



PROVINCE OF NEWFOUNDLAND AND LABRADOR

HOUSE OF ASSEMBLY

Volume 1

Number 44

4th. Session

34th. General Assembly

VERBATIM REPORT

THURSDAY, APRIL 23, 1970

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House met at 3 p.m.

Mr. Speaker in the Chair.

MR.SPEAKER: Motion No. 2, the Hon. the Premier to move the House into Committee of Ways and Means.

HON.J.R.SMALLWOOD(Premier): Mr. Speaker, in the financial year that ended three weeks ago the Government's Revenue was \$2 million more than its expenditure. The surplus for the year was exactly \$1,996,300, or \$3,700 less than \$2 million.

We have taken \$1,100,000 of this surplus and applied it toward elimination of the budget deficit we had two years ago in the year 1968-69. The remainder of the two million, or \$896,300, thus becomes available to the Government for the general purposes of the public service. We will, in fact, use it for Capital Account purposes in this present new financial year.

In the last Budget Speech brought down in this House almost precisely one year ago, we estimated that our expenditure for the year would be \$272,344,500. In actual fact the expenditure was \$279,042,000. This was \$6,697,500 more than budgeted for.

This additional expenditure of approximately \$7 million for the year was made up in part of these items, namely: teachers' salaries, three-quarters of a million dollars; maintenance grants for schools, half a million dollars; school bus transportation just under \$200,000; spray programme to end insect infestation of our forest, \$1,600,000; additional salary costs in cottage hospitals, half a million dollars; hospital insurance programme for patient services in non-Government hospitals, one and a half million dollars; operation of the North East Fisheries plants at Harbour Grane, Old Perlican, Fort de Grave, and so forth, \$800,000, and a number of other items bringing it to a total of nearly \$7 million expenditure over and above the estimate.

On the other hand, Mr. Speaker, the Government's revenue for the year proved to be even more in excess over the estimate than was the case

with expenditure. We estimated in the last Budget that our revenue for the year would be \$272,879,000. It actually turned out to be \$281,039,000. This was a substantial \$8,160,000 more than estimated, and was large enough in amount to enable us to pay off the increased expenditure for the year and still have almost \$2 million surplus for the period.

These very satisfactory results, Mr. Speaker, are the first fruit of the Government's determined realism in arranging its finances two and three years ago. We were perhaps the first Government of a Canadian Province, not perhaps to foresee the coming financial storm in Canada, but certainly to take resolute action about it. We resolved upon, and carried out with determination a programme of retrenchment and economy; and at the same time anticipated all other provinces by taking the risk of imposing additional taxation on a population that might truly be said to have been the most heavily taxed already. We were severely censured for taking those steps at that time, but as time passed and our people saw that this Government's action was emulated in the next year by all of the other Provinces, they realized that the Government of their own Province was acting prudently and with foresight. We are now, as a Province, beginning to reap the benefit of our determined policy of two and three years ago. We have today a system of public finance equal in realistic efficiency to that of any Canadian Province, and we continue to update and improve it. The reputation of our Province stands high in the financial circles of North America, Britain and Europe. The economies that we have instituted in these past two years, and the additional tax rates that this House imposed at the Government's request, have been continued unflinchingly and will continue to be applied. The gratifying results that we have had are such as to encourage us to follow the same road now and in the future.

And so, Mr. Speaker, we are happy to report to the House and to the people that we have had a good year in our public finances. We have spent many millions of dollars more than we budgeted for, on such excellent purposes as education, health and other good and necessary aspects of our Newfoundland life, yet by economy and retrenchment, and a substantially

increased revenue during that same period, we have ended the year with a surplus of \$2 million for the year.

I turn to the new year, the one which began on April 1st. Where we actually spent \$279,042,000 last year, we plan to spend in this present year a total of \$299,431,500. This is \$20,389,500 more than we spent last year. This is a huge sum of additional spending, equal to almost \$40 for every man, woman and child in the Province. It will be spent in part as follows: on certain aspects of education, \$6½ million; on health a little over \$2½ million; on highway maintenance, over \$1 million; on rural electrification over \$½ million. All of these are, as I say, increases over last year's spending.

We intend to impose no new taxes. I repeat: We intend to impose no new taxes. And we intend to make no increases in the rate of existing taxes. No increases in the rate of existing taxes. Where, then, will we get the money to pay these increases? These increase in spending will be matched and more than matched by the increases we expect to have in the year's revenue.

We estimate our revenue for the present financial year at \$300,978,500, which is \$1,547,000 more than the total spending for the year.

We are thus budgeting for a surplus of \$1,547,000 over the total planned spending for the year, as compared with a surplus of fractionally under \$2,000,000 last year. We will use \$1,100,000 of this surplus to help pay off the deficit we incurred in the financial year 1968-69. The remainder we will use for Capital Account spending in the present year.

Of this increased revenue of \$19,940,000 over \$5 million will come from increased equalization payments from the Government of Canada. The personal income tax payable by our people to the Government of Canada will, so it is believed, be larger in amount in this year than in the past year, and as the Newfoundland Government receives a share of these payments to Ottawa, we estimate an extra \$4,8 million this year. We expect to receive another \$½ million, or slightly more, on account of corporation income tax. The increased purchases that will be made in this year by our people will,

we believe, yield to the Treasury \$1.4 million more than it did in the year just past by means of the Social Security Assessment. We believe, too, that the same circumstances will result in our receiving \$1.8 million more on account of the Gasoline Tax. We expect to receive nearly \$5 million more this year on account of the operations of the Newfoundland Liquor Commission.

In more detail, the figures of expenditure on Current Account for the coming year may be stated as follows, on current account.

Education	\$ 87,325,000
Health	60,932,000
Welfare	\$44,397,000
Servicing Public Debt	32,114,000
Highways, Roads and Bridges	15,839,000
Natural Resources, Primary Industry, Trade & Industrial Development	19,109,000
General Government & Other	20,311,000
Municipal Development and Housing	7,030,000
Protection of Persons and Property	7,829,000
Rural Development and Resettlement	4,546,000
	<hr/>
	\$299,432,000
	<hr/>

Similarly, a more detailed account of expected revenue follows in this table:

Tax Equalization Payment -----	\$ 90,367,000
Social Security Assessment -----	38,439,000
Personal Income Tax -----	24,029,000
Gasoline and Fuel Oil Tax -----	21,633,000
Newfoundland Liquor Commission -----	14,060,000
Corporation Income Tax -----	11,112,000
Term 29 Award -----	8,000,000
Post Secondary Education -----	5,553,000
Tobacco Tax -----	4,297,000
Motor Vehicle & Drivers' Licenses -----	4,200,000
Other Revenue -----	9,843,000
Appropriations in Aid -----	69,445,000
	\$300,978,000

At this point, Mr. Speaker, it might be useful to invite attention to the high proportion of the total income of the Newfoundland Government that is received from the Government of our nation. In the table I have just shown it will be seen that the tax equalization payment alone from that Government is over \$90 million. But that is only one of many payments to be received from the Government of our nation. The total will run to over \$160 million out of a total revenue this year of \$300,978,000. That comes to 54.3% of the whole revenue of this Government. So has it been from the coming of Confederation. I give a table showing these proportions as follows:

Mr. Speaker beginning in the first year of Confederation and coming to the present year, the proportions of our total revenues received from the Government of Canada have been as follows:

<u>Year</u>	<u>Percentage Received From Canadian Government</u>
1949-50	73.4
1950-51	74.1
1951-52	68.4
1952-53	62.0
1953-54	55.9
1954-55	52.7
1955-56	51.5
1956-57	50.0
1957-58	54.9
1958-59	63.6
1959-60	65.3
1960-61	63.0
1961-62	59.5
1962-63	52.9
1963-64	52.0
1964-65	50.0
1965-66	48.7
1966-67	51.5
1967-68	57.4
1968-69	54.4
1969-70	54.4
1970-71	54.2

It will thus be seen that the percentage has never fallen below 48.7 and has gone as high as 74.1. (These figures, and all figures that I have given in this Speech to the present moment, refer only to Current Account transactions. Capital Account transactions will be treated separately later in this present Speech.)

Mr. Speaker, it would be interesting to compare the two years, last and this, as to both expenditure and revenue. The Table follows:

	<u>Last Year</u>	<u>This year</u>	<u>The Difference</u>
Expenditure	\$279,042,500	\$299,431,500	\$20,389,000
Revenue	<u>\$281,039,000</u>	<u>\$300,978,500</u>	<u>\$19,939,500</u>
Surplus	<u>\$ 1,996,500</u>	<u>\$ 1,547,000</u>	<u>\$ 449,500</u>

It will be seen that for the two years, if we realize our estimate in the present year, we will have received revenue of \$3,543,500 more than we will have spent; in the two years.

