CAPE BRETON DEVELOPMENT CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Orville H. Phillips moved the second reading of Bill C-127, to amend the Cape Breton Development Corporation Act.

He said: Honourable senators, our colleague from Cape Breton, Senator Muir, originally intended to deal with Bill C-127, to amend the Cape Breton Development Corporation Act, but, unfortunately, he and Mrs. Muir were injured in a car accident over the weekend. Therefore, I am somewhat in the position of being a backup quarterback to move the legislation along.

I was tempted to begin by saying that this is a relatively short and simple bill. However, last week, during a conversation I had with Senator McElman, we were laughing about the various times that this has happened in the Senate. Therefore, I should perhaps resist that temptation.

The Cape Breton Development Corporation, orginally established in 1967, was allowed to make capital advances on the Consolidated Revenue Fund to the amount of $10 million. Then, in the 1970s, that figure was increased to $25 million. The amendment before us today will increase the amount to $50 million.

In 1984 Devco suffered a devastating loss with a fire in No. 26 colliery in Glace Bay. As a result, the federal government has invested the sum of $218 million to provide for a new colliery at Phalen and to expand the one at Victoria Junction. In addition, the federal government has moved on various other fronts to provide assistance to Cape Breton. These include the investment tax credit, the topping-up assistance program and Cape Breton Enterprise, which would become part of ACOA.

• (1440)

Devco, when it was established, had the function of presiding over the orderly closing of Cape Breton Mines. At that time it was anticipated that the market for coal from Cape Breton Mines would decline. However, events since that time have changed the situation and we now find that the demand for Cape Breton coal has increased. Sales in the year 1984-85 totalled 2.5 million tonnes and in the year 1987-88 will total 2.8 million tonnes.

Devco had a loss of $1.8 million in the year 1987-88; however, in the year 1988-89 Devco would have a profit of $13.1 million. That $13.1 million does not provide for the depletion and replacement of equipment.

The Phalen Colliery, as I stated, opened in the summer of 1987 and now provides between 650 and 700 jobs for coal miners, and when it reaches its full capacity it will be producing approximately 4.5 million tonnes per year. Unfortunately, honourable senators, the anticipated profit of $13.1 million will not meet the requirement for replacing and maintaining equipment below the surface and the surface infrastructure. Therefore, the federal government will have to provide funding to cover the cost of most of the $43.1 million required in ongoing capital expenditures. It is anticipated that Devco will have a requirement for capital advances of $37 million by the end of June 1988. Therefore, honourable senators, the necessity of amending the act to provide for capital advances in the sum of $50 million. I again mention the fact that Devco will have a requirement of $37 million by the end of June, and I hope that the Senate will have disposed of the matter by that time.

Thank you for allowing me to substitute for Senator Muir. I realize my remarks are not as interesting and that I certainly do not have the understanding of Cape Breton that Senator Muir has. However, I am sure that with some forebearance the Senate will be able to pass this legislation.

Hon. Senators: Hear, hear.

On motion of Senator Cottreau, for Senator Graham, debate adjourned.

RAILWAY SAFETY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Mira Spivak moved the second reading of Bill C-105, to ensure the safe operation of railways and to amend certain other Acts in consequence thereof.

She said: Honourable senators, Bill C-105, the Railway Safety Bill is to make provision for securing the safe operation of railways. This bill confirms the commitment to safety as the first priority of the Canadian transportation system. There has been action to improve the safety of air, marine and road transportation through the Aeronautics Act, the Canada Shipping Act, new minimum requirements for offshore drilling rigs, navigational control for ships and tightening of security at airports. Bill C-105 extends that action to the railways.

The commitment to safety in transportation was set forth in section 3 of the National Transportation Act, 1987, which requires that:

> The transportation system meets the highest practicable safety standards.

Bill C-105 before us now has been prepared to implement this policy for Canada's railways.

The Railway Safety Act will be followed by a bill to create a transportation accident investigation board. That independent board will be empowered to investigate accidents in all federally regulated modes of transportation, drawing upon expert staff to determine causes and to recommend means to prevent any recurrence.

To give some background, for many years the safety of Canada's railways has been regulated under the Railway Act. This act originated at the turn of the century when the railway system was rapidly expanding. At that time much of Canada's railway system was under construction to open up new territory and to encourage settlement. Lines were often speculative ventures with uncertain revenue prospects, built by small companies without adequate financial reserves. There was a strong temptation to cut corners on construction and operating costs, and legislation was needed to allow the government of