

Adjournment Debate

admit, are rough and ready estimates and are not produced by Statistics Canada. As a result, they could not be used for the purposes of the unemployment insurance program. Thus, it will be important for us to pursue immediately the course of action which I have outlined, that is to say, co-operative discussions between the commission, the bureau and the Department of Indian Affairs and Northern Development, to determine the most practical and acceptable means of resolving the problem.

REGIONAL ECONOMIC EXPANSION—FEASIBILITY STUDY ON
COAL MINE IN DONKIN, NOVA SCOTIA

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, further to my questions of November 15 when the Minister of Regional Economic Expansion (Mr. Lessard) was unavoidably absent, I should like to have the answers from his parliamentary secretary this evening.

Since the first phase of the feasibility study on the Donkin Mine has been finished, would it be possible to get a 12 to 20 page summary for myself and other interested members from the Department of Regional Economic Expansion standing committee? I realize that the report would be more than one volume and would be technical in detail, but I would be very interested in getting a résumé.

As I indicated in my questions, the more important second phase that involves the economic feasibility of the prospects for the new mine should be soon ready. It was indicated to me by a top Devco official last August that they expect the second phase to be finished by March or April before it goes to the Treasury Board. Can the parliamentary secretary to the minister confirm this or give us a more accurate date for when this second phase of the study will be finished?

This, of course, involves, among other things, whether the decision is going to be to build a mine that will have an annual production of a million, two million or four million productive capacity. It goes without saying, Mr. Speaker, that this is extremely important to an area with such high unemployment.

The employment selection officer for the Cape Breton Development Corporation informed me that as of October 1, 1978 there are 1,850 applications from Glace Bay for general employment in Devco. There are another 2,000 from New Waterford. The total for the whole of the Cape Breton area was estimated as of October 1 to be 4,900.

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One can see how critical this mine at Donkin is to the future of the area from an employment point of view; it would have spin-off effects which would make for at least another 1.5 jobs per worker in the rest of that economy. It also indicates the prime need to go ahead with the modernization of the Sydney Steel plant so as to avoid even more desperate levels of unemployment in the area. Similarly, it becomes urgent to press on with the operations in Prince Mine to meet the employment objectives which were mentioned when the mine was first started.

[Mr. Maine.]

I referred to the steel industry in my remarks tonight because the future of the biggest employer in the Glace Bay area, mine No. 26 with its low sulphur and premium coking coal qualities, depends in part for its success on the Sydney Steel operation. One of the major concerns I heard expressed recently during my visit to the constituency is that the coal cleaning plant so vital to a reconstructed coal industry is still experiencing serious production problems.

I am told that in the last month there have been vast improvements in the operation of the plant, but as I mentioned in my question there are rumours that, because of its over-all failure to fulfil the expected potential, we may not be able to fill some of the coking coal requirements contracted for with such users of coke and coal as the Steel Company of Canada and Dofasco. If there is any truth to this it could be a serious blow to our prospects, because everyone with a knowledge of the industry knows that there is on average a \$10 per ton premium at least for coking coal as against coal for use in generating thermal power. The prepared blends of coal from No. 26 with lingan coal make for an excellent metallurgical coking coal.

I ask the parliamentary secretary to provide answers to these questions which are bothering me.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I am glad to have this opportunity to reply to the hon. member; I only hope I shall have time in which to fully answer his questions.

The Donkin Mine feasibility study was originally scheduled to be carried out in two stages. Phase one was scheduled to begin in May 1978 with a report which would compare the economics of several project configurations using cost estimates and assumptions regarding marketability and the like. If phase one gave indications that the mine would be financially viable, phase two would be undertaken to provide definitive cost and performance figures which would be presented to the Government of Canada with a request for the necessary funds to develop the mine.

Unfortunately, it was not possible to prepare the phase one report by October 6 because of delays in getting information from the offshore bore holes and the seismic surveys, information which was necessary to determine the size, extent and quality of the coal seams which would be mined during the next 30 years or so.

On October 11, 1978, a preliminary verbal report was presented to Devco management. This was followed on November 20 by a second verbal report which showed that several mine layouts would be economically viable. The report also indicated there were additional possible mine layouts which should also be studied to determine which would provide the greatest economic benefit.

In view of the delays experienced to date and the importance of maintaining the final date of February 28, 1979, the date by which phase two was to be completed, it was decided to dispense with the preparation of a formal report marking the end of phase one and to proceed directly with the work