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**VERBATIM REPORT**

**FRIDAY, JUNE 12, 1970**

**SPEAKER: THE HONOURABLE GEORGE W. CLARKE**

The House met at 10:30 A. M.

Mr. Speaker in the Chair.

PRESENTING PETITIONS:

MR. ROBERTS: Mr. Speaker, may I have the consent of the House, Sir, to present a petition on behalf of many hundred citizens living in the district of St. Barbe South. This petition, Sir, has been sent to me by Mr. Augustine Humber of Port Saunders who is the chairman of a committee including in its membership Mrs. William (Shirley) Spence of Port au Choix and Mr. George Ayre of Fox Bay. This three member committee, Sir, represents the Community Councils at Port Saunders, Hawkes Bay and Port au Choix under whose auspices this petition has been gathered. The petition, Sir, has been subscribed to by citizens living in the communities of Barr'd Harbour, Hawkes Bay, River of Ponds, Eddies Cove West, Bartletts Harbour, Castor River South, Castor River North, in addition to the communities of Port Saunders and Port au Choix itself.

The Prayer of the Petition, Mr. Speaker, is quite long so I will not lay it in detail at this stage. The Prayer of the Petition is for improved medical facilities in the Port Saunders, Port au Choix, Hawkes Bay area. I had some remarks to make on this when the House dealt in Committee with the estimates of my Department, Mr. Speaker, so I will not repeat them except to say that the Government believe that there is a need for improved medical services in this area of the Province and the Government intend to improve them along the lines we have indicated and the Government are determined to improve the medical services available to the people in this part of Newfoundland.

I would move that the petition be received by the House, Mr. Speaker, and be referred to the Department to which it relates, which I suspect is the Department of Health, the Department which I administer. I can assure the House, Sir, and I can assure the petitioners that the petition will receive immediate and favourable consideration. I see that the member for St. Barbe South is not here. I guess he is off attempting to put together the wager which he lost to me on another matter last night. But I spoke with him yesterday and told him I would be presenting the petition and I know that he

MR. ROBERTS:

would want me to express his support. After all these people are his constituents and I think he is indefatigable in his determination to try to help them.

So, Mr. Speaker, I move that the petition be received and be referred to the Department to which it relates and I support the motion as strongly as I can.

MR. CHALKER: Mr. Speaker, I present my strongest support to this petition in as much as the history of Port Saunders with regard to medical centre goes back, I think it started during the Commission of Government days and at that time they had a hospital and a doctor stationed there which serviced the Hawkes Bay and even to a certain extent in the present district of St. Barbe North as far as Barr'd Harbour. Although the roads have been pushed through now to St. Anthony which is possibly one of the great medical centres of this Province and as well as to the smaller cottage hospital at Norris Point it still leaves a lot of road for people to travel when they are ill. I think it runs possibly to two hundred to three hundred miles, 250 miles.

I have been speaking with my colleague, the Minister of Health, on this project many times. As a matter of fact I took it upon myself to write a Mrs. Bennett, a woman who served that section of the Coast for practically forty years and I believe many of the people in this hon. House would remember a write-up about her in a Reader's Digest of several months ago. She did pass me along some of her ideas, which I have forwarded to the Minister of Health.

In supporting this petition I would appreciate that the Department of Health give every consideration to it especially now that Port au Choix and Hawkes Bay are becoming very large centres and possibly prone to accidents with all the different machinery that is down there.

MR. CROSBIE: I would like to support the Prayer of the Petition on behalf of the member for St. Barbe South as well as myself. I think the petition speaks for itself. Anyone who has travelled up the St. Barbe coast from Deer Lake right up to St. Anthony will realize that even though there is now a road there is a tremendous travelling distance involved. Perhaps once the road is paved there will not be the same necessity but certainly there is need now for

MR. CROSBIE:

better medical care, for a doctor along that coast between Norris Point and St. Anthony, and we certainly hope that the Minister will do all he can to meet the Prayer of the Petition.

On motion, petition received.

ANSWERS TO QUESTIONS:

MR. JONES: Mr. Speaker, I have the answer to question (532) on the Order Paper of May 28th by the hon. the Leader of the Opposition and in this answer I have endeavoured to incorporate addition information that arose out of the discussion of my estimates in Committee.

MR. CURTIS: Mr. Speaker, on question (556), I might say I do not know the answer but perhaps my hon. friend, the Minister of Public Works does.

MR. CHALKER: Mr. Speaker, on that question, I will have the answer prepared.

MR. ROBERTS: Mr. Speaker, there is a question on the Order Paper (551) addressed to me by the hon. member for Gander. The answer that I must give must be similar to that of my colleague, the Minister of Justice. The Department of Health occupies space in Gander, I believe, but all rentals are negotiated and paid for in our behalf by the Department of Public Works. Perhaps the question could either be readdressed to my colleague, the Minister of Public Works or perhaps he will take it as notice and get the answer for the hon. gentleman.

MR. CHALKER: Yes, Mr. Speaker, I think I will take notice of them all and have them prepared early next week.

MR. NEARY: Mr. Speaker, that should include question (555) also asked in the name of the member from Gander.

MR. MURPHY: Mr. Speaker, before you go into Orders of the Day I am wondering now if the Premier could give the House and perhaps the people, particularly of Ferryland district, an idea as to when there might be a by-election held to fill the vacancies. While we are rearing to go it is just as well to find out so as we can stay.

MR. NEARY: Will the reporters take a chance on that one?

MR. MURPHY: We do not take any chances let that be square. There are no such things as chances anymore. The chances are all on the other side now.



MR. COLLINS: The question is can you stand another licking?

MR. MURPHY: No answer! Mr. Speaker, I would like to address a question to the Minister of Finance, if it is his idea to introduce his motion during this present sitting. We are getting near the end - the Select-Committee on public accounts and I wonder when we are going to deal with it.

MR. SMALLWOOD: Put it on the Order Paper.

MR. MURPHY: That is a nice answer. It is on the Order Paper.

MR. SMALLWOOD: Put this question on the Order Paper.

MR. MURPHY: No, not at all. I do not have to. This is on the orders.

MR. SMALLWOOD: Well, if the hon. gentleman does not have to he will not do it.

AN HON. MEMBER: (Inaudible).

MR. MURPHY: Yes, that is something like the voters list in St. John's East, contempt. Sixty people out of 123 had to be sworn at the poles in one booth yesterday, sixty out of 123 and the Minister promised there would be someone there for assistance and there was no-one there only the regular returning officer.

MR. CURTIS: I took the matter up, Mr. Speaker, with the returning officer and I found that there were objections. In the first place the electors had to be sworn before the returning officer and in the second place under the provisions of the Act only the returning officer and one other are allowed in the booth. We were not allowed to introduce a third person in the booth and that is the reason we did not do it. It was just we were circumscribed by the Act.

MR. MURPHY: It was a travesty of justice, the election, an absolute travesty of justice to the rights of the people.

MR. CURTIS: The election was a travesty of justice -

MR. SMALLWOOD: Some people think it was not a travesty but some think it was a tragedy.

MR. MURPHY: I think it and I do not care who they voted for.

MR. CROSBIE: On that point, Mr. Speaker. On the point that is being discussed of the election. There is to be an election within the next year.

MR. SPEAKER: This complete discussion on this matter is out of order at this particular time. It was not raised as a matter of explanation or a point of

MR. SPEAKER:

privilege or anything. The whole thing has been out of order. I allowed it to go on obviously, what else could you do but I do not think we should now start a debate over what has already been said and which has been said out of order anyway. Item (6) on the Order Paper -

MR. CROSBIE: On a point of privilege, Mr. Speaker. I would like to confirm what the Leader of the Opposition said, "It was barbaric", yesterday.

MR. SMALLWOOD: (Inaudible).

MR. CROSBIE: Lord Ha, Ha is very happy today.

MR. SPEAKER: I said we are not going to continue a debate on this point. It is not a point of privilege, it is not a point of anything. We are not going to continue the debate on this.

MR. CURTIS: Motion (6) you said, was it?

MR. SPEAKER: Yes, motion (6).

On motion of the hon. the President of the Council, a Bill, "An Act To Provide For The Abatement And Control Of Pollution Of Air, Soil And Water And For The Conservation And Use Of Water As A Natural Resource Of The Province; To Provide An Aid Towards The Centralization And Coordination Of The Multifarm Controls Over The Use Of Water Generally By The Creation Of An Authority As An Arm Of Government," read a first time, ordered read a second time on tomorrow.

On motion of the hon. the President of the Council, a Bill, "An Act Further To Amend The Public Utilities Act, 1964," read a first time, ordered read a second time on tomorrow.

On motion of the hon. the President of the Council, a Bill, "An Act To Control And Regulate The Distribution And Use Of Pesticides And Herbicides," read a first time, ordered read a second time on tomorrow.

COMMITTEE OF SUPPLY:

Labrador Affairs - 1900

1901(01)

MR. BURGESS: Mr. Chairman, before finishing at 6:00 P.M. yesterday I was discussing the matter on this item of air transports into Labrador and I was dealing specifically with Eastern Provincial Airways in relation to a brief

MR. BURGESS:

which the Labrador West Chamber of Commerce had submitted to the Canadian Transport Commission in Ottawa. Essentially what the brief entails, Mr. Chairman, was the fact that Eastern Provincial Airways operating out of St. John's via Gander, Deer Lake, Goose Bay, Churchill Falls, Wabush and on into Montreal, the fact of the matter that Eastern Provincial Airways by virtue of franchise that Quebec Air has from Wabush to Montreal that Eastern Provincial Airways are unable to pick up passengers in Wabush to transport them to Montreal, despite the fact that there is unlimited seating space available at practically all times on that aircraft.

Now since I have been living in the district of Labrador West, on numerous occasions I have found it difficult to acquire a seat possibly on Quebec Air to travel to Montreal and I know that a lot of other residents of the area basically have run up against the same problem. I just cannot understand the rationale of the Department of Transport or the Transportation Commission in Ottawa not sanctioning the picking up of passengers by Eastern Provincial Airways in order that an alternate transportation system can be provided to the people of Labrador West into Montreal because we have a great percentage of our permanent residents in Labrador West who do not come from the Island of Newfoundland, they come from other parts of Canada and invariably when they leave they are going in that South Westerly direction.

So as I have said, Mr. Chairman, on numerous occasions people have been unable to get seating on Quebec Air, the only other air carrier out of Labrador West, and it is a tremendous source of frustration when these people see an empty aircraft coming in enroute to Montreal and being unable to get aboard it. It just does not make sense. The Labrador West Chamber of Commerce submitted this brief to the Transport Commission and they offered the following explanation for this brief and I will just read it as briefly as I can, Mr. Chairman. They state, "Item (1) Excepting for a twice weekly train service offered by the freight orientated Quebec North Shore and Labrador Railway the communities of Labrador City and Wabush are entirely dependent on air service for travelling to and from urban centres. All traffic destined to or from South Western points is restricted to the Wabush-Montreal service provided by

MR. BURGESS:

Quebec Air. Quebec Air scheduling effective October 26th, 1969 presently provides for the operation of South and West bound flights involving four hours travelling time, Mondays through Fridays, four enroute stops and five and one half hours travelling time, Saturdays and Sundays, five enroute stops. One direct flight is operated North bound weekdays but Saturday and Sunday flights are restricted to a five and one hour milk run with five enroute stops.

" Eastern Provincial Airways is presently operating daily, except Sunday, jet service between St. John's, Churchill Falls and Montreal via Wabush which would offer direct one, and twenty-five minutes flight between Wabush and Montreal if EPA were permitted traffic rights to serve these points. Eastern Provincial Airways flight time departing Wabush at 12:25 Atlantic standard time, arriving in Montreal at 1300 hours Eastern standard time is significantly more convenient to local travellers requiring onward connections than the 1950 Eastern standard time arrival in Montreal provided by Quebec Air. Insofar as the air service needs of these isolated communities are concerned the residents have been totally ignored and disregarded by the Air Transport Committee.

"Public service interest is purported to be of prime concern in the allocation of air routes and traffic rights but it is respectfully submitted that the public in this area has been relegated to an inconsequential role to permit the monopolistic safeguarding of one carrier's indifference to local air service requirements" They go on to request that the Committee approve the granting of traffic rights to Eastern Provincial Airways for the carriage of passengers, mail and freight between Wabush and Montreal or, as an alternative solution, that the Committee direct Quebec Air to provide daily nonstop service between Wabush and Montreal. Now I do not think there is anybody, particularly people in the Government of the Province of Newfoundland and Labrador, who could deny that this is basically a logical request because the flights on Quebec Air, which incidentally, Mr. Chairman, the rate structure which Quebec Air have is equally as high as the rate structure that we are presently paying on Eastern Provincial Airways per air mile and it is only because of the fact that they are in a noncompetitive basis and they can charge essentially what they feel the community can afford or will afford. They can charge anything

MR. BURGESS:

they like and I think it is sad that stronger representation has not been made to these Federal authorities to ensure that the people of Labrador at least be drawn into the main stream of the Newfoundland's sphere of things. It is very sad that stronger representation has not been made and I would respectfully submit, Sir, that if representation has not been made, I would submit, Sir, that it should be made immediately.

Now on air travel, Mr. Chairman, another point, I brought it up in this hon. House before but I think it

MR. BURGESS: deserves mention as often as it can possibly have, is the fact that up until the time that Eastern Provincial Airways established what they called a "southern route", which is from St. John's to Deer Lake, and then there is a change over at Deer Lake, and passengers go to Halifax, Charlottetown to Montreal, up until that time, Mr. Chairman, that they established this southern route -

MR. SMALLWOOD: The hon. gentleman should take note that the word is "route", a rout was last night. A route is a physically direction.

MR. MURPHY: Mr. Chairman, if I may at this time, - there are only eleven people in the House I do not know how we can discuss - there is no quorum.

MR. SMALLWOOD: Oh, boy, he is the next Premier. He is really a big shot. Call him in. It is hard to take, but let us grin and bear it. Look, come on and give us more eloquence. Talk louder of something, just to try and hold the crowd here.

MR. BURGESS: It is useless to ask the hon. the Premier to act like a human being ....

Now as I was saying, Mr. Chairman, up until that this southern route was provided, this is the way I learned it in Ireland.

MR. SMALLWOOD: It is route.

MR. BURGESS: But we call it route. I understand it, and I am sure the hon. the Premier understand it. So it is okay as far as I am concerned. Up until such time as this route was provided, it was possible for two individuals, one to be travelling to Montreal and one to be travelling to Wabush, to get aboard the same aircraft in St. John's and go via Gander, Deer Lake, Goose Bay, Churchill Falls, Wabush and on to Montreal, and the passenger who was getting off in Wabush was paying \$84.00 for his airfare, and the passenger who stayed on board and went on to Montreal 600 miles further was paying \$66.00. Now how this could be sanctioned - how any authority, how any representative body of people could sit by and allow this to happen particularly having the knowledge of it is beyond me. I just cannot understand it.

MR. WINSOR: Mr. Chairman, has the hon. gentleman written any Air Transport Boards?



MR. BURGESS: I have been in touch with the Air Transport Boards...

MR. WINSOR: Have you corresponded with them?

MR. BURGESS: The Chamber of Commerce, under my direction, certainly I have been in touch with every member of the Transportation Commission.

MR. WINSOR: Has the hon. gentleman corresponded himself?

MR. BURGESS: I have not corresponded, I have been in touch with them. And besides that, I think, it might be the hon. minister's job to do the correspondence.

MR. WINSOR: Oh, it should originate from the hon. member for the district.

MR. BURGESS: The hon. the member has the opportunity of stating it in the House, and if it is acted upon, if it is a logical complaint, well then it should be acted upon maybe by the Department of Labrador Affairs.

MR. WINSOR: And that is where it lies as far as the hon. member is concerned.

MR. BURGESS: Now, Sir, further to that, when we are talking about transportation, particularly the transportation needs of the people on the coast of Labrador, it is absolutely chronic, and I would like to quote from the Labrador Conference in Happy Valley, where Dr. Pearson, an associate professor of Engineering at Memorial University, who has taken a great interest in Labrador through the Extension Department of Memorial, he stated that the Eastern portion of Labrador had some of the most acute transport problems in all of the Atlantic Region of Canada. As they were widely scattered, inhabitants dependent upon coastal steamers, unable, for most of the year, to provide personal travel. The isolation felt there, it could also be applied to Happy Valley - Goose Bay, in relation to major centres.

Mr. Chairman, in the trips that I have made on the Coast of Labrador, the needs for air transportation provision is vital. It is desperately needed by the people of these coastal communities. And if the Governments, the Governments are subsidizing Eastern Provincial Airways, I believe, to a great degree or has subsidized them to a great degree, and if they are participating financially in the operation of what they might consider to be a Provincial Airline, well the least that can

MR. BURGESS: be expected is that they ensure that all the people of the Province, and Labrador is part of the Province, that at least all of the people are provided for to the best of the airlines ability. Now smaller aircraft could be provided, even if it was only one aircraft that would make one, two or three trips a week along the coast. I think that it would at least help to alleviate to some degree the transportation problem of the coastal area. And I fail to see why some effort, even if the thing was given out on private, if there were tenders called, and private enterprise was asked to provide some kind of a schedule airline service to these coasts, I am sure that it would receive, that whoever would put the tenders out would receive at least some representation from some private enterprise group to service this area. And this I feel should be done without too much further delay.

Now while I am on the matter of transportation once again, Mr. Chairman, a lot of the problems which we encounter in Labrador West, in terms of the number of landings that can actually take place in the course of a year - the climatic conditions are fairly grim in Labrador West, particularly in winter months. And on many occasions we have seen it where we had no flights into Wabush for a week on end. Now I know the same thing happens here in St. John's. but the fact of the matter is, due to the Torbay Airport geographical location, you do get a lot of fog, but this is not the problem in Wabush.

Now there has got to be established by a Federal agency or the Federal Government, the Department of Transport, and I would like to see also some representation from our Provincial authorities to the Federal Department of Transportation to establish an instrument landing system in Wabush. Now it has been discussed much more widely since the very unfortunate fatal air crash, which happened there last year, in which the late Donald MacParland lost his life, and some more people who were of prime interest to the Province. And it has been talked about, but I have not heard anything materialized on it. And I think

MR. BURGESS: this is another area in which the Department of Labrador Affairs could play a strong role in making stronger representation or representation as such, to the Federal Department of Transport to establish<sup>an</sup> instrument landing system. It would also mean that the frequency of flights into Wabush could be upgraded, and it would be an additional service which other parts of Canada would just take for granted.

MR. WINSOR: On that matter of the hon. member, does he not know that this matter was raised with the hon. Don Jamieson, the Minister of Transport, last Fall, after this accident? I agree that something should be done. He has confirmed; his department is looking into the matter with the intention of improving the navigational aids in that area.

MR. BURGESS: The hon. minister is fair - I think I somewhat stated that in just what I said, I am aware of the fact that there has been discussion on this very matter. I am aware of it. But if the hon. minister would also remember there were discussions which took place on the matter of including Labrador in the Maritime Freight Rates Act, and these took place sometime ago but still nothing has materialized.

MR. WINSOR: It is the Federal Government, and we cannot do anything more than that.....

MR. BURGESS: I appreciate the fact that it is Federal, but strong representation is what is needed, and you know, strongly speaking out on these matters.

Now in the District of Labrador West, I would like to quote from the Royal Commission Report on The Economic State and Prospects, on page 134, Sub-section(4) where they referred to the present isolation of Labrador Mining Communities. And they go on to state, "The Commission was impressed, during a visit to the mining communities in Western Labrador, with the sense of isolation that is felt to exist between that region and the rest of the Province. Since the successful development of the resources of such an isolated and climatically hard environments depend upon the happiness of the people involved, it is clearly important that their welfare should be fully considered. The establishment of a Department of Labrador

MR. BURGESS: Affairs within the Newfoundland Government is an encouraging sign". Now this was compiled, I take it, shortly after 1966. And they say such a department should not rest content with acting as a means of communication between Government and the people of Labrador, but should also assist very actively in the development of a regional plan for Labrador in close conjunction with the proposed economic planning secretariate and the proposed voluntary economic planning commission.

Now they saw exactly the same thing as was possibly envisaged by this Government when they established the Department of Labrador Affairs. But, unfortunately the department has become and utterly stagnate. They saw exactly the same thing as was envisaged by this Government. But unfortunately it is not working out that way. Now the isolation is a fact, despite the denials of some of the members who represent Labrador, the other members who represent Labrador, and despite their denials, by Government officials in the Cabinet, when it is brought up in this House.

I respectfully submit, Mr. Chairman, that if it is not a fact, what I say, that the difference, the isolation that exist in the minds of the people, between Labrador and the Province, I respectfully submit that the Labrador Conference would never have been called, because they feel that they are <sup>an</sup> entity unto themselves, and that they cannot depend on - they have got to take the matter into their own hands and publicize the problems that we have, to the greatest possible degree, in order that, if, at least if the Government is not going to do anything about it, then public pressure may, and this is the only way that some change can be achieved.

Now I have brought up consistently in the House too, I feel that it should be the responsibility of the Department of Labrador Affairs in overseeing the welfare of the people of Labrador, I feel that there should have been, or there should be instituted by this Government some kind of a concession, as far as taxes on gasoline go. I think it is a vital thing, as far as the people in Labrador are concerned. In Labrador

MR. BURGESS: West and in Labrador North, and in Labrador South, I feel that it is a vital thing, as far as they are concerned because they are not provided with the roads. There is no maintenance of roads, or very little, and there is nowhere that the people can drive to, so I do not see why they should be subjected to gas taxes. And if in the case of Labrador West, Mr. Chairman, if the Government insists that they cannot give this concession to the people of Labrador West, well then I say that, since they left everything else in the hands of the companies in Labrador West, practically every other social service that is provided, it is provided by the companies, if they cannot see their way fit to remove this gas tax; well why not hand this S&A. tax on gasoline over to the companies and ask them to provide a road outlet out of Labrador West?

And in discussions with various companies officials, <sup>in</sup> their desire to have a psychologically happy people, and a psychologically happy community they feel that they have a responsibility to this community, Unfortunately they have a much greater degree of responsibility to the people than unfortunately this Government has, And these people, during discussions with them (and this includes the mining community of Gagnonville which is across the Boarder) these people, if they were handed over these S.S.A. taxes, may be prepared to drive a road through themselves to the North Shore of the St. Lawrence. I do not know what gasoline taxes amount to, It could not be any too great of an amount for that amount of people. But, at least if this concession was made, it would show the people that there is some concern in the hearts and in the minds of our Government here. And by showing this concern, it would remove this psychological isolation and resent and fustration that is prevalent in the minds of the people. And, I think, there is a great potential, if this Government were to discuss this possibility with the mining companies in that area, because the people of Labrador West, based on their economic contribution, know and feel that they are entitled to more services than they are getting.



MR. BURGESS: Now the building of roads represents expenditures of vast sums of money. I can appreciate that. And it has been said that we are not an unreasonable people in Labrador West, or in Labrador Proper. But it has been consistently stated that if this money is not available, which obviously is not, but in the interim period there should be some concessions made. And this is one of the concessions that can be made as far as gasoline taxes are concerned.