Having shown the proportions of the total revenue of this Government that were received from the Government of Canada. I show now the total proportions of the revenue of the Newfoundland Government paid to this Government by the Newfoundland people in the form of taxes imposed upon them by this House and this Government. It must be obvious, Mr. Speaker, to even the simplest intelligence.

That if the Government of Canada, out of its own revenue, pays large sums of money every year to the Newfoundland Government, as they do; and if the Government of Newfoundland makes substantial trading profits out of goods it offers for sale to the public, as in fact it does; then the actual amount of money received each year by the Newfoundland Government from the Newfoundland people in the form of taxes imposed by this House and collected by the Newfoundland Government must necessarily be much less than the total amount of revenue received. The proportions are, to say the least, very interesting.

For example, in the present year. the grand total current account revenue of the Government is anticipated to be \$300,978,500. 54.2% of this will come from the Canadian Government. Then 11.2% of it will be received in the form of fees, commissions, profits and charges collected by this Government for goods and services sold or rendered outside the ambit of ordinary and usual taxation revenue. What we have left is 34.6% of actual taxation imposed by this House at the request of this Government and amounting altogether to \$104,120,000 of the grand total to be taken in this year of \$300,000,000.

Mr. Speaker, there is some confused thinking about this distinction. If a firm on Water Street sells goods to the public and makes a profit for itself in so doing, it is a misuse of the word to call that profit a tax. If the great Bowater Paper Mill at Corner Brook makes a profit from its customers on the sale of newsprint paper it can only confuse to call the profit a tax. That great company pays taxes to the Government itself, but takes a profit from its customers on the sale of its goods. If a practicing lawyer in St. John's renders legal services to a client, it is a misuse of the word to call his charge or fee a tax. It is not a tax, or commission, or charge. If the Newfoundland Government sells beer, wine or liquor to people, and makes a substantial profit on the transaction (and it most assuredly does) it is not an aid to clear thinking to call that profit a tax. If the Government charges fees for licenses, rights, and privileges to some of the citizens, it is misleading to call such income by the name tax.

Let it be abundantly clear, Sir, that the distinction I am drawing here is not one of my own invention. It is not one of this Government's invention. It is a distinction that is drawn by every Government in North American, Federal and State or Provincial. It is a distinction that is drawn by every tax authority everywhere, and we are but following an accepted formula throughout the English speaking world and in all probability most of the remainder of the world. It may be objected that the money comes out of the pockets of the people in any case, and of course that is so. But so does the lawyer's fees, the paper mill's profit, the hotel's charge, and all the profits and fees and commissions taken by all kinds of organizations.

Mr. Speaker, considerable space was occupied in the Budget Speech last year to a description of the Government's policy of attracting industry to the Province through cheap electric power. It was pointed out in that speech that it is impossible for Newfoundland to produce power at a cost which, if sold at cost, would attract new industries; or, at any rate, industries in which power rates are vitally important. It was pointed out that to attract industries to this Province it would be necessary to sell power below cost. The Power Commission, which sells the power, is barred from selling it below cost. They have no choice but to receive in payment for the power they sell at the very least a price equal to their cost of producing and delivering it. If the power is delivered to any plant at a price below the Power Commission's cost, then someone must pay the difference, and the someone can only be the Government of the Province. All this was carefully described in the Budget Speech of last year.

It was pointed out then, and I repeat today, that the payment of such a subsidy on power would drain substantial amounts of money from the Treasury of the Province. Let me, Mr. Speaker, repeat that sentence. That the payment of such a subsidy on power would drain substantial amounts of money from the Treasury of the Province. This is quite obvious. But, Sir,

money would be generated into the same Treasury. Money would go out of the Treasury to pay the subsidy, and money would come back into the Treasury from the very industries that received the power subsidy. It was stated emphatically in last year's Budget Speech, and I repeat today, the Government's firm determination that no overall drain on the Treasury for this purpose must be permitted to equal the amount of new revenue generated back into the Treasury by the industries so helped. It was carefully spelled out in the Budget Speech last year that under this policy it would not follow that there had to be a net cash gain to the Treasury from every individual industry involved. It is in the aggregate, in the overall picture, that the Treasury must receive more from such industries than the Treasury gives. Here are the actual words used in the Budget Speech of last year, and now I quote exactly: " I may say that early in our consideration of this matter we determined that there would have to be a net gain to the Treasury, and not a net loss. We decided that the policy would not be carried out unless we could have a net gain. Now I do not necessarily mean by that statement that in each individual case there would have to be a net gain to the Treasury, but rather that in the aggregate, in the whole picture, there would be a net gain." Still quoting last year's Budget Speech: " It might very well be the case that the Government would be willing to have a net loss, if not too great, to attract a particular industry to the Province. These might be more than one such industry, though of course very obviously the Government would be most careful indeed in the number and size of such industries that they helped to establish here." A paragraph or two further along the Speech said: "The two sets of industries would be added up and there would have to be an overall net gain of revenue over expenditure to the Treasury of the Province. We would, needless to say, endeavour on every possible occasion to make each individual industrial enterprise contribute a net gain to the Treasury rather than be the cause of a net loss. But it is not necessarily the case that in every individual instance there would have to be a net gain. There might well be other considerations making it worthwhile for the Province to permit a net loss in a particular instance."

That is the end of that quotation from the Budget Speech of last year.

This, then, is the power subsidy policy of the Government. It was adopted at a time when interest rates on money were low, cost of materials were much lower than today, and labour rates were lower than they are now. Fortunately not too many power subsidies were agreed to be paid to industries at that stage. The great majority of present power subsidies, again fortunately, are based on later cost levels in the production of power.

Mr. Speaker, the Government have adopted the standard and universally accepted methodology practiced by Governments on this continent in their cost-benefit studies of industry. Qualified high officials of this Government in the field have checked their techniques with those of the highest authorities in Canada, and the Government have had this methodology analyzed by high authority in the United States. Every authority consulted has confirmed and approved the methodology used by this Government in preparing studies of the cost to the Newfoundland Treasury of giving a power subsidy to any individual industry, and in preparing parallel studies of the costs of the benefits thereby generated into the Treasury. Each individual industry or proposed or projected industry is carefully examined from this point of view. This work is done in the closest possible liaison with the Power Commission.

Mr. Speaker, I am able today to give the House the results of extremely valuable studies made of the costs and benefits of our power subsidy policy as applied to seven different industries established or establishing in this Province.

These industrial enterprises are as follows;

- The Linerboard Mill at Stephenville;
- The Mohawk Hockey Stick Enterprise at Stephenville;
- The Saw Mill Enterprise at Stephenville;
- The Saw Mill and Wood Factory at Hawkes Bay;
- The Oil Refinery at Come-by-Chance
- The Paper Mill at Come-by-Chance;
- The Phosphorous Plant at Long Harbour-----

Seven in all.

Each has been studied individually, and I propose to give the House the aggregate picture, the aggregate picture of the seven taken together.

We know how much power each of these industries will buy; we know the cost of producing and delivering that power to each plant; we know the number of jobs there will be in each; we know what wage rates will be paid; we can estimate very closely what personal income tax these employees will pay to the Canadian Government and how much of that payment will come back to our Treasury; we know the average spending of our people and the amount of social security assessment that would flow into our Treasury; we know the average amount of liquid refreshment that workers purchase and what profit this would generate into our Treasury; we know how much money our Treasury would save by being spared the cost of paying half the welfare Bill in respect of persons who, if not employed in these industries, would be in receipt of welfare; we have authoritative calculations of the profits to be made by these industries, the amount of corporation income tax that they would pay to the Government of Canada, and the share of those payments that would come into Treasury. We have assumed a very modest "multiplier" effect to arise from the employment that would exist in these enterprises, and we can estimate closely the returns to the Treasury from such "multiplier" employment. I have now mentioned most of the elements that enter into the benefit side of a cost-benefit comparison, but there are other elements of benefit as well. And on the cost side there is not merely the subsidy on the power sold and delivered, but other costs on the Treasury as well. Where these industries go to the Treasury of Newfoundland will have to meet new expenses for public services, such as roads and streets and paving, water and sewerage, schools, and other such conveniences. I can assure the House that every element of cost and of benefit has been tabulated by our economists and statisticians in the Government, and carefully appraised and compared.

We have taken these seven industries one by one, dating from the year 1967 and extending year by year to 1986. This is a total period of twenty years. The costs and the benefits both would, of course, continue indefinitely beyond those twenty years, for as long as the industries

continued to function. The 20-year period would seem to be sufficiently long to enable us to get a fair picture of the cost-benefit comparison.

