training activity is that there appears to be no mechanism for determining the results of training in increasing managerial and technical capabilities and therefore of tailoring future training to client needs. A problem raised in the training component by some officials was participation by non-farmers not interested in farming in courses in order to collect revenue. Officials interviewed agreed that training should be a cornerstone of a development program such as MIAP but they did not all agree that current training is effectively enhancing farm management ability.

Recommendations

1. MIAP should continue, if not increase, the advisory services through the farm advisors into the future in order to maintain the existing farm units.

2. As noted elsewhere, relieving farm advisors of the paperwork associated with collections activities now currently included in their job description would provide more time for advisors to carry out the intensive counselling work which has proven vital to the Program up to now. In addition, MIAP should immediately implement a detailed and systematic evaluation of its training program to determine who utilizes it, the costs per client of the program, the application of knowledge and the career path of those who utilize it.

1/ Manitoba Department of Agriculture.

3. MIAP should put in place monitoring systems for training which would provide program staff with information regarding the number of people successfully completing training, the use made of the training in practical farm management and the effectiveness of the training in meeting the specific training objective. In addition, MIAP should immediately implement a detailed and systematic evaluation of its training program to determine who utilizes it, the costs per client of the program, the application of knowledge and the career path of those who utilize it.

4. MIAP should consider a client centred approach to training in which the training needs of clients or serious potential clients are met through tailored courses. Results of training should be followed up with each client. MIAP may want to consider intensifying the training program by providing more specialized programs to clients only.

8.5 Administration

Conclusions

1. MIAP's Board of Directors has a highly satisfactory attendance record at meetings. The Board deals adequately with major policy and management issues and devotes sufficient time to them relative to time spent reviewing applications.

2. There are a number of areas where there is potential for (although no documented evidence of) conflict of interest of Board members including; a) personal applications for funding, b) contracting to MIAP, c) funding applications of relatives or associates, d) employment status with agencies such as DIAND or credit unions dealing with MIAP.

3. The Board is currently self-perpetuating. Members sit as long as they choose and, when a member retires, the remaining Directors choose a successor.

4. Most employees were actively involved in duties which correspond with their job descriptions and are appropriate. We note, however, that the farm advisors' role in financial counselling and collections may be incompatible with their advisory role. Advisors complained of too much paper burden.

5. There are no substantial differences between staff utilization and efficiency between MIAP and SIAP, its sister program in Saskatchewan. SIAP's training and advisory personnel appear to carry a larger caseload although their loan responsibilities

are much less. MIAP's head office staff, on the other hand, appear to carry a greater workload than SIAP's.

6. Systems in place for accounting and filing are excellent. On the other hand, the quality of data maintained on advisor and training activities as well as data pertaining to financial status of farms and client management progress are deficient or wholly lacking. This affects both internal reporting and evaluation and the quality of reports to Government.

7. Indian participation in the Program is much greater at the Board level than at the management or staff level. MIAP's policy is to hire the best qualified staff whether they are Indian or not.

Recommendations

1. MIAP should adopt a policy which prohibits Board members and staff from receiving contributions from or entering into contracts (other than normal employment) with the Program.

2. Farm advisors should be relieved of routine matters pertaining to post-loan counselling (i.e., collections). Other "paper burden" relates to the need to maintain adequate records to monitor and evaluate client progress and this is a rightful duty of the advisors. If this burden is currently standing in the way of the type of intensive advisor/client interaction required to ensure client progress, the solution is to hire more advisors.

3. MIAP must emplace systems to assure the ready and routine availability of program performance and activity data. This includes up to date financial and management data on clients, data pertaining to training needs and training taken, summaries of farm status and advisor activities and summary evaluations of client status.

8.6 Potential New Options

Conclusions

1. In light of the current state of program performance as measured against objectives and in light of the current economic climate, some re-alignment of objectives may be necessary. In particular, it may be appropriate to scale down objectives regarding new farms and land development and to scale up advisory and some training inputs.