Now, I mentioned, Mr. Chairman, the fact that when the recent Legislation was passed in the House of Commons, relative to the Maritime Freight Rates Act, which gave an additional subsidy for transportation of goods in the Maritime Provinces, that Labrador was excluded. And it was excluded on the basis, according to Mr. Jamieson. He stated that - I am quoting, Mr. Jamieson from the Labrador conference when he spoke about the Maritime Freight Rates Act. And he said, "basically the Act provided for a twenty percent subsidy on goods moving in what was known as the designated area which included the Atlantic Provinces, a portion of Quebec, but did not include Labrador." Mr. Jamieson pointed out that he did not know why Labrador had been excluded in the first instance, when the terms of Union were drawn up. This Act right now applied only to goods moving by rail. He explained that he had asked the Atlantic Provinces Committee to find<sup>a</sup> way through which the Maritime Freight Rates Act could apply to Labrador. He further asked them to come up with a scheme whereby this Act or its equivalent might be applied to a compatible degree for air traffic. The committee was now working on this and as soon as there was a sensible proposal, Mr. Jamieson assured the participants that he would move to implement it immediately.

Now I have heard this statement, when the Legislation was passed there was a hue and cry about the exclusion of Labrador from this Act, (and that was well over a year ago now) "just how long do we have to do without this subsidy? Just how long do we have to put up with the high prices. May be they will come up with a scheme that will include Labrador in it, but it could be five years from now. And in the meantime we are subject



MR. BURGESS: to these exorbitant prices for consumer goods." And he went on to say; one of the reasons why Labrador could not simply be included within the Act was that there was a thirty percent subsidy on goods moving out of this select territory. This has meant that the Federal Government would have been obliged to pay a subsidy on all the iron ore moving out of Labrador City and Wabush. But in the name of Heavens, Mr. Chairman, after all it is the Government of Canada who make the Laws and if they wanted to include Labrador in the Maritime Freight Rates Act and exclude the Iron Ore Companies from benefiting from a subsidy of this nature, that could be done also. It is no good just decrying the thing and saying that if we apply the law that it will mean that these companies will be receiving this subsidy representing vast amounts of money. But the companies could be excluded. All it necessitates is a minor modification of the Law.

But, because of the fact, Mr. Chairman, that we are not included in this Maritime Freight Rate Act, it means that the cost of living on consumer goods is at least fifteen percent higher than you are paying down here in the Province of Newfoundland. And believe you me, Mr. Chairman, the Newfoundland Herald published a schedule here on May 17th., in their paper, The heading was; "If the people of Newfoundland cared to be reminded of the prices we pay". I believe you mean St. John's is so far ahead of other parts of Canada, such as Charlottetown, Halifax, Ottawa, Toronto, Winnipeg, Regina, Edmonton and Vancouver, well there is such a vast difference and then again, we are fifteen percent higher than St. John's, as far as consumer goods are concerned. And this just does not make sense.

AN HON. MEMBER: Inaudible.

MR. BURGESS: Pardon?

AN HON. MEMBER: Inaudible.

MR. BURGESS: I agree that the Maritime Freight Rates Act deals with transportation of goods by rail.

AN HON. MEMBER: Inaudible.

MR. BURGESS: But the Maritime Freight Rates Act applies to all freight.

AN HON. MEMBER: Inaudible.

MR. BURGESS: But the fact of the matter is, Mr. Jamieson has stated himself, Mr. Chairman, that if Labrador were to be included in the Maritime Freight Rates Act that it would benefit and he quotes twenty percent. I am not completely knowledgeable about what is included in the Maritime Freight Rates Act, and I think, Mr. Jamieson, he is more knowledgeable than I am or the hon. minister. But he did say that it would definitely be of benefit if Labrador was included.

AN HON. MEMBER: Inaudible.

MR. BURGESS: I just cannot understand why Labrador was excluded, after all we are part of the Province. Why were we excluded? Is this the only reason, because the Iron Ore Companies would have benefited from the subsidy.

AN HON. MEMBER: Inaudible.

MR. BURGESS: Well did Mr. Jamieson say that was one of his excuses as to why Labrador was not included? And I am quoting him verbatim.

In Labrador West also, Mr. Chairman, when the Royal Commission on Food and Drugs was presented to this House it was with a great degree of anticipation that I awaited the tabling of this report. To see if there was going to <sup>be</sup> any decisive action on the part of this Government, to act in accordance with what they had learned from this Commission's Report, To see if there was anyway that they could become involved, whereby the people of the Province of Newfoundland and Labrador, if they could become involved to the extent that they would make some of these enterprises, particularly these large chain stores who essentially, and the feeling of the people being that they charged just exactly what they can get away with. And the people of Labrador West and Labrador were waiting with the greatest degree of optimism to see exactly what action will be taken on the part of this Government. And unfortunately that Royal Commission report is gathering dust on the shelves, I am sure, because there has been no action taken on it at all.

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MR. BURGESS: During discussions of the estimates on the Board of Liquor Commission last week, we were paying a higher price for liquor and beer than you were paying here in St. John's, But the explanations given to me at that time, I will just wait and see what comes out of some of the statements that were made by Government officials, to see if any change will be brought about in this matter.

Now, Sir, during the official opening of the Wabush Mines Complex in Wabush, the hon. the Premier participated in the opening, He turned the sod. and he gave a very rousing speech wherein he told the assembled people there not to worry about the - he recognized the fact that we were isolated there, we did not have any roads to the rest of Canada. But he did promise in no uncertain terms that at least the roads, the few bush roads that we do have, would be kept open at all times in order that the people could, at least in as far as recreation is concerned, where they could go to - where they could have access to fishing into the lakes, and that they could travel on them by skidoo in the winter in order to do some hunting. But unfortunately that was just another promise, That never materialized because these roads are far from accessible or you just cannot travel on them, because they are not just being maintained, despite the fact that it would not cost a great amount of money to at least keep these roads in a condition that would let the inhabitants drive over them. But no

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That is too much of an effort also.

Now, sir, Labrador West in terms of radio, there has been some change as far as the Canadian Broadcasting Corporation are concerned - as far as radio reception. Now, since the announcement and since its inception on June 1st, I have not been in Labrador that long that I have noticed what the radio reception is like, if it has improved. We have requesting all along that at least we should have Newfoundland orientated radio programs coming into Labrador West or into Labrador. Because we have been getting all our radio reception via the Maritimes and we can tell what is happening in the House of Assembly in New Brunswick. We can tell what is happening - we hear a daily account of what happens in the House of Assembly in Nova Scotia. You have to wait for the newspapers to see what happens in the House of Assembly of our own Province.

Now I was told that there would be some upgrading or improvement of this particular set of circumstances in some new innovation that CBC has introduced, and I cannot accurately say whether it has made any improvement or not. But if there has been no improvement, Mr. Chairman, I wonder if the Minister of Labrador Affairs could tell me, when he is making his references to this department, if he could tell me what the Department of Labrador Affairs will be doing about this .

Now on the matter, Mr. Chairman, of television reception in Labrador West, we have been told, and I have stated it in this House quite often - we have been told that our television will be improved with the launching of the satellite in 1972 by the Federal Department of Communications - a satellite which will circle the equator and that will make instantaneous television available in Labrador.

Now I hesitate to depend - we have had so many promises, and I have lived a short lifetime in Labrador, and I have had so many promises that I am just not prepared to accept too many more. But the fact of the matter being that we were told that when this satellite is launched and mind you, Mr. Chairman in 1966 - 1965, 1966 we were told that

this satellite was going to be launched in 1968. In 1968, we were told that this satellite was going to be launched in 1970.

In 1970, we are told that it is going to be launched in 1972, and there is no guarantee that in 1972 we will not be told that it is going to be launched in 1974 or later. But that, in the event that it is launched in 1972, in the event that it materializes, as stated by Federal Governmental officials, in the event that it does materialize, I see the extreme necessity of establishing receiver stations in Labrador now. The construction of these receiving stations should be underway now in order that when it is launched that we get the signal immediately and not have to wait another two years to build the receiving stations.

Now I understand that technologically and electronically there is an awful lot involved in providing a television service in a remote area to the same degree as would be provided to a place such as St. John's or to a larger city like Montreal or Toronto. I understand what is involved technologically. All we can do is hope that what we are being told is a fact that we will have to wait no longer than 1972 for this. It will not stop us from pushing nonetheless. But what I cannot understand, Mr. Chairman, what I cannot understand at all is the programing which we receive in Labrador - which the present facilities show us. The present facilities incidentally, Mr. Chairman, having been provided by the Iron-Ore Company of Canada in Labrador West and essentially by the American Air Force in Labrador North.

Now I cannot understand and I cannot see what red tape is involved in not showing more Newfoundland orientated programs on this or to this transmitter. We can get programs - the only two programs that we get in Labrador West that are Newfoundland orientated at all are: "News Digest" once a week and "Quote and Comment" which has just recently being sent into us. Now I cannot see, I just fail to see what is involved as far as the Canadian Broadcasting Corporation are concerned or as far as any Government Provincial or Federal authority - I fail to see what is involved

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in the shipping of the programs that are normally shown on television on the Island.

Mr. Chairman, I cannot emphasize this strongly enough that there are a great percentage of Newfoundlanders in Labrador, and you have to expose them. You have to expose them to Newfoundland orientated television programs, <sup>in</sup> order that they remain and feel a part of the Province. Now I just cannot see what is the difference in shipping film from Toronto or Winnipeg, which is where we get most of our films from - I fail to see what the difference is. As a matter of fact, I would venture to say that it is a lot cheaper, an awful lot cheaper as far as the Canadian Broadcasting Corporation are concerned. It would be cheaper if they were to send the programs with Newfoundland content, of the political affairs, the social affairs of the Island and send them up to Labrador in order that the people who come from the various communities around the Island of Newfoundland can enjoy seeing what is happening and transpiring in their own communities back home. It would certainly help, to a great degree, to alleviate this isolation factor. They would <sup>more</sup> feel, to a much degree, a part of the Province.

I have had meetings with Mr. Davidson of CBC. I have had meetings with - we met - I have had meetings with various CBC officials and they just threw their hands up and shrugged their shoulders, Mr. Chairman, and said; "well it is red tape." Essentially that is what they are saying.

Now I just cannot see what kind of red tape should be allowed to exist that deprives people who come from one part of a Province and who go to reside in the other part of the Province - I just fail to see what kind of red tape can deprive them of contact of this nature with our own Province. I just cannot understand it. Something has to be done about this matter in order that some upgrading of the television which we receive in Labrador, some upgrading in the interim period until this satellite is launched, hopefully.



Mr. Burgess.

Now I am talking about Labrador West where we get some French content, based on the fact that we do have people from the Province of Quebec living in Labrador. I would like to refer to Churchill Falls Mr. Chairman, and I would like to just read a letter which I received from a resident of Churchill Falls recently where they get four hours of television a night - four hours which is not very substantial, but it may be what the facilities can provide. I do not know. But here is a typical complaint and this is not the only letter which I have received, Mr. Chairman. It can clarify the situation:

"All of the programs are on tape (I am quoting from his letter).  
"We are supposed to have four hours of television each night from 7 pm. to 11 p.m. The programs are from CBC Toronto." He goes on to say: "Why we here in Labrador have to be furnished with Toronto programs is beyond me - why not the programs in St. John's?" This is essentially the same thing as I have been saying about Labrador West and Goose Bay. He goes on to say, "from the start we have had trouble with television transmission here. First there would be pictures without sound or sound without pictures." Now this is probably a technical problem and I suppose it is not too hard to explain it. But he said he has written to the Secretary of State with a copy to his Federal member, Mr. Ambrose Peddie. He has written to the Canadian Radio Television Commission and to the district supervisor for CBC programing in St. John's. He said; "I received nothing from any of these people except innocuous replies about troubles to be expected with initial television operation. The excuse usually given for the use of standby tapes is that the original tape was not received but that excuse cannot be accepted. Both Quebec-Air and EPA come in every day or came in every day this last week right up to Christmas Eve." This was a letter just before Christmas.  
"It appears as if it was simply just a case of being either too lazy or

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too inconsiderate to bother about going down to the airport to put the tapes on at Christmas, as they should have accorded to the schedule they put out."

In any event to receive on Christmas night programs consisting of (and he goes on to say Mr. Chairman)"a silly fat word, putting on a so-called children's program followed by a series of travel logs and then a forty year old movie." I can verify that because the movies that they show there come straight out of the museum, Mr. Chairman. Nowhere else could they be found. He goes on to say, "this is a standard standby tape. In adding insult to injury, this is the kind of television service we receive here in Churchill Falls." He says, "although we are privileged to get four hours of television each night"(with a great degree of sarcasm he says that) "on numerous occasions we have received a lot less. More than once the television has been shut off at 10:15, 10:30 and 10:45 before the 11 p.m. deadline and that is the deadline. Nothing is allowed to go beyond 11 p.m. There was an instance this summer"(and this, Mr. Chairman, I can verify, because it has happened so often in Labrador West)"of an Expo baseball telecast being chopped during the last inning, presumably, in this telecast, if it had been left on, it would have gone beyond 11 p.m."

Now, Mr. Chairman, CBC do have an obligation. They have an obligation in that they are a publicly owned corporation, that everybody's tax dollar goes to support them, and to see CBC being allowed to get away with this type of treatment of people of any given region of Canada, to see them being allowed to get away with this type of treatment by our Federal authorities, who have jurisdiction over them, and to see them get away with this treatment, by our Provincial authorities who should be more aware of it than our Federal authorities, it is just inconceivable as far as I am concerned, absolutely inconceivable.

Then, of course, Mr. Chairman, when you are talking about that type

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of communications and you refer to the coastal region of Labrador well they just do not have - they do not have - in lots of cases, they do not even have a radio let alone television.

Now, Mr. Chairman in the Evening Telegram of January 20, there was a letter from a former resident, a man, a Reverend Francis Duckle, who is presently on Bell Island in his capacity as minister. He wrote a letter about the problems of Labrador, and unfortunately, Mr. Chairman, I am in a position to verify practically everything that this gentleman has said, and he said it with sincerity, I am sure. In the profession he is in, he is not noted for deviousness. He said it in all sincerity, based on his knowledge of the coast and based on the communications which he has with his various relatives along the coast. And I would like to read part of what he wrote to the papers, Mr. Chairman.

MR. CURTIS: Just a minute now. Is he quoting from the papers? We want to know if it is a paper you are quoting.

MR. BURGESS: A photostat copy of the Evening Telegram, January 20.

MR. CURTIS: The paper must be produced.

MR. BURGESS: Is that the rule of the House?

MR. CURTIS: It is the rule of the House.

MR. BURGESS: Those are the rules of the House. Okay, we will have to remember them.

AN HON. MEMBER: You get to learn them after a while.

MR. BURGESS: I have seen on more than one occasion where the rules of this House seem to be - anyway this gentleman, Mr. Chairman, dealt with the problems of the people on the Labrador Coast, particularly with regard to employment conditions and the availability of jobs in the industries, the vastly, wealthy industries in Labrador referring specifically to Churchill Falls and the Iron-Ore Company in Labrador West.

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Mr. Chairman, he referred specifically to the fact that it is very difficult for the people on the coast to find employment in these growth areas where there is lots of employment available. Now I can verify the fact that - I imagine you would be in a very safe area to say that in the whole of - on the project of Churchill Falls where there is supposed to be somewhere in the region of 6,000 workers this year, I would venture to say that there are less than fifty people from Labrador employed on that project or not very much more than this number.

Now, Mr. Chairman, I fail to see why this is so. I have dwelt at great length on this before, relative to the Manpower facilities in Labrador and based on the fact that in lots of cases the people from Labrador may be residing within 100 or a radius of 200 miles from the various projects that are underway there. They have been required in lots of instances, when they apply for jobs and in the event of a job to suit their qualifications being available, I have seen lots of cases where..

MR. WINSOR: Regarding that statement of his, there are more than 100 people from the coast of Labrador gone into Churchill this spring. Is he aware of that? That is twice 50.

MR. BURGESS: Well up to that time, there were - well that means there are 150 from Labrador out of 6,000.

MR. WINSOR: They are going in continuously now.

MR. BURGESS: Well I am very happy to see that, and I think that special attention should be given to this, and I am very happy to hear the hon. minister say this. I think it is of prime importance particularly to the welfare of the region of Labrador.

Now, Mr. Chairman, in the potential for Labrador, essentially, it is

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in mining, hydro-power and in some cases, we have been told that offshore mineral exploration is being developed or explored at this stage and that there is a high possibility that offshore mineral exploration could be successful.

Now this - in the Labrador Conference this was dealt with to a great degree by people who are entirely knowledgeable in this field. And some of them set forth ideas and expounded upon theories that made an awful lot of sense and I hope that they will be listened to by this Government. There were some theories put forward that there should be a plan instituted now at this stage and not wait until such time, if ever, that these explorations are successful. There should be plans instituted now to train the Labrador people for these jobs and the only way they can be trained is by the establishment of technical schools in Labrador.

Now I can remember also where we had, essentially, a promise from this Government that there would be established in Labrador some technical school facilities. I think at the time that it was talked about, it was the establishment of technical school facilities in Labrador West in order that people could be trained in the mining industry area and could be trained and given skills where they could easily fit into the mining operation.

Now I think there is a greater need for technical facilities in the Labrador North area, particularly in the Goose Bay, Happy Valley area - for technical school facilities. The type of training that should be provided should be designed to exploit or to develop skills in people that would train them in the field of the potential of Labrador, maybe in the development of oil resources or copper resources or uranium resources. It should not necessarily - the establishment of technical school facilities should not necessarily be designed after the

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same type of facilities that are established here on the Island. They should be designed to train the people for the potential of Labrador, and Mr. Chairman, I think this is very, very important - I think this is something that the Department of Labrador Affairs could be actively involved in at this stage, because primarily the establishment of this Department of Labrador Affairs was designed to promote and develop Labrador.

AN HON. MEMBER: That is right. That is what we are doing.

MR. BURGESS: Now the - on page (9) as far as education. The educational factor is I believe - every statesman all over the world, officials all over the world are recognizing the fact that, based on the highly volatile state of affairs, of world affairs, that we are living in today, everybody seems to feel that education is the answer, an education which will make people totally aware of the social problems which they are confronted with. That applies no less, sir, to the coast of Labrador.

MR. SMALLWOOD: Would the hon. gentleman allow me. There is not a single soul in the gallery. It is the first time the hon. gentleman has talked the entire crowd out of the Chamber, newspapermen, visitors..

MR. BURGESS: I am absolutely delighted.

MR. SMALLWOOD: The House is absolutely empty.

MR. BURGESS: The hon. Premier - I am sure I must be equaling his record in some degree.

MR. SMALLWOOD: It is a record.

MR. BURGESS: On more than one occasion the hon. the Premier has done the same thing.

MR. SMALLWOOD: I never emptied the House.



MR. SMALLWOOD: (J.R.): Never emptied the House no

MR. BRUGESS: So Mr. Chairman, as far as educational facilities on the coast are concerned, there were also some of these people from the extension department, who are involved in this Labrador Conference, who put forward also some other very good theories as far as Labrador is concerned. These were the educational techniques designed to meet the needs of children in isolated communities.

MR. NEARY: We all have a copy of that

MR. BURGESS: Suggesting that such techniques as video tape recorders and visual electronic remote blackboards, already used in other parts of Labrador, and these are referring to Labrador West. Sir, this is something that the Department of Labrador Affairs should become involved in. I am quite positive of it.

When we talk about Labrador North, Mr. Chairman, the area of Goose Bay, it is interesting to note the comments Mr. Chairman, of the former president of the Liberal Association in Goose Bay, Mr. Woodworth, during this conference, when he expressed an opinion which is in complete accord with the opinions that I have been stating in this House for some time. He expressed the opinion, during this conference, that the various discussions were leading to nowhere, as far as this conference was concerned, because they were putting the cart before the horse. He went on to say Mr. Chairman, until Labrador has, an administration that would govern its own affairs, and not have them all scattered over the island, Mr. Woodworth felt that it was premature to discuss such things. This was endorsed by the chairman of the Chamber of Commerce, Mr. Rompky, And this is essentially what I have been saying for quite a long time Mr. Chairman; that when we talk about representation, the affairs of Labrador have to be governed and guided by people who essentially live in Labrador and who are aware of the changing problems and the problems that exist.

I am not saying that the hon. minister is not familiar with the coastal communities, but, unfortunately his statements about the functions of the Department of Labrador Affairs, when asked exactly what it meant, he replied that it was set up as a liaison department between the people of Labrador, and the other departments of Government, This is not what the Act

states, and this is not the primary design of the thing - of the department.

Now Mr. Chairman, during the discussion on fisheries yesterday, I felt that I could make a few statements about the coast, as far as fisheries were concerned. And I was informed by someone, who is much more knowledgeable as far as House rules are concerned, that it would be more rightly discussed in Labrador Affairs. So, I will do this, despite the fact that I have driven everybody out of the gallery, as the hon. Premier has pointed out. I must be drawing a few more in now, but I was discussing, Sir, the development of the fisheries in Labrador, and the number of fishermen involved who make their living on the coast of Labrador from the South to the North, from Nain right down to Forteau. According to statistics compiled by Prince Dyke, at the Request of the Department of Labrador Affairs, the statistics say that there are a total - in total there are slightly over 2,000 fishermen employed, or who make their living on the coast of Labrador. and some of these are stationers who come from the Island of Newfoundland and travel to the Labrador during the fishing season.

Now, during the various trips that I have made to these coastal communities Mr. Chairman, I failed to see that when it is not possible to fish, how these people make any kind of a living whatsoever. Well, they exist, but there is no great degree of affluency because they do not have any year-round industry.

I fail to see, Mr. Chairman, and in discussion with quite a number of people from the coast I fail to see why there are not some small frozen fish plants established in various strategic locations on the coast of Labrador. I am informed by people, who are knowledgeable in the fisheries, that for one million dollars at least between five and ten frozen fish plants could be established along the coast. Nothing elaborate, but enough to provide employment for a great number of people in the communities, and for a great number of fishermen who would supply these frozen fish plants.

AN HON. MEMBER: I would like to remind the speaker, that his time has run out.

MR. BURGESS: Mr. Chairman, I thought there was unlimited time on estimates.

AN HON. MEMBER: Definitely not

MR. CHAIRMAN (HODDER): 44(a) limits the time of speaking.

AN HON. MEMBER: (Inaudible)

MR. CHAIRMAN: Yes, 44(a) limits the time of speaking, sets up the rules of committee. I am sorry.

MR. ROBERTS: Mr. Chairman, "the Standing Orders of the House shall be observed in the Committee of the Whole House so far as may be applicable, the except Standing Orders as to the seconding of motions and limiting the number of times of speaking." I think that is the relevant rule Mr. Chairman.

MR. BURGESS: Just the number of times of speaking,

MR. ROBERTS: I could not interpret the rules Mr. Chairman, but that is standing Order 44(a) and also 44(b) might be of interest to the Committee.

