

Mr. WINCH: I would just take note of the last two sentences in the last paragraph on page 17 that no minutes are kept of policies or—

The CHAIRMAN: Mr. Winch, this is carried forward to the 1965 report so just save those remarks, if you do not mind, and we will do it then.

Mr. HENDERSON: 47. *Misapplication of public funds at Indian Agency*. In 1963 the Department of Citizenship and Immigration discovered sizeable misapplications of public funds at one of the Indian Agencies. Investigations established that during the period June 1, 1960 to December 31, 1962 an estimated \$70,000 was diverted by the superintendent of the Agency from welfare assistance to Indians in the form of cash relief, fuel wood and a community employment program to projects and activities not authorized by the Department. In addition, approved limits of expenditure on various authorized activities were deliberately exceeded.

The superintendent did not always agree with the Department's decisions relating to expenditures for the benefit of Indians and he disregarded departmental regulations and directions and financed unauthorized activities by diverting funds from authorized programs. He and his assistant admitted they had forged endorsements on cheques in order to use them, but they maintained that all expenditures were for the benefit of the Indians and denied that they had converted any funds to their personal use. In the absence of proof that funds were used by the superintendent or his assistant personally, the Department was unable to establish that any amount was owing to the Crown.

The superintendent was suspended from duty on May 15, 1963 and the assistant superintendent on September 1, 1963. It is understood that legal action is to be taken under section 92 (d) of the Financial Administration Act and under section 311 of the Criminal Code of Canada.

Paragraph 47, misapplication of public funds at Indian Agency applies exclusively in 1964. This case deals with misapplication of public funds by one of the Indian agencies which led to the suspension of the superintendent and the assistant superintendent from duty in 1963. Although legal action was, I believe, taken under Section 92(d) of the Financial Administration Act, and also under Section 311 of the Criminal Code of Canada, members of the committee may recall that the actions of the government in prosecuting these men was widely criticized in the press and on television last year. It was claimed, among other things, that the latitude given to the superintendent to assist the Indian Community was not realistic and he should not have been dealt with so severely for using his own initiative in the interests of the Indians instead of following instructions.

I do not know, Mr. Chairman, what views the Committee might have on this. It is one of those cases which I am required to bring to your attention, and I suppose it is a matter now being concluded so there is not a great deal that this Committee can do about it.

Mr. BIGG: It was settled by the courts.

The CHAIRMAN: Mr. Henderson has brought this matter before the Committee and I would say that I sat on that special committee on Indian Affairs of the Senate and the House of Commons during three sessions of Parliament and