Mr. Speaker, I shall now give the aggregate figures for the seven industries, though of course their separate identities have been merged and lost in the aggregate picture, quite by intention. The table that follows will show, first, on the left side a column of years, beginning with 1967 and ending with 1986. The next column will show for each individual year the total cash benefits to flow into the Treasury, and the grand total for the twenty years. The third column will show the cash cost or expense to the Treasury of subsidizing the power, providing and maintaining public services and so forth, for each of the twenty years. The total benefits, of course, would be reduced each year by the total costs, which would be subtracted from the total benefits. Thus, in the final column, the table shows the net cash benefit flowing into the Treasury, after all costs have been paid.

Mr. Speaker, I am more than pleased to be able to report that the only year in the twenty showing a net loss to the Treasury is 1969, last year. In that year the total cash benefits generated into our Treasury amounted to \$1½ million, whereas it cost the Government \$1¾ million for the year, a cash loss for the year of \$279,000. That was not too bad, for in 1968, the year before, the net gain to our Treasury was over \$1 million for the year, and in the year before almost half a million dollars. In the present year, 1970, the total cash benefit that will flow into our Treasury is \$7 million, the total cost to our Treasury will be \$2¾ million, leaving a cash gain for the year of \$4¼ million. Next year, 1971, the total benefits to the Treasury will run to \$13 million, the total cost to the Treasury \$4 million, for a net cash gain to the Treasury of \$9 million.

Mr. Speaker, when we take the full term of twenty years we find that the total cash benefits to be generated into the Treasury amount to \$292¾ million. The total cost to the Treasury of gaining that benefit will be \$111½ million. This would leave a total net cash gain to the Treasury of \$181¼ million.

The table follows at this point, but I will forebear to read any more of it at this moment. Hon. members will study the table with great interest, I know.

COMPARISON OF TOTAL BENEFITS AND COSTS 1967 - 1986

	TOTAL BENEFITS	TOTAL COSTS	NET BENEFITS (COSTS)
1967	\$ 645,000	\$ 222,000	\$ 423,000
1968	1,432,000	383,000	1,049,000
1969	1,546,000	1,825,000	(279,000)
1970	7,117,000	2,786,000	4,331,000
1971	13,191,000	3,982,000	9,209,000
1972	9,870,000	6,234,000	3,636,000
1973	11,091,000	6,661,000	4,430,000
1974	13,025,000	6,881,000	6,144,000
1975	13,595,000	6,815,000	6,780,000
1976	14,117,000	6,824,000	7,293,000
1977	14,617,000	6,833,000	7,784,000
1978	16,183,000	6,843,000	9,340,000
1979	16,708,000	6,853,000	9,855,000
1980	20,829,000	6,863,000	13,966,000
1981	21,363,000	6,874,000	14,489,000
1982	22,017,000	6,885,000	15,132,000
1983	22,709,000	6,896,000	15,813,000
1984	23,434,000	6,908,000	16,526,000
1985	24,208,000	6,920,000	17,288,000
1986	<u>25,027,000</u>	<u>6,933,000</u>	<u>18,094,000</u>
	292,724,000	111,421,000	181,303,000

April 23rd, 1970

I have purposely left out two important elements that will be in this picture: (1) a Petro-Chemical Industrial Complex at Come By Chance; and (2) proliferation and expansion of the other six enterprises. The coming of important petro-chemical development at Come By Chance using no really great increases of electric power would improve the whole picture very much indeed. Similarly, an increase in the size of the Come By Chance Paper Mill, and an increase in the size of the paper mill at Stephenville, without a correspondingly great increase in power consumption, would still more improve the picture. Again, the starting of entirely new industrial enterprises at Come By Chance, Stephenville, and Hawkes Bay would change the picture again, and again for the better: provided of course, that the cost-benefit comparison stood up to the study, and in mentioning Come By Chance, Stephenville and Hawkes Bay I do so only because that is where these seven industries I am discussing are situated. The same thing will apply to industries that would be established in other parts of the Province.

Mr. Speaker, I shall not trespass upon the House's time to read aloud the next table that I give, but I believe that Honourable Members will read it with great interest. It is a table that shows the break-down of the benefits that would flow into the treasury under the various headings. The table is as follows:

April 23rd, 1970

BENEFITS ACCURING TO THE NEWFOUNDLAND TREASURY BY REVENUE SOURCE 1967 - 1986

	PERSONAL INCOME TAX	S.S.A.	CAR & DRIVERS LICENSES AND GASOLINE TAX	TRADING PROFITS FROM LIQUOR & BEER	DIRECT CORPORAT- ION TAX	ANCILLARY CORPORAT- ION TAX	OTHER*	TOTAL BENEFITS
1967	\$ 99,000	113,000	110,000	47,000	-	145,000	131,000	645,000
1968	275,000	294,000	265,000	115,000	-	346,000	137,000	1,432,000
1969	191,000	413,000	204,000	88,000	-	122,000	528,000	1,546,000
1970	1,089,000	1,518,000	1,132,000	505,000	29,000	1,498,000	1,346,000	7,117,000
1971	2,391,000	2,745,000	2,118,000	969,000	50,000	2,851,000	2,067,000	13,191,000
1972	1,423,000	1,492,000	1,351,000	639,000	102,000	683,000	4,180,000	9,870,000
1973	1,538,000	1,895,000	1,334,000	652,000	752,000	548,000	4,372,000	11,091,000
1974	1,659,000	1,988,000	1,345,000	677,000	2,319,000	573,000	4,464,000	13,025,000
1975	1,776,000	2,065,000	1,338,000	693,000	2,605,000	591,000	4,527,000	13,595,000
1976	1,897,000	2,144,000	1,330,000	710,000	2,840,000	608,000	4,588,000	14,117,000
1977	2,027,000	2,226,000	1,323,000	727,000	3,036,000	626,000	4,652,000	14,617,000
1978	2,168,000	2,314,000	1,316,000	745,000	4,275,000	645,000	4,720,000	16,183,000
1979	2,318,000	2,403,000	1,309,000	763,000	4,461,000	665,000	4,789,000	16,708,000
1980	2,479,000	2,496,000	1,302,000	782,000	8,228,000	685,000	4,857,000	20,829,000
1981	2,650,000	2,594,000	1,296,000	801,000	8,386,000	705,000	4,931,000	21,363,000

6992

April 23rd, 1970

BENEFITS ACCRUING TO THE NEWFOUNDLAND TREASURY BY REVENUE SOURCE 1967 - 1986 (CONTINUED)

	PERSONAL INCOME TAX	S.S.A.	CAR & DRIVERS LICENCES AND GASOLINE TAX	TRADING PROFITS FROM LIQUOR & BEER	DIRECT CORPORAT- ION TAX	ANCILLARY CORPORAT- ION TAX	OTHER*	TOTAL BENEFITS
1982	\$2,834,000	\$2,694,000	\$1,288,000	\$821,000	\$8,649,000	\$726,000	\$5,005,000	\$22,017,000
1983	3,030,000	2,799,000	1,282,000	841,000	8,928,000	748,000	5,081,000	22,709,000
1984	3,238,000	2,907,000	1,274,000	861,000	9,226,000	771,000	5,157,000	23,434,000
1985	3,463,000	3,021,000	1,268,000	883,000	9,543,000	794,000	5,236,000	24,208,000
1986	3,703,000	3,139,000	1,261,000	905,000	9,881,000	817,000	5,321,000	25,027,000
	40,248,000	41,260,000	23,446,000	13,224,000	83,310,000	15,147,000	76,089,000	292,724,000

* Includes royalties, welfare savings and other indirect benefits.

0.92
2670

Mr. Speaker, with construction of the vast power development on the Upper Churchill now going forward efficiently and considerable discussion of development on the Lower Churchill taking place, it is perhaps timely to make an estimate of the cash value of that vast development to the Treasury of this Province. I give here a table showing the probable cash revenue that will flow into our Treasury from that enterprise. I believe that the figures are conservative, and that the actual cash inflow to the Treasury could be substantially greater than shown in this table. The figures begin with the year 1967, when the total revenue into our Treasury from the Churchill Falls came to half a million dollars for the year. It came to over a million dollars in 1968, and over \$2 million last year. In the present year we expect to take in more than \$4 million. Next year we think it will decline a little, to about \$3 3/4 million. In 1972 we should take in the first royalties from actual power production. But in all probability less than a million dollars revenue from the construction work. For a total of \$1 3/4 million for that year. In the year after that, 1973, the construction income to that year. In the year after that, 1973, the construction income to the Treasury will decline a bit more as the great job tapers off and fewer men are employed in construction. But royalties on the power developed will jump rapidly and the total should run to \$3 1/2 million for that year. It will rise rapidly then, year by year, until it reaches at least \$20 million a year into our Treasury at the end of the period.

