PME EVALUATION OF THE DEER LAKE FORESTRY OPERATIONS

DEER LAKE, ONTARIO

(INDIAN-ESKIMO AFFAIRS)

CONFIDENTIAL

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Program Management Evaluators:

B.E. MacDonald (Team Leader)
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PME No. 3(M)-1972
November, 1972.

I N D E X

...ii

LIST OF APPENDICES

I. INTRODUCTION

1.1 Background

1. One of the objectives of the Forestry Program is to facilitate Indian endeavours to establish, own and operate viable primary extraction enterprises. In order to identify the effectiveness and efficiency of these enterprises, the Director of the Indian-Eskimo Economic development Branch requested Program Management Evaluation to undertake the evaluation of certain of these forestry operations, including the one located at the Deer Lake settlement located at Deer Lake, Ontario.

2. The Indians located at Deer Lake are of the Deer Lake Band, but their settlement is on Crown land rather than on the Reserve. The Reserve for the Deer Lake Band is located at Sandy Lake, Ontario, approximately 45 miles northeast of Deer Lake, Ontario. Deer Lake, Ontario is approximately 200 miles due north of Sioux Lookout (see Appendix "A"). The Deer Lake settlement has a population of approximately 300 people. The settlement is completely isolated except by service from float or ski equipped aircraft and by a winter road over which a cat train brings in supplies from Island Lake Manitoba, or Red Lake Ontario, during the winter months.

3. The mill was originally owned by the Department and financed through the Economic Development Budget of the Sioux Lookout District. In January 1972, the sawmill was turned over to the

...2

Band as a Band operated venture. An agreement was made between the District and the Band whereby the Department would purchase from the Band whatever amount of useable lumber had been cut to specification, suitable for house construction. The first years operating expenses were provided by the Department.

1.2 Scope

1. The purpose of this evaluation was to analyze and assess the existing logging and milling project at Deer Lake in order to establish its efficiency and effectiveness as a basis for future policy planning and decision making. The emphasis has, therefore, been placed on determining the economic viability of the operation and isolating the significant variables restricting maximum output at minimum cost, rather than attempting to optimize output.

2. The Deer Lake settlement is administered by the Sioux Lookout District and this forestry project was evaluated in conjunction with all other mills located in the Sioux Lookout District. The Team made a detailed visit to Deer Lake on August 29, 1972. During this visit the Team was accompanied by the departmental Development Officer located at Sandy Lake. Discussions were held with members of the Band who were engaged in the actual lumbering operations. Information concerning the wood supply was obtained from Ministry of Natural Resources, Sioux Lookout, Ontario District Offices.

...3

3. A standard format prepared by the Laurentian Institute, consisting of a questionnaire and model, has been prepared for the Deer Lake lumbering operation and is attached as Appendix "B" to this report. Some minor modifications have been made to the format due to the lack of certain statistics and the accounting methods carried out at the site of the operations and at the Sioux Lookout District Offices.

1.3 Acknowledgement

1. The PME Team wishes to acknowledge the assistance provided to it by the Toronto Regional Office, the Sioux Lookout District, the Thunder Bay Regional Offices of the Ontario Ministry of Natural Resources, and the Sioux Lookout District Office of the Ontario Ministry of Natural Resources.

II. DISCUSSION

2.1 Wood Supply

1. An estimate of the total forested area of the Deer Lake settlement within a 10 mile radius of the mill was obtained from the Ontario Ministry of Natural Resources, Sioux Lookout District, based on an average square mile of area for that particular type of terrain. An average square mile of area consists of 60 per cent productive forest, 10 per cent non-productive land, and 30 per cent water. Of the 60 per cent productive forest, white

...4

and black spruce comprise 60 per cent of the forested land, varying from young trees through immature to mature trees. Fifteen per cent of the forest consists of Jack Pine and another 15-20 per cent is covered with white and black poplar. The remainder consists of small stands of birch and fir. Of all of the above species, 98 per cent of the trees cut by the Indians is mature spruce; the other 2 per cent is mature Jack Pine. All timber is on Crown land but no attempt has been made by the Ontario Ministry of Natural Resources to collect stumpage fees. For all intents and purposes the timber is free to the Indians for their use, and the Province has no plans at present to change this situation.

