

Adjournment Debate

included \$29.2 million in operating losses, \$22 million in interest charges, and \$12 million in depreciation.

In passing, Mr. Speaker, I want the minister to know that many of the supervisory, middle management personnel and union members at the plant want to know why one whom they consider as very largely responsible for the present situation at Sysco is still kept on as a member of Sysco's board.

In my supplementary question I asked once again about the use of the submerged injection process at Sydney. It was a failure in the past and has been rejected by Stelco and U.S. Steel. Is it not true that the Davy-Ashmore report of 1971-72 recommended the tried and true basic oxygen furnace technology? The modified type is called Q-BOP and can cook a batch of steel faster and cheaper because, among other things, it does not need a special building and certain auxiliary services which a complete basic oxygen furnace shop would need.

● (2215)

The continuous casters are a later technology and assume the use of either of the above oxygen processes. Sydney Steel, to my understanding, is the only steel plant in the world with continuous casters tied to open hearth—hardly a way, I would think, to rehabilitate such an operation and attempt to make it competitive. I realize that we have lost the golden years since 1971 in an attempt to turn the plant around. The debt composition has to be rearranged or it will surely go under.

My understanding is that there was a request by the province of Nova Scotia to have the previous federal government absorb or wipe out at least the \$70 million loan mentioned earlier, and they refused to do that. Is that correct? Some say there are no precedents for doing such a thing. It is my understanding that the provincial government of Premier Buchanan had promised to guarantee the borrowing of \$100 million by Sysco if Ottawa were to write off the \$70 million. I am sure an argument could be made to support the no precedent conclusion. It is my understanding—and the minister can correct me if I am wrong—that the last minister responsible for DREE negotiated from that position. However, the fact is there is ample precedent. In 1978 some \$800 million of CNR debt was transferred by the government into common shares. Thus the debt and interest charges were cancelled.

In March, 1977, \$625 million was cancelled from the St. Lawrence Seaway debt principle. Bill C-3 authorized the cancellation of some \$600 million of Air Canada debt. The cancellation of airport debts for revolving fund airports—for example, Dorval, Pickering, Malton and Mirabel—is to be done in a new supply bill and will cost \$660 million. Finally, the government is planning to cancel \$742 million in debts accrued by the National Harbours Board. Of course this has not yet happened.

The net result of these debt cancellations is that all areas of transportation are more profitable and thus would be easier to privatize. The debt cancellation is accomplished by having the

[Mr. Hogan.]

Treasury Board absorb the debt. All the operations noted here are owned by the federal government which makes debt cancellation a simpler process. Sysco is provincially owned, but I cannot see how the assumption by the federal government of the debts of a provincially-owned company should cause serious problems. I think the minister will recognize that Sysco has been the subject of much study. In fact it has been so studied that the reports would fill a section of a normal library. It is time for all concerned to get off the pot and to modernize the plant, instead of continually keeping the people in uncertainty and despair in that area. They deserve better.

Hon. Elmer M. MacKay (Minister of Regional Economic Expansion): Mr. Speaker, I welcome the opportunity to receive in the House of Commons this evening the comments of the hon. member opposite who is very concerned with the subject he has raised, as I am myself. We both recognize that there is perhaps no greater concern to our province from an economic standpoint.

First, I am glad to give to the hon. member my assurance that I will obtain a complete breakdown of the debt structure and meet with him to discuss it. It is not as straightforward as it might seem, because of the nature of the debt. But I certainly agree with him that there is ample precedent for writing off debts of various kinds in the jurisprudence of the federal government over the years.

The hon. gentleman did raise in his question specifically the submerged injection process. Perhaps I should put on record at this time that this process, as the hon. member knows, relates to introducing oxygen below the surface of the hot metal as opposed to introducing the oxygen or air from above on to the hot metal. Apparently this has caused difficulties in the past. I am assured, as a result of inquiries I had made, that none of the \$7.2 million was used for any purpose related to the submerged injection process, but rather to rebuild certain parts of the open hearth furnaces and other structural work.

I should like to assure the hon. member opposite that, as far as our administration is concerned, we have a continuing commitment to doing what we can to modernize and improve conditions at Sysco. I think he would recognize that while it might be desirable to do so quickly, from a physical point of view it is not quite that simple, either.

First of all we must try to undo and, to some extent, rehabilitate some of the symptoms which were caused during the past few years of mismanagement. Once this is accomplished I am certain that we will, in accordance with the knowledgeable requests from management, and in accordance with the advice received from the work force, which is equally important, which is a very dedicated work force and which has in effect subsidized that plant over the years, as indeed the work force has in Trenton, Nova Scotia, at another important heavy industrial undertaking, and with the best advice we can get from that management and the work force, and under the instructions of the Nova Scotia government, undertake our responsibilities to the people of Cape Breton and of Sysco.