"Speeches in Committee of the Whole must be strictly relevant to the item or clause under consideration."

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: I am sorry I did not hear the hon. gentleman, what was that?

AN HON. MEMBER: (Inaudible)

MR. CHAIRMAN: Standing Order 49

MR. ROBERTS: Standing Order 49, "No member, except the Premier and the Leader of the Opposition or Minister moving a government order and member speaking in reply should speak for more than ninety minutes at any time, in any debate." That is Standing Order 49.

MR. BURGESS: Mr. Chairman, if somebody would accurately, I know the hon. Minister of Health has tried to define, I think he did mention the fact that he cannot interpret 44 (a) I believe it was, but I would like a ruling on this as to whether it is possible. This is limiting the number of times to speak. This is my first time on speaking on it.

MR. ROBERTS: No, no. Mr. Chairman, if I may, it does not limit the number of times the hon. gentleman may speak, he may speak presumably on each item, but, it does apparently limit - now we have never, we have been very free in committee Mr. Chairman, but the hon. gentleman has gone on for two or three minutes. If he were perhaps drawing to a close, Mr. Chairman might turn a blind eye to that, but really there has to be Mr. Chairman, I think, some - we are still on 19-01-01, the minister's salary, and maybe if we could draw

it to a close.

MR CHAIRMAN: Shall we give the hon. gentleman more time?

MR ROBERTS: We can give him a few more minutes. Sure! We are not going to be unreasonable.

MR BURGESS: Mr. Chairman, I would like an interpretation of the Rules of the House. I would like a strict interpretation of the House Rules.

MR CHAIRMAN: Standing Order 44(a) does not overrule Standing Order 49, limiting time of debate. Limit of time of speaking:

MR BURGESS: Mr. Speaker, can you rule that time is up?

MR CHAIRMAN: I rule that time is up.

MR BURGESS: Mr. Chairman, I respectfully contest your ruling.

MR CHAIRMAN: Call in the Speaker.

On motion Mr. Speaker resumed the Chair:

MR HODDER: Mr. Speaker, in the debate, the hon. member for Labrador West, speaking on Labrador Affairs Estimates, ran up to ninety minutes of time, speaking on an item. I ruled according to Standing Orders 44(a) and 49. He questioned my ruling. I would like to bring this to your attention.

MR SPEAKER: The Motion before the House is: "That the ruling of the Chairman of Committee be sustained". Those in favour "Aye", contrary "Nay". In my opinion the "Ayes" have it, and the ruling is sustained.

This is a hypothetical question, in one sense, but in all fairness I think it would be all right if I said this: In committee (this is the first time it has happened since I know) I know this ninety minutes time limit is the limit for the length of time a member can speak, whether he is in committee or whether he is speaking in the House itself. The only

thing is that it has not occurred before, because nobody has attempted to use ninety minutes in any one session that we have had.

As to the number of times: He can talk ninety minutes for any number of times that he catches the Chairman's eye and he can make as many speeches as is provided for in the Rules. He can speak more than once, under the Rules but not a continuous speech.

MR SMALLWOOD: (J.R.): He can make the same speech every ninety minutes?

MR SPEAKER: That comes under 'needless repetition.

MR BURGESS: There is so little said about Labrador that it deserves -

MR MYRDEN: On the next item he can.

Mr. Speaker left the Chair:

COMMITTEE OF SUPPLY:

MR CHAIRMAN: Shall Item 1 carry?

MR MURPHY: Mr. Chairman, just before we carry this, there are one or two short questions I would like to ask. I do not know if the hon. member for Labrador West has covered it, but I have received some queries as to freight rates on fish. Has that been discussed?

This was brought to my attention the other day, and this is in particular in Labrador City, where the rate on E.P.A. was twenty cents a pound. A protest was made, and I think it was reduced to twelve cents, but only on Fridays. Is this an actual fact? I would like to ask the Minister, when he is replying. There are just one or two other questions.

MR WINSOR: No request was made to our department.

MR MURPHY: Is the Minister aware of this?

MR WINSOR: No.

MR MURPHY: He is not. I have been informed that they have reduced the rate, I think to twelve cents a pound from twenty cents. No, Air Canada was just about half that rate, I am referring to E.P.A. I do not know if anybody in the House has had the same representation, but I would like



to get it straightened out. They cut the freight rate. And the only day they can get fish into Labrador (I am talking about fresh fish) is on Friday from St. John's, and they figure out if it leaving St. John's on Friday, no one basically has fish for the weekend. Friday is the day possibly they would want it. I would just like to have the matter cleared up and I am putting it before the committee now.

With reference to Churchill Falls - have we ever had a breakdown? the hon. minister through his department, we know the number of people working at Churchill. I think the Premier enlightened us all the other day on this. What is the actual distribution of wages in Churchill Falls? In other words, the money <sup>that</sup> is coming into Newfoundland, and the monies that are not, out of the total payroll. With reference to income tax, anybody residing in Churchill Falls I presume for the year automatically pays. This Province would receive that portion of the income tax rather than perhaps in the case of Quebecers, rather than Quebec. I would just like to have these two points straightened up for me. That is the amount of monies, if it is available the percentage of cash that comes to Newfoundland.

The reason I ask this, only this morning I was speaking to a young man just outside the door there and he had just returned from Churchill Falls. A short while ago there were thirty-five carpenters needed, of which only four I think were recruited from Newfoundland. His room-mate actually, ( and this chap was an electrician ), his room-mate was from Winnipeg, who was a carpenter, and he was somewhat amazed to find that we could not find this number of carpenters here in this Province. He intimated that I think a lot of us feel that we are going to be the muckers - the Newfoundlanders - in the great majority of cases, getting the lowest grade of wages, whereas others from outside are in the higher, and he felt that although the proportion of Newfoundlanders to Quebecers is not the best, but fairly good, the proportion of wages being paid, is far, far out of line with the great majority of higher wages and better job going to the Province of Quebec.



I say I would like to have that, if there is any means of getting it. The other question of course, is, with reference to the payment of income tax by the residents of Churchill Falls, which is in the Province of Newfoundland, and does all that shared tax, the Provincial share, come here or does it go to the Province of Quebec, or Manitoba, or wherever these people actually came from. They may be in Churchill Falls one or two years. Could I be enlightened on this, Mr. Chairman?

MR. WINSOR: Well Mr. Chairman, that is a monumental task to find out, and I am sure the Minister of Finance has taken notice of this, and he probably will endeavour in due time to - the question is; the people workers at Churchill Falls, who are working there from outside of the Province, to whom do they contribute their income tax. I think that is the.....

MR. MURPHY: What share do we get in this Province from people residing in Churchill Falls for one and a-half or two years? Although they are not actually Newfoundland born, perhaps Quebec born or some other? Would Newfoundland, as such, receive the share of personal income tax?

MR. SMALLWOOD: Of course.

MR. MURPHY: We do?

MR. SMALLWOOD: Of course. they pay their personal income tax to the Government of Canada from Newfoundland, and the Newfoundland Government takes their share of that amount. You get all personal income tax first, and then in addition we impose our own personal income tax, or this House did, and Ottawa collects.

AN HON. MEMBER: Ottawa collects it all and we .....

MR. ROBERTS: Mr. Chairman, the basic rule, as laid down in the Federal - Provincial agreements is that the Province where money is earned is the Province which gets from Ottawa, under tax rental agreements.

MR. MURPHY: In other words, all these Quebecers file through.....

MR. ROBERTS: Well Mr. Chairman, even if they file in Quebec, the money is still at the Ottawa level credited back to us. Because you see, on the income tax form Mr. Chairman will realize, it says employer, and that is the magic word.....

MR. MURPHY: This is a fact, that is all I want to know because, I have been led to believe otherwise.

MR. ROBERTS: The place of domicile makes no difference. The same with a national corporation like Simpsons or Eastons. There is attributed to Newfoundland a portion of - for example; Eatons profits, assuming they make some representing a proportion of their business done in this Province, I do not know how it works in detail, but I have always been told by the officials that it does happen.

MR. SMALLWOOD: If they earn their money here, why should they not pay personal income tax, and why should not the Province where they earn it get its share of that?

MR. MURPHY: I wanted to find that out, because, I had heard otherwise and I did not think it was right. - You earn your money - I think you have to be there a year or so.

MR. ROBERTS: We have always been told that they do, that is why it takes three years to settle up the exact amounts due us.

MR. MURPHY: Thank you Mr. Chairman.

MR. BURGESS: Mr. Chairman, I think that I just stated that there are approximately 2,000 fishermen, and I do not see the reason why, particularly with the million dollar grant which the Federal Government applied to Northern Labrador, one million dollar grant per year from the Department of Indian Affairs and Northern Development, why you cannot have established in strategic locations in Labrador the frozen fish plants which would give gainful employment to a greater number of people than the 2,000 people presently engaged in the fishery, and it would generate, we would have industry, something substantial in a lot of communities in Labrador.

I would also like to say Mr. Chairman, that I cannot see why only 215,000 of this one million dollars which is allocated by Ottawa per year, \$2.6 million has only been spent over six years when \$6 million could have been spent. I just fail to see the reasoning there. That money is there for the development and it is not being utilized. I would assume it is because the Province cannot match their contribution in this endeavour.

Anyway Mr. Chairman, the hon. Leader of the Opposition reminded me of something, and it was when he referred to Churchill Falls. In Churchill Falls Mr. Chairman, I have stated in this House on more than one occasion, that conditions there are not all that they are built up to be in terms of conditions, living conditions, that essentially every man with any degree of pride at all realizes the fact that he lives in a free country, Unfortunately he cannot be made to feel that this is a fact, when, he is in Churchill Falls. And I regret the fact that even on your way into Churchill Falls if you are on Eastern Provincial Airways, and you are not actually destined for Churchill Falls, you are warned by the stewardess or the steward, whatever you like, that you should not get off the aircraft at Churchill Falls. They say it pretty emphatically Mr. Chairman. In the event that you do get off and you walk into the air terminal the first thing that greets you in the foyer is the ropes surrounding the lobby at the airport, and there is a big security guard. I am sure he is picked for his size, and he is standing there and anybody coming in is processed through a little glass fronted room on the side, and you have to go through three or four processes. You have to become a member of a union, you have to become - get your identification card and so on. Now I can see the efficiency of this type of an operation, efficiency is certainly to be recognized, but, that degree of efficiency is not or does not fit into the system that we know of being very democratic.

This system was, what I am saying was essentially proved in the instance of the two gentlemen who were on the news media here last week by the name of Tremblett, Gus and Fred Tremblett. These people Mr. Chairman, were involved in an off the job fracas. Now one of them was

MR. BURGESS: quite honest and he did not try to hide anything - he said, he was in the tavern, he got drunk and he got involved in a fight, a fist fight with a french Canadian and his other, I believe, more sober type stepped into either assist him, or to break the fight up, and they were both immediately picked up by the security, not the R.C.M.P. and they were thrown in jail over-night -- they were kept in jail for seventeen hours. And Mr. Chairman, it is interesting to note, and they have stated this on Television - they were kept in jail for seventeen hours without water, without food and one of these men happens to suffer from an asthma condition - he could not even get his pills, And this has been verified by a doctor, that he does suffer from a chronic asthma condition. For seventeen hours they were penned up by the authorities in the jail in that area, and the R.C.M.P. maybe they had forgotten about them - but the R.C.M.P. who had possession of the keys, had left the area to go fishing on some other part of the project. And there was just no access to them at all. So if anything had happened, they would have had to break the door down, if the place had caught on fire, to get those people out. Besides that not even thinking to those extreme degrees, the plain simple fact that men being locked up in our Province for seventeen hours without water - without food - without the provision of drugs for a man who did suffer from a chronic condition. This is absolutely intolerable, and worse than that Mr. Chairman, the most unfair aspect of this, and I believe this may have been dealt with through a degree by the hon. Minister of Justice.

These men were fined - these men were fined before they were shipped out of the area by the authorities. They were fined, and I have a photostatic copy of the money that they paid, the bond that they paid, a fifty dollar fine. In other words - even if they were convicted in a Court of law Mr. Chairman, this is all that they would be fined, this fifty dollars. This <sup>is</sup> is essentially what the type of cost for being involved in a practice of this nature. These men have already paid their fines, and they were supposed to appear in Court in Churchill Falls yesterday, Mr. Chairman. The law specified that they should appear in Court yesterday. And these gentlemen, one of them who feels very strongly that he should not have been locked up, and he should never have become involved in the law, wanted to go back

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to contest his case and he could not purchase a ticket to go into Churchill Falls, and they were supposed to appear in Court in Churchill Falls yesterday. <sup>this</sup>  
Now, is because obviously instructions have been given to somebody that they were not to go into Churchill Falls. Now Sir, I did hear a statement attributed, I only heard it on radio - I did not hear the hon. Minister of Justice say this, but I did hear a statement attributed to him, wherein he said, he would see that there was no need for these people to go back to Churchill Falls, and that possibly the charges would be dropped. Well I respectfully submit Sir, that if the charges are dropped in this case for any reason, that these men are no longer guilty of an offense and should be rehired immediately. And with compensation for all lost time. I respectfully submit Sir, as the only just way of handling this specific problem. And these men - it was not possible for them to travel in their own Province back to defend themselves in court action, If this is justice Mr. Chairman, there are some civil liberties involved in this somewhere along the line, and the situation to have this exist, with <sup>the</sup> knowledge of some of our provincial authorities, is intolerable. And the facts can be easily ascertained.

MR. SMALLWOOD: If the facts are as the hon. gentleman suggests they are, then it is completely intolerable. We should not tolerate it for one split second, and these men should be reinstated. If on the other hand, it is a matter of peace and good order down there, that is another matter. I do not like the thought of Newfoundlanders and French Canadians getting into fights - because if that can happen in Labrador it can happen in Quebec. There are an awful lot more Newfoundlanders in Quebec than there are Quebecers in Labrador, or in Newfoundland. And that sort of thing starts, the people who are going to come off second best are Newfoundlanders. And maybe that is what is back of this, I do not know. But if the facts are simply, as the hon. gentleman just said, then it is an intolerable situation. Common justice demands better treatment than that.

MR. BURGESS: Was the hon. Premier aware of the fact that these men were



supposed to appear in court?

MR. SMALLWOOD: Yes, but I understand that this thing - I do not know -

MR. ROBERTS: This is a matter that is presently before the courts of the Province, and I am not so sure that we should go into in any detail - I think the points have been well made, but it is a matter that it is before the courts, and I think it might be sub judice.

MR. BURGESS: I appreciate what the hon. minister is saying and it makes a lot of sense. But on Television and on Radio the statements of the hon. Minister of Justice -

MR. ROBERTS: Well we are investigating it.

MR. SMALLWOOD: I can only check with the minister and find out what is happening.

MR. BURGESS: I am glad that the Premier sees it in that light. And I have no reason to believe that conditions were not the way these gentlemen presented it to me. And I am aware of the fact positively that they were not allowed to proceed to Churchill Falls.

MR. SMALLWOOD: Tentatively the case has been postponed. It might be called say 1996 or 1997 or say the Fall of 1998. Or may be heard hear in St. John's. The point the hon. gentleman has made is a good point. If injustice has been done these two Newfoundlanders, the job of the Government is to see that it is undone. And we are no government if we do not do it.

MR. BURGESS: Could we say then; if their case is going to be held in 1998, these gentlemen should be employed in Churchill Falls until 1998 in that case?

MR. CURTIS: We do not want you to be in the House when the case comes up.

MR. BURGESS: That is very courteous of the hon. gentleman. I am sure he means it too. Now Mr. Chairman, I am afraid, as boring as it may be to hon. gentlemen, I am not finished yet. I would like to make reference to Goose Bay and the various statements that we have heard relative to Goose Bay and its future, and to the Happy Valley area. The matter of the road, particularly from Churchill Falls to Goose Bay. Now Mr. Chairman, in the



Estimates for the Department of Highways, two years ago, we saw an expenditure of \$2.5 million for the construction of this road, and then last year nothing in the Estimates, and this year nothing in the Estimates, and I was continually making a point Mr. Chairman, that - well the money that has been spent has been wasted because the sections of road that have been built will have to be completely upgraded at possibly the same expense as opening the thing up originally. But the fact of the matter being Sir, that the people of Goose Bay need this road and I think that it would be in the - certainly a great benefit - it would be of great benefit to Labrador North if this road link connecting Labrador West and Labrador North were established - even if it meant handing the finishing of the road or requesting that the companies involved should complete the road. I am talking about the Churchill Falls Corporation, and the various companies that are involved.

Now Mr. Chairman, it was evident to all concerned and particularly to our finance minister, I am quite sure, that during the very unfortunate tie-up of the strike on the Quebec North shore and Labrador Railway, which is the only land link that we have with the rest of Canada - the cost to the Department of Finance of this Province, based on the lay-offs that occurred on account of this strike, must have been very evident to the Department of Finance. And the cost that was involved, as far as the Churchill Falls Corporation was concerned and the cost of this project, it must have been absolutely fantastic Mr. Chairman.

Now I would warrant to say and there are people who would be in a far better position than I to state this categorically, but I would venture to say that that road could have been, by virtue of what it cost these people in additional transportation costs, and I witnessed in Seven Islands - I witnessed a big cargo plane - these big Transport Carriers, I witnessed them taking off and landing every half an hour, shipping and transporting supplies, heavy equipment tractors and every conceivable thing you could possibly think of - food and everything else into Churchill Falls. And I am sure that the cost as far as the delay is concerned - delay in the

scheduling of the project, and the delay in the cost of paying for transporting all of the necessities by air, must have been absolutely fantastic - and I would say that it was more than equal the cost that would have been needed to finish that road. And I think that this Province has a responsibility to recognize that a situation like this could occur tomorrow, And I kid this House not, when I say that, Mr. Chairman, because there are talks of another shut-down on the Q-Nationale Railroad, and they are being carried on right this minute. And it only involves thirteen people in traffic control, and these people are stationed in Seven Islands or involved in the operation of the Railway. And these people are in the midst of negotiations, or have broken off negotiations, unless something has transpired in the last day or two that I do not know of. But these people are in the midst of making a decision to go on strike, and the same situation that we were faced with last June, July and August, we could be faced with again, and Churchill Falls could be faced with exactly the same situation. And I think it is of paramount importance, to this Government and to the welfare of that project and to the welfare of the country as a whole, that this road be completed in order that there be no essential hang-ups because of the one link that this project has with the bringing of supplies in from the rest of the world, I think it is of paramount importance that they establish another link. And this link would be of tremendous benefit to Goose Bay, in that, if this link was established, and was there and useable, that a lot more equipment would be cheaper, And this has been specified by knowledgeable persons, including the Minister of Transport, that it could be done on a much cheaper basis, by bringing supplies in to Goose Bay by ship, and then transporting by road to Churchill Falls. And I think that this is of absolutely paramount importance and the logic of it cannot be denied by anybody. And it would also generate a little financial feelings in the area of Labrador North, and it would generate some kind of business and everything else, and it would also give the people psychologically a link with at least another part of Labrador, as far as land links are concerned. And I just fail to see why more importance is not attached to this road, and under the present

set of circumstances, I fail to see why it was started in the first place, and a waste of \$2.5 million out of the Province's treasury. I just do not see why - even if it does necessitate handing the job of construction over to the companies involved, well then I think it should be done. And without any further delay whatsoever.

Now Mr. Chairman, I was going to say an integral part of this Province, but I am afraid I would not be completely honest with myself if I said that - but the fact of the matter is that Labrador, being a part of this Province, was excluded from the ARDA agreement - it is now excluded from both the Industrial Incentives Act and the Regional Incentives Act of DREE, and the maps, I am sure the hon. minister involved is more knowledgeable of this, of what we are excluded from - and even the federal DREE representative, they recently toured the Island of Newfoundland - but did they go to Labrador?

AN HON. MEMBER: No, they did not go to Labrador.

MR. BURGESS: Goose Bay has been designated especially for DREE funds for schools I believe. It has been designated a special area, and I would like to know what is the Department of Labrador Affairs, or the Department of Community and Social Development doing to provide development funds for the southern part of Labrador. Now as I mentioned to the hon. Minister of Social Services and Rehabilitation the other day; recognizing the fact it comes under his department, the Northern Development, the Federal authorities have allocated this million dollars, but why was Labrador itself excluded? There are people in Labrador South Mr. Chairman, they are livyers there, and they are undergoing practically the same - they are living with the same problems - they are undergoing exactly the same mode of life - practically as the people in the north. And they are of Indian and Eskimo extraction from possibly hundreds of years back, and I cannot see why Labrador South was included or excluded from this Federal grant - why it should not equally apply to the southern coast of Labrador as it does to the northern regions. But Indians and Eskimos - the livyers on the coast are undergoing exactly the same way of life as Indians and Eskimos, exactly. And there is absolutely no difference. The livyers there are faced with exactly the same problems as Indians and Eskimos. The people on the coast can certainly

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relate, and as I said in lots of cases they, Indian and Eskimo blood from way back. The livyers are going through essentially the same thing.

MR. JONES: Will the hon. gentleman permit a question? My question is this: Can he be prepared to repeat the statement he has just made here in Committee that the people in Southern Labrador and the Straits of Belle Isle possibly have - are partly Indian and Eskimo. Would he be prepared to repeat that statement in that area?

MR. BURGESS: Mr. Chairman, if the minister would read what is in the Labrador conference, he would find out that these are statements made by some of the people themselves. Some of the people themselves. These are the people who held the conference, who undertook it on themselves to take - to hold a conference because they felt that they were a separate entity. And they have been asking for assistance from all government departments, both Provincial and Federal. And they see some groups who are given this assistance by virtue of the Northern Development -

AN HON. MEMBER: By the Government of Canada -

MR. BURGESS: The Government of Canada, I appreciate that. I appreciate it is the Government of Canada. I appreciate that a lot of our problems are within the jurisdiction of the Government of Canada - but that does not mean that the local representation - strong representation should not be made to the Federal Government to make them aware of our problems. It is awfully easy to discount this by saying you are opening a can of worms, or this, that and the other - you have to take cases - individuals on their merit, and these people are deprived of a goodly number of the things that the people on the Island are not deprived of. And a great number of things - On the Labrador Coast they do not - in lots of cases - even the Federal Government was inconsiderate enough, based probably on information that they had received - it could have been misleading information from Bell Telephone - when they removed this radio and telegraph system from the coast - they did it on the assumption, or on the information that they had, that Bell Telephone was immediately going to install this facility. But they did not do it, and they were not in a position to provide it. So it meant for a great period

of time this facility, which was the only communication these people have, was removed - just by a decision, somebody in Ottawa made the decision, and it was removed. I believe that the hon. minister may have been involved, would agree with this - but some of the areas have been re-established, and maybe Bell Telephone have established their operation in other areas, but the plain simple fact of the matter is that it was removed without consultation obviously they could not have consulted with the minister, otherwise he would have told them that the Bell Telephone was not ready. And it took all kinds of representations, telegrams and personal representations to Ottawa before they understood this matter. I do not think you can say that if you start to apply one set of conditions to any given area of Labrador South or the Labrador coast, that you are opening a can of worms elsewhere. That just does not make sense.