2. Some "new" economic activities offer considerable promise. These include northern commercial agriculture and possibly remote small-scale subsistence agriculture. The most promising "new" activity, however, is intensive farming in the traditional agricultural zone of Manitoba. Game ranching and wild rice farming do not appear to be commercially appropriate for MIAP at the present time. It should be emphasized that there remains sufficient challenge within MIAP's current scope of activities to utilize fully the Program's resources for some time to come.

Recommendations

1. MIAP should revise downward its objectives with respect to number of farms and land development.

2. MIAP's training program must be focused more squarely on developing clients and must be continually adjusted to their development needs and interests. MIAP should re-assess the need for per diem training allowances. The role of training-on the job should be reassessed in view of the few participants who actually become farmers.

3. MIAP should not consider expanding into game ranching or wild rice at the present time. Northern commercial scale agriculture should be supported on the same basis and under the same conditions as southern commercial agriculture. Subsistence northern agriculture should be supported only within a policy context approved by DIAND.

APPENDIX A

TERMS OF REFERENCE

In January of 1983, InterGroup Consulting Economists Ltd. of Winnipeg was commissioned by DIAND to carry out a comprehensive evaluation of MIAP in accordance with the terms of the Treasury Board Minutes which mandated the current program Agreement for the period 1980 to 1985. Terms of reference for this evaluation follow:

1. <u>Utilization of Resource by Indian People</u>

   a. Improved land use -- MIAP improved lands:

      i. Provide land improvement data -- by reserve
-- by class
-- by land use.

      ii. Determine actual level of land utilization by relating to increases in production.

      iii. Comment on quality of available data.

   b. Re-evaluate original objectives in terms of current potential and current economic climate.

   c. Examine new potential opportunities not identified in setting original objectives.

2. <u>The Client Group</u>

   a. Number of clients in Program -- new, old, drop-outs, impact on employment.

   b. Impact on production and incomes:

      i. Change in net worth.

      ii. Change in gross production.

      iii. Change in net income.

      iv. Relationship to Province averages for a., b., and c. above.

   c. Farm viability.

   d. Client assessment of program.

e. Re-evaluate original objectives in terms of current potential and current economic climate.

f. Examine new potential opportunities not identified in setting original objectives.

3. Financial Mechanisms

a. Evaluate current loaning program. Review and update latest evaluation of loan portfolio, as well as the most recent departmental reviews of the IEDF agricultural portfolio.

i. Direct IEDF loans; in particular, identify current trends in loan servicing such as extension of terms, arrears, liquidations.

ii. Guaranteed loans, MIAP and IEDF.

iii. Other sources of credit. Trends to or from such sources.

b. Evaluate Contribution Component:

i. Evaluate current program limits in light of the increasing economic price-cost squeeze. Use models to illustrate.

ii. Cost benefit of land clearing -- extensive vs. intensive use.

iii. Off-reserve purchases -- cost benefit.

iv. Corporation-owned equipment -- update latest study.

4. The Support Mechanisms

a. Evaluate training component:

i. Data and statistics.

ii. CESO.

iii. Impact on income and employment.

iv. Appropriateness.

b. Evaluate Advisory Services:

i. Advisor-client ratio, time spent advising vs. loan portfolio management.

ii. Province -- use of provincial services.

5. <u>Administration</u>

   a. Evaluate Board:

      i. Attendance.

      ii. Issues dealt with.

      iii. Policy Direction.

      iv. Conflict of Interest.

      v. Method of selection.

   b. Evaluate administration of Program:

      i. Identify the various functions being performed.

      ii. Relate these functions to existing job descriptions.

      iii. Assess staff utilization, looking at work flow and efficiency in carrying out existing and future functions.

      iv. Assess the management systems currently in place for:
         - Accounting
         - Filing
         - Internal reporting
         - Data bank.

      v. Assess personnel services.

      vi. Assess systems and formats for reporting to Government.

      vii. Indian participation in the administration and delivery of the Program.

6. <u>Potential New Options</u>

   a. Revisions in objectives.

   b. Revisions in programming.

   c. New economic activities -- e.g., game ranching.

   d. Northern agriculture and agro-euthenics.

APPENDIX B

COMPOSITE LIST OF INTERVIEW QUESTIONS

Following is a list of questions asked in the course of the interview program. Core questions for each interview were selected from this list. Supplementary questions were asked in some cases.