The table follows: I do not propose to read it, but it shows each year; and the revenues from the Upper Churchill and then the beginning Lower Churchill, down almost to 1980, starting around there. Revenue from construction and the total revenue to the Newfoundland Government from this vast Churchill Power Development.

REVENUES TO THE NEWFOUNDLAND TREASURY FROM THE CHURCHILL

FALLS DEVELOPMENT 1967 - 1986

Year	Upper Churchill Revenues	Lower Churchill Revenues	Revenue From Construction Workers	Total
1967	-	-	\$ 506,000	\$ 506,000
1968	-	-	1,126,000	1,126,000
1969	-	-	2,107,000	2,107,000
1970	-	-	4,190,000	4,190,000
1971	-	-	3,732,000	3,732,000
1972	\$1,000,000	-	746,000	1,746,000
1973	2,700,000	-	606,000	3,306,000
1974	4,000,000	-	373,000	4,373,000
1975	5,100,000	-	112,000	5,212,000
1976	4,900,000	-	-	4,900,000
1977	7,400,000	-	588,000	7,988,000
1978	8,200,000	-	1,176,000	9,376,000
1979	9,100,000	855,000	1,176,000	11,131,000
1980	9,700,000	1,845,000	1,235,000	12,780,000
1981	10,600,000	3,069,000	1,101,000	14,770,000
1982	10,900,000	4,350,000	452,000	15,702,000
1983	11,600,000	5,400,000	-	17,000,000
1984	12,600,000	5,850,000	-	18,450,000
1985	13,600,000	6,300,000	-	19,900,000
1986	13,800,000	6,450,000	-	20,250,000

Includes Horsepower Royalties: 8 percent Rental: Corporation Income Tax; etc.,

Speaking of revenue generated, and to be generated, into the Treasury by large industrial enterprises, I am sure that honourable members will be greatly interested in a table of figures I have had prepared with regard to the two great Iron Mine developments at Labrador City and City of Wabush, in Labrador. These figures are divided into two 10-year periods, 1960 to 1969, and 1970 to 1979. The table shows the total amount of wages and salaries paid by those two enterprises in the two 10-year periods, and at the usual 15¢ to the dollar of wages and salaries

received by the Government. The total revenue coming to our Treasury under that one heading. Let it be abundantly clear that this table does not purport to describe the total revenue into our Treasury resulting from these two big mining enterprises, but only the revenue that arises directly out of the wages and salaries paid by these two mining communities. The actual revenue to our Treasury is greatly in excess of the particular amounts that I will show in the table.

In the ten years 1960 to 1969 inclusive these two enterprises, during construction and since, paid out in wages a total of \$265 million and the Newfoundland Government took in approximately \$40 million of that as cash revenue. In the present year the total wages and salaries that will be paid by those two enterprises will run to \$36 million. And about \$5 ½ million of that will come into our Treasury. Next year the wages and salaries paid will run to more than \$56 million. A jump of \$20 million above the present year, and \$8 ½ million of that will come into our Treasury. By the end of the 20-year period the wages should run to about \$62 million a year and over \$9 million of that will come into our Treasury. From the 10-year period beginning with the present year the total wages and salaries that these two enterprises will pay out is over \$556 million, and in that same ten years the Newfoundland Treasury will take in at least \$83 million. I emphasize again my previous statement, that this represents by no means the total revenue that these two industries have generated and will generate into the Treasury of this Province, but represents merely one part of it that arising from wages, the table follows. I will not bother to read it. Honourable members will, I know, read it with great interest.

ESTIMATED TOTAL WAGES AND SALARIES GENERATED IN LABRADOR CITY AND WABUSH
AND TOTAL REVENUE TO THE NEWFOUNDLAND TREASURY FROM
LABRADOR CITY AND WABUSH, 1960-1979

Year	Wages and Salaries	Revenue to the Newfoundland Treasury
1960	10,000,000	1,500,000
1961	10,000,000	1,500,000
1962	5,000,000	750,000
1963	23,000,000	3,450,000
1964	32,000,000	4,800,000
1965	41,000,000	6,150,000
1966	36,000,000	5,400,000
1967	36,000,000	5,400,000
1968	36,000,000	5,400,000
1969	36,000,000	5,400,000
Ten-Year Total 1960-1969	265,000,000	39,750,000
1970	36,000,000	5,400,000
1971	56,500,000	8,475,000
1972	57,500,000	8,625,000
1973	58,700,000	8,805,000
1974	53,800,000	8,070,000
1975	55,400,000	8,310,000
1976	57,000,000	8,550,000
1977	58,600,000	8,790,000
1978	60,600,000	9,090,000
1979	62,400,000	9,360,000
Ten Year Total 1970-1979	556,500,000	83,475,000
Twenty-Year Total 1960-1979	821,500,000	123,225,000

Mr. Speaker, I have now given tables showing the kind of cash revenue flowing and to flow into the Treasury from large industrial establishments, Churchill Falls and the Iron-Ore establishment in Labrador. I think that it will be agreed that such industries do truly generate very large sums of revenue for the Government. Newfoundland could do with a few more large industrial developments.

Tight Money, Inflation, Financial Austerity:----- These phenomena could not have come to Canada and the world at a worse time, as far as Newfoundland is concerned. If there was one thing more than another that this Province could have done without, it was tight money (high interest rates) and inflation. We were moving ahead as a Province at a pace that was bound to reduce substantially the gap that exists between us and other parts of our country, Canada. If there is one province more than another that ought not to be forced into a slowing-down of the forward march, it was this Province. It is all but intolerable that we should be forced by tight money and inflation for two or three precious years to slacken some of the vigorous forward thrust in our economy.

Dominion Bureau of Statistics figures show us that in March month of this year 15.3 per cent of our work force was unemployed ---- 15.3 per cent. In February it was 13.7 per cent and in January 12.8 per cent. These are high percentages, Mr. Speaker, especially that for March past. They are not, however, by any means the highest rates of unemployment that we have known in the past twenty-one years, as someone has charged, as the following table from D.B.S. shows:

Now I am giving it for the month of March, eight years:

March 1965.....	17.9 per cent
" 1964.....	19.5 per cent
" 1963	28.8 per cent
" 1962.....	28.4 per cent
" 1961.....	31.4 per cent
" 1960.....	28.7 per cent
" 1959.....	32.7 per cent
" 1958.....	27.8 per cent

That was in the month of March in those years, 1958-1965.

It is no consolation, if we have 15.3 per cent of our workers without jobs, to reflect that nine years ago the percentage was twice as high; but it may help at least to place the facts in clearer perspective. The main fact is that we have the highest rate of unemployment in Canada today, and that our need for jobs is accordingly higher, ^{than} anywhere else in our nation. The facts point unerringly to Newfoundland's need for new job-giving industries, wage-paying industries, productive industries, dollar-creating industries, economy-strengthening industries. This is surely the supreme need of this Province, and it is most certainly the central theme of this Government's policy.

Mr. Speaker, I barely mentioned in passing our spending last year and this year on Education. I sometimes wonder whether the present administration of the Queen's Government in Newfoundland is most noted for its policy and programme of Economic Development or its determined policy and programme for the development and advancement of Education. We asked this House in 1949 to permit us to spend \$4 ½ million on Education for that year. Five years after that, we asked the House to allow us to spend on Education \$9 million for that year. Five years later again, which was in 1959, we asked the House for authority to spend on Education \$15 ¾ million for that year. Then in breath-taking succession our programme for spending money on Education jumped since then to \$19 million; \$24 million the next year; \$39½ million the next year; \$33½ million the next year; \$30 ¾ million the next year; \$34½ million; \$63 million, \$81 million, \$80 million, \$87½ million to \$103 million this year.

Mr. Speaker, this Government spent on Education in this Province in 1959, just as recently as 1959, just under \$16 million for the year. This year we will spend \$103 million - six and half times more. We are headed inexorably to \$110 million a year, and before we know it we will be spending \$120 million a year, and in no time, we will be up to \$150 million a year for Education.

April 23th., 1970

In this present year, we will spend on our University \$15 million. This is a jump in one year or more than \$3½ million (This amount, I may say, is made up of both current and capital account spending). Add to this \$15 million another \$1½ million for the medical school and it makes a total this year of \$16½ million on the University alone. This is the net increase altogether in the University this year of \$4½ million over last year. There is another item to be added to these figures: In fact, four items, one is tuition grants, free tuition grants given to many of the students of the University, another is salaries paid to a number of students. These are as follows: tuition fees, \$1 3/4 million - \$1,750,000; salaries to students, \$350,000 or a total of \$2,100,000 to students this year. The third item is scholarships totalling \$100,000; and the fourth item is teacher training grants of over half a million dollars.