2. Logging is conducted during March and April because of the severe cold weather of December, January and February. A constraint to the logging operation is that by the time the weather is suitable for logging, the snow is usually 5 to 6 feet deep, making it extremely difficult to get the logs out of the bush and down to the frozen surface of the Lake. The Band does not have the heavy equipment which will permit them to haul logs from any great distance in the bush. Therefore, the Band has been forced to cut its timber requirement within 200 to 300 feet of the water's edge. Mature timber is still available along the shores of the Lake although the Indians now have to go approximately 10 miles distance from the mill to obtain it. It should

...5

also be borne in mind that each year the Indians have to go further away to get the timber they need. In order not to lose the perspective of the wood supply situation, it should be further noted that good stands of timber, sufficient to satisfy the settlements needs for the next five years, are available within one to three miles of the mill. However, these stands are not accessible to water and therefore they are not considered as an available timber source by the Indians.

2.2 Organization and Management

1. The sawmill at Deer Lake was turned over to the Band in January 1972, by the Department, with the understanding that if they produced lumber suitable for house construction, the Department would buy the lumber from them. The Department initially financed them in order to carry them through the first year's operation. At the time of this report there was insufficient information available to establish a financial report of the Deer Lake Sawmill Operations. The Team was advised by the Sioux Lookout District Offices that all the lumber required for this year's house construction was tendered for through DSS and brought into Deer Lake from Red Lake or Pickle Lake, Ontario, by Cat Train with the exception of some materials flown in by Air Freight. The cost of purchasing and transporting finished lumber to Deer Lake is approximately $359.00 per M f.b.m., of this $ 76.80 is transportation charges.

2. The Band has a loose agreement with a Band member to manage the sawmill operation. This Band member in turn is in partnership with two other Band members. The manager of the sawmill was originally trained by the Menonite Mission and is considered to be skilled in the logging and sawmill operations. However, he has little or no training in the administrative aspects of the operation and as a result no records have been kept with respect to production in either activity.

2.3 Security

1. One of the major problems in the operation of the sawmill is the complete lack of security of the sawn lumber. Although the Indians who work at the sawmill understand that sawn lumber has to be cured for a year before it can be planed and used in house construction, the majority of the Band members do not appreciate this fact. They see houses being constructed from lumber flown in or brought in by Cat Train and to them the lumber stacked for drying at the sawmill is not required for these houses. Therefore, if an Indian requires some lumber for something he wishes to build, he sees no reason why he cannot help himself to this lumber from the mill. The result is that although sufficient lumber may have been cut initially for a house, by the time construction comes around there may only be half the required amount of lumber on site. This problem has to be solved before the sawmill operation can hope to become a profitable venture.

...7

2.4 Facilities

1. The sawmill is located on the shore of the Lake. The head saw and carriage are protected from the weather by a rough, but adequate building (see Appendix "C").

2. The items of plant equipment consist of the following:

(a)	Head Saw & Carriage :	Belsaw Machinery Co. (good condition) Current Value	$ 910.00
(b)	Motor:	Wisconson Model VF4H (good condition) Current Value	$ 545.00
(c)	Small Planer:	Belsaw Machinery Co. (good condition) Current Value	$ 268.00
(d)	Briggs & Stratton:	8hp engine for driving planer (fair condition) Current Value	$ 120.00
		Total Current Value	$1,843.00

3. The average annual production over the past five years is not known, as no records have been kept. However, based on the number of houses that have been constructed at Deer Lake over the past five years (9 houses), plus other settlement needs, it is estimated that 15,000 f.b.m. have been cut annually.

2.5 Markets

1. There are no outside markets for any lumber produced by the mill. Suitable finished lumber is used in house construction, the remainder is used for the construction of docks, sheds, fences and boardwalks. At the time of evaluation there was an estimated 11,000 M f.b.m. of unplaned lumber undergoing seasoning. There were no logs at the mill site awaiting sawing.

...8

2. An average of two houses are being constructed each year at Deer Lake settlement and the District does not expect this number to increase in future years. This would indicate a market of 15,000 f.b.m. In addition, there is an estimated 5,000 f.b.m. of rough lumber required each year for other reserve needs. The total market for lumber in this area is, therefore, assessed at 20,000 f.b.m. per year.

2.6 Finance

1. For the past five years the logging and sawmill operation was financed primarily through the Economic Development Branch of IA&ND and the lumber produced by the mill was turned over to Indian housing or to meet other reserve needs. This turnover of materials has been done without any official transfer of funds. As a result it has been impossible to budget for the lumbering operation as a separate item and therefore the PME Team was unable to assess past operations. This situation has been rectified as of the beginning of the new fiscal year, and finances required for sawmill operations, or the purchase of lumber from the Band mills are now kept under separate file.

2. The following financial information is all that was recorded against the cost of operating the Deer Lake sawmill for the 1971-72 fiscal year:

Wages	$ 1,690.00
Setting up Planer	159.00
Repairs to Planer Belt	1.00
Gas	150.14
Oil	20.14
Transportation of Gas and Oil	204.80
	$ 2,225.08

3. The amount of lumber cut is not recorded, therefore, since the PME Team was unable to obtain only one side of the equation -- i.e. the cost of production -- it was unable to construct a break even chart for the Deer Lake forestry operation.