1. ORIENTATION

   a. Confirm his/her role within MIAP or in relation to MIAP.

2. PROGRAM ORGANIZATION AND PROCESSES

   a. Can he describe the training function of MDA staff in MIAP and the activities undertaken to carry it out?

   b. Can he provide data on the number, role and qualifications of training employees involved in MIAP?

   c. How is training organized?

   d. What other training facilities does he make use of and for what type of services?

   e. To what extent has training been tailored to the type of farmer -- developed, developing, beginner, potential? Has this distinction been useful?

3. ANNUAL ACTIVITY DATA FOR COMPONENTS

   a. Files are maintained on individual clients on quarterly and monthly basis indicating types of service received from MIAP field training and extension staff. Are there other sources of data?

   b. What differences are there between the job of MIAP field worker and comparable Manitoba agriculture workers serving non-MIAP clients?

c. List the categories of training provided.

d. In each category, number of clients who received training during past three to five years.

e. How are training needs evaluated? Do subsequent programs correspond to these evaluations? Do clients honour their training programs? Do training programs seem more successful in some reserves or districts than others?

f. Manpower and other resources committed.

g. Activity data of comparable MDA workers serving non-MIAP clients.

h. Are files maintained on individual clients indicating services received? Are these accessible to the study team?

i. How many reserves in the advisor's area? Band farms? How many farmers; how much land in each reserve? MIAP files are on funded farmers -- are there many others? How many? How much land? How are they doing? Why have they not taken up MIAP assistance?

j. Talk about general state of farming in this area. How would you compare the MIAP farms to surrounding farms in terms of: viability, management practices, size, capitalization, type of product?

k. Would MIAP farms be viable without MIAP funding or loans? What is turnover or dropout rate? Can you account for dropout?

l. What is general attitude toward farming, i.e., serious view of economic potential and farming as a way of life and earning a living or merely a sideline carried on as long as there is funding? What is general attitude toward MIAP?

m. In the advisor's caseload, how accurately are records kept? How closely are management plans followed? Do clients take training advice seriously? Are terms and conditions of loans being achieved?

n. Inventory of corporate owned machinery (condition, purchase value, present value, user fee).

o. During the last few years, how many loans have been made to MIAP clients by bank/credit union? What has been the purpose of these loans? What has been the range on the size of these loans? What has been the size of the MIAP client loan portfolio in each of the last three years? Describe the manner in which

MIAP guarantees the loans. What other security is usually demanded by bank/credit union from the borrower?

p. Would the farmer consider himself a full-time farmer? Does he have another job? How many hours? What was his first year of farming like? How long has he been farming? What about recent experience -- good or bad?

q. Has he used MIAP contributions or loans? How much in each case? How much and what kind of resources has he contributed himself to the farm? Has he gotten help from sources other than MIAP? Would he be farming without MIAP assistance? Did he find the MIAP financial arrangements satisfactory? Too restrictive? Are they fair?

r. How does he feel he did compared to others? What type of operation does he have? What production did he achieve last year? On how much land? How much is improved? Has he cleared land in recent years? Does he use off-reserve land? Did he earn income beyond his costs? Does he hire other local people on the farm? Has he noticed any new businesses in the area which cater to farmers, e.g., machine shop, farm supplies, cattle transport, welding?

s. Can he get as much land as he needs? Is unfarmed land available?

4. PROGRAM MANDATE: GOALS, OBJECTIVES, MEASURES

a. Understanding of overall purposes of MIAP.

b. Do you believe that the program's objectives, as originally conceived (and amended, from time to time) are relevant to the overall purpose? Are there other objectives that are equally or more meaningful?

c. Do you believe that the measures employed to describe program success tell the whole story? Why or why not? (NB: these measures relate to land under active management, total gross income and gross income per farm.)

d. Are measures of productivity made? How? How would you rate the accuracy of these measures? If not, how would you best approach the issue of productivity. (NB: Grain Marketing Study uses comparability to surrounding Crop District in terms of crop mix, yield, inputs and management practices.)