These figures all add up to a total of over \$19 million to be spent on the University or its students and teachers in the present year; or, as I have already said, a net increase of more than \$4½ million over last year.

We are going to spend approximately \$2½ million more this year on teachers' salaries, more than we did last year. This increase spending will bring the grand total expended on teachers' salaries this year to a total of \$35½ million.

We asked the House last year to vote \$8½ million as operational grants to school boards and the House obliged. During the year in spending that \$8½ million, we spent an extra half million dollars as well on that. This year we are asking the House to vote still another increase over one-quarter of a million dollars, for operational grants to school boards to bring the grand total vote for school board operation to more than \$9 million for the year.

Last year, we asked the House to grant us just under \$3 million as grants to school boards to help them to provide bus transportation for school children. The House obliged with the just under \$3 million, and we spent nearly \$200,000 more than that. We are asking the House this year to permit us to

spend \$3 3/4 million to help school boards to provide bus transportation for their school children. This, by the way, is one of the reforms of the Confederation era, for it has enabled the churches to close many of their small one and two-room schools and to get boys and girls daily to much superior schools where their chances of getting a better education are immensely improved.

The policy of reorganizing the Department of Education has gone ahead efficiently and rapidly in the past year and will continue throughout this year. We are asking the House to authorize us to pay out nearly \$600,000 this year for the training of teachers, and here is another direction in which we have made immense progress. Mr. Speaker, it is almost an unbelievable fact that just ten years ago 50 per cent - one-half of all teachers in Newfoundland had never attended university and were indeed described professionally as being unqualified - 50 per cent. In those past ten years the number of teachers has risen remarkably from 4,000 teachers ten years ago to 6,400 this year and in spite of that phenomenal increase in the number of teachers; the even more astonishing fact emerges, that less than 14 per cent of these 6,400 have had no university training. Now down to less than 14 per cent of the 6,400 teachers. This phenomenal improvement is the result of several factors: particularly our regional-high school programme and our transportation programme, and our programme of enabling the University to expand their teacher training facilities, and our programme of giving special teachers' training grants.

-7- Mr. Speaker, I cannot even begin to describe the pride and satisfaction of the Government brought about by the giant forward step that our Province will take this year in the construction of new schools. In the first place, we are asking the House to vote to the churches \$4,350,000 to help them to build schools in this Province, and in addition to that we are asking the House to authorize the Government to spend another half million dollars for a large modern school for children of our native population in Northern Labrador.

Now, over and above this total of nearly \$5 million we have negotiated with the Government of Canada, through the DREE programme for an amount of \$8 million of Federal funds to be spent by us on school construction this year. This DREE amount is made up of \$6,500,000 for academic schools that will come under various boards of education, and also \$1,500,000 for extension to existing vocational trade schools in this Province.

We thus will see in our Province this year an expenditure on school construction of a total of \$11,000,000 for elementary and high school construction compared with \$4,500,000 last year. But let no one deceive himself that even \$11 million will suffice to meet the need for school construction.

Before I leave the subject of education, which I do with reluctance, I think the House will be interested to know that to the end of this present financial year, to the end of this year, the Newfoundland Government will have spent the grand total on education, in this Province, of \$694,000,000. Our spending on education this year is 2321 per cent more, higher, than what we spent in our first year in office, as a government.

Now the rich Province of British Columbia is spending on education 2.8 per cent of its gross provincial product, a little under three per cent. Now that means the amount of spending on education in that great province is just under three per cent of the total value of all the goods and services produced in British Columbia, just under three per cent.

In Ontario that other vast Province of Canada they spend nearly 3.8 nearly 4 per cent of their Gross Provincial Profit, just under 3 per cent in British Columbia almost 4 per cent in Ontario, in Newfoundland this Government are spending government money on education 7.9 practically 8 per cent of the province's Gross Provincial Product. And if the Gross Provincial Product were more, if we had more industries, if we had more production, if we had more jobs, if we had more wages our G.P.P, our Gross Provincial Product would be higher, and 8 per cent of that would be a lot more money.

But there is Mr. Speaker, still one, still one, still one very disturbing feature about the education picture, and that is the predicament of the average family in finding ways and means of sending their children to school; money for clothes, money for books, money for school assessments, money for school taxes. The spending each year of tens and even scores of millions of dollars on education by the Government does not particularly help the average family to carry the burden that is upon them. Some way will have to be found to solve this vexatious problem, and solve it soon.

Mr. Speaker, hon. members are aware of the practice that has been followed through the years with respect to pay-rate increases. Rarely indeed have the Government had enough money ^{in any year} to be able to increase the rates of pay of all regular public servants, Government and non-Government hospitals workers, police, firemen and wardens, hourly workers, teachers, nurses all in the one year, in addition to all the other increases made in spending on various other forms of public services.

The Executive Committee of the N.T.A. have made strong representations to the Government, officially and informally, for new and higher salary scales for teachers. The Government accept the logic and justice of those representations, and unhesitatingly accept the case for the earliest possible favourable action. I am therefore pleased to report that the Government have given assurance to the N.T.A. that in the next Budget the matter of teachers' salaries will be dealt with, and dealt with favourably and as generously as our finances and a strong disposition to do so will permit. Between now and then the N.T.A. will be invited to confer with the Government

on ways and means of putting this undertaking into effect inttime for next year's Budget.

Expenditure on health services during the past year rose to approximately \$70 million, seventy millions, representing about a \$140 for every man, woman and child living in the Province, the highest per capita expenditure we have ever achieved. Included in this vast sum of money was over \$13½ million spent by the Newfoundland Medical CARE Commission on medicare. This great new social programme, which began on April 1st, 1969 a year ago, has been an unequalled success. Over 800,000 separate claims were paid during the year. This means that on 800,000 separate occasions Newfoundlanders were treated by a doctor, a doctor who did not have to charge that Newfoundlander for his services. For the first time in our history lack of money has no longer stood between a man and adequate medical treatment.

Medicare brought many advantages to Newfoundland, not the least of which is the fact that we now have, this year, twenty-five more doctors practising in Newfoundland than we had before. This is the highest single annual increase in our history, in any one year. Doctors together with doctors formally practising in Newfoundland have worked exceptionally hard their work together with the co-operation of the people of Newfoundland has shown how groundless were the fears of those who thought that the introduction of medicare would overburden our doctors, The people of Newfoundland have not abused the benefits of Medicare. The doctors have worked hard, but they have provided fine service.

In the field of public health we achieved another great step forward. The most recent available ^{figures} for infant mortality (the most recent figures for infant mortality (the death rate for children under the age of one year) show us that for the first time Newfoundland, for the first time Newfoundland has lost her position as the Province with the highest infant mortality rate we have lost the title, we no longer have, we are no longer the Province in Canada with the highest infant mortality rate. This is a proud achievement, because the infant mortality rate is one of the standard measurements of the quality of health care. The fact that there are now several provinces

which have an infant mortality rate higher than ours shows that our health services are moving steadily ahead.

A great part of the money spent for health services goes to operate our hospitals. During the past year hospital boards throughout Newfoundland have operated on extremely tight budgets. Every board has made a great effort to provide the greatest possible level of service within the amount of money the Government could provide. Greater efficiency in the operation of our hospitals has resulted. We intend to make still further improvements and we are working closely with hospitals throughout the Province to this end. Last year we spent about \$85 for every man, woman and child in Newfoundland on hospital services (\$85 last year for every man woman and child in Newfoundland on hospital services). We need to spend more, but at the same time we need to be sure that we get the best possible return for this vast expenditure. Greater planning, and improved operating procedures both are essential.

The major expenditure on Health Capital Account during the past year was at St. Clare's Mercy Hospital in St. John's. A major expansion programme for this hospital is well now underway and will be concluded within the next year or so. This expansion will add a number of new beds, and also enable old and outdated beds to be replaced. During the year, also, work continued on a project to improve hospital facilities at Corner Brook. The Western Memorial Hospital is to be made into a regional hospital to serve the area that extends roughly from Baie Verte to Burgeo. Many millions of dollars must be spent to achieve this. During the year officials of the Government have been working with representatives of the Board of the Corner Brook hospital to decide precisely what facilities are needed. Once this has been done, we intend to proceed speedily with the calling of tenders and the start of construction.

Mr. Speaker, by the end of this present financial year this Government will have spent a grand total of \$527 million, five hundred and twenty-seven million dollars over half a billion, on public health. Our spending on this public service in this present year is nine hundred per cent above what we

spent in our first year in office, and the result in better health in our people is most encouraging.