MR. WINSOR: Will the hon. gentleman permit me, while he is on this subject - Last Fall when I was aware that they were closing down some of their stations in Labrador, I visited Ottawa and consulted with the Department of Transport officials. And as a result of that meeting, some of the services were re-instated. Now Bell Telephone undertook to make improvements in their service, and Sir, if the Committee will permit me, I have a letter in my possession, dated May 29, and it is addressed to me. And it says; "Dear Sir, Following your meeting of last Fall with the J.L.C. and considering your concern for improved communications in Labrador, we wish to advise you of our progress to date. Improved circuits capable of providing privacy and two-way conversation have been put in service for Red Bay, Mary's Harbour and Fox Harbour. The same type of circuits will be made available by the beginning of the summer for the following location: Port Hope Simpson, Henley's Harbour, Pitt's Harbour, Cape Charles, Battle Harbour, George Cove, William's Harbour, Fishing Ships Harbour, Vincent's Arm, Square Islands, Charlottetown, and Lodge Bay. We are also proceeding with the work required to service Cartwright with a circuit similar to the type mentioned above. This work should be completed this summer." And this letter, I do not want to read the remaining

part of it. But this is signed by L. W. Ball, Manager of the N.E.T. in Quebec.

MR. BURGESS: I appreciate that, and I am



MR. BURGESS:

quite sure that when it was known the hon. Minister made representation. I am not disputing this at all and I am sure he had a good deal to do with it but it still does not get away from the fact, Mr. Chairman, that this decision was made obviously without consultation with anybody involved or knowledgeable with this thing. This certainly does not create the impression for me of a vital Department of Labrador Affairs that would be contacted on any matter about Labrador. It automatically should be because, Mr. Chairman, I am of the distinct impression that Labrador is one of the most neglected areas in Canada as far as Governments are concerned because, I have said this before that we are not far enough North, we are mid-North, we are not far enough North to benefit from Federal programs that apply to Northern regions of Canada and we are not far enough South certainly to benefit from all the activity that goes on within a couple of miles of our border with the United States.

Labrador seems to be a forgotten entity and I had great hopes for it when the Department of Labrador Affairs was established. I felt that, okay! this was going to solve a lot of our problems but it has done the opposite really.

MR. WINDSOR: I do not think you are being honest there.

MR. BURGESS: On the matter of Goose Bay, Mr. Chairman, the fact of the matter, what happened relative to the various promises that were made in Goose Bay to the people, with the establishment of a second industry in Goose Bay, and which did not materialize was a very damaging blow to the moral, if nothing else, of the people of Goose Bay. Now, Mr. Chairman, we have in that region of Lake Melville and down in the Southern Coast we have some of the most valuable resources that this Province has in terms of timber. Now if the timber resources are going to be developed and the resources of the Province exploited and utilized there has to be a greater return to Labrador itself, to the liviers in Labrador, the people who have taken up residence in Labrador and there has to be a greater return on the resources that are being utilized and taken out of Labrador. Now the establishment of a chip mill there in the Goose Bay area would have been a very natural thing. . . Nobody has adequately

MR. BURGESS:

described to me, it must have been an economic decision to have the whole complex in Stephenville, obviously that was it. I would say it must have been an economic decision.

Now nobody can deny, when people get up and explain or describe to you the economics of any given situation any given industry, you have to certainly understand it. But the plain simple fact of the matter, Mr. Chairman, is this that the economics of that industry must have been understood before the time that this chip mill was promised in Goose Bay. I mean circumstances do not change that fast and suddenly overnight we decide, "Well, goodness we have to establish this facet of the industry right along side the processing." Now where does it leave, granted the explanations we received of an expanded industry, it was not a reduced industry it was an expanded industry that was supposed to be coming into Goose Bay. There were going to be more loggers in there than the Province could provide. But what is that going to mean in terms of the permanent residents in Goose Bay and everybody there is not geared. There are not too many men in Goose Bay who will be, you know in the event of a reduction on the base at the present, I cannot foresee the day when you see 7,000 people or every man, woman, and child who desires employment I cannot see them going off in the woods with chain saws because they just are not equipped to do this type of work.

Now what is it going to mean in terms of Goose Bay, this expanded operation? Okay, assuming that it pans out the way we have been told, that we do get thousands of men in there, it will necessitate the building of homes. If all of these men that we are told will work there, if they do come in, it will need the building of homes, it will necessitate the building of boarding houses, it will necessitate the building of hotels and restaurants and so on. It would have to generate business, nobody is denying this. But what about the livier, what about the person who considers Goose Bay his home? Now this was expressed once again in very clear terms by Mr. Woodward, the President of the Liberal Association in Goose Bay, and he stated that he has confidence in Labrador, he has invested a lot of money, he has made a lot of money in Labrador but he is taking a chance but what he is saying essentially is that

MR. BURGESS:

we should consider Goose Bay, we should consider Labrador in the context of Labrador solely and not have the middle men of every operation exist here on the Island, which in turn generates a higher rate or cost of consumer goods to the person who lives in Labrador.

Now he had a statement here, Mr. Chairman, which I thought was very pertinent to the point and I would like to read it to you. The statement which I am looking for, Mr. Chairman, I just misplaced it there and I would like to read it because it is pertinent to what I am saying. Until I find that statement which is pertinent to that, Mr. Chairman, I would like to ask the hon. Minister of Labrador Affairs if he is aware of a situation which exists in his district on the American base at Goose Bay? Is the hon. Minister aware of the fact that there are quite a number of married couples from the Island here living apart? Maybe they are working in two different departments on the American base and maybe the wife is working in the capacity as waitress and the husband is working in the capacity of cashier in one of the clubs or something like that. Is the hon. Minister aware of the fact that there are at least thirty couples living on the base because of the fact of the rigid regulations laid down by the Base Commanding Officer or the established authorities on the base that these people cannot live together, the man is residing in men's quarters and the wife is residing in the women's quarters despite the fact that there is a lot of accommodation available on the base, homes that are vacant and are available. A lot of these people, some of them I might add, Mr. Chairman, who have been working there for quite sometime, and despite the fact of housing being available they just cannot live together as a normal married couple would. I do not think that this is very, very fair on the part of the nation who are occupying our territory or who are maintaining a strategic base on our territory or in our Province or in our country. Despite the fact of accommodations being available they have the native population living under abnormal conditions. I was just wondering if the hon. Minister was aware of this fact, that there are a goodly number of these couples?

MR. WINDSOR: For a long time.

MR. BURGESS: And there is nothing that can be done, obviously.

MR. WINDSOR: Not within the jurisdiction of the American Base.

MR. BURGESS: Well, would there be a possibility of them providing something outside of the American Base since actually they are employees of the American Government?

MR. WINDSOR: Mr. Chairman, some of those people living there have been living in Happy Valley but they elect to live on the base and there is nothing we can do about it. American USAF cannot find the accommodations for them. They do not want to live off the base, so it is an unfortunate situation but it is more or less a choice of their agreeing with living on the base rather than living in Happy Valley.

MR. BURGESS: The hon. Minister is saying that the people do not desire to live off the base.

MR. WINDSOR: Right.

MR. BURGESS: Well, since he has indicated that he is knowledgeable on this situation maybe he has talked to more of them than I have. But I can say this with a great degree of certainty, Mr. Chairman and Mr. Minister, that the ones that I have talked to have not expressed that feeling to me although I am not denying that some of them may have expressed it to the hon. Minister.

MR. WINDSOR: They want accommodation together on the base and the Americans just cannot provide it, so they say.

MR. BURGESS: Well, I certainly hope that something is done on their behalf. Mr. Chairman, when the Department of Labrador Affairs was established, as I stated yesterday, a lot of the things that I have been announcing or saying in this House for the last year are essentially the same things that were said by the members of the present Government when the Department was established.

I cannot see why the rapid change in thinking or why the Department bogged down to the degree that it did because when we think of exactly what this Department should provide, essentially, as outlined in the Act which created the Department, it should help to promote and develop Labrador. But I maintain, Sir, that this is not what it is doing. I want to make it quite clear, Mr. Chairman, that this is with no degree of disrespect or anything towards the people who are employed in the Department itself because, as I said yesterday,

MR. BURGESS:

Mr. Chairman, they are only doing what they are told and they are only working within the jurisdictions that they are given.

Now Labrador, by virtue of its contribution to this Province and by virtue of the economic value of Labrador to this Province, has to be given a lot more recognition. Now I would be the happiest man in the world if I could see a hustling, bustling vital Department of Labrador Affairs, but unfortunately the people who have recourse to, go into the Department of Labrador Affairs, they come out very, very unimpressed with what they witness and what they see and the type of assistance which the Department has rendered to Labrador since its inception.

Now, Mr. Chairman, Goose Bay has some of the best airport facilities on the Eastern Seaboard and I cannot see why Goose Bay cannot be established as a distribution centre for the whole of the Eastern Seaboard. Since I have been sitting in this House I have heard many, many statements made about the value of the great, former International Airport of Gander to the Province and I say that essentially we have better facilities in Goose Bay and they are not being utilized. Now granted there are agreements that have been conducted between the Canadian Government, the Province and the American Governments and their Departments of Defence but the plain simple fact of the matter is, Mr. Chairman, I think it is obvious to all concerned in Goose Bay that this is not as strategic a location<sup>OR</sup>/of the value that it was twenty years ago in the defence of this Continent or in defence of democracy, the world over. It is no longer of that great value and I am sure that it would be very easy to modify and change the existing agreements that exist between the American Air Force in order to bring more commercial aircraft than they would have desired ten or fifteen years. But I am sure that it would be very easy to modify any agreement that has been established between the American Air Force and the Canadian Government or the Province.

I do not see why this should be any obstacle in the promotion of Goose Bay as a distribution centre for the Eastern Seaboard or for overseas goods coming into Canada, which would eliminate the necessity of transporting these goods all the way to Central Canada and then transporting them back to

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MR. BURGESS:

the Eastern Provinces. I think if this theory was developed or explored that it could add greatly or help greatly the economic benefit of the citizens, the average citizen of Newfoundland and the Maritime Provinces.

Mr. Chairman, do you care to call it 1:00 P.M.

MR. WINDSOR: He has a dozen speeches to repeat, you know.

MR. BURGESS: Mr. Chairman, I have had to sit and listen to an awful lot in this House. I do not speak that often so it is about time.

AN HON. MEMBER: (Inaudible).

MR. BURGESS: It is relevant. I think the hon. gentleman will have to go and live there to find out the relevancy of it.

MR. CHAIRMAN: It being 1:00 P.M. I now leave the Chair until 3:30 P.M.





**PROVINCE OF NEWFOUNDLAND AND LABRADOR**

**HOUSE OF ASSEMBLY**

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# **VERBATIM REPORT**

**FRIDAY, JUNE 12, 1970**

**SPEAKER: THE HONOURABLE GEORGE W. CLARKE**

June 12th., 1970    Tape no 1232    Page 1

The House resumed at 3 p.m.

HON. J. R. SMALLWOOD (Premier): Mr. Chairman, before the business of the committee is resumed, I am sure that every hon. member would be glad if I were to invite the attention of the committee to the fact that something entirely unprecedented has happened here today and by unprecedented I mean something that has never happened before in the more than a 100 years history of this House and that is that we have been joined in one part, at any rate, by a lady.

Now we had a lady who sat in this House as an elected member, Lady Squires. The wife of the Prime Minister of that day ran for the district of Lewisporte and was elected in a by-election and took her seat in the House. It was the only case, I suppose, in history where the Prime Minister and his wife both occupied elected seats in the Chamber. She was the one and only lady who ever did occupy a seat as an elected member but today the second lady in more than a 100 years of our history takes her place in the Chamber - not as an elected member but as one of the appointive part of the Chamber, Mrs. Edward Noonan, LL.B., who is our Acting Law Clerk, and I am sure that, except that she is sitting on the wrong side of the House, there is no reason why the Opposition should get any special favours in this Chamber. If there are any special favours on the go, they should come to the majority side of the House.

HON. L. R. CURTIS: (President of the Council): She is on our side.

MR. SMALLWOOD: The President of the Council, it is easy to see that he is getting old. It is easy to see it. He said, "she is on our side." Yes, but she - oh! come on. Do I have to explain. He does not even understand what I am talking about. He is too old. He is satisfied just to know that she is on our side. He does not want to see her just to know that she is here.

Anyway, Mr. Chairman, I am sure that I speak for all hon. members on all sides of the House, when I say that no one in the Chamber today is more

Mr. Smallwood,

welcome than this lady, the Acting Law Clerk, Mrs. Edward Noonan.

MR. CHAIRMAN:    Shall 1901-01 carry?    Carried.

MR. T. BURGESS:    Mr. Chairman, I must say that it is a real welcomed opportunity, when I look in that direction across the House that I do not see a bunch of sour old mugs, at least, there is some gain to sitting on this side of the House at last. It is with a great degree of sincerity that I welcome this welcome addition to the House.

Mr. Chairman, I know that I sorely bored everybody this morning, but there is only one further thing I would like to say on this vote, Mr. Chairman and since I do not think I would be offending the hon. minister too much, since he holds a dual portfolio, I would like to move that this vote be reduced from \$16,700 to \$1.00.

MR. CHAIRMAN:    1901 - 01, 1901 - 02 - 01, 1901 - 02 - 03 carried.

Shall 1902-01 , 02-01, 02-02, 02-03, 03 carry?    Carried.    Shall 04 carry?

MR. G. MYRDEN:    Mr. Chairman, would the minister mind explaining this air passenger subsidy. It is reduced almost to half. I understand that quite a few people in Labrador are confused about it. Would the minister mind explaining this air passenger subsidy?

HON. E. WINSOR (Minister of Labrador Affairs):    Mr. Chairman, I gave the answer to the question which was asked by the hon. member for Labrador West. I think I clarified the position at that time. Now, if you want me to read it again, I will. In connection with the new air subsidy policy of the Government announced on Monday, May 11, whereby the subsidy is available only to residents of Labrador or those permanently employed in Labrador - are those persons employed in the present construction work at Churchill Falls and the hundreds of seasonal construction workers - that is the question. I am sorry. The answer was: "The Labrador Air Subsidy Program of 1970 which

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became effective May 14, will have little or no effect on the construction workers in Labrador as all major construction contractors have been paying the transportation cost to workers brought in from the Island provided they stay on the job for three months. The contractor will also pay their way back to the Island, if they remain for six months or are laid off because of lack of work.

The criteria used to determine if a person in Labrador is entitled to or eligible for air subsidy is continuing and indefinite employment and residence in Labrador for a period of at least six months. Actually a person who has resided in Labrador for six months is eligible for the subsidy. It is not applicable to industry or military.

MR. BURGESS: Mr. Chairman, I would just like to point out in a statement in the Evening Telegram, the weekend Telegram of today. It states that I criticized EPA on the basis of this subsidy in what I said yesterday about somebody receiving a reduced family plan fare was not eligible for the Government subsidy and the newspaper quoted me as saying, EPA was responsible but I was not referring to Eastern Provincial Airways. I was referring to the Government's subsidy.

MR. CHAIRMAN: Shall 04, 09-01, 09-02, 09-03, 09-04, 09-06 carry? Carried.

Shall Block Provision Canada Pension Plan carry? Carried.

Shall Block Provision: Salary Increases and New Posts carry? Carried

Shall I report Heading XIX - Labrador Affairs without amendment?

MR. SMALLWOOD: Is there an amendment.

HON. E. JONES (Minister of Finance): Mr. Chairman, the Block Provision: Salary Increases and New Posts, I move that the total be changed from \$4,700 to \$9,700.

MR. CHAIRMAN: The motion is that Block Provision: Salary Increases and New Posts be amended to read, \$9,700 and that the total be amended accordingly. Carried. Shall I report Heading XIX - Labrador Affairs with some amendments?

Mr. Chairman.

Carried.

Head XV - Economic Development. Shall 1501-01 carry?

MR. SMALLWOOD:    Mr. Chairman, I want to say, in asking the committee to adopt these estimates, that I would not want the committee or the House to suppose for one moment that we regard the Department of Economic Development as being the only department of the Government concerned with economic development. In a specialized sense, of course, the Department of Economic Development is responsible in a special way for economic development but it must be perfectly obvious that economic development comes under a number of departments, i.e., the Department of Fisheries clearly is concerned with one very important aspect of the economic development of our Province and of our people.

Then who would fail to see that the great new department of Community and Social Development is very deeply concerned with the economic development of this Province. Then again the Department of Municipal Affairs and Housing is deeply emersed in the economic development of this Province. The Department of Mines, Agriculture and Resources is concerned with virtually nothing else but economic development, at any rate, in certain aspects of economic development. Then there are certain great service departments. The Department of Highways - can you imagine economic development taking place in any part of the world without highways? Can you imagine economic development taking place in any part of the world without a Department of Public Health - the building of hospitals, the getting of doctors and nurses, the opening of clinics and ambulances and all the rest that would bring about strengthening of the public health of the area?

Finally, can you imagine economic development in this modern age without education? The Department of Education, not only in its ordinary or academic side, but in the provision of technical training, in the

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opening of trade schools, of a technical college, of a college of Fisheries, Navigation, Engineering and Electronics and in the opening and operation of the University. In All these fields, education must play an enormously important part in the economic development of the Province. Perhaps, economic development in the end will boil down to something in the nature of a promotional department of the Government. The section or department of the Government that goes out endeavoring to get new industries, to entice capitalists, enterprisers, to the Province to create new industries and create new jobs.

Then again, of course, within the whole fabric of the Government of the whole apparatus of the public service, there will be from time to time various activities for which some minister has got to be responsible to this House, i.e. the Power Commission, i.e. Transportation. We have a division of Transportation, a terribly important aspect of our economic life and this has to be responsible to some department and so you have a number of things, Rural electrification and all these are put under the the Department of Economic Development and spectacularly, of course, the Division of Tourist Development forms part of this department of which I have been the minister ( one brief interlude, one short break) ever since the coming of Confederation.

I do not know if I will add very much more to this introductory remark about the Department of Economic Development. I propose, when we come to the particular headings of the department, to make some other introductory remarks. The headings are: Minister's Office, (2) General Administration. The committee might want to ask some questions on these. Then we come to the big one, Tourist Development, and I will want to make an introductory statement on that. Then we come to Economic Development, a heading called Economic Development - 1512. Then we come to 1513 which



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is Rural Electricity Authority. Then we come to 1514 which is Transportation. The committee, without doubt, will want to ask me about that. Then we come to the College of Fisheries which for some reason is still attached to my Department of Economic Development, although really the college might very well be answerable to the Minister of Education and come under his administration.

I think, perhaps, the reason that it is under my administration in the Department of Economic Development is that I personally - not so much as minister of Economic Development or perhaps not even as Premier but as an individual - took a very ardent interest in the idea of getting this college founded and took tremendous personal interest in it, so that I had it attached to my own office of Economic Development. Then 1517 is Sundry. Then 1518 is Investments and then comes 1519, Water Resources and Pollution Control. I am sure we will want to say something about that. Then finally Payments, 1520 - Payments Under The Industrial Incentives Act, and I want to say quite a bit about that. So in some of these headings I will want to introduce the matter with a brief explanatory note - a brief explanatory description and, in between, I am happy to answer whatever questions may be asked. So the first item is Minister's Office.

I might say that I do not draw a salary as Minister of Economic Development. I have never done so. I draw my salary as Premier and as Minister of Economic Development, I do not.

MR. BURGESS: Mr. Chairman, are there any plans, when the hon. the Premier said that for instance every aspect of Government comes within the sphere of this Economic Development Department, are there...

MR. SMALLWOOD: No, I did not say that.

MR. BURGESS: For instance you said..

MR. SMALLWOOD: Economic development, not the Department of Economic Development but economic development - with a small "e" and a small "d" will be found virtually in most of the departments of Government not only

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in this one department.

MR. BURGESS: Would the hon. minister - could he inform the committee if there are any, in relation to the establishment of small industries on the coast of Labrador, plans or designs on the part of the Department of Economic Development to establish somewhat in the line of the small frozen fish plants that I was talking about this morning.

MR. SMALLWOOD: No, Mr. Chairman, either along that coast or any other coast. The Department of Economic Development does not establish industries. What we do is endeavor to entice other people to establish industries and we offer industrial incentives - we offer encouragement and even financial help and we offer to guarantee bond issues, and we offer to find help and to find ways to raise the capital. We make feasibility studies for them. We make cost-benefit studies for them. We will put our economic staff to work on that and in every way we help, but we do not create industries. We do not, ourselves, start industries going, either along the coast of Labrador or anywhere else. What we have done in the case of Labrador is go out and try to promote a great industry, i.e. BRINCO. I did that. As Minister of Economic Development. I went to England. I saw Sir. Winston Churchill. I saw the Rothschilds. I asked the FBI - the Federated British Industries, the great organization of the manufacturers of the United Kingdom, to call a special meeting. And they did, at which I outlined the great attractions of Labrador. All of this resulted, eventually, in the formation of BRINCO.

I worked as Minister of Economic Development on mineral development, but we did not start Churchill Falls. We only got others to do it. We did not start any iron mines, we only encouraged others to do it by giving concessions and so on. Well similarly with fish plants, we have started a couple of fish plants, two or three on this Island. When the Fisheries Development - Royal Commission headed by Sir Albert Walsh,

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early in Confederation was formed by us. After a year of work, they recommended that the Government of Newfoundland start a fish plant at La Scie. We did so. They recommended that we start a small one on Merasheen Island, and we did so. They recommended that we start one at Quirpon near the Strait of Belle Isle and we did that. But these are the only fish plants that we started, as a Government.

No, I am wrong. We started two others. The Royal Commission on the Southwest Coast, headed by the late John. T. Cheeseman, of which our present Minister of Finance was a member, recommended that we start two fish plants. One at Harbour Breton, I think and the other one up the coast, farther up the coast, and we did that and sold these plants. They were big plants and they ran into multi-millions, and we sold them and got large companies to come in.

Now these are the only plants of all that the Government itself did, and we did it only because two separate Royal Commissions recommended it. The answer to the hon. gentleman's question is no. We have no intentions ourselves, as a Government, to start plants. But if anybody, I mean anybody, anywhere, from anywhere, even the other side of the Iron Curtain, wants to come and start plants down there, come to us, and we will do everything in the world to help them. That is our function.

MR. CHAIRMAN: Shall the item carry? Carried.

Shall 1501-02-01 carry?

MR. WORNELL: Mr. Chairman, I would like to ask the hon. the Premier. In view of the fact that Bay d'Espoir is the most economically depressed area in Newfoundland, bar none, Labrador notwithstanding. I am wondering, sir, if there is anything in sight for the development, industrially of Bay d'Espoir?

