

Indian Economic Development Fund

● (1550)

The content of the letter is self-explanatory. Yet this government attempts to deceive the Canadian people, and in this instance the Indian community, that it embraces all that is virtuous in accountability and fiscal responsibility. Let me simply state that after six years of competent administration of a multimillion dollar program, when the director of economic development is limited to the recommendation of "putting on your thinking cap," then quite frankly I think it is time to recommend another type of cap.

Again let me quote in part from a letter dated September 14, 1976, from the assistant deputy minister for Indian and Eskimo affairs to the acting director general of the Alberta region:

It appears that many of the comprehensive undertakings that have been established have created a continuing demand on our cash resources to a point where we may find it difficult to react to new, legitimate and sensible needs of our clients. I have reviewed brief data sheets based upon information provided by your staff and headquarters officials covering some 40 major projects and I must confess that I do not view the future of some of these enterprises with any degree of optimism. Further, I am somewhat dismayed by the apparent initiation of projects which must surely and obviously have inherent in them the requirement for considerable future funding and yet in many cases these projects appear to have enjoyed a somewhat casual start. I suspect that some of our more prominent problem projects started off on too grandiose a scale.

Enclosed with that letter, Mr. Speaker, were a number of examples revealing, in part, the magnitude of the problem. For example, Arcom Systems Manufacturing Limited, total funding \$2,630,663, bankrupt and defunct. Arcom Timber Limited, total funding \$1,720,000, bankrupt and defunct; Alberta Aspen Board Limited, total funding \$9,150,000, with the added note, and I quote: "Flake board plant now shut down due to lack of funds. The future of the plant depends upon receipt of further funds in the form of additional capital involvement. No further funding input from the I.E.D.F." Mis-Tass-Iniy Forest Enterprises Limited, total funding \$1,985,858, with the added note: "The plant was destroyed by fire. Some reconstruction commenced. No further funds recommended". Peigan Development Company Limited, total funding \$629,565, with a recommendation for no further funding until there is a rationalization of the program. Sawyer Boats with a total funding, as I understand it, of \$295,000, with the added note: "The project may well be a candidate for bankruptcy".

This list is by no means complete, and I am certain my colleagues who will be speaking this afternoon will be discussing in greater detail not only other financial disasters but other financial difficulties which have been experienced in the operation of this Indian economic development program from its inception. However, it must be obvious from the examples that I have given that a crisis does exist and that financial responsibility in the department has not existed and does not exist at this time.

What is even more tragic about this situation, Mr. Speaker, is that the perception has been created that the Indians involved in the ventures have failed. Let me simply say that nothing could be further from the truth. Indeed the evidence indicates that the failure of the program is clearly the respon-

[Mr. Holmes.]

sibility of the minister and the Department of Indian Affairs and Northern Development. I need only refer the House to the report published by Woods, Gordon and Company and to their summary of recommendations which I read into the record at the outset of my comments.

I am tempted to carry on, Mr. Speaker, with the area of fiscal irresponsibility of the government in this regard, but I wish briefly to comment on the other important issues which I referred to at the outset of my remarks. As I indicated previously, the absence of government policy and the failure of the Government of Canada to adhere to the original mandate to fund viable small businesses up to a maximum of \$50,000 has been a major factor resulting in the failure of the economic development program.

I have been exposed to bureaucratic rhetoric and their efforts to conceal the facts as to the magnitude of the problems. I can recall the former minister of Indian affairs and northern development, who is with us this afternoon, reporting in glowing terms about the success of the program two years ago. I also recall departmental officials, during examination of the estimates this year, valiantly if not convincingly implying to standing committee members that the problems were a recent revelation to the department and that corrective measures were being taken to establish viable alternatives and policies.

The facts do not support these observations. In the first instance, the problems have been apparent since the inception of the program. In the economic development operations study by the Management Consulting Services they stated on page 92:

Problems with the fund were realized from the start and indicated to management through several sources. One major problem, the conflict between creating viable business operations as opposed to creating employment opportunities, was never resolved.

Again in regard to policies I would like to quote in part from the Woods, Gordon report on page 32:

It is clear that the original mandate has evolved in practice although we could find no evidence that formal recognition had ever been given to such evolution. Thus we conclude that the present mandate is not defined. In fact one gets a different interpretation of the mandate depending upon who is giving it.

The report goes on to say:

This situation occurs with such frequency that one is forced to conclude that the staff of the fund is responding to a revised mandate in raising and approving projects, but is trying to clothe them in the trappings of profitability, viability and commercial success; the elements of the original mandate.

We can find no evidence to indicate that there has been administrative response to the changed mandate by means of revised policies, procedures or guidelines, or through deployment of resources.

Again the report went on to say on page 91:

It would be an overstatement to say that there is explicit policy, defined procedures and prescribed guidelines related to the fund.

Despite the platitudes of the government, Mr. Speaker, let me assure you that there is no evidence to suggest that the problems are resolved or that appropriate policies have been established by the government.

A major issue in the administration of the economic development fund is the knowledge that decisions were made for