Mr. Speaker, the economists and statisticians of the Government have made intensive studies for the purpose of enabling them to ascertain what portion of the people's earnings in this Province end up in the coffers of the Government (what portion of the people's earnings in this Province end their way into the coffers of the Government). The conclusion reached is this: that out of every dollar going into our people's pockets in the form of wages, salaries, fees, commissions, profits and all other forms of income of every dollar, fifteen cents ends up in the Treasury of the Province.

Now, except for the money that Ottawa pays into our Treasury no additional sums of money can possibly come into the Treasury of this Province except by two routes; first, higher rates of taxes imposed on the people, or new taxes imposed, and, second, new and additional amounts of money going into the pockets of the people.

The latter is, of course, obviously, the ideal way by which the Newfoundland Government can increase the amount of money coming into the Province's Treasury. If the Newfoundland Government receives on the average, fifteen cents out of every dollar going into the people's pockets, then, equally obviously the more money there is going into the people's pockets the more money there will be going into the public chest. If we get more money from Ottawa, it makes us more dependent on Ottawa. If we get more money from the people (provided we do not increase the fifteen per cent proportion) then the better it is for people and Government, and for Newfoundland in general. The ideal objective to be sought by Government and people is that more and ever more money should come into the pockets of the people, to benefit people and Government both. And of course the best way, the best way for this to happen is for new jobs to be born, New jobs mean new wages, and more wages in total, and more total money in the people's pockets and more total money in the toffers of the Government.

I think that perhaps this point is sufficiently well established to enable me to proceed to the next point. If the Government of Newfoundland needs for example, to obtain, say, a million dollars of additional money at

any time, then the Government has five possible ways of obtaining that money.

1. Taxing that much more out of the people by raising the tax rates or putting on new taxes.
2. Getting that much more money from Ottawa.
3. Getting it by saving on expenditure on other things;
4. Without increasing the rates of taxes, or imposing new taxes, getting more money from the people because the people have more money to give!
5. Borrowing the money.

Now borrowing it is good and sound practice, provided, provided the money is to be spent on Capital Account and most especially if it is Capital Account of a type that will enable additional dollars to be created. But for ordinary Current Account purposes of

April 23, 1970

Government, borrowing is quite unacceptable.

I posed, a moment ago, the problem of where the Government would find the money if it was confronted by a need for an additional million dollars. The need might be for one million, or five million, or any amount, the principle is the same. The ideal way for the Government to find the additional money is to find it by getting 15% of the people's earnings. But if we get the additional money in that way, it must be 15% of additional earnings of the people. If we take 15% of the same earnings, it would represent a very heavy new burden on the people. Clearly, additional money for the Government must come from additional money in the people's pockets.

If I have made the point clear and I hope I have, permit me to proceed to the point to which I am leading. The Government have had a number of requests for increased salaries. From the Newfoundland Government Employees Association we have received requests for increased pay; from the Newfoundland Teachers Association we have received requests for increased pay; from the nurses we have received requests for increased pay; and from the Constabulary and firemen and prison warders, we have received requests for increased pay. The numbers of workers involved are as follows:

Government Employees.....	12,300
Teachers.....	6,400
Nurses.....	1,500
Constabulary.....	215
	<hr/>
	20,415
	<hr/>

(This number includes employees of non-Government Hospitals)

Now what increases have they requested?

The increases in pay requested for these 20,415 persons are as follows:

	Number	Amount
Government Employees	12,300	\$ 7,930,000
Teachers	6,400	3,100,000
Nurses	1,500	1,200,000
Constabulary	215	330,000
	<hr/> 20,415 <hr/>	<hr/> \$ 12,560,000 <hr/>

Now Mr. Speaker, let us apply the fifteen cents to the dollar income fifteen per cent, fifteen per cent of the income to the Government. Let us apply that need, that ratio to the need for \$12½ million. Now here is our problem. We have to find \$12½ million. From all the people who work in Newfoundland on the average we are getting fifteen cents of every dollar they earn. Where would this \$12½ million come from? To be paid out each year, not just this year, has to be paid out each year and if this amount were not recurring if it were just for one year or for the purpose of raising buildings or building roads or building schools or building hospitals or any other Capital works then the obvious solution would be to go on the market and borrow the money. But this money for salaries would not be capital expenditure it would be current account expenditure and it would be annual and it would have to be found out of current account revenue coming into the Treasury. I repeat the question: Where would the Government find this huge additional sum for this purpose on top, on top, on top of all the other increases it must necessarily make for all the other purposes of the public service?

If the average wage or salary of thousands of people working in Newfoundland amounted to \$4000 a year, average, and the Government received fifteen cents of every dollar it would require the creation of the following numbers of new jobs in Newfoundland to yield to the Government at fifteen cents to the dollar the amount of money needed the following numbers of jobs, new jobs,

	<u>Number</u>	<u>Cost</u>	<u>Number of New And additional jobs needed</u>
Newfoundland Government Employees	12,300	\$ 7,930,000	11,248
Teachers	6,400	3,100,000	4,392
Nurses	1,500	1,200,000	2,125
Constabulary	215	330,000	468
	<u>20,415</u>	<u>\$ 12,560,000</u>	<u>18,233</u>

April 23, 1970

Mr. Speaker, 18,000 new jobs would have to be created in Newfoundland, and they would have to pay an average of \$4,000 each per annum, for a total of \$72,000,000 a year, with the Government receiving 15¢ to every dollar if the Government were to provide the 20,400 persons with the requested additional salaries.

I cannot, Mr. Speaker, imagine anything that could give the Government greater joy than to be able to find this large amount of nearly \$13 million to pay the requested increases to these 20,000 persons, by means of receiving 15¢ to the dollar of all the earnings of 18,200 new jobs. How likely it is that we shall be able to do so honourable members will of course decide for themselves. This^{is} not my last word in the present speech on the subject of pay increases for Government employees, teachers and the like. But I think I have said enough at this point to illustrate the nature of the problem that confronts the Government when these requests are made for higher pay. They are, really, quite unrelated, the need for more pay and the Government's problem in finding the money. Yet, whether unrelated or not, in justice, the hard fact remains, that the Government are faced by that problem.

More than a year ago we decided in the Government that (now these are hard words) a comprehensive position classification survey of the personnel of the public service should be undertaken. No such position classification had been made before and with the enormous growth which had occurred in the service the exercise was considered to be extremely necessary if we were to eliminate various anomalies and deficiencies that had grown up.

I wish to make it abundantly clear that the classification survey was not designed primarily to provide salary increases. We did, of course, realize that in respect of some categories of employees this would undoubtedly be the result. One of our main concerns was to ascertain what rates of remuneration should be paid to employees if we were to recognize the nature of their work, and to take notice of the rates being

paid to persons employed in comparable positions outside the public service, and the extent to which demands for certain types of staff outside the Province had an effect on rates of pay within the Province. There were, of course, other objectives as well. We were anxious to set rates of pay for employees that would be commensurate with their duties and responsibilities, and to ensure that as far as it is possible to do so there is equal pay for equal work, and to institute a system of job specifications, position classifications and pay scales. This kind of system is a normal practice in industry and in other Provincial Public Services but it has not before now been adopted here.

To conduct this large-scale exercise we engaged the services of the firms as the Public Administration Service of Chicago, Illinois. In the meantime, as it was expected that word of the exercise might create uneasiness in the minds of some employees. The Government announced that no employee would suffer any decrease in salary as a result of it.

For the greater part of the past year Public Administration Service has been engaged in an examination and assessment of every individual post in the Public Service.

Every position in the Service has now been classified. Job specifications have been established for each new classification, and a pay plan has been drawn up and approved by the Government. This pay plan provides new pay scales and incremental rates for employees. Each employee has been notified of his new classification but, obviously, could not be informed before today of his new pay scale until the introduction of the Budget. I will make further reference to these matters as I go along in the Speech.

As far as employees in non-Government hospitals are concerned the classification survey is still in progress, but it is hoped to have it completed in the very near future, as a matter of fact I think it was only yesterday that the forms were sent out, the classifications have now I believe all been made for all non-Government hospital employees, and the classifications have gone out yesterday and today and the non-Government hospital employees will very shortly be made aware, the individual employees should now have them and within the next few days they should indeed be each employee should know what classification he or she will be in. That

is the beginning to know what classification you are in, that is the first step. The hospital exercise is being conducted in the same manner as in the case of other sections of public service, and will be related as closely as possible to public service classification and pay scales.