MR. SMALLWOOD: My hon. friend knows that there has not been an hour, since we came in office, when we were not endeavoring to get something done in

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Bay d'Espoir. We did get something done. We got a great power development going there. We did that. This Government did it and this Government, except for a donation we received from the Government of Canada, this Government have found every dollar of the cost of doing it. It is up now into the scores of millions of dollars. Then in addition to that,

MR. SMALLWOOD (J.R.): This Government which had the right to do it under the terms of Confederation, designated Bay d'Espoir as the one official national harbour in this Province, and we had the right to do it and we were urged to make the national harbour St. John's, but we refused point blank. Other harbours were pressed on us, and we said no to all of them. We deliberately chose Bay d'Espoir as the national harbour. It was so chosen and Canada had no choice but to accept our recommendation. She did accept it, she designated it as a national harbour and it is a national harbour.

Now, they have done nothing about it, there has been no expenditure of eighteen, twenty or thirty millions to develop it as the national harbour, as they did here in the port of St. John's but that will come. Then we urged the building of a road to connect Bay d'Espoir with the Trans Canada Highway and this has been done and it is now being paved. Then in addition to that we wanted an airstrip and the airstrip is there. We have done a number of things, all of them aimed at making Bay d'Espoir an attractive place for industry to go. Then in addition to that we have brought I do not know how many industrialists from both sides of the Atlantic to Bay d'Espoir to have a look at it, to try to entice them to make up their minds to establish there.

So far we have had no success. I say, to my profound regret, because if I ever run out of office in this Province without having gotten industry started at Bay d'Espoir, I would regard my career in politics in Newfoundland as largely a failure, because, my heart is set on getting an industry in Bay d'Espoir. I do not know how much longer the hon. gentleman will help to keep me in office, knowing that I am trying to get something for Bay d'Espoir, so I can count on him because, he knows it is his best chance of all, of getting something up there, will be through this particular Minister of Economic Development.

MR. CHAIRMAN (Noel): Does 1502-01 carry? Carried

MR. SMALLWOOD: Hold on, where are we? This is Tourist Development? Not too fast please.

AN HON. MEMBER: Inaudible

MR. SMALLWOOD: Well alright, but nevertheless. I want to circulate to the

House, to the Committee; number (1) this. This is "Outdoor Life" a famous magazine, famous outdoor sporting, fishing and adventure, shooting and hunting, and I want to circulate this absolutely superbe article which circulates in millions, called "Trail of the Giant Tuna." Beautiful coloured photographs of tuna fishing in Newfoundland. I would like to circulate it to the other side of the House as an example of the kind of publicity we are getting around the world in this particular way, namely; by inviting the editors of these famous magazines to Newfoundland, to come here as our guests, to go down on the Gander River and occupy the Government's cabin on the Gander River.

We have had some of the greatest sports writers in the world there, to bring them to St. John's and take them out tuna fishing and to take them salmon fishing elsewhere and take them hunting, shooting caribou and moose. We are getting fantastic publicity, free. Well not free - free so far as the magazines are concerned that would cost many millions of dollars to get done if we had to pay for it. Whereas, we do it the cheap way by inviting the editors and special writers to come here as our guests, and when they get away from the blazing hot weather of the United States to come down here in July - June, July and August, believe me they deeply appreciate the invitation and the result is seen in these magnificent articles.

MR. NOLAN: Mr. Chairman, I wonder if I could, with the permission of the hon. the Premier, mention something in connection with all this publicity which I think often times goes unnoticed for the simple reason that it happens in the United States and in other areas that perhaps we are not aware of. I had occasion, in the last two years, to be in New York for I think three or four days, and at that time on a program called "the American Sportsman," which has audiences in the millions (and that is not an exaggeration) Lee Wolfe was the guest, and also I had an opportunity to see some of the films that were shown in Newfoundland. There is also a book, the name of which escapes me at the moment, turned out, called the "American Sportsman," actually. Hard cover edition, widely circulated throughout the world, and these are some of the things that we have little or no knowledge of, I feel, here in the Province, but



the type of publicity that this Province is getting lies not only with some of the magazines such as what the hon. the Premier has just tabled, but in many other quarters, that while we may not be aware of it here in the Province, it is going out and the television programmes that I referred to did not cost this Province or the Treasury one cent, but it did deliver the message of the attractions that are to be found in Newfoundland in a fascinating and most attractive fashion to millions of sportsmen, If you will realize the type of environment they have in some of the great metropolises such as New York and so on, what an attractive place it is, Newfoundland, to come to - to hunt, to fish and just to see this part of the world.

I believe it has tremendous potential and I wish that we did have some kind of a record that we could table in this House Mr. Chairman, so that all of the members and indeed, the public would be aware of the type of publicity that is being done in this regard, and more especially the type of audiences that it is reaching.

MR. SMALLWOOD: Mr. Chairman, I thank the hon. minister for that most kind remark, and I want to say too, I do not know just where we are we went through them so fast, in connection with publicity. I would like to say that last year, Mr. Chairman, there were twenty-five thousand screenings in the United States of films, Newfoundland films that we had made, There were twenty five thousand separate screenings of those films in the United States last year.

In Europe there were 715 individual screenings of our movies that we had made. In other Canadian Provinces, across Canada, there were 5,400 screenings. Altogether, and some of these movies we showed were moose and caribou in Newfoundland, and the leaping silver - the leaping silver is the salmon fishing, and then the new film "Western Newfoundland" was commissioned to be released in the present year. Last year, there were 28 million people, on both sides of the Atlantic, 28 million people who saw Newfoundland movies, made by our Tourist Division to attract, to make people around the world know about Newfoundland and make them conscious of Newfoundland. We are very proud of these pictures.

Some of these movies Mr. Chairman have attracted international

attention for the excellence, their technical and pictorial excellence.

MR. CHAIRMAN: Shall 151-01 carry?

MR. HICKEY: Mr. Chairman, before we carry that item, I would like to make a few remarks on the getting of publicity. I wonder if the hon. the Premier is aware that two of the most historic sites possibly in the Province, lie outside the boundaries of the Signal Hill National Park?

MR. SMALLWOOD: Of the what?

MR. HICKEY: Signal Hill Park?

MR. SMALLWOOD: Yes.

MR. HICKEY: Two of the most historic sites I believe in the Province

MR. SMALLWOOD: Yes?

MR. HICKEY: Are outside the boundaries, and as far as I can determine, no publicity is given these areas. Mr. Chairman, I am not sure whether I should complain about that or not, because, where they are located I am not sure that I want too many tourists to visit, because this is the area about which I am complaining about so long and so often, namely the Battery. One of them is the Queen's Battery. It is done up fairly well, it is certainly a spot that we all can be proud of except for the general surroundings. I am not quite sure of the other one, but the officials at the park tell me that there is one other and I am wondering if through the office - the Tourist Office, if some effort could not be made to bring that area within the jurisdiction of the park.

In other words, what I am suggesting is that we make representation to extend the boundaries of the National Park.

MR. SMALLWOOD: It is not a National Park, it is a Historic Site is it not? Yes, there is an awful lot in that. At the moment, as my hon. friend knows, it is falling between two stools. The city is really responsible and it is too big a job for the city. It is too expensive a job. The Government of Newfoundland cannot step into one part of any town, any municipality, and just take it over. The Government of Canada cannot, but if the two Governments got together we might very well get Ottawa to extend the boundaries to include it. I will try it, I will try that and I thank the hon. gentleman for the suggestion.

MR. CHAIRMAN: Does the item carry? Carried.

MR. SMALLWOOD: Mr. Chairman, 02, is that the London Office?

MR. HICKEY: Yes, I believe that is the same one as last year of which the Premier gave an explanation. We just have an office there.

MR. SMALLWOOD: Yes, well, we joined with the three Maritime Provinces. All four Atlantic Provinces joined a few years ago in a joint office in London, there near Trafalgar Square directly across the street from Canada House, I think it is called Coxford Street is it? Anyhow, it was right across the street from Canada House. We operated this for years and we had Mr. Watson Jaimer? a New Brunswicker there in charge of it, and he was worth his weight in gold to Newfoundland in this respect, that if I went over there to London and the plane arrived in there at eight o'clock, he got up at five, he drove out to the airport and he was there to meet me, and I felt so terribly important when a man was there with a little limousine to meet me and drive me to my hotel.

So for awhile this seemed to me to be an amazingly marvellous service for Newfoundland. After awhile it dawned on all of us that perhaps we were not getting such a tremendous value out of it, and we finally notified the other three Provinces that they would please "include us out," in the words of Louis B. Meyer. Please would they include us out of participation in that office. What we are paying now is our share of the pension to Mr. Watson Jaimer.

AN HON. MEMBER: Who is a gentleman up near seventy now I guess.

MR. SMALLWOOD: Yes, he is now retired from that office and he was our employee for a good many years, so we decided to join in his pension which is only fair.

MR. CHAIRMAN: Does the item carry? Carried.

MR. CROSBIE: Mr. Chairman, 15-13 is that what you are on?

MR. SMALLWOOD: No, on this I wanted to make an introductory statement. I explained before the hon. gentleman came in, that it was my hope that I might be able to make - be permitted by the Committee to make a number of explanatory statements with regard to the main headings of this department. Then I

described to them, and this is one of them.

Mr. Chairman, I have supporting data, and I have had forty or fifty copies made of each item for distribution to all hon. members and to the press gallery. As I deal with each one of them, I will distribute them.

In the first place, with regard to electrification in Newfoundland up to 1949, the coming of Confederation, there were in Newfoundland 167,000 people who enjoyed the blessing of electricity. They lived in 33,000 homes or fifty percent of the homes of this island of Newfoundland. Fifty percent of all the homes on this island, had electricity in them. This was up to 1949. To the end of this present year, 1970, 488,000 people, up from 167,000 - 488,000 people living in 106,000 homes compared with 33,000, 106,000, ninety-nine percent of the homes compared with fifty percent. In these twenty-one years, the number of people with electricity has increased by 321,000. And the number of homes by nearly 70,000. The fifty percent has gone up to ninety-nine percent. But Mr. Chairman, it is ninety-nine percent, not one hundred. At the end of this year, after this year has come and gone, there will still be on this island, thirty-three hundred people without electricity. 3,300 living in 760 homes in forty communities and that is all out of nearly 1,000 places in Newfoundland, at the end of this present year, there will be still left only forty. Of these forty, some eight or nine are presently, at this moment getting ready to vacate. That will bring it down to about thirty or thirty-one places at the end of this year.

Of the thirty-one, about ten or fifteen are places with only ten families or fewer in each. Practically speaking, I think it will be fair to say that at the end of this year, all the homes on the island of Newfoundland will have electricity. My hon. friend the Minister of Labrador Affairs, tells me that in Labrador the great majority of the people have electricity but not centrally provided by the Government or the Rural Electrification Administration, the R.E.A., or the Power Commission, but by their own diesels, their own individually owned diesel plants. That is the picture of rural electrification Mr. Chairman.

Now, next .....

MR. BARBOUR: If the hon. Premier will permit me, I would like to say that in 1959, out of the forty-three communities in my district, nine communities had electricity. Now, every single community, not one exception, even a little community known as Muddy Brook, seven-eighths of a mile from Port Blandford has electricity. In other words, there is no householder in my district who needs to be without electricity, not only because of the blessings of Confederation, but because of the interest this Government has taken in this matter. Since the Premier was telling the House, I thought I would be proud to say myself that my district is now completely lighted.

MR. SMALLWOOD: Hear, hear, good! All but forty communities out of nearly 1,000 on the island now have electricity, and of the forty, the great majority well, you are down to about twenty communities in the Province today with a population of over ten families. Down to about twenty communities on this whole island.

AN HON. MEMBER: And nine of these.....

MR. SMALLWOOD: And nine of these - no, this is at the end of this year.

AN HON. MEMBER: Oh, I see.

MR. SMALLWOOD: After the nine that we are doing this year are finished, there will still be about twenty communities, with a population over ten families each still without electricity.

Mr. Chairman, the amount of electricity being produced by the Power Commission, the Government owned, the publicly owned Power Commission of Newfoundland and Labrador, is this year 600,000 horse-power. At the end of next year, it will be 1,000,000 horse-power. At the end of 1980, it will be 1,400,000 horse-power, and at the end of 1985, fifteen years from now it will be 1,800,000 horse-power. Four years ago there was none. Today there is 600,000 horse-power. Next year there will be 1,000,000, eight years from now or nine years from now there will be 1,400,000, and fifteen years from now there will be 1,800,000.

Mr. Chairman, eighty percent of the electricity the Power Commission is now producing is sold. They are selling eighty percent of the power they produce. This means that there is twenty percent that they are not selling.



Will the Committee please remember that, if you produce power it costs money. It costs money, big money to produce power. What you sell you get paid for. What you sell brings cash back into your coffers. What you do not sell, you get nothing for, but it has cost you money to produce it. The committee will please take note of the fact, that eighty percent of the electricity being produced is being sold by the Power Commission which means, that one-fifth of it, twenty percent is not being sold.

This has a very important bearing on the economics of the Power Commission which will emerge a little further along.

Now Mr. Chairman, the member for Hermitage asked a few moments ago about the possibility of industry in Bay d'Espoir, and I remarked that we had started the Power Commission, and that the Power Commission had in fact started their development in that very bay - Bay d'Espoir. From 1965, to the end of this present year 1970, the total number of men employed by the Power Commission itself, directly ( the hon. gentleman who is just taking his seat will be interested very much in this table) that the total number of men employed by the Power Commission itself, directly, and by its contractors - because a lot of its work, most of its work in fact was done by contractors.....



MR. SMALLWOOD: for the Commission. But taking them altogether directly employed by the Power Commission and by the Power Commission's construction contractors was 15,000 or a yearly average of 2500 men for six years, 1965,66,67,68,69 and 1970. An average of 2500 men a year and the wages paid to them was \$83 million - will have been paid to them at the end of this current year - \$83 million and I would guess that a pretty generous portion of that was put into the pockets of workers right out of Bay d'Espoir. A pretty generous slice of it, it would be interesting to find out, and if my hon. friend is interested he should see the Power Commission and ask them for an estimate. They would know it from their payrolls, how much of that \$83 million was paid to workers domiciled in Bay d'Espoir. There were workers on that job from all over the Province, they did not all come from Bay d'Espoir, but quite a generous proportion of them did.

Now I asked the Power Commission to tell me what would be the employment in the next five years, no more than that to 1985, the next fifteen years. The committee will remember the table I just gave that by 1985 the Power Commission will be producing 1,800,000 horsepower - which is three times as much as they are producing now. Now they are producing 600,000 horsepower, then it will be 1,800,000 horsepower. And to get to that point, Mr. Chairman, the number of men that will be employed is almost exactly the same, a rather larger number than in the period ending this year - 15,500, a yearly average of 1000, because it is a longer period, divided into the total. It will be an average of 1028 men as against an average of 2500 men in the past six years. And the wages that will be paid out to these men will be \$139 million - wages. \$139 million. This means that in the twenty-one years from the start of the Power Commission to the completion of its work in 1985, they will have paid out \$223 million in wages, they and their contractors working for them. \$223 million.

Now that is in construction, that is men employed to construct the power. But, Sir, when you get power construction, it then does not run itself. You have to employ men to operate the thing. And last year,

MR. SMALLWOOD: I will give the figure for last year, and the figure for this present year. The total number of men employed full-time, as steady full-time employees, the total number of men employed last year was 560 by the Power Commission and R.E.A. together, 560 men and this year 660 men and at no time will it fall below that number. So that today you have as many men, full time working for the Power Commission, as you have for the great Buchans Mining Company in the Town of Buchans. It has become a big industry in itself. Last year they paid out \$3.25 million wages and this year they will pay out over \$4 million in wages, this present year. In other words the Power Commission has been economically a great asset to Newfoundland in two ways; (1) in the period of construction up to now, and the period of construction ahead of us. In the actual construction large numbers of men, 2500 a year for the last six years, and 1000 a year for the next fifteen years in construction. And then as the power comes on stream, as it is introduced, they have to take on permanent staff and thus in that second way the Power Commission is a great advantage to the economics of this Province.

Now, Mr. Chairman, I want to give the House another figure for the six years ending this year. This is to be a fascinating table. The committee is going to be enormously, I think, I hope enormously interested in this, although I know figures repel most people, but these are figures that have to do with the very life of this Province, the very life of our economic. I said that in these six years since the Power Commission started they have employed so many men who have received so much wages. They and their contractors, they have employed so many men at the construction and they have continued to employ men at operation. If you take the employment given to the end of the present year, six years, they will have paid into the Treasury of this Province, in personal income tax \$1,800,000. Now they do not pay it direct to us, they pay it to Ottawa. The Government of Canada collects personal income tax, but out of that the Newfoundland Government receives a share, back from Ottawa. And we will have received to the end of this year \$1.8 millions

MR. SMALLWOOD: In personal income tax from the employees of the Power Commission and their contractors. And under the S.S.A. another \$2.75 million will come into our Treasury. And right on down through the list to a total of \$13.5 million - \$13.5 millions, cash generated out of this activity and coming back into the Treasury of Newfoundland. Now that money is not attributed, it is not credited to the Power Commission. What you collect in Social Security Assessment is credited to S.S.A. What you collect in car licenses and drivers licenses and gasoline tax is not credited to the Power Commission, it is credited to these respective taxes. But the total of it \$13.5 million. Have I made that clear, Mr. Chairman? What I am talking about, <sup>is</sup> the cash money that is being put into the Treasury of Newfoundland, in these six years, as a result of the employment of the men building Bay d'Espoir and operating it since then.

Now I want to tell the committee where the Commission are selling the power they are producing. Remember what I have said, they are selling eighty percent of their power. They are not selling a hundred percent of it. They will not be selling a hundred percent of it for another - well they will not be selling it before 1985, because it will be in 1985 they will start producing it. They cannot sell what they have not got. Indeed, they have power but they cannot sell, there will be no time, I suppose, short of 1986 or 1987 when they will be selling all they are producing. But here is where they are selling the power, to Bowater Power Corporation, to the Newfoundland Light and Power Company and to ERCO. These are their three main customers. In 1969, they sold seventy and a-half percent of all the power they sold, seventy and a-half percent in 1969, to those three customers. In 1970, they sold seventy-nine percent of their sales that were made to those three customers. And next year eighty-five percent of their power will be sold to those three customers.

Now will the committee remember the figures, they will have them in print before them, but will they remember them? No, they will not. Because I have only the one copy of it. In 1969, 1970, and that is last year, this year and next year, to the three main customers, the sales are seventy and

MR. SMALLWOOD: a-half percent last year, seventy-nine percent this present year and eighty-five point three percent next year.

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: The three customers are Bowater Power Corporation, Newfoundland Light and Power Company, and ERCO.

Now, Mr. Chairman, in respect of Bowater Power and Newfoundland Light and Power these percentages will rise steadily each year. I want that to be noted carefully, this is a terribly important point; That the proportion of all the power produced by the Power Commission. to those customers will increase steadily each year, not with ERCO, but with Newfoundland Light and Power and with Bowater Power Corporation.

Now, I have a table showing the percentage of the power that Bowater Power sell but they get from the Power Commission. And the percentage of the power sold by Newfoundland Light and Power that they get from the Power Commission. First the percentages of the Power Commission sales, now the percentages of the purchases by Bowater Power, Newfoundland Light and Power, and ERCO. Take the Bowater Power Corporation, last year, I am distributing this table, There will be no need to write it down. Last year, Bowater Power Corporation bought eighteen percent of their needs - eighteen percent from us. And this year, they are buying the same, a slight increase eighteen point three percent. But, next year they are buying one-quarter of all their power from the Power Commission. That is Bowater Power Corporation. This is a terribly impressive fact, The great Bowater Power Corporation next year will be buying one-quarter, and as their sales outside the paper mill go up, as their sales go up outside the paper mill, then a higher percentage of their needs will be bought from the Power Commission.

Now here is what is happening, Mr. Chairman; the Bowater Power Corporation produce power of their own, and they sell it mainly to the mill in Corner Brook. And it is what you might call a captive market or at least the Power Corporation is a captive power company owned by the superior, the senior which is the paper mill. And so the paper mill buys its supply of power from their own power corporation at a pretty low

MR. SMALLWOOD: price. But the Power Corporation, besides selling power to the paper mill at a low price, is selling power to the general public at a much higher price. And they cannot produce any more, As the sales go up to the public, they must buy evermore of their power from the Power Commission. And so the figures are; last year eighteen percent, this year eighteen point three percent, next year twenty-five percent.

Then the Newfoundland Light and Power, this will interest the committee. The Newfoundland Light and Power is Newfoundland Light and Power, Union Electric Company, United Towns Electric, and West Coast Electric, four companies merged in one. Last year they bought twenty-eight percent of all the power they had from the Power Commission - last year twenty-eight percent. This year forty-one percent of all their needs are met by buying power from the Power Commission, and next year, fifty-seven point six percent - the great Newfoundland Light and Power Company, which is an amalgam of four separate power companies merged into one big new company, next year will be buying nearly over fifty-seven percent of all their power, and that will go up steadily. The time will come when the Newfoundland Light and Power Company will be buying perhaps as much as eighty percent of all their needs. They will be getting supplied by the Power Commission. Twenty-eight percent last year, forty-one percent this year, and fifty-seven percent next year. ERCO will get all their power one hundred percent from the Power Commission, because of course, they do not produce any of their own.

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: I will produce what I have to produce, if the hon. gentleman will permit me.

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: That is right. That is right. That is right. The rules of Parliament which were made before the hon. gentleman was born, or his father, or his grandfather, or mine were born, these rules say that hon. members of the House have every right to ask questions, and hon. ministers have every right to answer or not answer the questions. A minister cannot



MR. SMALLWOOD: be obliged to answer a question, but he refuses at his own peril. But no minister can be forced to answer a question.

Now, Mr. Chairman, the percentages, and the percentages might as well be added to that table, to Bowater Power Corporation, last year it was roughly seventeen percent, this year it is only ten and a-half, but next year it will be twelve percent. Newfoundland Light and Power twenty-six percent last year, and it was twenty-three percent this year, but twenty-eight point eight percent next year.

If the Power Commission starting with the production of 300,000 horsepower and then going on to 600,000 horsepower, as they are today, and going on to a million to the end of next year, a million horsepower, and going on to 1,000,400 and then 1,000,800. If the Power Commission has done that, then obviously it must have cost an awful lot of money to do it. And indeed it has!

From 1965 to 1970, (and I am distributing these figures) the capital investment by the Power Commission has been as follows; six years, 1965 to 1970 inclusive is for power generation, to generate power, that is dams, canals, penstocks, power houses, turbines, generators, the whole show for the production of electricity, \$171 million to the end of this year - \$171 million.

Now when you produce power you have got to have transmission lines to carry the power to the customers, and on that sixty millions to the end of this year, that is \$231 million - \$231 millions invested by the Power Commission to the end of the present year. Now that brings them to 600,000 but well toward the 1 million, because there is the big plant at Duff's in Seal Cove near Holyrood. But it is still only 600,000 horsepower. Between 1971 and 1985 inclusive they are going to have to invest another \$113 millions for power generation, to generate power, and for transmission lines and terminals, \$48 million, that is \$161 million. For a total capital investment, Mr. Chairman, by the Power Commission of \$392 millions. The figures are staggering. They are not less than staggering. One activity of this Government - \$392 million capital



MR. SMALLWOOD: investment. Now during the same time, by the way the committee may be interested to hear this, the investment of the private companies, not during the same time, that is only six years stretching on from now to 1985, but from 1949 to now, including this year, the private companies, Newfoundland Light and Power, Union Electric Company, United Towns, Bowater Power, all of them, \$111 million has been invested by the private companies from Confederation to and including the present year. And when you

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put the two amounts together, it is \$342 million to the end of this year, the Power Commission and the private companies and what has to be developed will bring it to \$500 million - a half billion in power development here on the Island, not counting a \$1,000 million invested in Labrador.