III. CONCLUSIONS

1. Forest surveys have not been conducted in the Deer Lake area. However, personal observation by the PME Team indicates that there is sufficient stands of good mature white and black spruce within a ten mile radius of the mill site to fill any known requirement of this settlement for the next five years.

2. The Indians are forced to cut logs within 200-300 feet of the water's edge because of the lack of heavy equipment to haul the logs out of the forested areas to the water's edge. This constraint requires the Band to go further afield each year to obtain good timber. Nonetheless, there is sufficient timber

...10

along the shoreline of the Lake to fulfill the Band's needs for the foreseeable future.

3. There is an adequate supply of labour. It is classed as skilled for logging, but only semi-skilled for the sawmill operation. Local management is inexperienced in other than small enterprises.

4. The lumber currently being produced at Deer Lake is good lumber but due to inaccuracies in sawing and planing, the finished material is not always suitable for house construction. Therefore, the Department will have to continue to import lumber from outside sources to make up for whatever cannot be produced at Deer Lake.

5. The equipment is in good condition and is capable of producing good rough lumber. However, because of the size of the planer, inaccuracies exist in the finished product. There is a lack of heavy equipment, especially for the woods logging operation. This results in the heavy use of manual labour for hauling the logs, and places a severe constraint on the use of mature timber within the close proximity of the mill site.