e. Are data kept regarding job and business spin-offs from MIAP farms?

f. What would be your definition of a viable farm (e.g., commercially viable, subsistence farm)? For example, what gross or net income should a viable farm produce? What size operation? How much of the operator's work year should it absorb? How much requirement for off-farm work or other non-farm income should be tolerated within the definition of a viable farm? Are farms rated according to viability criteria?

g. How large a role does agriculture have to play in Indian economic development relative to other land-based or urban opportunities?

h. If you were now designing a program to meet the same objectives as MIAP, how would it be similar? Different?

i. Is the MIAP program creating undesirable social effects, e.g., class distinctions on reserve?

5. PROGRAM PERFORMANCE

a. How many active and inactive farms? Of these Indian farms on which MIAP maintains files, can you guess at:

   1) how many are ongoing, working farms?
   2) how many have been turned over to new operators?
   3) how many have been abandoned?
   4) how many are viable in that they can be expected to provide a "reasonable" return to operator capital and labour?
   5) how many are potentially viable?
   6) how many are strictly part-time operations? Is there a role for small, part-time operations?

b. Do you believe that MIAP has met its mandate in terms of:

   1) utilization of the potential resource base? (NB: improved land use and productivity)
   2) number of active farms and farmers?
   3) gross income per farm unit and gross farm production?
   4) capitalization of farm units?
   5) technical and managerial capability of farmers?

6) improved on and off farm job opportunities (elaborate)

7) improved local small business opportunities in serving farmers (elaborate)

8) overall farm viability (elaborate)

9) increased development of already established farmers?

f. Does there appear to be a systematic relationship between training effort and client persistence and success at farming?

g. Is Indian agriculture established in Manitoba in the sense that it could sustain itself in the absence of the type of support given by MIAP (e.g., contributions, training)? If not, how long before this could occur? How important are MIAP supports to Indian agriculture?

h. What has been the experience of Manitoba Agriculture staff with respect to providing extension support to Indian farmers? Has management, technical and financial capability improved? How many of MIAP's 200-odd clients have reached levels of skill comparable to successful non-Indian farmers? What levels of productivity? Generally, would you consider the <u>potential</u> productivity to be equal? What limitation would you see on either group of farms (e.g., soil class, location)?

i. On this reserve and others that the farmer knows about:

1) how much land that could be farmed isn't being farmed and why?

2) do the farms have adequate equipment and financial resources?

3) are the guys capable managers? Do you have perceptions in these areas for other parts of the province?

4) is a lot of land leased out?

j. What work still has to be done on the reserve in the farmer's opinion with regard to Indian agriculture, i.e., land development, management/training, etc., new areas? What can MIAP contribute?

k. In your opinion, would the number of Indians involved in agriculture, the size of farms and the levels of gross income be what they are today without MIAP or some similar program?

l. What has been the bank/credit union's experience with loans to MIAP clients? Repayment rate? Default rate? Does the guarantee provision mean that the bank is less likely to pursue the borrower in the event of missed payments?

m. Does the bank/credit union find its current arrangements with MIAP satisfactory?

n. Does the bank/credit union undertake to determine if funds lent to MIAP clients are being spent as intended? Is it the general experience of the bank/credit union that this is the case? Have there been any serious instances where it has not been?

o. Do the farms to which banks/credit unions loan earn enough to meet their loan commitments <u>and</u> ongoing operating costs? What is their impression of the viability or potential viability of Indian farms in the area they serve? Is there a high turnover or abandonment rate? Are these farmers, for the most part, motivated? Do they maintain accurate and adequate farm records?

p. Would the bank/credit union lend to its MIAP accounts if the loan was a normal commercial transaction? To what proportion?

6. PROGRAM ACTIVITIES AND PROCESSES

a. Assuming that MIAP is a good vehicle for economic development, are there some activities or components within it that have more relevance than others? Are there some which are absolutely necessary? Are there some which you would abandon or radically re-structure?