Now that is a lot of investment and here is how the Power Commission had to go in debt. They did not have the money. They did not have a couple of hundred million dollars to invest. They had to borrow the money. They were given some as a gift by the Government of Canada, in the first year. Here is what the Power Commission have borrowed: The first issue, 1965, their first year, \$40 million - 5½ per cent, twenty-five years. That was 1965 - \$40 million - 5½ per cent for twenty-five years. In 1968, \$27 million at 8 per cent for twenty-five years. In 1969, (that is last year) \$16 millions at 9½ per cent. Four years earlier, it was 5½ and last year it was 9½ per cent, twenty-five years. That is \$83 million for twenty-five years.

In addition to that, there was an intermediate type of issue as follows: in 1967 - now hear this. Someone would say that we shall be nameless. Hear this: In 1967, the commission borrowed \$17.3 million at 7-7/16 per cent running each of the five years up higher and higher until today, they are paying 11½ per cent interest on that \$17 million - on that \$17.2 million. Last year, they borrowed another \$6.4 million for five years - a five year issue at the same rates, and they are today paying 11½ per cent on that. So today they are paying on \$23.75 million nearly \$24 million, they are paying 11½ per cent interest. Thank God, it is short-term. It is only five years. When the five years expire, they will roll it over, and they think they can bring it down to 7 or 7½ per cent.

Mr. Smallwood.

This is the forecast at any rate.

Now in addition to that, that is \$83 million, twenty-five year money - \$23.75 million of five year money and then forty year money. In 1967 borrowed from Canada, from the Northern Canada Power Commission, \$26.9 million - call it \$27 million at  $5\frac{1}{4}$  per cent and in 1969 last year, \$16 million at  $5\frac{7}{8}$  per cent - both of them forty years, \$42.9 million.

Finally, to pay for the new thermo plant at Seal Cove in Conception Bay, \$42 million borrowed from the Government of Canada at varying rates, varying as the money is drawn down, but to be averaged out, when the last of it is drawn to be put at an average for the whole amount and for thirty years and the rate is  $\frac{1}{8}$  of 1 per cent above the Federal borrowing rate.

Then to wind it up to pay for the transmission line, a loan from Ottawa of \$13.5 million, the same basis as the thermo plant loan, forty years at  $\frac{1}{8}$  of 1 per cent above the Federal borrowing rate averaged out when the last of the money is drawn. All of this comes to a total of \$205 million borrowed - \$205 millions borrowed by the Power Commission to develop this vast power.

Now part of the program is the Rural Electrification Program which we started in 1958 to March 30 past - March 30 of this year - a few weeks ago - twelve years. The number of communities given electricity is 397. Just imagine that. Just under 400 places have been given electricity. The transmission and distribution lines for that ran to just under 2,000 miles.

Mr. Chairman, this will interest you. The number of houses, churches and schools and halls, etc., connected up was nearly 28,000. The number of persons served by this REA, 126,000 persons.

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Now the capital cost of doing this was \$34 million and since it was done the REA - the Rural Electrification Administration - the REA have been selling power to these 126,000 customers below cost. They have been subsidizing the consumers of this electricity. The people themselves, the customers paid the REA for their electricity in their monthly bills, \$9.2 million altogether from 1958 to the 30th March last. The customers in Newfoundland of the REA paid the REA \$9.2 million and the REA or the Government, the Newfoundland Government paid in respect of that same power \$13.5 million.

In other words of the total cost of the electricity delivered to these 27,000 homes, schools, churches, shops and what have you, of the total of electricity delivered to them in those years - twelve years - forty per cent of the bill was paid by the customers and sixty per cent of the bill was paid by the Government, because the cost was too high. We have been subsidizing and we continue to subsidize the customers. We are doing it now - this month. At the end of this month, bills will go out to 27,800 buildings for their month's electricity and they will pay their bills, forty per cent and sixty per cent will be paid by the Government.

While I am at it, I ought to give the results of six years that is half that period from 1965 to 1970 inclusive - six years of the water and sewer systems. In six years the people of Newfoundland - yes it is relevant. It is an example of how subsidization one sort of justifies the other. In rural electrification we subsidized the public to the extent of \$13.5 million - in water and sewerage to the extent of close to that, \$12.2 million. The people paid \$7 million and the Government paid \$12.2 million. So \$13.5 million paid to the people to help them pay their electric light bills and \$12.2 million paid to the people on their water and sewer is \$25.75 million.

Mr. Smallwood.

Now, Mr. Speaker, here with me in the Chamber today is Mr. Edward Power who is in my office, on my staff. He is really on the staff of the Finance Department, but he has been seconded to me as Minister of Economic Development, as Premier.

Mr. Power is the head of our Cost-Benefit Studies. He is the head of a small staff. He, himself, has a Bachelor of Arts in Economics from Memorial University and he has done post-graduate studies at Carlton University in Ottawa and at the University of Ottawa. He was Research-Economist with the Institute of Social and Economical Research at Memorial University. He was Research-Economist with the Canadian Department of Labour and the Canadian Department of Manpower and Immigration. Then he was <sup>a</sup> statistician with the Royal Commission on the Economic State and Prospects of Newfoundland and Labrador. Then in 1969, January - no, in 1967 - in 1967 he was appointed Director of Statistical Services in the Department of Finance.

In February, 1969, a year and a-half ago, he was appointed special adviser to the Premier in charge of feasibility studies in the Office of the Premier. He is co-author of a book entitled "Manpower Effects of Technological Change in the Canadian Forest Industry." It was published by the Queen's Printer in Ottawa, in both English and French. He must surely be the only Newfoundland author who has had a book published in English and French by the Government of Canada. That was in 1966. With him, he has and his age is twenty-eight. He has with him, Eric Dunn age twenty-six, born in Renew's. He has his Bachelor of Arts Degree - Honours in Economics, his Bachelor of Commerce Degree and his Master of Arts in Economics. He is an M.A. and he is chief. For the past five years, he has been chief of the Economics and Statistics Branch of the Department of Fisheries of Canada, stationed in Newfoundland.

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Then on that step also is Mr. Alexander Roche, age twenty-six, the assistant-director. He is a Bachelor of Arts in Economics at Memorial. Post-graduate studies done at Memorial. He worked as statistician with the Royal Commission on Education. He was statistician with the Canada Department of Fisheries. He was Research-economist with the Canada Department of Manpower and in June of last year, he was appointed to the staff under Mr. Power.

Then finally, age twenty-five, Mr. Blaise Dunn, junior economist in this Office. He is a Bachelor of Commerce at Memorial. He came last November with this department.

Yes, there is another one, J. Frank Power, an economist, a Bachelor of Arts in Economics at St. Mary's College in Halifax. He came last October. So I have a staff in my department now of young and very brilliant, very, very brilliant young economists, statisticians, and I do not think there are too many governments in Canada with so able a group of young men. I call them the "Irish Mafia" because they are all Irish, the whole lot of them and they all know each other. They are buddies. They work together closely, and I am surrounded by the Irish Mafia.

Their job, Mr. Chairman, their job is quite simple - not easy, but very simple. If an industry is proposed for Newfoundland what benefit is that industry to Newfoundland? What benefit is it? What benefit is it to the Treasury of the Province? How much money will be generated into the Treasury as a result of that industry? What will it cost the Treasury? Cost and benefit of the industry? They have done endless studies. Now they have not all, because some of them only came with us last October, you know, eight or nine months ago, ten months ago, twelve months ago. Mr. Power has been with me for a couple of years or more. two or three years - a couple of years anyway. In that time, they have done a large number of very special studies of cost and benefit of this activity or that especially



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in power. They have done a tremendous amount of research in power. Here is a table showing the cash generated and to be generated into our Treasury as a result of the work of the Power Commission. I told the committee already, and I think I have distributed a table showing the cash generated into the Treasury up to the present year or up to March last, since the power started by the Power Commission's own, personal, so to speak, activity. This is a table which is a much more comprehensive one.

From 1965 to 1970, in those six years, the total was \$21.2 million, cash came into our Treasury. In the next five years, it will be \$24 million which will come into the Treasury through the existence of a Power Commission. This will be new money generated into the Treasury. Then in the following five years, it will be \$40 million or a total of \$85.5 million, from 1965 to 1968 - sixteen years - \$85.5 million. That is cash into the Treasury of this Province, in actual cash, \$85 million. That takes no account of four factors:

(1) The coming into operation of the industrial plants at Stephenville, and Come-by-Chance where I assure the committee here today; there will be no subsidy. I hope that sank in. The coming into operation of these industrial plants at Come-by-Chance and Stephenville will greatly improve this picture - this picture does not include those events;

(2) The picture will be greatly improved by increased consumption or purchase of power by the existing customers; and

(3) The picture will be still more improved by diversification in industries that are here now or are about to come here - diversification, i.e., if the paper mill at Stephenville is either increased in size or diversifies its production, it will greatly improve the picture. And finally and in some ways the most important is revision upward of some of the Power Commission's selling prices in 1977.

In 1977, the Power Commission will revise upward its prices on a number

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of its customers, because the contracts expire in that year. They are power contracts. They are sales contracts with a number of important customers and will expire in 1977. So they have seven years to go before they can increase their prices with new contracts. In other words, Mr. Chairman, \$85.5 million coming into the Treasury for those sixteen years is only part of the story. This amount will be very, very materially increased. It will not be doubled. It will not be doubled. But it could easily be half as much again as \$85.5 million in the sixteen years, if, as and when these four things happen.

Now one of them is going to happen. Prices on some of the customers will be revised upward in 1977 after the expiration of the existing sales contracts. That will happen anyhow. Diversification may or may not come. I believe it will but if it comes it will improve the picture greatly. Substantial increase in the purchase of power by Newfoundland Light and Power, by Bowater Power Corporation - this will greatly improve the situation as well. Finally, this will improve the situation; namely, that where today they are under the expense of providing power, of generating power and distributing power, twenty per cent of which they are not selling - they are only getting paid for eighty per cent of the power that cost one hundred per cent, its cost, what it costs to produce power. If you sell all that you produce, then you are getting the maximum of your income. But if you are selling only eighty per cent of what you produce, you are getting income for eighty per cent, though it cost you to produce the one hundred per cent. Have I made that clear. I hope I have. This must continue for some years to come. They have surplus power today. They will have it tomorrow. They will have it next year. They will have it the year after. They will have it for a number of years to come, surplus power, which costs money to produce. They have to borrow the money to build the power. They have to service that money. They have

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to pay the interest on it.- sinking fund. They have to service that debt, whether they sell an ounce or none. If they sell every last kilowatt hour of power they produce or sell half of it or quarter of it makes no difference to their cost. Their cost goes on exactly the same.

But their income varies with the amount of power they sell and they are selling only eighty per cent of their power and that is income they do not get. This Government have to pay it. We are asking in these estimates - we are asking the committee to authorize the Government to subsidize the Power Commission for their expenses that are not met by the power they sell.

The last item 1520 the last item - Payments under the Industrial Incentives Act, which is a misnomer. That is a wrong heading altogether except in the broadest sense of the word. In the sense that by putting a Power Commission there, you are providing a great industrial incentive, then in that sense this is a correct heading for that item. I cannot - I wonder have I impressed this sufficiently on the committee. In 1970, 1971, 1972, 1973, 1974, 1975, 1976, every year beginning this year and last year and this year, every year up to a certain point, there is going to be surplus power

MR. SMALLWOOD: produced by the Power Commission unsold. Presently it is twenty percent, one-fifth of it is not sold, and it has to be sold. It has to be sold. You cannot wait until power is needed to start producing it, you must produce it. And you must be ahead of the need for it. You must be ahead of the demand. You must be for a while, producing power not sold having it ready for when it is needed. That is it. But the cost of producing it, you have incurred it, you have gone and borrowed the money. You have built the canals. You have raised the level of the lakes. You have built dams. You built your canal, connecting one pond with another. You have built up your great supply of water. Whether you let it come down through the penstocks and turn over the generators and turbines, now it depends on whether you sell it. If you are not going to sell it, it is a potential power that you do not produce, unless the water piles up so high you have got to let it off. But the cost of putting the building there and the generators and the turbines and the penstocks running up to the forebay, putting the forebay there, building the canals and the dams, and the great water reservoir all that cost is there. If you do not sell a horsepower of it, you have to service the cost of the twenty percent you do not sell. And this has got to go. Let us face it. Let us be manly about it and face it. And this is true of every Power Commission in Canada. It is true of every power company, A private company is up against exactly the same thing, except with Churchill Falls Power Corporation. Churchill Falls Power Corporation have sold every last ounce that they can squeeze out of that system, sold in advance for what? Seventy years or something. But normally either a private enterprise outfit or a Government must produce power in excess of the actual contract sale, And the contract sale will not always, but for quite a while, be below the actual power, until finally the day is reached when the Power Commission is producing all it can produce. Then slowly or, not slowly, maybe quickly, within a year, two or three or four years, the demand and the sales will equal the production. But until it does this Government must pay out a subsidy to

MR. SMALLWOOD: the Power Commission, year after year, and so must every Power Commission, so must every government across Canada that owns a Power Commission.

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: The same thing, the steam plant, you have to, for peaking power, that is another reason why you must have surplus power, you must have power that you sell for a part of the day, the peak of the day, the peak of it. You must have power for the peak, and then when the peak drops you have spare power.

Let me tell the committee one of the most fascinating things I ever saw since I was born. It was in Western Germany. I think the Minister of Public Works was with me. In the Rhur Pocket, in the Rhur valley, the Rhur River, the River Rhur, we went to a point where that river came sluggishly down through a valley, and it flowed into a pond, and the pond was fairly wide and fairly long, and they dammed the pond and put a weir there and generated a lot of electricity. But what did they find? They found that the power was in enormous demand from eight o'clock in the morning until six o'clock in the day because in that part of Germany there are a lot of factories. The factories when they turn on their machines at eight o'clock in the morning, all around that valley machines were being turned on, turned on, turned on, and a million men were coming to work and everything was going full bang, while that peak of power rose, starting at eight o'clock and it finally tapered off at six o'clock in the night, and after six o'clock in the night, until eight o'clock the next morning, they did not need the power, there was five, ten times more power than they were able to consume. But they did not have enough in the day. There was an actual shortage during the day, and a surplus during the night. You cannot store power. You have to let it go to waste. So do you know what they did? On one side of the lake there was a hill. It must be 200 feet high or more. And down at the foot of that hill, on the shoulder of this pond, they put a power house, turbines, generators and penstocks going up, steeply up the hill, and up at the top of the hill they gouged out the hill, a great lake, and they cemented the bottom. And

MR. SMALLWOOD: in the night, when there was spare power, they used that power to pump the water out of that lake, up through penstock, to fill that lake, up on top. We went up, They had a little electric railway, which went nearly to the top and you walked the rest. We where up and looked at this lake, up on top. And in the day, when the power was insufficient, they would reverse that water and down it would come during the day, turn over the turbines and generators and maybe produce half as much more electricity during the day. But by the time six o'clock came, all the water had run down and there was no more to come. But by then it was not needed. By then they turned on the pumps and used the spare electricity to pump that lake back up again, up on top. You could do the same thing here in St. John's. If there was some way of doing it with salt water, you know what you could do? You could put pumps down here in the narrows somewhere and you could pump up salt water to the top of Signal Hill or to the Southside Hill, if you had a big lake up there, and you could fill that in the time of the day when there was more electricity than was needed. You could use the spare electricity to pump the salt water up and fill it up, and then, when there was a shortage of power, let the water come down and generate more electricity. I saw that happening, only it was fresh water in Germany.

Well that is the picture with the Power Commission, We may just as well face it, we are going to have to pay money over to them each year, to meet their losses. But their losses are not losses. They are not losing money. They are, but the Treasury are not. The money that the Treasury has to pay out to meet the losses of the Power Commission, the Power Commission are the means of generating back into the Treasury, but not credited to the Power Commission. The loss is debited to them, but the profit is not credited to them. Have I made that clear? Have I made that abundantly clear?

For instance, here we are asking the committee to vote a total of \$6.75 million to pass over to the Power Commission. This is a loss. This is a drain on our Treasury, in the current financial year, of \$6.75 million.



MR. SMALLWOOD: And we are paying it over to the Power Commission to meet the difference between the cost of producing power and the money they get back for the power they sell. The difference is \$6.75 million. But is that a loss on the Treasury? No, because the Power Commission is generating back into our Treasury more money than they are draining out of the Treasury. Already we are gaining by it. It pays the Province to have a loss on the Power Commission, because of the things that are generated, the extra revenues that are generated back into the Treasury as a result of that electricity. And that picture will improve. It will improve. It will improve year after year as these things happen - mainly two things that you can count on, two things that you know are going to happen, you do not have to guess about it. Number (1), in 1977 a bunch of contracts expire and they will be renewed and revised upwards to the higher prices. Remember that these prices were made, Mr. Chairman, when money was five and a quarter percent, around five and a quarter percent. Today they are paying eleven and a-half percent on some short term money, five year money. When the contracts expire (and these contracts will account for sixty, seventy percent of all the power to be sold by the Commission) when the contracts expire, covering sixty to seventy percent of their sales, and they are revised upward in price, this will make a tremendous change in the financial picture of the Power Commission. But that does not come until 1977. We have seven years. Then, secondly, we have this thing that is going to happen. We know it is going to happen. Well, we do not know it is going to happen but we can be pretty confident. The record is pretty clear on that. The increase in the consumption of power in Newfoundland has exceeded all the provinces of Canada. No province, in the last ten years, has seen such a steady annual increase in the consumption of electricity that we have seen. We have led all Canada. We are ahead of the Canadian average, and we are ahead of the average of any Canadian province. It is incredible the annual jump in consumption of electricity in this Province, it is incredible. That being so, it is a pretty reasonable assumption that the day will arrive, we do not know precisely when because, until 1985, we are going to go on increasing our

MR. SMALLWOOD: production. We are up to 1,800,000 horsepower. We are 600,000 horsepower this year. Three times as much power in 1985, as in 1970, so you have this steady increase in your production, when will the consumption catch up so that one will exactly balance the other? It will be quite some time. Thanks be to God! Thanks be to God the day will not arrive for fifteen years anyway when we are producing just the amount of power that we are consuming! Because at that point we will become stagnate. We maybe stagnate at a pretty good point, but we stopped going ahead. Maybe at that time we will be in a position to go in for atomic, for nuclear power, I do not know. Maybe it will pay us to have more thermal power production in the Province, I do not know. But we will have exhausted our hydro potential on this Island. By then may be we will be bringing power in from Labrador. I do not know. But for a number of years to come, the production of power will always exceed the consumption of power. We will have to be ahead, never behind, always ahead in our production. But that costs money. And when this point is reached, where we do not, at least it will stop costing money, And the first time that will happen will be 1977, when the prices will be revised upward, And the next thing that will happen is when we do not have unsold power that is costing money to produce and not producing any revenue.

I despair of trying to make this point thoroughly understood by our people. I despair of it, it is so subject to distortion, deliberate or unconscious, and it so susceptible to honest misunderstanding. A private corporation would not dream of doing it. They would not dream, well for very long, They might feel that they had to do it for a year or two, but to sit down as a deliberate policy and be willing to go on for fifteen or sixteen years with the total revenue coming in from sales, the total revenue coming into the Power Commission's Treasury from the sale of power, the total revenue a falling short of the total cost and incurring an annual loss, If it were a private company they would go bankrupt, because the benefits of that private company would be going largely to the state, to the Government, and not to the private company. But when the power

MR. SMALLWOOD: is the Government. then all the benefits come flowing to the Government. Every industry that starts, every man that gets a job, every man who is taken off welfare, every man who pays personal income taxes to the Canadian Government, with a share of that coming into our Treasury, every man who buys a car, every man who buys gasoline, every man who gets a driver's license coming into the Newfoundland Treasury, every man who buys a bottle of beer, every man who pays sales tax on anything coming into the Treasury of the Province, as a result of that power. That is revenue coming into the Treasury generated by that power that would not be generated but for that power. A private company would shrug that away, and would say to the devil with that! We are not in business to help the Government, we are in business to pay dividends to our shareholders. But the shareholders of the Power Commission are the Newfoundland people. The Government in the first instance - but the Government only as agents of the people. It is the people of Newfoundland who own the Power Commission. And it is the people who should get the benefits and they get <sup>them</sup> through revenue that comes into the Government. And the real dividend is jobs, Mr. Chairman.

The real dividends for a Government is made up of jobs. Jobs for the people. And there cannot ever be too many dividends under that heading. I wonder if I have left out any important point?

May I make a candid confession? And what will hit the headlines is the confession. Therefore, I should take it back and say; "no, I am not going to make any confession. I just want to get attention." If five years ago we had had the gift of foresight, you know if we had the prophetic vision and knew that the Power Commission today would be paying eleven and a-half percent interest on some its money that it had to borrow to build this great power empire, if we had known that they would be paying eleven and a-half percent, do you think we would have had sold power for two and a-half mills a kilowatt hour to ERCO? Of course not, unless we were crazy in the head. If we had the prophetic gift to see that the cost of materials, the cost of labour, the cost of everything was going to escalate, to escalate, escalate, and especially and above all the cost of

MR. SMALLWOOD: money. Because the real cost of power, except fuel power, if it is water power, if it is hydro, the real cost of hydro-electricity is the cost of harnessing it. After that there is not really a very vast cost. Fuel is different, if it is diesel, you have to buy the fuel. If it is gas, you have to buy the gas. If it is nuclear, you have to buy the uranium. If it is fuel power, you have to buy the fuel. So the cost of putting the plant there is only part of the cost of producing the power. The other big cost is the fuel to keep it going after you have got it there. But with hydro-power, the cost of the power is the cost of the money that you have to borrow to put it there. And the cost of the money, when we started the Power Commission and the Power Commission advised us what we could safely sell power for and the Treasury break even the cost of money then was five and a quarter percent. Now the thing is high, as high as eleven and a-half, but, thanks be to God, that is only five year money! We have two years to go on \$13.3 million of it, and we have five years to go on \$6.4 million of it, That is roughly \$27 million. We will save a million dollars a year at least there, the Power Commission will save at least a million dollars. Now that is where they are now paying eleven and a-half percent, and two years from now, and four years from now, when they roll that money over, when they have a refunding operation, they certainly will not be paying eleven and a-half percent. Money is not going to be eleven and a-half percent four years and two years from now or, if so, the whole world will have simply gone crazy, stark crazy. In fact every evidence right now points to money gradually coming down. The cost of money, the interest rates of money gradually coming down. They will save a million dollars there. And they will save several millions a year, they will gain an additional money, running to several millions a year, when they finally do not have twenty percent unsold every year, but only fifteen percent, fourteen percent, twelve percent, ten percent, eight percent, maybe even down to five percent not sold. If you have ninety-five percent sale of your power, it is pretty good. Finally they would reach the time

MR. SMALLWOOD: when it is a hundred percent, probably never quite one hundred percent.