Sizeable increases in revenue can only be achieved immediately through additional taxation, if it is to be done immediately, as I have already indicated. The Government do not propose to ask the House to increase the rates of existing taxes or to impose new taxes. An intensive effort has been made, however, to reduce expenditures for 1970-71 and this has been effected to the extent that it has been possible to allocate the amount of \$4,700,000, just under \$5 million to implement the new classification programme with effect from 1st. April, 1970, and to provide the salary increases which the programme involves.

The new Pay Plan under the re-classification programme is divided into four Schedules as follows:

Schedule A - General Services Classifications;

Schedule B - Hospital and Institutional -
General Classifications;

Schedule C - Hospital and Institutional -
Attendants and Allied Classifications;

Schedule D - Public Safety Classifications.
Police, Warders, Firemen etc.

All pay scales are based entirely on the considerations which I described earlier in this Speech, namely, weight of duties and responsibilities, comparison with rates for comparable work outside the Service, and so forth. There is not a separate pay scale for each classification, because there are 550 etc. On the contrary, there may be any number of classifications on the same pay scale. All classifications on the same pay scale are, however, regarded as being equivalent in weight of duties and responsibilities even though the work of the occupant may, at first sight, appear to be entirely dissimilar.

Each pay scale provides a range of approximately 30% between the minimum and the maximum, with annual increases of approximately 2½%, early increases of 2½ percent.

No employee, as we have already announced, will suffer any loss of salary, but if, as a result of the re-classification, an employee is placed in a classification that carries a pay scale lower than the one he has now. He will remain at his present level of salary, without any reduction of pay until such time as he receives a higher classification.

It is not possible in this Speech to indicate the specific amount of increase which employees will receive --- they may vary. In the case, for example, of an employee who is considered to be under-graded at present, a substantial increase may be paid to him. On the other hand, an employee whose present salary is near the top of his new pay scale will not be increased beyond the maximum of the new scale, and thus receive a lower increase, an increase but a lower increase. Numerous fluctuations will occur between these two extremes.

To emphasize the position once again, the Government have attempted to pay salary increases completely in accordance with the new classification programme that has now been adopted and which has been based on extremely sound and recognized formulae.

The Government will shortly set up an appeal board to give those employees who are still dissatisfied with their classification a further opportunity to question it.

Salaries paid by the Government constitute a very great part of our Provinces economy. The figures for this year and for the three years preceding this are as follows:

1967-68	\$ 74,041,000
1968-69	90,041,000
1969-70	97,604,000
1970-71	106,350,000

It is worth noting that salaries in this present year will amount to 22% of all spending by the Government. It was 27% last year, and 27% the year before that. In the year before that salaries amounted to 22% of all the Government's spending that year.

Mr. Speaker, I would very much like to be able at this point to spell out the rates of increases that we intend to pay the many kinds and classifications of public servants, but to do so would require a Speech fully the length of this present Budget Speech, and probably an hour or two more. It is altogether too complicated a matter to describe in simple language. What will be necessary, in fact, is that thousands of public servants will approach the N.C.E.A. or other representative bodies to get a clear explanation of the increases coming to them. I would imagine that this will take the next week or two, but at the end of that period I am confident that every public servant in the Province will understand clearly the nature and amount of increase coming to him or her. As I have said earlier today, the survey of the non-Government hospitals employees in to yet quite complete, and until it is we will not know the classifications into which each individual non-Government hospital employee will fall. This sentence is now dated, it is more than a day late because the latest is the classification has been completed and they have been sent out to the non-Government hospital workers. Thorough their management. And now each employee in the hospitals, as in the civil service have the right to come to the Appeal Board and ask for a different, maybe a better classification. Until it is settled what classification each individual employee will fall into, it is quite impossible to state the size of his salary increase. The reason for this is, of course, quite clear; namely, that the rate of pay depends upon the classification. What rate of pay are you going to have? What classification are you in, and that answers it. Classifications of virtually the entire public service have by now been made and are final, except for the right of appeal, and this

makes it quite impossible to know exactly what salary increases each, it makes it makes possible to know exactly what salary increases each public servant will receive. All that is necessary is to know what classification each employee falls into. As the completing of the classifying of non-Government hospital employees has not yet been reached, it may be the first week of June before that work is completed. That sentence is outdated. This will lose no employee in the non-Government hospitals anything. But whatever they are to get, they will get from the first of April.

Mr. Speaker, though I cannot in this Speech give the rates of pay increases for all public servants, I can at least give some information that throws light upon the matter.

A detailed table of statistics follows which shows that three point six percent of the public service, or some 334 employees in number, will receive no increase. Three and a half percent or 334 employees in the civil service will get no increase at all. Three point two percent, or 306 of them, will get a monthly increase of under \$20.00. Forty-five point nine percent of them, call it forty-six percent of them or 4200 in number, 4270 will receive increases of \$20 to \$25 a month. Twenty-one and a half percent or 2000 of them, will receive \$26 to \$30 a month increase. Twenty percent of them or 1800 public servants, will receive \$31 to \$50 a month increase. Four point nine or call it five percent, 459 civil servants will receive \$51 to \$80 a month increase. And slightly less than one percent will or 74 altogether, will receive \$81 increase a month or more.

Now this makes a total of over 9000 public servants, and they are divided into more than 550 separate classifications, though obviously not that many pay scales. Then follows the table which I will not bother the House with.

<u>Percent of Public Service</u>	<u>Number of Employees</u>	<u>Monthly Increase</u>
3.6	334	Nil
1.4	135	Up to \$10
1.8	171	\$10 to \$20
2.7	255	\$20
7.3	680	\$21
11.4	1064	\$22
6.0	557	\$23
12.8	1182	\$24
5.7	535	\$25
7.0	654	\$26
5.1	479	\$27
6.2	579	\$28
2.1	199	\$29
1.1	106	\$30
11.5	1073	\$31 to \$35
5.2	484	\$36 to \$40
3.4	316	\$41 to \$50
1.8	172	\$51 to \$60
2.0	184	\$61 to \$70
1.1	103	\$71 to \$80
0.8	74	\$81 or more
<hr/> 100.0 <hr/>	<hr/> 9,336 <hr/>	

April 23rd. 1970

Mr. Speaker, may I say a special word about the police constables, fire constables and prison warders. They, too, have been classified; their pay scales will depend on their classifications. I am, however, able to say this: that their salaries will be increased, as from the 1st. of April, along the following lines:

<u>Months of Service as of March 31, 1970</u>	<u>Monthly salary as of March 31, 1970</u>	<u>New Monthly Salary</u>	<u>Monthly Increase</u>
1 to 12 months	\$ 333	\$ 382	\$ 49
13 to 24 months	358	401	43
25 to 36 months	366	421	55
37 to 48 months	383	442	59
49 to 60 months	392	464	72
61 to 72 months	417	487	70
73 or more	433 - 442	511	69 - 77

Taking the police constables, fire constables and warders as one group, they will fall into the following salary increase classifications: 65 men will receive \$49 each; 58 men will receive \$43 each; 35 men will receive \$55; 53 men will receive \$59; 36 men will receive \$72 increase each month; 17 men will receive \$70 a month; 116 men will receive \$69 to \$77 a month increase.

Now, let me address a word to the employees of non-Government hospitals. Each one of them (and they number thousands) will be placed in a classification, as I have said, and the classification will determine the rate and scale of pay. Until each and every individual employees knows what classification he will be in, they will not know what scale of pay they are to receive. I have already said that all of these employees will be classified by the first week in June, and at that time the exact pay scale of all non-Government hospital workers will be announced. Officials in the Civil Service who have been working on this survey, and making these classifications, give us some examples what they believe the pay scales will be. At least some of the pay scales.

All persons in non-Government hospitals who fall into the classifications of Nursing Assistants will receive an increase of not less than \$31 a month.

APR 1966, 1966

All who fall into the classifications of Utility workers will receive an increase of not less than \$31 a month. All who fall into the classification of Operating Room Technicians will receive a salary increase of not less than \$31. Employees who are classified as Laundry Workers will receive a monthly increase of not less than \$20. Employees classified as Domestic Workers will receive a monthly increase of not less than \$20. Employees classified as Occupational Therapists will receive a minimum monthly increase of \$20. Employees classified as Social Workers will receive a minimum monthly increase of \$20.

Mr. Speaker, I have given here a number of classifications, and these are in Government hospitals and non-Government hospitals alike. The same in both. The classifications in non-Government hospitals and in Government hospitals will be the same, and the scales will be the same. It will depend on the classification and it will make no difference whether they are Government hospitals or non-Government hospitals. The increases will be given to Government hospital employees and non-Government hospital employees exactly alike, just the same. The figures I have given are minimum figures, minimum figures that is the employees in those particular classifications will receive not less than the amount I have mentioned, many of them will receive more, closer to \$35 or more in the case where \$31 is mentioned. And closer to \$25 or more, were \$20 is given as the minimum. And of course, all increases will begin from April 1st.