6. An annual market of 15,000 f.b.m. exists at Deer Lake.

7. The size of the market does not justify the acquisition of further equipment at this time.

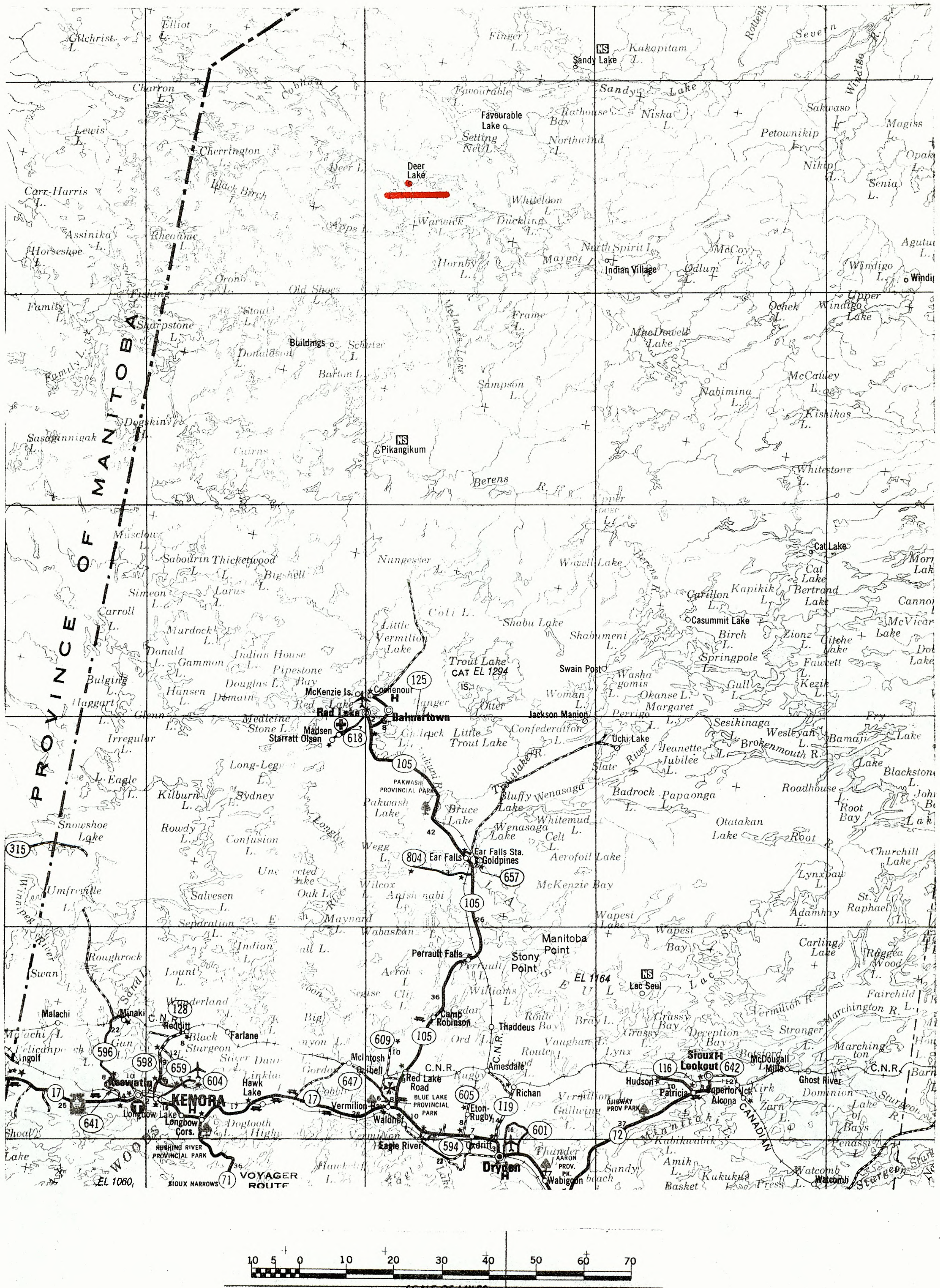
...11

8. The mill should be retained at its present level and continue to cut for Band use.

9. The present agreement between the Department and the Band, whereby the Department will purchase all finished lumber for house construction which meets the specifications of size and seasoning, should continue. However, in order for this arrangement to be successful, the security of the lumber must be overcome.

10. The Deer Lake Sawmill is considered to be a viable operation.

APPENDIX "A"


PROVINCE OF MANITOBA
Sandy Lake
Sandy Lake
Kakapitam L.
Severn
Windigo R.
Favourable Lake
Favourable L.
Rathouse Bay
Niska L.
Sakwaso
Petownikip L.
Setting Net L.
Northwind L.
Deer Lake
Deer L.
Cherrington L.
Black Birch
Whiteloon
Warwick L.
Duckling
North Spirit L.
Indian Village
McCoy L.
Odlum L.
Windigo L.
Upper Windigo Lake
Gilchrist L.
Elliot L.
Charron L.
Lewis L.
Carr-Harris L.
Assinika L.
Horseshoe L.
Rheaume L.
Hornby L.
Margot L.
Orono L.
Old Shoes L.
Family L.
Fishing L.
Sharpstone L.
Stout L.
Buildings
Donaldson L.
Barton L.
Frame L.
MacDowell Lake
Sampson L.
Nabimina L.
McCauley L.
Kishikas L.
Dogskin L.
Sasaginnigak L.
Pikangikum
Cairns L.
Berens R.
Whitestone L.
Musclow L.
Sabourin L.
Thicketwood L.
Bigshell L.
Nungesser L.
Wavell Lake
Cat Lake
Cat Lake
Carillon L.
Kapikik L.
Bertrand Lake
Casummit Lake
Birch L.
Simeon L.
Larus L.
Carroll L.
Murdock L.
Coli L.
Little Vermilion Lake
Shabu Lake
Shabumeni L.
Donald L.
Gammon L.
Indian House L.
Pipestone Bay
Trout Lake
Swain Post
Springpole L.
Bulging L.
Haggart L.
Hansen L.
Douglas L.
Domain
Red Lake
McKenzie Is.
Cochenour
Balmertown
Madsen
Starratt Olsen
Jackson Manion
Uchi Lake
Medicine Stone L.
Little Trout Lake
Confederation L.
Irregular L.
Long-Legged L.
Jeanette
Jubilee L.
Sesikinaga L.
Wesleyan L.
Brokenmouth R.
Eagle L.
Kilburn L.
Sydney
Pakwash Provincial Park
Pakwash Lake
Bruce Lake
Wenasaga
Badrock L.
Papaonga L.
Roadhouse
Snowshoe Lake
Rowdy L.
Confusion L.
Wegg L.
Ear Falls
Ear Falls Sta.
Goldpines
Whitemud L.
Aerofoil Lake
Otatakan Lake
Root R.
Churchill Lake
Umfreville L.
Salvesen L.
Wilcox L.
McKenzie Bay
Lac Seul
Manitoba Point
Stony Point
Perrault Falls
Separation L.
Wabaskang L.
Wapesi Lake
Wapesi Bay
Carling Lake
Roughrock L.
Swan
Lount L.
Indian L.
Williams L.
Malachi
Minaki
Wonderland L.
Redditt
Black Sturgeon
Farlane
Camp Robinson
Thaddeus
Grassy Bay
Deception Bay
Vermilion R.
Marchington R.
Keewatin
KENORA
Longbow Lake
Longbow Cors.
Hawk Lake
McIntosh
Quibell
Red Lake Road
Blue Lake Provincial Park
Vermilion Bay
Waldhof
Eton-Rugby
Richan
Amesdale
Sioux Lookout
Hudson
Patricia
Superior Jct.
Alcona
McDougall Mills
Ghost River
Dominion
Ojibway Prov. Park
Rushing River Provincial Park
Sioux Narrows
Voyager Route
Eagle River
Oxdrift
Dryden
Aaron Prov. Pk.
Wabigoon
Thunder Lake
Kabikwabik L.
Amik L.
Kukukus
Watcomb
C.N.R.
Canadian
EL 1060
EL 1164
CAT EL 1294
315
641
17
596
598
659
604
128
609
105
647
605
119
601
594
72
116
642
71
618
125
804
657
10 5 0 10 20 30 40 50 60 70
SCALE OF MILES