So in conclusion, on this point at any rate, in conclusion, the position is sound, it is very satisfactory. The Treasury is better than breaking even. If the committee passes, and then the House passes this \$6.75 million to be paid over to the Power Commission, there will be more than that generated into the Treasury. There will be an actual little profit on that. This is not a net loss to the Treasury.

I think perhaps I will take my seat now and we will have questions <sup>be</sup> and may, some discussion on this very important, very vital matter, about which there is bound to continue to be a lot of misunderstanding.

MR. T. HICKEY: The remarks made by the Premier are certainly interesting. As he says, they are going to confuse some people. I have a question with regards to rural electrification, possibly a problem, I should say, more so than a question. I have raised it on two different occasions in this hon. House. And, Sir, they say the third time is lucky, so possibly there might be some hope of my getting what I am looking for this time around. The figure is quoted of fifty-point-three percent in 1949, and that figure is now ninety-nine percent. In terms of the number <sup>that</sup> of people using electricity, is certainly one of which we all can be proud. There is one percent left - one percent of our population without electricity.

MR. SMALLWOOD: Any of those, in the hon. gentleman's district?

MR. HICKEY: Ah, Mr. Chairman, the hon. the Premier has a good memory. A good memory, I believe, he must recall an earlier speech, maybe last year. It might be unbelievable, Sir, but right in my own district there is one family who reside on a main highway, a paved highway, who have resided there for twenty, thirty, forty years. It is the only land they have, but they cannot move.

MR. SMALLWOOD: Where are you talking about?

MR. HICKEY: Middle Cove.



MR. SMALLWOOD: Middle Cove - you say they do not have electricity?

MR. HICKEY: Everyone else but one family. Just one family. It is on the road known as the Marine Drive, Mr. Chairman, a very scenic highway. And I am sure that if there were a line put there, I am quite sure the area would be built up.

MR. SMALLWOOD: Is that under the Newfoundland Light and Power?

MR. HICKEY: I believe it comes under Power Commission right now.

MR. SMALLWOOD: No, Newfoundland Light and Power.

MR. HICKEY: Newfoundland Light and Power?

MR. SMALLWOOD: Yes.

MR. HICKEY: Well anyway -

MR. SMALLWOOD: I will take it on myself - how far is it removed from the nearest community?

MR. HICKEY: About a mile of road to connect up, not from the house, I mean to connect up the whole area.

MR. SMALLWOOD: Oh, well how many houses are there?

MR. HICKEY: Just one.

MR. SMALLWOOD: One mile to reach one house.

MR. HICKEY: No, no.

MR. SMALLWOOD: It sounds like one rabbit, one horse.

MR. HICKEY: I am not making myself clear, Mr. Chairman. It is one mile from one road to the other, from the end of the electric line, the poles on one side to where the poles are on the other side, is one mile. And right about in the centre of that this family resides.

MR. SMALLWOOD: So the wires go right by them.

MR. HICKEY: About a half mile. Of course what I would suggest is, put a line right through, so that the area can be built up. But, Sir, the interesting part about it is that I have been attempting to do something for this family for sometime, and the first figure that we had quoted from the Newfoundland Light and Power was \$1800, that was about three years ago.

MR. SMALLWOOD: Mr. Chairman, will the hon. gentleman come and see me, and we will sit down together and see if we can put a little pressure on



MR. SMALLWOOD: someone to do it? If I can get half of the credit, and the hon. gentleman takes only half - can we get together and do this?

MR. HICKEY: Mr. Chairman, I am quite fair, I will give the Premier all the credit -

MR. SMALLWOOD: No only half. No just half. All right we will get together and see what we can do.

MR. CHAIRMAN: We are discussing now rural electricity authority, and the minister brought in payment under Industrial Incentives Act, which apparently relates to the Power Commission. I wonder if the committee will agree to discuss both of them under the same heading so that we can have all the dealings with electricity under the one heading. Is that agreed?

MR. J. CROSBIE: Economic Development generally too here for a few minutes -

MR. SMALLWOOD: We are gone passed that.

MR. CROSBIE: Well even though we are gone passed -

MR. SMALLWOOD: Inaudible.

MR. CROSBIE: Well, Mr. Chairman, I did not really know that Economic Development was coming up at three o'clock or I would have been here at three o'clock - we have done Labrador Affairs and I thought we were going on with the next department after that. So if the Premier has no objection I might

MR. CROSBIE:

or the House has no objection, the Committee.

MR. SMALLWOOD: I must have been. The hon. gentleman could have been here, I was here.

MR. CROSBIE: Allright I will squeeze it in somehow under power. First I will discuss power then I will discuss issues related to power generally.

MR. SMALLWOOD: Oh, well we will see if the hon. gentleman is allowed and whether that is relevant.

MR. CROSBIE: I am sure the hon. the Premier would not want anything not discussed.

MR. SMALLWOOD: Well, the hon. gentleman had as much right to be here and responsibility as I did and the rest of us.

MR. CROSBIE: I think the hon. Premier knows that there has been at the most about two to three hours I have missed of this session of the House and no more.

MR. SMALLWOOD: Well, this happens to be the one the hon. gentleman missed.

MR. CROSBIE: Yes and the Economic Development estimates were brought on, why? Because I was not here, because the member for Burin was not here, because the Leader of the Opposition was not here.

MR. SMALLWOOD: Everybody knows I am frightened, I am afraid of the hon. gentleman.

MR. CROSBIE: The hon. Premier watched to see who was over here and then he jumped on his estimates.

MR. CHAIRMAN (NOEL): Order please! Now it is 5:00 P.M. can we get on with this?

MR. CROSBIE: Get on with what, Mr. Chairman?

MR. CHAIRMAN (NOEL): Item 1513 is the item that is being discussed.

MR. CROSBIE: What I am discussing is the refusal to let me discuss anything else but rural electrification. I am entitled to discuss the subjects that the Premier mentioned when he was addressing us on these remarks, I assume that, Mr. Chairman.

MR. CHAIRMAN (NOEL): The hon. member's remarks must be directed to the item of expenditures which relate to rural electricity authority and payments under

MR. CHAIRMAN (NOEL):

the Industrial Incentives Act which I understand to be the Power Commission. In other words we are discussing power.

MR. CROSBIE: And I am entitled to discuss what the hon. Premier discussed when he was discussing power.

MR. CHAIRMAN(NOEL): If it relates to power.

MR. CROSBIE: It will relate to what the hon. Premier has said in connection with the subject of power. Now starting out with power, Mr. Chairman. There are a number of questions on the Order Paper first that I would like to mention in connection with power, which have not been answered and I do not know why they have not been answered. First I would like to refer to the various figures that the hon. the Premier has given the House and given the Press and they are all quite interesting figures. But why is it, Mr. Chairman, that we are never given figures that are of real relevance and real interest? I mean it is interesting to know that there are 15,000 men employed on power construction over a five year period and so on. Well, that is all in the past and it is a matter of just academic interest. And that the wages paid out over five years were \$83. million in construction and that the wages forecast for the next fifteen years are \$138. million, that is all they are interested in. But how is it really irrelevant to the issues that affect Newfoundland as far as power is concerned? If we want some information on something really relevant to power such as what is it costing the Power Commission today to produce and distribute power or at what price is the Power Commission producing and distributing power to certain companies? We cannot get that information.

We are given here figures that Bowaters, Newfoundland Light and Power and ERCO, the Electric Reduction Company of Canada between them in 1970 will take seventy-nine per-cent of all power sales and that last year they took seventy and one-half per-cent. Well, that is interesting but we are not told, I do not know whether we will be told, I ask a question while it was being discussed, We are not told how much of that power is being sold to ERCO. How much power does ERCO consume a year? I think that is a piece of information that will be of great interest to the tax payers and the people of this Province and the members of the House. What percentage of the power goes to

MR. CROSBIE:

ERCO? Is it twenty per-cent, thirty per-cent and what percentage is going to go to ERCO this year and next year? The Power Commission is being paid at the rate of two and one-half mills per kilowatt hour, what is it actually costing the Power Commission and therefore how much is it costing the tax payers of this Province to subsidize it, to meet these losses? Would that not be of some interest to the people of the Province and the members of the House? But not a word, not a syllable on that particular issue, no. The number of men who have been employed over the last five years, what relevance is it? Nothing. That is just propaganda purposes, that is all. And an estimate of how many will be employed in construction, what is the good of talking about jobs in construction over the past five years? Those jobs are gone. That is not employing one man today, the five years previous work in developing the on stream facilities in Newfoundland does not employ one man today. Those 15,000 men have worked on that construction, that construction is finished and today they are in this Province walking around looking for jobs.

MR. SMALLWOOD: The hon. gentleman is forgetting that I pointed out that there are 660 men now, this year with permanent jobs.

MR. CROSBIE: Right, well that is more relevant and more interesting. The 660 permanent jobs with the Power Commission are in electricity. There was a question asked on the Order Paper in connection with the Thermal Plant out at Duffs, a question asked months ago. In connection with the Thermal Plant under construction at Duffs near Holyrood what is the cost of construction to date and what is the estimated cost of completing construction and bringing the plant on stream? That question is not answered. Why, is it highly secret that the tax payers of this Province cannot know what it is costing us to put the Thermal Plant at Duffs or what is being spent to date?

MR. SMALLWOOD: I can tell the hon. gentleman it is \$50. million. It had not been the policy of the Power Commission to announce at this time what the cost of the Seal Cove plant will be on stream, ready and producing, but it is of the order of \$50. million.

MR. CROSBIE: Well, this is the estimated completed cost of the Steam Plant at Duffs.

MR. SMALLWOOD: And about 400,000 horse power and it will be on stream in, April 1st, two units will be on and the other two units will be on the first unit December coming, the second unit April next, April next it will be on full stream.

MR. CROSBIE: Well, now this question goes on. Now we have \$50. million for the cost of the plant, the question went on to ask, once the plant is on stream what would be the cost per kilowatt hour of generating electric power at the said Thermal Plant? Now that is not answered. The question goes on to ask; from where is it planned to obtain oil fuel for the operation of the said Thermal Plant and have final arrangements been entered into with respect to the purchase of such fuel? That is not answered. Now that question is ask for a reason.

MR. SMALLWOOD: And there is another reason why it ought not to be answered at this time, a very good reason.

MR. CROSBIE: Well, then that reason can be given later.

MR. SMALLWOOD: No, it cannot.

MR. CROSBIE: The question is asked for this reason, that the Thermal Plant at Duffs is located not far from the Golden Eagle Oil Refinery facilities in Holyrood. Yet apparently, instead of making some arrangement with Golden Eagle to get the oil for this steam plant from Golden Eagle, located a mile or whatever the distance is up the shore, the Power Commission is building large oil storage tanks at Duffs to be able to hold oil in, so that they can buy the oil from someone else. I mean what sense does that make?

MR. SMALLWOOD: It makes every possible kind of good sense, good business sense.

MR. CROSBIE: Well, there maybe a reasonable explanation for it but we have not been given it in this House.

MR. SMALLWOOD: No or we are not going to be, it is not in the public interest.

MR. CROSBIE: If oil was used was Golden Eagle at Holyrood -

MR. SMALLWOOD: If they are negotiating the various outfits for prices should that be revealed until the final conclusion of the negotiations?

MR. CROSBIE: The point is this, Mr. Chairman, that if oil was used from the Golden Eagle Refinery at Holyrood, which is there and has been there for years,



MR. CROSBIE:

the Power Commission would not be having to spend several millions of dollars to build these large oil storage tanks at Duffs, to hold oil in so they can buy from Come By Chance or wherever it is being planned to buy it. Obviously this is being reserved for the Come By Chance Oil Refinery project.

MR. SMALLWOOD: If the hon. gentleman will allow me, I will tell him this much that the economics of the cost of supplying the fuel for that plant have been examined most meticulously by the Power Commission, by groups of engineers, various engineering groups. Naturally, it is a 400,000 horse power plant, one of the big plants in Canada, and the cost of the fuel is of enormous importance in the economics of it, in the cost of the power. Therefore, where the fuel will come from and from whom and at what price and under what permanent arrangement and whether they are to be in a competitive position, all these are matters of the most dire importance to the future of this Province. They are examining all that and that is why it cannot be talked about at the moment.

MR. CROSBIE: It is a matter of the utmost importance of the Province, it has been for several years and that is why no attempt should be made to force the Power Commission to buy their oil from the Oil Refinery at Come By Chance.

MR. SMALLWOOD: Look, I can assure the hon. gentleman that there is no force, no influence, nothing. They are completely and absolutely free. If they were not, I will tell the hon. gentleman that George Hobbs would not stay two minutes. The hon. gentleman nods, he knows that to be true.

MR. CROSBIE: In certain respects that is quite true but let us face it, the Power Commission reports to the hon. the Premier and they are not as free as the bird to do any running.

MR. SMALLWOOD: I do not run it.

MR. CROSBIE: The hon. Premier does not run the day to day details of it but the hon. the Premier is certainly very much involved in the big, large policy decisions that have to be made and in other ways with respect to the Power Commission. Now I believe that that plant at Duffs will use about 13,000 barrels of bunker fuel oil a day and that these added facilities -

MR. SMALLWOOD: 10,000

MR. CROSBIE: Well, 10,000 but that is still a lot of oil, 10,000 barrels a day.



MR. SMALLWOOD: That is a full load, a full load running full capacity, 10,000 barrels a day. 70,000 barrels a week, that is a lot of oil.

MR. CROSBIE: And a lot of barrels and it has cost about three or four million more to put in these large oil tanks that are being built at Duffs. I mean, I do not know whether that makes economic sense or not but one would doubt it.

MR. SMALLWOOD: Well, they know.

MR. CROSBIE: Well, would they? Yes, we certainly hope they would know.

MR. SMALLWOOD: If the hon. gentleman would keep it confidential and not let any competitors know I am sure that Mr. Hobbs would be happy to throw the figures open to the hon. gentleman, on a confidential basis. There is nothing to hide from hon. members privately but it is not to be bandied about publicly.

MR. CROSBIE: Fair enough. All right I will accept that, Mr. Chairman, but it does seem peculiar.

MR. SMALLWOOD: As a matter of fact we are quite proud of what has happened, privately, we are quite proud of it. It is good business, good dealing.

MR. CROSBIE: Presumably the cost of producing power from that steam plant is number (1) the capital cost of putting the plant there and number (2) the cost of the oil that it is going to use.

MR. SMALLWOOD: That is right.

MR. CROSBIE: Because all the power is generated by these oil-fired boilers out there.

MR. SMALLWOOD: All fuel-fed power plants, about half capital cost and half operating cost to buy the fuel, whether it is gas or nuclear energy or what have you.

MR. CROSBIE: Right. There was another question ask, I might as well deal with now, which was answered. That was the cost to that date of repairing the loss to the power lines and transmission towers damaged during the recent sleet storm. I think the cost to that date was -

MR. SMALLWOOD: Up to date it is about \$1.1 million.

MR. CROSBIE: Right. Well that was the estimate given when that question was asked, \$1.1 million. What was the amount of revenue lost? That was \$136,000. as a result of being unable to deliver power. Whether there was any liability

MR. CROSBIE:

to customers for losses suffered by them as a result of having to close down business operations due to lack of power?

MR. SMALLWOOD: No, none.

MR. CROSBIE: Were all the damages covered by insurance? The Premier was going to check that, he did not know whether or not the loss of revenue was covered by insurance.

MR. SMALLWOOD: They have insurance with a \$50,000. deductible.

MR. CROSBIE: Including the loss of revenue, not just the loss of the physical damage.

MR. SMALLWOOD: Loss of physical assets.

MR. CROSBIE: Right. So the loss of revenue would not be covered.

MR. SMALLWOOD: That is right.

MR. CROSBIE: There were some questions ask about the dollar value of contracts. There is a question on the Order Paper; what is the dollar value of contracts entered into by the Power Commission? That was answered and then asking about tenders, that was answered, the lowest tenders and what extras have been given, which is not answered, yet. Whether there were any extras during the year? But to leave those questions and those -

MR. SMALLWOOD: I am told that there is still one question not yet answered, the answer to which is now under preparation in the offices of the Power Commission. I was told that within the last twenty seconds.

MR. CROSBIE: Now, Mr. Chairman, those few questions about the Power Commission are a few of the fifty or sixty that the hon. the Premier, as Premier and Minister of Economic Development, has not answered for me yet. Some of them would be very interesting questions to have answered, such as what are the investments by the Government in certain industries and how many jobs has that created? How many jobs were created in Newfoundland as a result of Government action since 1969? If it is possible to answer that, or what the Government's estimate of that is? Anyway there were some fifty questions or so, if the hon. the Premier would have somebody take -

MR. SMALLWOOD: I will have somebody - I only pass them on as they are passed to me. I do not have time to prepare these answers.

MR. CROSBIE: Well, somebody is passing them off, Mr. Chairman. Well the Premier is passing them on but whoever is receiving them from the Premier is passing them off somewhere.

MR. SMALLWOOD: I do not pass them on to anybody. They are passed to me but I do not know how the answers to the questions get circulated. I assume they go to the different departments. All I know is when I get an answer I pass it on.

MR. CROSBIE: Right. Well, I could supply the hon. the Premier with a list of the questions unanswered if he could have his staff get -

MR. SMALLWOOD: My Parliamentary Assistant has the complete list here and he checks them for me.

MR. CROSBIE: Good. Well, I will get in touch with the Parliamentary Assistant and assist him in assisting the Premier to get the answers.

Now to come back to the power, Mr. Chairman. The Premier made a number of interesting points. But one interesting point was that the hon. the Premier has said that there will be no subsidy in connection with power sold to the enterprise at Come By Chance or at Stephenville.

MR. SMALLWOOD: I wish the hon. gentleman would drop that matter, he knows why. If the hon. gentleman will take my statement, he knows it is correct - and if he will just take and just hope that the matter will not - there has been enough harm done already.

MR. CROSBIE: Okay. Well, then can we discuss Stephenville?

MR. SMALLWOOD: Yes, you can discuss Stephenville.

MR. CROSBIE: Well, at Stephenville it was not confirmed the other day, I think it was asked in the debate Wednesday as to whether or not power would be sold at two and one-half mills at Stephenville -

MR. SMALLWOOD: I could say it will not.

MR. CROSBIE: and it was said that it would not. So we can gather today that the power sold to the Fourth Mill at Stephenville will be sold at cost.

MR. SMALLWOOD: It will be sold without loss.

MR. CROSBIE: Without loss, right! Well it would not be subsidized power. Now is it possible to find out what -

MR. SMALLWOOD: Will the hon. gentleman allow me to explain that so that I will not be left to be accused later? Will you give me half a moment?

MR. CROSBIE: When the Premier does that can he tell us (or is it confidential?) what is the price at which power can be sold where it has no loss?

MR. SMALLWOOD: No but there is a point at which power is sold to an industry, even though it is sold by the Commission below the commission's cost and therefore requires an immediate first step subsidy from the Government, actually it incurs a profit for the Government. It depends on what profit the enterprise makes, what corporation tax they pay the Canadian Government, how many men they employ, what wages they pay those men, what personal income tax those men pay to the Canadian Government and so on, All that, by the most modern methodology, can be computed and we know exactly what money will be flowing into the Treasury and we know what the subsidy would cost and you subtract one from the other and you have a loss or you have a profit. I will say Stephenville will have a profit.

MR. CROSBIE: Now that explains what the Premier means. What the Premier is saying is that you do a cost-benefit study and say power sold at Stephenville at three and one-half mills might, according to this study, return certain benefits.

MR. SMALLWOOD: No, it will not be as low as that. No, not anything near as low as that. I would say, if the hon. gentleman will allow me, it will be about the same as Bowaters in Corner Brook and Price in Grand Falls.

MR. CROSBIE: Right and is that public knowledge, what they pay for power?

MR. SMALLWOOD: No but that is to be revised in 1977, revised upward.

MR. CROSBIE: I see. Well, of course, the only question then is if they are taking that approach to it is whether these studies are on the optimistic side or on the cautious side or what side the studies are on?

MR. SMALLWOOD: You have to be completely realistic. That is one thing these people are doing, Mr. Power and his staff are being extremely realistic.

MR. CROSBIE: They are hard-nosed realists.

MR. SMALLWOOD: They are hard-nosed realists and they are very capable and able men.

MR. CROSBIE: And they do not let the Premier's optimism floor them.

MR. SMALLWOOD: I only ask them to tell me. I do not tell them what to tell me. I ask them what are they going to tell me.

MR. CROSBIE: Wonderful, wonderful and by the way -

MR. SMALLWOOD: In other words it is perfection at last. You have a perfect Premier at last, after all the years.

MR. CROSBIE: Well, the time is certainly come for perfection in the Premier. There is not much longer left.

MR. SMALLWOOD: I get better everyday. Day by day I get better and better.

MR. CROSBIE: Would it be possible for a member of this House to see one of those studies privately just to see how they are done?

MR. SMALLWOOD: Yes.

MR. CROSBIE: Okay. Would it be possible for this member?

MR. SMALLWOOD: Yes, and the hon. gentleman will end up completely full of admiration for the realism, the accuracy, the skill and the amazing amount of knowledge there is in that group, headed by Mr. Edward Power here behind me.

MR. CROSBIE: I can quite believe that, Mr. Chairman, because I knew Mr. Power when I was with the Government and I do not doubt he is a very capable gentleman. Anyway it would be interesting to see one of the studies just to see how they are done. Well, then that explains the situation at Stephenville and the studies that are being done.

Now in connection with ERCO, not to be unfair about it, the power is sold to ERCO at two and one-half mills per kilowatt hour, by the Power Commission. And the Premier says that only eighty per-cent of the production of the Power Commission is sold each year. So twenty per-cent at the moment is unsold and the Government has to make up the difference.

MR. SMALLWOOD: This is going to continue for I hope quite a few years yet.

MR. CROSBIE: Well, can the Government tell, or is it segregated, how much the Government is paying in connection with the power sold to ERCO at two and one half mills? Is that calculated as a separate amount and what would it be per year? I mean we suggested in the House it was \$3. million or it appeared to us to be \$3. million.



MR. SMALLWOOD: No, you can knock millions of that when the cost benefit - Has the hon. gentleman got any idea what money is generated into the Treasury of this Province by that company?

MR. CROSBIE: Well, no, I would have to see its studies. I know that there will be 400 employed there and they will be paid their wages.

MR. SMALLWOOD: Over 500, over 500

MR. CROSBIE: 500.

MR. SMALLWOOD: Over 500 directly.

MR. CROSBIE: 400 Newfoundlanders.

MR. SMALLWOOD: No, I would say 500 Newfoundlanders because it is over 500 altogether and the total number over there that are not Newfoundlanders is trifling.

