

Indian Economic Development Fund

If DPW's specifications or standards "are very high for public buildings generally", then why was DPW assigned to build a shopping complex in the first place?

The Department of Indian Affairs would have not been involved in such an enterprise if they had followed their own regulations. The regulations state that loan arrangements under the IEDF are basically for a 15-year term. There is no way that \$6 million can be paid back to the department in that length of time.

I see that my time is running out, Mr. Speaker, but I would just like to conclude by saying that it is evident and plain that there are serious deficiencies related to all areas of IEDF including management direction and guidance, financial accounting systems, financial and reporting systems, and planning systems.

I feel the program warrants a complete overhaul so that it might properly be put "on track" to do what it was intended to do—which was to improve the economic conditions of Indian people.

Directions from the government have involved the Department of Public Works and the Department of Indian Affairs and Northern Development in the construction of showplaces across Canada for political purposes only, with no regard to the disastrous and distasteful end result, and leaving an area with a black eye. Writing off \$4.2 million is nothing more than a cover-up by the Department of Indian Affairs and Northern Development to protect the bungling of the Department of Public Works in connection with the Otineka shopping mall in The Pas. I believe that the Auditor General should review this program and report his findings to the House.

Some hon. Members: Hear, hear!

Mr. Bob Brisco (Kootenay West): Mr. Speaker, the shocking revelations made today by the Conservative members for Lambton-Kent (Mr. Holmes), Moose Jaw (Mr. Neil), and Churchill (Mr. Smith), are a story of corruption, flagrant and patently ugly political patronage, misconduct, mistruths, and mismanagement.

Some hon. Members: Order!

Mr. Brisco: Wait till I finish. It is self-evident that the Caspar Milquetoast of the cabinet, the Minister for Indian Affairs and Northern Development (Mr. Allmand), has been gulled and misled by his own department. This misguided minister, bumbling along in the sure knowledge that all is well in his ministry, in for a rude awakening on his return to Ottawa, will discover, when he is jerked back into the realm of reality, that his ministry is in disarray and turmoil, that morale is at a low ebb, and that rather than serving the native peoples of Canada they have been used as pawns in a chilling and frightening game of politics—on that I will remark later.

Mr. Speaker, today I am going to review the nauseating account of only five projects funded by this department.

On November 25, 1976, at a meeting of the Standing Committee on Indian Affairs and Northern Development I

[Mr. Smith (Churchill).]

inquired as to the funding of the Ehattesaht Co-op. The funding is as follows: direct loan, \$500,000; guarantee \$1,800,000; contribution, \$110,000; appropriations \$25,000; that is a total of \$3,035,000. In addition there was a special ARDA grant advance of \$1,843,877 and Manpower training contracts of \$44,871, bringing it to a grand total of \$4,323,748.

Ever naive, or purposely deceptive, the department added:

The Department's regional office has stated that the co-operative had ample support of competent professionals.

That is auditor, forestry engineers, general manager.

Mr. Speaker, those statements do not square with the facts. In addition, correspondence from those firms which sold logging equipment to Ehattesaht Co-op leads me to believe that Indian Affairs deceived the creditors by creating the illusion that all was peaches and cream and that they had nothing to worry about. These unsuspecting businesses were taken for \$2,490,382. It is interesting to note, however, that in the list of creditors there is no mention of More Leasing Limited of Chilliwack, B.C. a company that leased equipment to the co-op, mainly in the form of crew buses and pick-up trucks. a one third owner of this liberally supported firm is Mr. Wilmer Stromquist who, from July of 1974 to May of 1975, acted in a consulting capacity to the co-op, and after that acted as general manager under contract to the co-op.

I ask the minister to tell the House what the consulting fee was and what the salary was as general manager. I ask the minister to tell the House what salary Mr. Stromquist received when he was appointed an employee by the receiver-manager when the co-op went into receivership. I ask the minister to tell the House whether or not More Leasing Limited or any of its owners purchased any of the liquidated assets of the company and, if so, at what price. I ask this because the receiver-manager, as the responsible individual for the total operation of the co-op from May, 1976, to the present, designated Mr. Wilmer Stromquist to act as manager for current operations of the co-operative, that is, removal and selling of all remaining inventory under the co-operative's control.

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I ask the minister to tell the House how Mr. Stromquist, described by the minister's own officials as a widely experienced manager of logging operations, could not only sanction but also participate in a trip to Hawaii along with his wife and daughter, two members of the board of the co-op, and two non-members of the board, when he knew the untenable condition of the co-op. To set the record straight, let me quote in part from the department's reply to my inquiry as follows:

The portion of the cost of the trip paid by the co-op was approximately \$6,000... At present approximately 25 per cent of the trip cost remains uncollected due to the closure of the operations and lay-off of people concerned.

The final sequence to this disaster is that it was not the Department of Indian Affairs and Northern Development which blew the whistle; it was DREE. It was also a source within DREE who commented that most of Mr. Stromquist's management pronouncements were made from Vancouver and not from the project site.