

Amalgamation of area's financial businesses

by Denise Dicy

SIX NATIONS/NEW CREDIT - Faced with the probability of government investment funding being cut back, Tough the Sky Business Development Centre and the Six Nations Community Development Corporation have set in motion a plan to amalgamate their operations.

As of April 1, 1995 both organizations will share common office space in the Six Nations Employment and Business Services Building in Ohsweken where Tough the Sky is currently being housed.

By amalgamating, the two organizations will pool their financial resources (which amounts to \$2 million each) and with the possibility of accessing an additional \$1 million of government investment capital, which is tied to the condition of the two organizations cooperating, the joint operation will

potentially be in possession of \$5 million, the basic level of equity needed for self sufficiency.

The push for amalgamation stems from the desire to ensure the long term survival of their common service of lending funds to small Native businesses and the desire to be self sufficient; "We don't want our services dependent on government subsidies because the minute they're cut they [the services] won't be there," said Dave Vince, General Manager at Tough the Sky, in an interview on February 6.

Three years ago, the possibility of amalgamating was identified but the timing for such an action wouldn't be appropriate until the sun was setting on our program, which is now, said Vince.

Continued on page 2.....

Amalgamation ... Continued from front page

The sun is setting because of the growing unlikelihood of additional investment funding coming from a government whose objective is cut backs.

Although the amalgamation will increase the long term financial viability of these lending institutions the process of bringing the two organizations together will not be a legal one, for now, as the implications of the amalgamation are being investigated.

We don't know what legal structure will be needed to raise additional funding therefore, we don't want to have to restructure again, an added expense, to suit the objectives of raising needed capital, explained Vince.

Another reason for not proclaiming the amalgamation as legal is that both organizations are presently tied to existing con-

tribution agreements and "until we negotiate those contracts with government, we don't know how we can restructure," he said.

"We're trying to leave the options open," it's still up in the air as to the range of restructuring possibilities and which one will suit our long range objectives.

As things stand now, the amalgamation is to be an operational merger which will result in no further reduction of staff and with the cut back on administrative duties, the staff will be able to devote more time to one area and spend more time with clients, stated Vince.

Other benefits will be the voiding of duplicate services and costs incurred by the two organizations. Vince estimates that by amalgamating approximately

\$30, 000/year will be saved in overhead costs alone.

And what are the negatives to this venture?

"If one of the government

sources comes up with budgets in the long term, we may loose [funding]," notes Vince adding that they, Touch the Sky and Six Nations Community Development Corporation, are going

forth on the assumption that government funds are going to continue to be tight and highly unlikely that they'll be new government funds to go out for investments.