<u>Funding</u>

b. Is the program over or under funded? Are some of its components over or under funded? Do the administration and board have sufficient power to be flexible in allocation of funds among components?

c. Background on the contributions component of the MIAP program. Why have the limits been established as they have? What problems have been encountered in administering this aspect of the program? (e.g, shortfall in equity funding and consequent danger of unmanageable indebtedness, farm bankruptcy or abandonment)

d. Do you feel that successful applicants are sufficiently funded, taking into account own sources, contributions and loans?

e. What is the relationship between IEDF and MIAP? How does IEDF fit with MIAP in practice? Are there problems in the working relationship between the groups? What proportion of IEDF funds go to MIAP clients? What have been the characteristics of farmers with successful loans (i.e., debt recovered)? of farmers with loans unrecovered (i.e., arrears, bad debt)?

f. What is your understanding of the comparative costs of land clearing versus intensive use (e.g., hogs, chickens) versus off-reserve purchases in various parts of the province? What is your understanding of the comparative benefits of each alternative?

g. Has the purchase of off-reserve land played a role in MIAP since 1980?

h. In cases where land is leased either to Indian or other farmers at going rate -- what is lease rate in the area for: improved cropland per acre, improved pasture, native pasture?

i. Has a user fee system been used on the reserve for corporate owned machinery or community pasture? What has been the experience with use of this machinery? Has the machinery been well taken care of?

Staffing

j. Identify each function which is performed by headquarters/field. What staff is assigned to each? Does work flow efficiently within the organization? Do bottlenecks/time lags occur in any function? Do you feel that people are filling their roles adequately?

k. Do you feel that all components of the program are sufficiently staffed? With people of appropriate qualifications?

l. Who has been on the MIAP board since 1978? What significant policy issues have arisen in that time period?

m. Who handles staff training?

Client Characteristics

n. In your opinion, what characteristics separated successful from unsuccessful farmers? Were certain reserves more active (ditto: successful) than others in reaching program objectives? How do you account for differences between reserves?

o. In your opinion, what characteristics and qualifications separate program clients from rejected applicants? During program operation, were you able to identify any factors (e.g., age, education, experience) that could predict program success?

p. Do potential clients face real or psychological barriers to gaining entry to the program, including established qualifications? Has the program attempted to develop measures to overcome these barriers? What was the result of any such attempts?

q. Do farmers feel MIAP's criteria for accepting applicants are fair? Which don't they like? Do people they know think they are fair? What type of guys are likely to be successful in applying? Are they the same guys successful in farming? Do the most capable people qualify for funding?

r. Where the land resource and/or the program dollars and training are not being taken up, to what do you attribute this? Lack of interest? Inadequate publicity? Band politics? Reluctance to give up lease revenues? Other? How important are these factors, and what would be required to overcome them?

s. Since the MIAP program began, have you noticed any more jobs in business serving agriculture (e.g., implement repair, fertilizer sales, custom farm work)? Have any farm related businesses opened up in this area? Have MIAP farmers hired on other Indian people to their farm operation?

Support

t. Do you feel that successful applicants receive too little/adequate/too much/the right kind/the wrong kind of support in the form of advice, training, consultation, workshops, etc.? Are these services being provided by the right people? How relevant is training to farm viability? Does training generally correspond with assessed need?

u. Has the need for MIAP advisory services declined with increased farmer knowledge, as predicted in the program outline? Has the number of people intersted in farming declined? If not, why not? What implications does this have for the remainder of the program period?

v. Do you see a role for advisory services beyond 1985? How far should they go? How much further should the training aspect of MIAP go?

w. Of the courses offered through MIAP, which courses have been most popular? Have any been emphasized more than others? Which had the best results in terms of farm management?

x. In recent years, have new applicants been able to gain access to program support as easily as in the past? Who or why not? Does program resource allocation tend to favour existing over new potential clients?

Personnel

y. Who handles the personnel function?

z. Have Indian people worked as staff in the program? What level? What has been the experience in the last four to five years? Are there plans to increase this participation? Are affirmative action policies in place?

aa. Overall, how do you feel about the co-ordination of the program? Are the right resources being made available to the right clients? How does efficiency compare with similar programs? What improvements, if any, would you make? Is program administration sufficiently staffed? Finally, what, to you, are the program's major strengths and weaknesses?

