

● (1650)

I will admit, as the former minister has said, that a number of the programs have been successful. There is no question about that. However, these are mostly smaller programs, programs which fell within the guidelines initially of being a maximum of \$50,000. The major losses are on projects above that maximum.

Just as a matter of interest, some 40 to 50 of the projects included in the \$105 million are over \$500,000. When I say \$500,000, that is the extent of the money that this fund has put into these projects. At the meeting of April 26 I asked the following question:

How many of the 40 to 50 projects over \$500,000 looked at by the task force recommended by Knox-Nixon were found to be in financial difficulty?

That is all the projects over \$500,000. The response was:

All 40 projects of \$500,000 looked at by the task force were found to be in financial difficulty to varying degrees.

In other words all the programs where advances had been made of over \$500,000 are, to some degree, in financial difficulty.

I wish to make reference to one project, one of a number on which we have been able to get some information. Other speakers will refer to some of the other projects. I wish to refer to the project known as Sawyer Boat Manufacturing Limited of Gleichen, Alberta. The project was set up to manufacture fiberglass boats. The project was not over the \$500,000, but it would have been if the recommendations of the business service manager of economic development, Alberta region, had been followed. The project closed down in October, 1976. I believe it went into bankruptcy.

I have some figures. In fact I have three different sets, all of them government figures. It appears at the time the company closed down in October it had received, by direct loan, some \$145,000, and contributions of \$46,000, for a total of \$191,000 from the fund. In addition it had received \$12,757 from the Canada-Alberta Industrial Training Program.

I have some figures which are not in agreement with those I have quoted. Presumably they are all official figures. One set of figures I have totals \$245,000 and another about \$220,000. Which is correct? They are all official figures. Some are confidential, but if we look at the confidential figures the total is \$295,000. That was not the figure given to me in response to a question I put in committee. Anyway, it is well over \$200,000.

Just prior to its shutting down, there was a recommendation put forth by the business service manager, economic development, Alberta region, recommending additional advances of \$400,000 yet at that point in time, according to the information I have regarding the application, the program was in trouble. It was in trouble for various reasons; insufficient capital, poor management, poor bookkeeping systems, and failure to keep records. This is interesting because on the first page of the application it quotes:

This project was initiated about one year ago, and finally got underway toward the end of the year. This was somewhat later than had been planned.

### *Indian Economic Development Fund*

This delay, which can be attributed to our own bureaucracy, had a costly effect on the first year of the enterprise.

I see that I am running out of time very quickly. In questioning in the committee it became apparent that the people from the department who were involved in the loan process really had no knowledge or skill with regard to loaning. They failed to carry out the protections given under the regulations that were promulgated in 1972. If they had followed those regulations there would not be the problems there are today.

The ADM said, and I quoted him a few moments ago, that during that period they were in a learning process. If you are setting up a loan agency you do not have your staff enter into a learning period of six to seven years. That is what has happened under this program.

The program has not been properly supervised. Politics have been involved. There has been carelessness and a lack of direction. The loans and loan applications have been mixed up with red tape. We see the result today. The result is that the taxpayer of Canada is going to have to put up between \$40 million and \$50 million to salvage an operation of \$105 million.

**Mr. B. Keith Penner (Parliamentary Secretary to Minister of Indian Affairs and Northern Development):** Mr. Speaker, as has been indicated during the course of this debate, the Department of Indian Affairs and Northern Development has been in the economic development business for a very short period of time, about seven years. We knew when we began this program that there would be some risk and perhaps dangers. We were prepared to take them because we thought that the program was an important and necessary one for Indian people.

We admit that there have been some mistakes. We are not entirely satisfied with the way in which the program has been going and what it has accomplished. At the same time, there have been some success stories which we think ought to be on the record.

Last year the Indian Economic Development Fund and the Indian businesses supported by the fund received a comprehensive performance review to lay the groundwork for more effective Indian economic development. Since its inception in 1970, the Indian Economic Development Fund has encountered a number of serious problems stemming largely from a small business support fund attempting to meet a broad range of developmental objectives.

When the program first came into existence its mandate was directed mainly toward small business, but as it went on during the seven year period a number of larger projects were funded or given loan assistance. It is in this area that some problems developed. So now we are taking a very hard look not only at existing projects but at the economic development program itself. We are involving the Indian people in this review, a review which may result in recapitalization and restructuring of some worth-while projects and, in other cases,