

the Department of Indian Affairs and Northern Development. We also recognize and are prepared to accept a risk factor does exist in a developmental program. In addition, we believe an economic development program can and should in principle be of value to the Indian community.

However, when we have knowledge that millions of dollars—the estimate is between \$50 million and \$75 million—have been squandered by the government in its irresponsible administration of the program, and when we have knowledge of innumerable social problems in the Indian community that are crying out for help, I say to you, Sir, in the most generous of parliamentary terms, the Government of Canada's actions border on that of criminal negligence.

During my travels across Canada discussing Indian and Inuit problems at the grass roots level, I have been confronted with a recurrent theme, namely, that the minister and the Department of Indian Affairs and Northern Development are insensitive to local needs and, perhaps most important, the funds appropriated by the department for the benefit of Indians are to a great extent never realized by those in need. The IEDF is a glaring example confirming these views.

The realities are clear. Who can have confidence in a minister and a government which has handled in an irresponsible way nearly \$200 million when we are confronted with an Indian unemployment rate which is the highest in Canada, a perennial housing problem of crisis proportions, a lack of infrastructure elements which other Canadians enjoy and assume to be not only essential but a right of every Canadian?

In the Indian community health problems are reflected in an infant mortality rate four times higher than the national average. The average age of death is 24 years younger than that of the general population; an increased incidence of tuberculosis, pneumonia, hepatitis and other infectious diseases exists in that community and, according to the Nutrition Canada Survey, dietary deficiencies are more severe than among other groups of Canadians. Alcohol-related, violent death is four times more common than among white people, and educational problems are reflected in part by the unacceptable drop-out rate.

The list is by no means complete. However, I am aware that the government has literally squandered millions of dollars in one departmental program, and if I have knowledge of a group or an individual deliberately ripping off a program for personal gain, I shall do everything within my power to defend the tens of thousands of Indian men, women and children across Canada shackled with social and economic problems. I can assure you, Mr. Speaker, that I will not be content until I am satisfied that every dollar appropriated by the Department of Indian Affairs and Northern Development is maximized and utilized by those most in need.

Some hon. Members: Hear, hear!

Mr. Holmes: The lack of financial control and fiscal responsibility in the administration of the IEDF is so scandalous that the 1976 report of the Auditor General sounds by comparison

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like a strawberry social. In his recent annual report the Auditor General stated on page 9:

Based on the study of the systems of the departments, agencies and Crown corporations audited by the Auditor-General, financial management and control in the Government of Canada is grossly inadequate. Furthermore, it is likely to remain so until the government takes strong, appropriate and effective measures to rectify this critically serious situation.

The financial management provided by the government for the IEDF is not grossly inadequate—it is a total disaster.

What are the facts? Initially I would like to quote from the summary of the findings of Woods, Gordon and Company in their review of the Indian Economic Development Fund. Some of their conclusions are as follows:

A perceived mandate for the Fund has evolved in an informal manner. Its present state is not clearly defined nor is it consistently perceived by officers of the department.

The status of the Fund portfolio is not sufficiently documented to enable realistic planning by district, region or headquarters staff in terms of funding or manpower requirements.

There are serious deficiencies in all communications related to the Fund including: management direction and guidance, financial accounting systems, financial and operations reporting systems and planning systems.

Large projects are causing severe strains on the economic delivery system especially in terms of their draw on funds and manpower requirements.

The handling of small accounts is less than adequate. This has mainly been caused by the call on resources—funds, follow-up, and advisory services—by large projects.

Small projects can be handled successfully by the Fund with a modified delivery system and improved communications.

Elements of other Indian Program components (Socio-cultural and education) are appearing in the Economic Development Program—especially in the area of large projects.

Major changes in the delivery system and a clarification of the mandate of the Fund (especially in terms of its relationship to other Indian Program components) are required in order for the program to accommodate and deal with large projects.

The present level of Fund activity is more than the delivery system can handle.

Perhaps the critical nature of the financial control of the IEDF can best be illustrated by quoting in part from a letter dated July 7, 1976, from the director of economic development to key staff personnel in the Department of Indian Affairs and Northern Development, as follows:

I would like you, in concert with your associates in the regions, to develop a more positive and measurable set of criteria to be used in conjunction with loans and contributions. I will expect to see a gradual release of funds tied to such events as the receipt of acceptable monthly accounting statements, productivity quotas achieved as reported through an agreed-to pre-determined process or the establishment of some kind of sensible target or sub-target for the enterprise. I am sure you will agree that many of our more significant problems seem to come to light later than they should. Our efforts to obtain approval to augment regional economic development strength seem to be well received—so I expect to see tighter criteria associated with project monitoring. I also, of course, expect to see close working relationships with our clients.

The second aspect of our operations relates to the apparent crisis atmosphere which seems to be associated with the extension of continuation of guaranteed loans. M. Roy has developed, over a painful period of negotiation, the thesis with the Department of Finance that "we" are now competent to look after most of our own guarantee loan processing. By "we" I mean the regions. Our case isn't improved by such events as being "requested" to renew a guarantee for a considerable sum of money with nothing but 24 hours and an emotional telex to support our case. This sort of thing is not really a good way to run a railroad—let alone a development program. The example we set sometimes leaves much to be desired—would you put on your thinking caps and see if there is some easy process of tracking guarantees so that the element of surprise is minimized?