MR. CROSBIE: Right. Well, we know that you can do a cost-benefit study and see which outweighs the other. Now my guess is that that cost-benefit study will show more cost than benefit.

MR. SMALLWOOD: Yes?

MR. CROSBIE: And the hon. Premier confirms that and I would not doubt that if it was possible to get that contract changed the Province will get it changed.

MR. SMALLWOOD: They would.

MR. CROSBIE: Well, is it possible?

MR. SMALLWOOD: No but what we are urging strongly is the diversification. At the moment there is one simple operation there and we want them to carry it another stage or maybe two and this will make all the difference in the world.

MR. CROSBIE: You mean if they take their process a stage forward.

MR. SMALLWOOD: Yes, a stage ahead.

MR. CROSBIE: They would employ more people.

MR. SMALLWOOD: That is right, with precious little more power.

MR. CROSBIE: Well, I can hardly make a speech here, Mr. Chairman, We are getting so many answers here. However, that is all right. Now the Premier said and I have it in quotation marks here, which is very true, that these figures that he was giving us on the electricity situation have to do with the very life of this Province. Further on in his remarks he said, "Maybe it will pay us to have



MR. CROSBIE:

more thermal power on the Island-this is in future years, I do not know" and he also mentioned power from Labrador and said he did not know. Well, this brings up the question that I have mentioned several times here, Mr. Chairman, as to what happened to all those studies that the Premier had done last year by all the various groups, March and McClellan, International Engineers and all of these, there are seven of them?

MR. SMALLWOOD: Well, the answer to that is that we have these reports, We have the data put together by some of the finest engineers in all the world, in Europe, in Canada, in the United States, But, obviously, with the present cost of money, up and down, it is impossible to say what the cost will be to bring power from Labrador until the money market steadies and we know what the cost of money is going to be. Because that is what -

MR. SMALLWOOD (J.R.): That is what is the cost of doing that. You bring a transmission line from Churchill Falls down and tie it in over here by Deer Lake somewhere, you have to borrow the money to build a transmission line and to dig a tunnel. All right, well, or to lay it along the bottom. What do you pay for that money? That is the cost of doing it, what you pay for the money.

MR. CROSBIE: Right. Well I realize that, but in other words, that study shows that it might be feasible, if interest rates were a certain rate?

MR. SMALLWOOD: Yes it might. Right

MR. CROSBIE: It is not feasible when interest rates are ten and eleven percent.

MR. SMALLWOOD: Right.

MR. CROSBIE: Of course if you ever did do it, you would have to do the same as Brinco did, and that is to get an agreement from the lenders that they are going to lend at a certain rates of interest over a period of years.

MR. SMALLWOOD: Right.

MR. CROSBIE: While it was being constructed.

MR. SMALLWOOD: Try to get that today.

MR. CROSBIE: Right, you will not get that today, because, the interest rates do not appear to be right.

MR. SMALLWOOD: It is the sellers market for money

MR. CROSBIE: Right. Well, the result of these studies show that it may at some time be economic presumably to bring hydro-power from Labrador to Newfoundland, if the interest rates were low enough.

MR. SMALLWOOD: Right.

MR. CROSBIE: And the Premier does not want to say how low it would have to be.

MR. SMALLWOOD: No, I do not think it would be in the public interest.

MR. CROSBIE: And the other - well of course, this.....

MR. SMALLWOOD: I would rather undertake to do this;

MR. CROSBIE: What?

MR. SMALLWOOD: If the hon. gentleman is a man and a gentleman, and a legislator and a patriotic Newfoundlander, though terribly misguided in his political ideas, if as a decent Newfoundlander he would undertake to keep

these matters confidential, I would give him the fun of his life this summer, reading all those reports. I would not mind his reading them. I know he is the kind of hon. gentleman who would read them. He would not content himself with detective stories nor true love stories either nor "Esquire".

MR. CROSBIE: Mr. Chairman, this is almost becoming a true love story.

MR. SMALLWOOD: I am full of pity today, I am full of human sympathy and pity today.

MR. CROSBIE: Well that is certainly nice to hear, I hope that continues for another day or two, Mr. Chairman. As a matter of fact, I planned to go on a fishing trip for two weeks in July, so I will see the Premier and get one of those studies.....

MR. SMALLWOOD: Would the hon. gentleman go tomorrow, and I will give him twice as many reports.

MR. CROSBIE: I will take those and have a look at them, if the Premier carries through on what he says.

MR. SMALLWOOD: All right.

AN HON. GENTLEMAN: (Inaudible)

MR. CROSBIE: We are getting tired of politics now Mr. Chairman, we just want to get our business done and get back to the practice of law, and fishing and what not.

MR. CHAIRMAN: Carried

MR. CROSBIE: Well, let us see what else I have to ask about. Now, those studies we were going to compare, were to compare whether it would be more economical to develop power on the island perhaps, as compared to power from Labrador.

MR. SMALLWOOD: Right.

MR. CROSBIE: Atomic power or steam power. That all depends on the interest rates too, does it?

MR. SMALLWOOD: It does not depend entirely on that, no.

MR. CROSBIE: Right. Atomic power then is still not<sup>as</sup> attractive as hydro-power?

MR. SMALLWOOD: No, of course, nothing is.

MR. CROSBIE: Of course at some stage it might become -

MR. SMALLWOOD: Well yes, depending on the cost of money. One thing about water power, once you have borrowed your money and you have built your plant, there is precious little expense after that except to pay off that money. There is very little expense to run it.

Churchill Falls is costing a thousand million dollars to put it there, and the cost of running it - there will be a couple of hundred men employed. The cost of operating it after it is done is trifling. The real cost is the cost of putting it there and paying the interest on the money and paying back the debt.

MR. CROSBIE: Mr. Chairman, the Premier has me all fooled up here today, and I was going to make the real rouser, but he is answering everything and <sup>is</sup> being so lovable that I am just about through.

MR. SMALLWOOD: I am just my ordinary self.

MR. CROSBIE: Well, I have one other point - oh well, I have two other questions. One is; I think that the rural electricity authority, which is operated by the Power Commission which generates and distributes power to rural areas, which is subsidized by the Government, is now, I believe, under the jurisdiction of the Public Utilities Board. Is that correct?

MR. SMALLWOOD: No.

MR. CROSBIE: It is not now?

MR. SMALLWOOD: No.

MR. CROSBIE: Well, my question was or is, why should it not come under the Public Utilities Board like the other power companies have to? The Newfoundland Light and Power is overseen or regulated by the Public Utilities Commission, Bowaters would be, and why not the Rural Electricity Authority? Why is that taken out of jurisdiction?

MR. SMALLWOOD: Well, I am thinking rapidly. I can think of some reason, I do not know if this is sufficient. Do we set up a Government Board to regulate a Government agency? One Government agency regulating another Government agency?

MR. CROSBIE: Well, I do not see why not, if it is regulating everybody else in the field, why would it not regulate the .....

MR. SMALLWOOD: The purpose of the Public Utilities Commission is to protect

the public against the possible predatory instincts of private profit-making outfits, whereas, the R.E.A. is not a private profit making outfit, but a purely service organization.

MR. CROSBIE: Well the rates have changed so often, in the rural electricity districts, that it would be very awkward if the Public Utilities Board had to approve them.

MR. SMALLWOOD: No, they have changed only as the Government decides to pay a bigger share of the cost....

MR. ROBERTS: (Inaudible)

MR. CROSBIE: Well I can see, since this is all subsidized, there is not much point having the board supervise it at all.

MR. SMALLWOOD: No, we are paying sixty percent of the monthly bills, every month now.

MR. ROBERTS: And the capital is provided under this.

MR. CROSBIE: Which is the vote that we are on now.

MR. SMALLWOOD: They do not have to get a return on their investment as private companies do.

MR. CROSBIE: Right! Very good! Well then I will now go on to one other point and then I will sit down before I get too many reports to read.

The report of the Power Commission for 1969, showed for that year a revenue deficit of \$1,886,000. (it is round figures) and there was a deficit the year before of \$182,000., so the net revenue deficiency at the end of the period was \$2,451,000.

MR. SMALLWOOD: For whom?

MR. CROSBIE: For the Power Commission.

MR. SMALLWOOD: Not the R.E.A.

MR. CROSBIE: No, this is the Newfoundland - Labrador Power Commission balance sheet. Now why? Of course if you examined this you might see the reason, but where is that revenue deficiency coming from? Is this on the sales of power? Will it be continuing? Will there be another deficit this year? Would not the Government have to meet these deficits? I wonder if the Premier could tell us something about that. This is the balance sheet and it shows \$2,451,000,

revenue deficiencies. Presumably at some point it would have to be made up either by the Government or by a profit on its operations.

MR. ROBERTS: (Inaudible)

MR. CROSBIE: Yes, well this is under the liability section of the balance sheet.

MR. ROBERTS: (Inaudible)

MR. CROSBIE: Right, of which \$1,860,000. was for last year and \$582,000 for the year before.

MR. ROBERTS: Right. (inaudible)

MR. CROSBIE: Well I mean, do these deficiencies have to be met annually by the Government?

MR. SMALLWOOD: Yes,

MR. ROBERTS: Up until now they have been met out of capital.

MR. SMALLWOOD: It is - they have capitalized their losses, but they cannot go on doing that.

MR. CROSBIE: Right. so now these deficits will have to be met by the Government, and this is some of the amount that is going to be voted under the industrial incentives.

MR. SMALLWOOD: Right, yes.

MR. CROSBIE: Well now the Premier, since I think we are discussing both those items, the Premier said that payments under the Industrial Incentives Act, \$6,752,000., cannot.....

MR. SMALLWOOD: I said that is a misnomer

MR. CROSBIE: Right.

MR. SMALLWOOD: In fact that heading is a misnomer.

MR. CROSBIE: Well, this is really payments to the Power Commission to meet their expected deficit this year.

MR. SMALLWOOD: All of that is to the Power Commission.

MR. CROSBIE: Is there a list of how these.....

MR. SMALLWOOD: As the hon. gentleman must know, under the trustee deed of the Power Commission, who have gone on the market and borrowed these sums of money that I announced here today, under the trustee deed they cannot sell at a loss.



MR. CROSBIE: Right.

MR. SMALLWOOD: If they do sell at a loss, we have to make up the difference so then they are not selling at a loss.

MR. CROSBIE: Right. In connection with this amount, I mean can this loss be assigned - so much of the loss say is ERCO, so much is something else, and so much is something else. Has the Government a list of how the loss is made up?

MR. SMALLWOOD: We could get it, but I do not know that we would want to publish it.

MR. CROSBIE: Well -

MR. SMALLWOOD: Look right now there is a loss on Bowaters. Every bit of power we are selling to Bowaters, is sold at a loss, and every bit to Price is sold at a loss, and every bit to Newfoundland Light and Power is sold at a loss. But, it is only a bookkeeping loss as the hon. gentleman will understand. Not a net loss to the Treasury.

MR. ROBERTS: (Inaudible)

MR. SMALLWOOD: That is right, exactly.

MR. CROSBIE: If you take the interest rates - if you are taking what all the Power Commission has spent, or what it has cost to now, these things that are being sold at a loss they are not a loss if you apply it to the time when the money was borrowed in connection with that power.

MR. SMALLWOOD: Right, right.

MR. CROSBIE: But because the Commission is borrowing money in the last two years at high interest rates, this has put the whole cost of power up.

MR. SMALLWOOD: And thanks be to God, that only twenty-three or twenty-four million of it is short-term at eleven and a-half, and when that is refunded it will save us a lot of money.

MR. CROSBIE: So the \$6,752,000. could be allocated to various enterprises, but the Government prefers not to do that, at least not to give the information.

MR. ROBERTS: (Inaudible)

MR. CROSBIE: Well there are always accounting problems.

In the Budget Speech, there were seven or eight enterprises mentioned

as receiving power that cost benefit studies have been done on. I think there were two of them. One was Newfoundland Forest Products

MR. SMALLWOOD: Stephenville and Hawks Bay.

MR. CROSBIE: Are those two enterprises being sold power under cost, or at a figure that results in a loss?

MR. SMALLWOOD: Actually, they are being sold I think at a profit. Now, I do not think I would want them - I do not think they would be happy to hear that, but actually I think we are selling, the Power Commission is selling to them. I would not swear because it is not a high load factor. The profitability of power depends an awful lot on whether <sup>there are</sup> high or low load factors. You sell power at ninety-five percent load factor and the cost of that power comes down. The cost of it, but in a saw-mill, modern plant though it be, the load factor would be, I do not know, about a forty percent load factor. So from that point of view it might be sold at a low cost.

MR. CROSBIE: In the Budget Speech then, they were improperly included in the category for cost-benefit studies,

MR. SMALLWOOD: No, no, sold below the Commission's cost, but not representing a loss but rather a profit to the Treasury. A distinct profit.

MR. CROSBIE: Right, but these are quite different things. I am asking about what it cost the Power Commission, and the Premier is answering that, on cost - benefit studies over all of the Province over a certain number of years as a plus. The fact remains that the Power Commission as far as it is concerned is selling it below its cost to these people.

MR. SMALLWOOD: If they were not, we would not have to be voting money to them today.

MR. CROSBIE: We would not be spending this \$6,752,000.

MR. SMALLWOOD: Right.

MR. CROSBIE: Now how much is the \$6,752,000. liable to rise to in the coming years?

MR. SMALLWOOD: It will not.

MR. CROSBIE: You do not think it is going to increase?

MR. SMALLWOOD: It will drop.

MR. CROSBIE: If interest rates drop.

MR. SMALLWOOD: That is the outside figure and it will drop.

MR. CROSBIE: Well then, that is reassuring. The Premier says that that figure will not be as large next year, it will not need to be.

MR. SMALLWOOD: He does not, no.

MR. CROSBIE: When they are doing the cost benefit studies, I mean we must be heavy drinkers in Newfoundland. There is one here for six years activity of the Power Commission.....

MR. SMALLWOOD: Not heavy drinkers, but pretty profitable drink.

MR. CROSBIE: Certainly the Government seems to - the people who were employed for six years, from fifty-five to seventy in construction, as a result of activities of the Power Commission, were supposed to have drunk sufficient liquor to give the Government a trading profit on beer and liquor of \$1,351,000. Now, one-point-nine percent of the total. The figure seems a bit unreal. Has somebody taken the average construction worker and seen how much beer.....

MR. SMALLWOOD: That is the actual per capita consumption in this Province.

MR. CROSBIE: Oh I see, so you take the average per capita and apply it to these.....

MR. SMALLWOOD: It is the only safe thing to do in a matter like that, you do not put it up or down, you just take the average.

MR. ROBERTS: (Inaudible)

MR. CROSBIE: Well, I do not know.....

MR. SMALLWOOD: The hon. gentleman is not experienced, he is going to.....

MR. CROSBIE: I am far more confused than when I started off Mr. Chairman.

MR. SMALLWOOD: He is going to learn, and then he will be a methodologist - it has nothing to do with methodism - methodology. I thought it was, the first time I heard the word.

MR. CROSBIE: Well I think that is - somebody is crying carried there, I thought I heard someone say carried while the Premier was speaking, but that got shot down pretty quick, so do me the same courtesy.

Well these are the question I had to raise Mr. Chairman, but since the Premier has answered some, and will let us see the studies on others, I guess there is not much point ranting on about it. I would like to say a few things about economic development, but that might cause a fracas so - that is all I

have to say.

MR. CHAIRMAN (NOEL): Shall 1514-01-01 carry?

MR. BURCESS: Mr. Chairman, I wonder if the hon. minister would, in relation to transportation, would the hon. minister kindly inform the committee how closely the Provincial authorities <sup>are</sup> working in conjunction with the Federal authorities in relation to the statement which I quoted of Mr. Jamieson's this morning, about Labrador not being included in the Maritime Freight Rates Act, and he stated Mr. Chairman, that the committee had been given specific responsibility to try and apply the Act to coastal shipping. If this could be done, then merchandise moving into Labrador from Newfoundland would be given a twenty percent subsidy. He went on to say that this, he felt, would encourage a better boat service for Labrador.

I would just like to know how closely this department is working with the Federal Department.

MR. SMALLWOOD: Mr. J. Kemp is Director of Transportation, and by the way he gave me this statement. He is attached to my office, a director of transportation and communications, Mr. Jack Kemp, who was assigned by the Department of Economic Development to gather the required information, and ministers and/or officials of the Department of Labrador Affairs, of Education, of Community and Social Development, of Health, of Highways, of Mines, Agriculture and Resources, were asked, they were asked to provide not only data concerning communications, as they now exist, but also to indicate what communications they felt were necessary for the immediate, near future.

Under Mr. Kemp's direction all these departments were asked to collaborate and give an outline. Mr. Kemp also had meetings with CBC's regional manager, Mr. Keith Morrow, and it was learned that the CBC have planned to up-date both radio and television programs in Labrador City, the City of Wabush, Churchill Falls and Goose.

The subject of the lack of Newfoundland news in Labrador was thoroughly investigated, and assurance was given by Mr. Morrow that reorganization of the CBC's activity in Labrador would result in an increase of up-to-date Newfoundland news. This reorganization was due to commence on June

1, and we have confirmed that this has in fact happened, that it did happen on June 1.

Labrador is now a part of CBC's Newfoundland Region. Labrador is receiving approximately three and a half hours of regional programming per week, and there is now regional news on every CBC Newscast each day.

Now I am only passing this on. I do not know if there is a word of truth in it. I believe that the gentleman who wrote it believed every word of it. CBC is having a little technical difficulty concerning the acquisition of telephone lines. They are dealing with Quebec Telephone, Labrador Telephone and Bell Telephone, but CBC expect to resolve this problem momentarily; I mean in the next day or two or three or four or five.

No official announcement has been made by CBC concerning these plans because they say that from past experience they have learned that the moment an announcement is made concerning the improvement of television and radio the viewers and listeners concerned expect an immediate dramatic change. The plans are being implemented and there is no reason to doubt that there will be a considerable improvement in program content in the area served by CBC during the next few months.

Now, of course, I have been hearing this for years and there may be no more realism in this statement than there was in statements they made previously, but I pass them on:

As a result of our government survey in Labrador, the Federal Department of Communications is in contact with Mr, Pete Condon, Principal of Notre Dame Collegiate in Labrador, who is assisting the Federal Department Task Force in determining the quality and quantity of educational television throughout Labrador.

Finally, the vast amount of technical data that has been provided by the Provincial Government - and we have received a letter from the Executive Director and Secretary of the Federal Trans-Tele-Commission, in which he says: This is what he says: (Quote):

"The quality of the material forwarded to the tele-Commission from your office" (that is the Department of Economic Development) "has been

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extremely valuable. We have been able accurately to appreciate many of the problems that exist in Labrador and we will be sending a task force to the area during the next four weeks. Of the material received across Canada, the material from Newfoundland was, so far, the most comprehensive.."

"We are proud of that. The Newfoundland Government is sending the Director of Transportation and Communications, that is Mr. Kemp, to study the entire communications or lack of communications that exist along the Coast of Labrador, as far north as Nain.

"This information will be added to that which has already been received from Air Canada, EPA and CN Coastal Boats Service.

"Incidentally, all three members of the House of Assembly directly concerned with Labrador, the hon. Mr. Hill, Mr. Burgess and Capt. the hon. Earl Winsor, were all advised of Mr. Kemp's proposed trip to Labrador and were invited to discuss communications problems with him before he left."

I will leave out the next sentence because it would only lead to blood shed.

MR BURGESS: Mr. Chairman, I appreciate that statement.



MR. BURGESS: That statement it is a long time in coming, but I do appreciate the comprehensive presentation that was made by the minister's department. It confirms one thing for me, even though he appears not to be listening to me, at times, he must be taking in every word.

MR. SMALLWOOD: Who?

MR. BURGESS: The Premier.

MR. SMALLWOOD: I never miss a syllable spoken in this Chamber.

MR. BURGESS: That is exactly what I have said.

MR. SMALLWOOD: Never, not one syllable.

MR. BURGESS: As far as C.B.C. is concerned, I say it is about time that they did - but on the other hand, Mr. Chairman, the question which I asked, which I do not believe possibly the Premier caught in relation to this transportation problem, wherein Mr. Jamieson said that he has instructed the committee, he has given them a specific responsibility to try and apply the Maritime Freight Rates Act to coastal shipping which would mean in essence a subsidy of goods moving from Newfoundland to Labrador. Would there be anything to report on that subject?

MR. SMALLWOOD: Well I do not know, To be quite honest, I really do not know. I can find out but I cannot answer it at this moment. I will find out.

MR. CHAIRMAN: Shall the Item carry?

On Motion items 1513 to 1518 carried. Shall 1519 carry?

MR. SMALLWOOD: I do not want to delay it, but I want to say this one word at the risk of inviting questions and speeches. I want to say that we are becoming terribly oppressed and depressed by the dire importance of pollution and water control. We are seeking an outstanding man, we have had seventeen applications and we do not think that one of them is suitable. We are endeavouring to get an outstanding man, we have asked, I phoned the Premier of Ontario and asked him if he would lend us, lend the Newfoundland Government their top expert, and he said; "of course, Joe". And he send him down and he spend some time down here and he has given

MR. SMALLWOOD: me a very confidential report, And it was the courtesy of the Ontario Government. And we have this thing very seriously in hand, this water resources and pollution control. We are really taking this very seriously because, you see, we are in the very fortunate position that we can do it where other provinces cannot, Because it has not got too much headway on us here yet, and by taking holding of it now we can probably, without too much expense, clean up Newfoundland and make it a pretty nice clean, wholesome, healthy Province.

MR. CHAIRMAN: Shall 1519-03-08 carry?

MR. MYRDEN: 08 Mr. Chairman, would the minister explain Capital Grant of \$450,000?

MR. ROBERTS: Mr. Chairman, that is the Government of Newfoundland - that is the grant towards the system which is being financed jointly by this Government and by the Government of Canada for the fish plant at Englee, which I believe is the last one to be done under the old ADB program. The new program is reflected in the estimates of my colleague, the Minister of Community and Social Development.

On Motion item 1519 carried.

MR. CHAIRMAN: Shall Block Provision, Canada Pension Plan carry? Carried.

Shall Block Provision: Salary Increases and New Posts carry?

MR. JONES: I move that the Block Provision for Salary Increases and New Posts be changed from \$8,500 to read \$23,000, I think it is. And that the total for the department be changed to read, \$15,207,200.

MR. CHAIRMAN: Shall Block Provision: Salary Increases and New Posts be increased to \$23,000, and the total altered accordingly? Carried.

Shall I report Heading XV - Economic Development, with some amendments? Carried.

On motion, that the Committee rise and report progress and ask leave to sit again, Mr. Speaker returned to the Chair:

Mr. Speaker, the Committee of the Whole on Supply have considered

the matters to them referred and directed me to report having passed expenditures under the following headings; XV - Economic Development and XIX - Labrador Affairs, with some amendments, and ask leave to sit again.

On Motion report received and adopted, committee ordered to sit again on tomorrow.

On Motion that the remaining Orders of the day to stand deferred, the House at its rising do adjourn until tomorrow, Monday at 10:30 A.M.