APPENDIX "B"

DEER LAKE, ONTARIO

QUESTIONNAIRE AND MODEL TO ASSESS ECONOMIC VIABILITY OF DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT'S OWNED AND/OR OPERATED FOREST ENTERPRISES

ECONOMIC VIABILITY OF DEPARTMENT OF INDIAN AFFAIRS
AND NORTHERN DEVELOPMENT'S OWNED
AND/OR OPERATED FOREST ENTERPRISES

I. WOOD SUPPLY (POTENTIAL)

1. On-Reserve *(Not on Reserve - settlement on Crown Land)*

(a) Total forested area ..... _____ acres

(b) Total accessible forested area ..... _____ acres

(c) Forest distribution (acres)

Cover Type	Mature Acres	Immature Acres	Young Acres	*Average* Total *Sq.Mile*
Softwood	*Not available by acreage distribution. Estimated by an average square mile.* *(Note: Bands cutting only Spruce)*			*60 %*
Mixedwood				*25 %*
Hardwood				*15 %*
Total				*100 %*

(d) Species composition -- percentage estimates from mill run if inventory not available.

Black Spruce ..... } White Spruce ..... }	*60 %*
Jack Pine	*15 %*
Balsam Fir	*1 %*
White Poplar	*15 %*
Black Poplar	*3 %*
White Birch	*6 %*

(e) Cords per acre: estimates using forest distribution table in (c).

Cover Type	*Mature Acres*	*Immature Acres*	*Young Acres*	*Of Productive Square Miles*
Softwood	*Not available by acreage distribution. Estimated only by average sq. mile of which only 60% is productive forest.*			*60 %*
Mixedwood				*25 %*
Hardwood				*15 %*
Total				*100 %*

(f)

	White & Black Spruce	Jack Pine	White Poplar
Age at Maturity	*130*	*100*	*80*
Height at Maturity	*55-60*	*55*	*55*
Mean Annual Increment, cu.ft./acre	*Less than 15 cu.ft. per acre (softwoods)*		

(g) Estimate in acres any significant losses due to fire, insects, blowdown, etc. and the year of occurrence.

-- *Information not recorded.*

(h) Estimate annual cut in past 5 years.

-- *No data available*

...3

(i) Estimate annual cut for next 5 years.

-- *20,000 X 5 = 100,000 bd. ft.*

2. Off-Reserve (information based on the average square mile)

(a) Ownership -- Crown ..... *ALL* square miles

-- Private ..... *NIL* square miles

-- Water *30%*

(b) Is there a possibility of obtaining cutting rights, and if so, what would be the contractual basis?

-- *Yes - Ontario Provincial Government - short term timber lease of 3 to 5 years.*

(c) Total forested area.

-- *60% productive per sq. mile*
-- *10% non-productive (muskeg, bruch, rock, etc.)*

(d) Total accessible forested area.

-- *Only accessible to Reserve by Water*

(e) Forest distribution (acres)

Cover Type	Mature Acres	Immature Acres	Young Acres	Average Sq. Miles
Softwood	*Not available by acreage dis-*			
Mixedwood	*tribution. Estimate given by the*			
Hardwood	*average sq. mile 60% productive.*			

(f) Species composition -- percentage estimates from mill run if inventory not available.

Black Spruce ..... } White Spruce ..... }	60 %
Jack Pine	15 %
Balsam Fir	1 %
White Poplar	15 %
Black Poplar	3 %
White Birch	6 %
	100 %

(g) Cords per acre: estimates using forest distribution table in (e).

Cover Type	*Mature Acres*	*Immature Acres*	*Young Acres*	*Average Net Merchantable Cords Per Productive Acre*
Softwood	*Not available by age distribution.*			*13*
Mixedwood				*13*
Hardwood				*13*
Average				*13*

(h)

	Black & White Spruce	Jack Pine	Poplar
Age at Maturity	*130*	*100*	*80*
Height at Maturity	*55-60*	*55*	*55*
Mean Annual Increment, cu.ft./acre	*Less than 15 cu.ft. per acre (softwoods)*		

...5

(i) Estimate in acres any significant losses due to fire, insects, blowdown, etc. and the year of occurrence.

