

coal industry. Well, we shall see. Continuing with the conclusion contained in Professor George's article, he states:

It was therefore left with a small industry, but it was also an inefficient and high-cost one. Attempts to provide alternative employment for Cape Bretoners had come to nothing, the industrial firms that had been enticed into the Island with all the money Devco possessed having died without trace.

Then the corporation got its act together. Aided by favourable markets for coal, it built up a mechanized industry with high efficiency measured in terms of output per man-shift, though it is still a high-cost operation, far from providing a commercial return on capital. And its industrial development programme, though not yielding the result originally expected of it (at least in part because those expectations were unrealistic), has caused the start-up of small, grass-roots activities that may build up to something worthwhile in the future and restore the long-lost confidence of Cape Bretoners.

Later, in the same article, he says:

The corporation can certainly take some credit for the enviable position it is now in. Though it has not led Cape Breton "to an era of progress" as Donald thought possible if the government supported his recommendations, its achievements in coal seem quite good compared with what the public expects from a public organization. Since 1971, its industrial promotion activities have been imaginative and consistent with the spirit of the local community, and it has avoided the disasters to which Canadian public industrial promotion agencies seem to be prone.

That, as I say, is quite a balanced assessment of the work of the Cape Breton Development Corporation and of the Industrial Development Division, in particular, and I commend it to honourable senators for their reading.

I think I should also point out that the concept of separating the Industrial Development Division from the Coal Division originated not in Ottawa but in Cape Breton. I refer honourable senators to the report dated September 1985 of the Cape Breton Advisory Committee, chaired by Dr. Teresa MacNeil, who is now the chairperson and acting president of Devco. First, that advisory committee noted that one of the problems in Cape Breton was the barrier to the development caused by the confusion of the multiplicity of the development agencies. The advisory committee recommended, first, the establishment of a new development agency, Enterprise Cape Breton, independent in matters of policy, management and operations from the coal side of the corporation, Devco. The committee recommended, second, that the ECB should become a one-stop shop to the degree possible by encompassing the Industrial Development Division of Devco and DRIE.

In the event, honourable senators will be aware that at the time it would have taken legislation to create the crown corporation. The government was faced with the duty of closing the heavy water plants, as well as the problems posed

[Senator Murray.]

by other economic reverses in the area, and wanted to act swiftly, so it was decided by cabinet order to create Enterprise Cape Breton as an agency of DRIE, to transfer to it various DRIE and DRIE-delivered programs and to make it the focus of economic development in Cape Breton.

I should say that Enterprise Cape Breton has been a successful agency. A good bit of the business it has done has been attracted to Cape Breton by the existence of the investment tax credit and other incentives. Indeed, the richest incentives that are available anywhere in Canada are available in Cape Breton. From June 6, 1987, to the end of April of this year Enterprise Cape Breton had approved 120 projects for an authorized contribution of over \$51 million—and this to make possible business investment in the Enterprise Cape Breton area of over \$153 million and involving the creation of more than 900 jobs. Again, the interest continues to be at a high level on the part of the private sector. In the month of April alone there were 79 new applications. The agency has some 124 applications now in process.

● (1550)

With the creation of ACOA, Enterprise Cape Breton was transferred to us from DRIE. To the government, it seems only logical that we should bring the Industrial Development Division of Devco, which is an organization involved in regional development, into the ACOA family as well.

I emphasize that IDD, which will be continued as Enterprise Cape Breton Corporation, is coming with its powers, its resources, its programming, its flexibility intact and its role in Cape Breton very well understood. We are seeking to rationalize the roles of Enterprise Cape Breton, the present agency, and the Industrial Development Division of Devco, which will be known as Enterprise Cape Breton Corporation. It has had, and will continue to have, powers that no other agency has. We seek to eliminate overlaps; to facilitate "one-stop shopping," as recommended in the report of the Cape Breton Advisory Committee; to improve services to Cape Bretoners; and to make federal economic development activities on Cape Breton Island more efficient and effective.

I repeat that nothing is being lost. I think it is possible for a great deal to be gained under this dispensation. The Honourable Senator Graham seems to fear the fact that the minister—I presume not this minister but a hypothetical future minister—might abuse his authority to direct the new Enterprise Cape Breton Corporation. The fact of the matter is that the Governor in Council has always had, under the terms of the Financial Administration Act, the power of direction of Devco.

Becoming part of the ACOA family will enable the IDD, as Enterprise Cape Breton Corporation, to exert a greater influence over government policies as they relate to Cape Breton. That is certainly my intention, and I believe that that intention can be better realized through this reorganization.

In conclusion, honourable senators, I believe firmly that Senator Graham and others will see that this is a positive step for Cape Breton. I ask for their cooperation and support in