

accounts. In addition to band accounts, the Department also holds individual accounts for minors, unsettled estates, mentally incompetent persons, guardianship cases and missing heirs. Most minors' trust funds originate from per capita distributions from the capital accounts of the bands.

The administration of trust funds is governed by the *Indian Act* and the *Financial Administration Act*. Under Section 69 of the *Indian Act*, which provides the main guidelines for distribution of band revenue trust funds, an Indian band can "control, manage and expend in whole or in part its revenue moneys"; 75 per cent of Indian bands have been authorized to manage their revenue moneys.

These trust funds constitute a liability of the government of Canada and are held in the Consolidated Revenue Fund. Essentially, the Department acts as a bank or trust company, paying interest at a rate based on the average yield of twenty Government of Canada bond issues. As of March 31, 1980 there was \$236 million in the capital accounts and \$31 million in the revenue accounts. Growth in a few accounts has been quite rapid and, by the spring of 1983, the trust fund liability was over \$365 million. Statistics on the individual trust accounts are more difficult to obtain. As of March 31, 1981, there were 1,041 estate accounts, with a total fund balance of \$1,371,136, and 8,917 savings accounts with a total fund balance of \$9,543,958.

The research consultants engaged by the Committee determined that the total for both capital and revenue accounts was about \$366 million as of March 1983. The overwhelming majority (\$326 million) accrued to bands in Alberta. British Columbia bands had close to \$22 million held in trust on their behalf, with the remaining \$18 million distributed among Indian bands in the other eight provinces.

The great bulk of band trust funds accrue to the benefit of a very few bands. Four Alberta bands with a total membership of just over 8,000 people have trust funds that together total over \$260 million, or \$32,000 per capita, and constitute over 70 per cent of the total Indian trust account balances. At the other extreme, 121 bands, with an average population of nearly 500 per band, have less than \$4,000 each in their trust accounts, or \$8 per capita. The median band is in the \$16,000 to \$32,000 range; their trust accounts contain an average of \$45 per band member.

In their origin, trust funds were intended to provide an economic base. It is clear that trust funds represent a significant financial interest for only a very small portion of the Indian population. This situation led the Committee's consultants to conclude that:

The distribution of trust assets, as they now stand, would not be an adequate financial base for self-government . . . the settlement of claims and the better assessment of opening balances might well change the ability of different bands to sustain their own budgets. (Trust Study, p. 62)

The consultants were asked to comment particularly on why the Auditor General had reported in 1980 that he had been unable to audit the trust funds. They reported as follows:

It is their submission that the basic reason why the Auditor General has been unable to audit the trust funds goes beyond the lack of records, the high cost of doing such an audit, and the lack of staff available to do the work. They submit that the fundamental question at issue is beyond the competence of auditors as such. That question is the determination