-- *No Records kept.*

(j) Estimate annual cut in past five years.

-- *Records too inaccurate for proper analysis*

(k) Estimate annual cut for next five years.

-- *20,000 f.b.m.*

II. FOREST MANAGEMENT (ON-RESERVE)

1. Inventories & Plans

	Completed		In Process	
	Yes	No	Yes	No
(a) Photo - reconnaissance	Yr. Completed	*XX*	Yr. to be Completed	
(b) Survey - with field work		*XX*		
(c) Management plans and/or recommendations		*XX*		
(d) Operating plans		*XX*		
(e) Sponsoring Agency				

Fed. Govt. _____ Prov. Govt. _____ Band _____ Private _____

...6

2. Silviculture -- past five years

(a)

Treatments	Acres Treated	Species Involved	Age Trees	Year Treated	Objectives of Treatment	Est. Cost Per Acre
Seeding						
Planting						
Cleaning						
Thinning			--- *NIL* ---			
Pruning						
Fertilization						
Other -- specify						

(b) Sponsoring Agency

Fed. Govt. _____ Prov. Govt. _____ Private _____ Band _____

(c) Are treatments required on the reserve at the present time?

-- *N/A*

(d) If so, what are the priorities?

-- *N/A*

(e) If so, what is the purpose of this treatment?

-- *N/A*

...7

(f) Are there any treatments schedules for the next five years? If so, fill out table as in (a).

Treatments	Acres Treated	Species Involved	Age Trees	Year Treated	Objectives of Treatment	Est. Cost Per Acre
Seeding						
Planting						
Cleaning						
Thinning			- - - *N / A* - - -			
Pruning						
Fertilization						
Other -- specify						

(g) In your opinion, what sectors of a forest management plan should receive short term priority?

i) Growing Stock: *(LAST PRIORITY)*

protection ..... _____

regulation ..... _____

silviculture ..... _____

ii) Transportation: *(SECOND PRIORITY)*

road development ..... _____

...8

iii) Markets: *(FIRST PRIORITY)*

product research ..... _____

promotion advertising ..... _____

iv) Other:

please elaborate ..... _____

III. WOOD PROCUREMENT

1. Questions

(a) Where is the wood being cut at the present time?

-- On-reserve _____ distance from point of sale*

_____ miles.

-- Off-reserve *XX* distance from point of sale*

10 miles.

(b) If wood is extracted from off of the reserve, what arrangements regarding cutting rights have been made with the owners and who are the owners? What are the terms of the contract in respect of:

FREE - Crown Land

Stumpage fees ..... *NIL* per annum

Tenure (length contract) ..... *NONE* years

Date commenced ..... *N/A* mo./yr.

Date to be terminated ..... *N/A* mo./yr.

Renewable options - elaborate .... *N/A*

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* If wood utilized on reserve, distance will be to mill site.

(c) Is the current operation conducted on a seasonal basis?

-- *Yes, two months in the Winter.*

(d) What has been the average number of months in operation over the past five years?

-- *Two*

(e) Do you think that the operation could be improved by further mechanization or modernization?

-- *No. The operation is too small to justify further mechanization*

(f) If yes, what type of changes would you recommend?

-- *N/A*

(g) How would you expect this to affect employment and production?

-- *N/A*

(h) What in your opinion are the most significant variables working against minimizing production costs on this operation?

Check below: --

Labour:

i) Skill level - low ..... _____

- medium XX

- high ..... _____

ii) Low wages or rates ..... _____

...10

iii) Lack of motivation ..... _____

iv) Unavailable on a continuous basis _____

v) Other - specify ..... _____

Management:

i) No or poor leadership ..... *Very Little*

ii) No incentives given to labour ... *XX*

iii) No training provided ..... *Training was provided by the Department during 1970-71 F.Y.*

iv) No cost control ..... *XX*

v) No production control ..... *XX*

vi) Other - specify ..... *XX*

Equipment:

i) Antiquated equipment thus high maintenance costs and low productivity ..... _____

ii) Non-integrated system ..... *XX*

Logging Chance:

i) Terrain ..... *Fair to Good*

ii) Small Wood ..... *Up to 10 miles away at water's edge, but larger wood 1 to 3 miles away inland from Lake (see Appendix "C" Photo No. 4).*

...11

iii) Bad environment - specify ..... *Have to log at water's edge.*

iv) High transportation cost ..... *NO*

v) Other - specify .....

