

The purpose of the industrial development division is to promote and assist the financing and development of industry on the Island of Cape Breton; to provide employment outside the coal-producing industry; and to broaden the base of the economy on the Island.

In the late 1960s the global demand for coal in both industrial and power generation markets increased substantially, resulting in serious shortages and much higher prices. It appeared, moreover, that these improved markets for coal were the beginning of a trend rather than a short-term phenomenon. Accordingly, Devco undertook an internal review to reassess the prospects of Cape Breton's coal resources in light of the new conditions.

Based on this reassessment, Devco has directed its efforts to restoring the coal mining industry of Cape Breton and making it self-supporting. This goal has not been easy, but, as a result of significant investments in mining improvements and commendable efforts by the coal miners and management of Devco, much progress has been made in achieving that goal. Preliminary estimates show that the Coal Division's operating losses in fiscal year 1987-88 were under \$2 million, and projections are that in the current year Devco will in fact at last achieve an operating profit.

The size and operations of Devco over these years have grown dramatically. The assets of the Coal Division at the end of fiscal year 1975-76 were \$108 million. At the end of fiscal year 1986-87 the coal division's assets stood at \$553 million, and today, with the completion of the new Phalen colliery, they are close to \$600 million. In the mid-1970s coal sales generated revenues of approximately \$50 million; today, annual sales are approximately \$200 million.

Through the Industrial Development Division, Devco has become an entrepreneur on Cape Breton Island, demonstrating that Cape Bretoners can develop the economy, own and operate industry, and create employment. Devco has instituted bold ventures in rural industry sectors, specifically in agriculture, fisheries and tourism—bold new ventures which continue to see real, measurable, positive effects on the economy. Devco does not view development as a narrow goal. As the corporation's brief to the Legislative Committee on Bill C-103 states:

Not only must industrial initiatives be in the best interests of Cape Bretoners, they must also improve upon the quality of life on the Island. Economic development is treated as a broad concept; it engages more than financial and managerial resources; it includes the development of individuals and of the overall community.

As an example of Devco's innovative work in the industrial development division, the tourism industry on Cape Breton Island has seen tremendous growth since the early 1970s, when Devco was the largest developer of tourism facilities on the island. Most of these facilities have been sold to private interests, as Devco has shifted its focus on tourism to marketing and promotional activities. Their success in this regard is unprecedented. Employment levels in tourism exceed those of coal and steel combined, and Cape Breton Island, as a region

[Senator Graham.]

of Nova Scotia, receives the largest portion of tourism dollars in the province—even outdistancing the metropolitan area of Halifax. While recognizing these successes, one must also realize there is much left to be done.

The Industrial Development Division continues to fulfill its mandate by doing what the Coal Division cannot do in many of those communities whose history and economy are deeply rooted in coal. Among other things, the Industrial Development Division provides urban and industrial infrastructure, supports entrepreneurial development programs and supports local, self-help organizations.

We must underline and emphasize that the corporation is not two separate divisions with two mutually exclusive mandates. In reality, the mandate and the direction are the same: to modernize and diversify the Cape Breton economy.

The corporate mandate may be protected in legislation, but it is corporate policy that determines the results. The Cape Breton Development Corporation has, through policy decisions, chosen to be socially responsible to the people of Cape Breton Island.

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Bill C-103 does not recognize the historical link between the two divisions of the Cape Breton Development Corporation. It also does not recognize that for thousands of rural Cape Bretoners the Cape Breton Development Corporation has meant, and continues to mean, the Industrial Development Division.

Merely exorcising the Industrial Development Division's powers from the Cape Breton Development Corporation Act does not ensure the continuance of that corporation's former direction or social responsibility. Devco has a social contract with the community that can be denied only if we are prepared to go back to the industrial society that existed in the nineteenth century and early twentieth century.

When Devco officials appeared before the Legislative Committee last March, in Port Hawkesbury, the Chairman of Devco, Dr. Teresa MacNeil, spoke of the special characteristics of Devco. She said, in part:

The social conscience of the Cape Breton Development Corporation has long been possible by the work it assigned to the Industrial Development Division . . . It is possible, through program retention, to duplicate the current activities of the Industrial Development Division. That is not a problem. However, in so doing, the essence of the Cape Breton Development Corporation is being lost.

Reflecting on these comments from the chairman of Devco, I was reminded of an old maxim: "If it ain't broke, don't fix it."

I want to examine for just a moment what I view as the detrimental aspects of the provisions of this bill dealing with the creation of Enterprise Cape Breton Corporation. The future of the coal industry, and, indeed, most resource sectors of the Atlantic economy, depends upon innovative technologies which facilitate the development of new products for the marketplace. For instance, Devco has a joint interest in a