

Indian Economic Development Fund

the elimination of those which are no longer operating well or which simply cost too much to support.

● (1700)

During the past two years a number of key problem areas have been identified. Some of these have been mentioned in the course of debate, and others have not. Allow me to review these problem areas. Because of the nature of the projects involved the IEDF has been used to an increasing extent to support existing projects. Support for existing projects was often provided in isolation of other priorities. The limited contribution funds and greater flexibility of loan funds available have favoured the use of loans and, as a result, many projects were either too heavily debt-loaded or required significant development-type funding before being capable of normal operation. I might point out, of course, that developmental projects have involved extra risk, incurred heavy start-up costs, and sometimes relied on people who, unfortunately, were inexperienced in management.

I am sure all members are aware that when you become involved in economic development in some of the underdeveloped and needy regions of this country there is certain to be some risk. A great deal has been made about problems encountered by the IEDF in the past seven years, but I should like to remind hon. members that, although these are serious, corrective measures are being undertaken to improve the program so that it can meet its basic objectives. I might say, though, that in contrast with some economic endeavours in other parts of the country, the few failures we have experienced pale by comparison.

It was not long ago that the CBC in its national news drew attention to some economic disasters in the province of Newfoundland. The population of Newfoundland is approximately 522,000, according to the 1971 census, and this is less than double the number of status Indians in Canada—they number about 280,000. The CBC reporter, having considered economic development in that province, spoke about the failure of a linerboard mill at Stephenville as a result of which as much as \$200 million might be lost and the town's future placed in jeopardy. He spoke about the shutting down of another industrial monument, a gypsum plant, in Cornerbrook, and about the closing of a massive refinery at Come-By-Chance; the plant, he said, was in receivership and Newfoundland holds the second mortgage of \$41 million. He spoke about the failure of a tannery and glove factory, of a chocolate factory, of a woollen mill, of a rubber factory, of a steel plant and so on.

I realize, of course, that reciting a list of these economic reverses in no way justifies weaknesses in the Indian Economic Development Fund program. But I submit that it does underline that in programs of this kind, where a government is concerned and wishes to support economic development in slow-growth regions such as those in which many of the Indian people live, more often than not there is a risk which has to be taken.

To paint the picture fairly, though, reference has to be made to some of the successes. In my view these successes are

[Mr. Penner.]

outstanding and are well worth putting on record. First, though, I should like to refer to the improvement program which is now under way. During the course of the committee hearings it was emphasized, as hon. members have mentioned, that consultative studies have been undertaken to examine the whole range of Indian economic development programs and to suggest improvement and changes.

A comprehensive controls system will be introduced. There will be more closely defined planning and project assessment systems. There will be a longer development period applied to projects, with increased use of appropriate advisory and technical services. Emphasis will be given to the encouragement of small projects, and arrangements made for more complete counselling and monitoring as well as for the integration of projects into the developmental context of the Indian community. The hon. member for Northwest Territories (Mr. Firth) referred to this important need.

As mentioned, the mandate of the Fund was initially directed more to small business. However, in the course of time it became involved in larger projects which required a higher degree of management skill. This is where some of the difficulty became apparent. Let me point out, with respect to small businesses within the Indian community which have received government assistance, that a week and a half ago while visiting the regional office in Toronto and discussing the economic development program officials there told me that small businesses among the Indian people in Ontario have a success ratio which was in excess of the national average. Or, to express it in a negative way, the percentage of failures among small Indian businesses supported by government funds in Ontario was significantly less than for the nation as a whole.

I think it is worth while indicating to the House what the objectives of the Indian Economic Development program are. They are as follows: to increase employment and income opportunities for Indian people; to involve Indian people in the design and delivery of economic programs; to provide a source of capital to Indian people for economic development, both on and off reserves; to ensure that Indian people engaged in business have access to basic managerial, professional and technical services; to assist Indian businessmen achieve an effective working relationship with the business community at large.

I said I would talk about some successes. In recent years the Department of Indian Affairs and Northern Development has provided leadership and guidance in developing a range of sectoral programs for Indian people working in specific sectors of the economy. Examples are as follows: British Columbia, Indian Fishermen's Assistance Program; Saskatchewan, Indian Agriculture Program; Manitoba, Indian Agriculture Program; Saskatchewan and Manitoba, Wild Fur Programs; James Bay, Wild Fur Program. So as not to take an excessive amount of time I shall refer to only two of these programs and inform hon. members as to what has been achieved. The Saskatchewan Agriculture Program increased the gross value or primary production of no less than 350 farms. It upgraded 135 farms and created 215 new farms. It improved the average