(i) What is your estimate of the potential output per month if the two most significant constraints were eliminated?

-- *20,000 f.b.m.*

(j) Is it feasible to eliminate these constraints?

-- *No. Size of operation does not warrant the procurement of heavy equipment.*

(k) If so, what should be done and what would be the approximate cost?

(l) Estimate how this would affect production, operating costs, and employment.

IV. WOOD PROCESSING

(a) Where is the wood being acquired for the mill at present?

-- On-reserve ..... _____ %

-- Off-reserve ..... *100* %

(b) If the wood is acquired off the reserve, from whom is it purchased and at what price?

-- *Free from Crown.*

(c) Is the present operation conducted on a seasonal basis? Specify months in operation.

-- *Yes, June and July*

(d) What is the average number of months worked per annum?

-- *Two*

(e) Do you think that the operation could be improved by further mechanization or modernization?

-- *Yes*

(f) If yes, what type of changes would you recommend?

-- *A jack ladder or system of pulleys and cables would greatly reduce manual labour in the handling of logs from the water's edge to the saw carriage.*

(g) How would you expect these changes to affect employment and production?

-- *The jack ladder or system of pulleys and cables would increase efficiency by 25-50%. It would also permit the men to select larger trees for cutting as at present they are unable to man-handle trees much larger than 14" DBH.*

(h) What in your opinion are the most significant variables working against minimizing production costs on this operation?

Check below: --

Labour:

i) Skill level - low ..... _____

- medium XX

- high ..... _____

ii) Low wages or rates ..... _____

...13

iii) Lack of motivation ..... _____

iv) Unavailable on a continuous basis .. _____

v) Other ..... _____

Management:

i) No or poor leadership ..... *Very little management ability*

ii) No incentives given to labour ..... *XX*

iii) No training provided ..... *The manager of the mill was trained by the Menonite Mission*

iv) No cost control ..... *XX*

v) No production control ..... *XX*

vi) Other ..... _____

Equipment:

i) Antiquated equipment thus high maintenance costs and frequent downtime ..... *GOOD CONDITION*

ii) Non-integrated system ..... *XX*

iii) Other ..... *Sawmill needs a Jack Ladder or system of pulleys and cables to haul logs from the Lake to the saw carriage.*

...14

Sawing Chance:

i) Large wood ..... *Yes, Logs 8"x8"x10' were being seasoned (see Appendix "C" photo 3)*

ii) Small wood ..... _____

iii) Bad environment - specify ..... _____

iv) Other ..... _____

(i) What is your estimate of the potential output per month if the two most significant constraints were eliminated?

-- *60,000 f.b.m.*

(j) Is it feasible to eliminate these constraints?

-- *Yes*

(k) If so, what should be done and what would be the approximate cost?

-- *The introduction of a jack ladder or a system of pulleys and cables would cost from $700.00 to $1,500.00 depending on type acquired.*

(l) Estimate how this would affect production, operating costs, and employment.

-- *If would increase efficiency by 25-50%, reduce operating costs by 10-15%, no change in employment.*

(m) What do you think or understand were the objectives of setting up the operation in the first place?

-- *To provide employment to Band*
-- *To provide Band with source of local lumber*

...15

(n) Do you think these objectives are good or sound objectives?

-- *Yes*

(o) If no, what do you think the objectives should be?

(p) If yes, do you think that the objectives are being met?

-- *Partly. The forestry operation provides about 12 man months of employment per year. However, the mill is not able to produce the lumber to the specifications required by the construction people and, therefore, while it provides a source of lumber for local needs most of this is in the form of rough lumber.*

(q) Are there other opportunities which would employ as many or more people at the same level of capital investment? Please elaborate.

-- *Fishing, trapping, government employment, house construction, handicrafts.*

(r) Do you think that the current operation or investment represents the best opportunity in lieu of the benefits (monetary and social) received by the people involved?

-- *No. This operation is purely a supplement to welfare.*

(s) If answer to (r) is yes, what improvements could be made in the current operation? Please elaborate.

(t) If answer to (r) is no, what alternate investment would you recommend?

V. QUESTIONS CONCERNING THE PRODUCTION MANAGEMENT VARIABLE

(a) How is the present operation organized?

i) cooperative ..... _____

ii) partnership ..... _____

iii) government supervision - yes ..... _____
(specify who and sources of funding) - no ..... _____

iv) entrepreneurial (people working for and paid by a leader other than a government official) ..... *Three Band Members work the logging and sawmill operation and divide the profits.*

v) other (specify) ..... *Band Owned*

(b) What are the motives of present management?

i) maximize profits ..... _____

ii) supply domestic needs ..... *XX*

iii) employ as many people as possible ... _____

iv) training ..... _____

v) supply open market ..... _____

VI. MARKETING

(a) What per cent of total production (annual) is sold off the reserve?