Reporting

bb. What reporting procedures are used between MIAP and DIAND (quarterly, annual and other)? What is currently included in these reports? Does this match what you think should be conveyed? What deficiencies in reporting do you see? Does this convey an accurate image of farm progress?

cc. What internal reporting mechanisms are used? Do you consider them to be effective?

dd. How regularly are field staff in contact with program clients? Are visits more regular for new clients? On these visits what do field staff look for? If a farmer is not operating as planned or intended, what action can field staff take? Are there instances where this was done? Is there evidence that such corrective action is avoided?

7. CONTROLS AND ACCOUNTABILITY

a. Do you believe that the processes established to select applicants for loans, contributions or other program resources are equitable? Do they select the most capable people? Do local politics influence selection?

b. Do you feel that once applicants have been selected, there is adequate accountability in terms of disbursement of funds (e.g., receipt or other proofs)? Are these adequately scrutinized?

c. Has the issue of conflict of interest re: loans for program staff and board members been addressed in written policy?

d. Do existing agencies, e.g., DIAND, MDA, provide sufficient support to MIAP?

e. Does MIAP and is officials get along well with the band. Does the band support the farmer in his efforts or would it prefer to get lease money?

f. What is the nature of the farm accounting systems used by clients? Do these systems provide timely and usable data? Do they honestly reflect the financial status of clients? Do clients maintain them adequately?

g. How active is DIAND's participation in MIAP board? Advisory? There to listen only? Participate in discussions?

h. Do you believe that MIAP clients are sufficiently accountable in their use of assets partly or wholly funded by MIAP, e.g., extent to lack of maintenance, extent of re-sale of equipment, lease-out of land?

i. Does the board and administrative arrangement provide for sufficient participation by Indian people? In particular, do you feel that the board has sufficient freedom to exercise authority to the greatest benefit of Indian people? Is it hampered by its by-laws, by its relationship with DIAND or MDA? Is there any vehicle other than the Board for grassroots participation in program policy? Do Indian farmers feel they have sufficient input into the progam?

j. Does MIAP obtain permission from individual band councils to operate on reserves? Have the bands imposed limitations on MIAP operations on reserves? Has MIAP adhered to these conditions?

k. What is the role of the auditor with respect to MIAP? What is current auditing practice, i.e., how often, type of reports, etc?

l. Did the auditor develop MIAP's current accounting and information systems? Did the accountant have any part in developing individual farm accounting and information systems? Do you believe that MIAP's accounting system and practices report fairly on expenditures?

m. Does the audit accountant believe that MIAP's system for assuring accountability with respect to contributions is adequate? Have there been major problems with it in the last three to five years?

n. In the past three to five years has the audit accountant encountered any major problems with respect to use of funds, accountability, etc., that he is permitted to disclose? Is separate accounting done on funds received from separate sources (e.g., DIAND, DREE, etc.).

o. Has MIAP had any difficulties obtaining funding from DIAND and other sources to meet its obligations, with respect to either amounts or timeliness?

p. What improvements, if any, would you recommend in MIAP accounting or other reporting systems?

8. OUTSIDE IMPRESSIONS

a. In your opinion, what impression does the Indian community (leaders, clients, non-clients, other Indian farmers) have of this program? Do they view it as meeting their needs? Are their perspectives on loans and contributions and their relative function similar to those of, say MIAP management or DIAND? What specific criticisms of the program by Indian people are you aware of?

b. In your opinion, what impression do other affiliated agencies, including other lenders, have of this program?

9. FUTURE DIRECTIONS

a. Do you see a future role for MIAP beyond 1985?

b. What do you see that role being?

c. Do you feel that the approach used by MIAP could easily be transferred to other resource activities (e.g., wild rice farming) for Indian people?

d. Do you think that activities presently suggested as within the scope of an enlarged mandate are reasonable? Do they have a chance of being viable? Have investigations been done into them, and are results available?

e. Would these activities require significant new expertise within MIAP at the level of: board, management, field staff, affiliated agencies?

f. Would they require new approaches to accountability, visibility, agency relations, client relations, loan/contribution administration, other supports?