-- *NONE*

...17

(b) To whom is this sold and at what price per 1,000 f.b.m.?

-- *N/A*

(c) Do you anticipate a potential (next five years) market off the reserve?

-- *NO*

(d) If answer to (c) is yes, where and at what price per cord or M f.b.m.?

-- *N/A*

(e) Who are or would be competitors?

(f) Can the proposed operation compete without government subsidization?

(g) If no, list main reasons why it cannot compete.

(h) Are there institutional constraints restricting sales off the reserve? If yes, please specify.

-- *No, but no market.*

(i) Do you think local industry would guarantee purchases of wood or timber on an annual or monthly basis?

-- *NO*

...18

(j) What are the estimated requirements for wood?

-- *20,000 f.b.m. per year*

	Volume (f.b.m.) 1971-72	1973-75
i) Local (reserve or settlements)		
houses	*15,000*	*15,000 per annum*
docks		
fishing camps	*5,000*	*5,000 " "*
other		
ii) Other Government Agencies		
education - schools		
health and welfare -- hospitals	*NIL*	*NIL*
other		
iii) Export (off-reserve)		
industry - mines		
- mills		
- tourists		
consumer - briquettes, decorations		

Total five year requirements - volume (f.b.m.) *100,000*

Total value of requirements (estimated) *$25,000.00*

The following questions relate to marketing management.

(a) Has there been any attempt to market the product via advertising, promotion or other commercial media?

-- *NO*

(b) If yes, what are the approximate costs?

(c) In your opinion, has this promotion been effective?

GENERAL INFORMATION

The purpose of this section is to yield information on the physical and cultural setting within which the forestry operation exists.

1. Area Name: *DEER LAKE*

2. Agency: *SIOUX LOOKOUT*

3. Total Area: *ON CROWN LAND*

4. Population: *300*

5. Number of Family Units: *40*

6. Number Children Per Family: *5 - 6*

7. Labour Force: *34*

8. Ethnic Origin: *SAUTOUX - CREE - OJIBWAY*

9. Net Income Per Family: *1,500 - 1,800*

10. Net Welfare Income Per Family: *1,500*

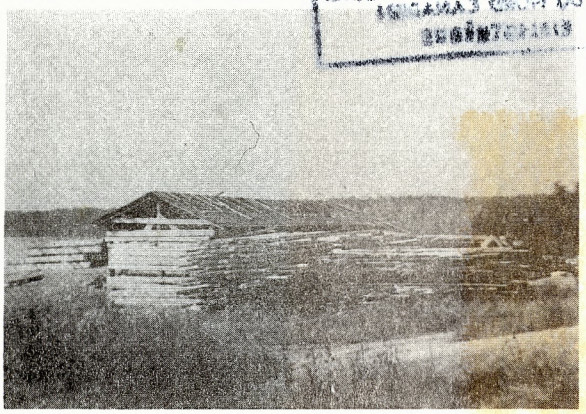
11. List the present area of employment: *HANDICRAFTS, TOURISTS, TRAPPING, LUMBERING*

12. List the potential areas of employment: *AS ABOVE*

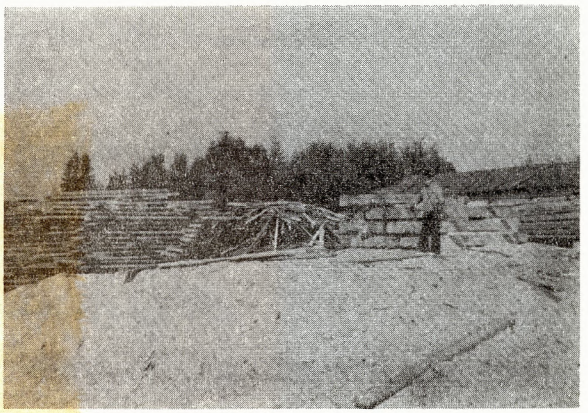
13. What are the more significant problems of the Band: elaborate: *ISOLATION*

APPENDIX "C"

DEER LAKE SAWMILL



Sawmill with Lumber Stacked for Seasoning in Foreground.



Logs and Lumber undergoing Seasoning. Heavy Timbers are 8' X 8' X 8' long.

Lumber undergoing Seasoning at Menonite Sawmill. Note boards are 1" X 13" to 14" X 16' to 20' long. Black square in foreground is notepad 12" along near side.