May I add one other important fact? The important thing about all this is that every Government employee, and every non-Government hospital employee, will be classified; and the classifications will be the same in Government and non-Government hospitals. And the moment they are classified they will come under one common across the Board Province-wide scale for each classification. There will be no distinction made at all to these employees in Government hospitals, and in non-Government hospitals. The increases that will be granted in the present budget are salary adjustments made as a result of the new classification plan. Annual increments will be made across the board, exactly the same as each individual scale. The amount

66

April 23rd. 1970

of the increments will not decrease, that is for sure, but inevitably will increase as the finances of the Government permit. This statement applies to every classified public servant, and every classified employee in non-Government hospitals.

Mr. Speaker, the Government have decided to adopt sweeping changes in its labour policy with regard to employees of the whole of the public service including employees of Crown Corporations and similar bodies which are financed primarily by the Government. The Government have decided to adopt sweeping changes in its labour policy with regard to employees of the whole of the public service including employees of Crown Corporations and similar bodies which are financed primarily by the Government.

This new system will give full and complete recognition of the principle and practice of collective bargaining and will involve the establishment of appropriate facilities for continuous negotiation, or I should perhaps more grammatically say, continual negotiations between Government and Government employees. The details in this connection will be announced in due course quite soon.

Existing legislation prohibiting strikes of Government employees or of employees who receive their pay indirectly from the Government will be repealed. Or at least the House will be asked to repeal. In substitution of this existing legislation other provisions will be advanced to provide that a limited number of categories of persons receiving their pay from Government funds will be prohibited by law from striking. With these exceptions, prohibition of all strikes will be ended.

The Government will introduce into the legislation the principles of arbitration, but it is not proposed to make such arbitration binding upon either side. Great emphasis will be placed, instead, on mediation and conciliation.

It is our belief and our confidence that the new methods and principles proposed for the governing of collective bargaining in the public service will be ample and adequate to settle disputes and grievances without the need to resort either to strike or compulsory arbitration. We realize that at some time some segment of the public service may take the decision to go on strike. Such a decision will have to be the responsibility of the

2697

April 23rd. 1970

employees concerned. The Government are charged with the responsibility of managing public services for the whole public, and with controlling the expenditure of public money. We have the responsibility to ensure that public functions and public services are continued to be fulfilled as required by law. This will be done either by designating numbers and categories of staff to whom strikes are barred or by assuming in a formal way, by legislation, such emergency powers as are required to protect the public interest in every situation.

Mr. Speaker, perhaps the greatest single policy triumph of this Government is Canada's adoption of our belief, our belief so long and frequently advocated by us, that the strength and wealth of Canada should be used to raise up the levels and standards of the less wealthy, the undeveloped and the underdeveloped parts of the nation. Within very few years after becoming a Province of Canada we launched this theme upon the Federal-Provincial scene, and asserted and emphasized at theme, at every Federal-Provincial Conference. The adoption of the theme, and the formulation of this policy, by the Government of Canada is a dramatic success for this Government. We hail the decision of Canada's Government, and we welcome warmly the establishment of the new Department of Regional Economic Expansion. This, we believe, is what Confederation is all about. This, in our view is why there is a Federal State in Canada. Canada is not formed into a Federal Nation to make the rich richer and the poor poorer, but rather to raise the standards of those whos standards are low.

The Minister of Community and Social Development in this Government, with a staff of ardent and competent officials, has worked for a year with the Minister of Regional Economic Expansion and his officials, to draw up a great plan of development for this Province. This development is designed to go along two parallel roads: (1) Development of the Province's Economy, which is to say the Province's means of making a living; and (2) development of the public services of the Province with a view to making life more livable and attractive in this Province.

It is truly a monumental plan, and it will not be quickly or easily carried out. It is designed to be carried out in three 5-year stages, and it is quite apparent that it will cost many hundreds of millions of dollars to do it. My colleague, the Minister of Community and Social Development, is confident that he will be ready to sign the DREE Agreement in mid-summer or certainly early fall of this present year. It might take a month or two longer than that, but certainly it is his belief that it will be signed between the Government of Newfoundland and the Government of Canada in ample time to allow the plan to go into operation next year.

In the meantime, while we are waiting, so that a whole year shall not be lost, the Minister of Community and Social Development and Ottawa's Minister of Regional Economic Expansion, working together through their respective officials, have agreed on a temporary or interim DREE plan for this Province, as announced by my colleague in this House only yesterday. This is a strickly limited plan, Mr. Speaker, a strickly limited plan; limited in time to a year or so, and limited in geograph to only a portion of the Province; and limited yet again in the amount of money that will be spent on it. Many people throughout the Province have heard with great disappointment, the fact that their particular towns or bays are not included in this short-term, one-shot, limited DREE program, but such alarm is entirely unwarranted. The time for people to complain that they and their settlements and their parts of Newfoundland are not included in the DREE plan will be when the DREE plan itself is unfolded sometime before the end of the present year. The interim, temporary DREE plan embraces eight separate special areas, these have already been announced, and there would be no point in repeating their names now. The Interim plan, is the temporary plan, calls for the building and paving of some roads, and building of some water and sewer systems, the construction of some schools and the extension of others. And then in addition to that, the Government of Canada are joining with the Government of Newfoundland in the building this year of some roads outside of these eight special areas.

Well, the Government were between two minds as to whether the full amount to be spent on this interim DREE plan would be shown separately as a total amount, in the estimates of revenue and expenditures that will be tabled here in this House in a few minutes. It is decided that on balance it might be better to show it as a separate special amount under the heading of DREE. But hon. members will find an amount of slightly over over \$36 1/2 million, but since this figure was inserted in the typewritten copy for the printer the amount has been increased and stands today at \$41 million. In addition to that again, there is an amount of approximately \$3 million not included in this sum, but included in another heading in the estimates. This would bring it to a total of about \$44 million for the year. Still another amount of perhaps \$1 million is under negotiation to be included under yet another heading and all these together come to a total of approximately \$45 million under DREE this year, to be spent this year \$45 million, and I might add even since this Speech was written, I have had additional word, indeed, today of still other amounts, to come.

In Committee of Supply we shall ask the House to increase the vote presently shown in the estimates by approximately \$5.5 million to take into account fully the additional amounts forthcoming under DREE.

Now, Mr. Speaker, may I give the House information on our Capital Account Budget. This, as the very name suggests, is the money that the Province spends to acquire entirely new services, or to increase, enlarge or improve services that already existed. In the past financial year we spent a total of \$6.9 million on education, \$2.2 million on Public Health, \$3/4 million on welfare, just under \$36 million on highways. There was also \$3.5 million on electricity and rural electrification. \$9 1/2 million on sinking funds and payment of debts under guarantee, and a total of about \$19 million on a number of other things. All of these items will appear, of course, in the Public Accounts. The total expenditure for the year on Capital Accounts was \$78 million, the year passed, \$78 million. This expenditure was met by payment of \$13.5 million from the Government of Canada as their share of shared-cost projects; \$9.5 million from the Newfoundland Industrial Development

April 23rd. 1970

Corporation in the form of repayment to the Treasury of an amount lent to that Corporation in the previous year; \$15 1/2 million from the Canada Pension Fund; \$3.5 million from a variety of sources, and an amount of \$36 million on the bond market.

In the present year, the new year, our Capital Account Expenditure will run to a total of \$95 3/4 millions, almost \$96 million. This large sum will be made of \$16 million for education, \$8 3/4 millions for public health; \$34 3/4 millions for highways, \$5 1/4 million for natural resources development, and trade and industrial development; \$17 3/4 millions for municipal development and housing; \$10 million for sinking funds on the public debt, and several other relatively small items bringing the total, As I have said, to \$96 million, Capital Account Expenditure for the present, new year.

Now from the Government of Canada we will receive \$36.5 million under various headings, including shared-cost grants, DREE contributions, and the like, from the Canada Pension Fund, \$15 million; DREE loans \$11 1/4 million, Central Mortgage and Housing Corporation loans for housing, \$1/2 million; payment to the Treasury on account of industrial concerns reducing their debts to the Crown, \$1.6 millions. The Current Account surplus of almost \$2 million added to these sums will bring the total to a sum of \$29 1/2 million less than enough to meet our Capital Account spending for the present year. With a short fall of \$29 1/2 million, this remainder of \$29 1/2 million will be obtained by the sale of debentures on the financial market, most of which has already been done before this year began large portions of this present year Capital Accounts needs have already been placed on the market, and obtained and the money is now in the Treasury.

Mr. Speaker, notwithstanding anything that may be said today, and in spite of the practice commonly carried out in most of the Provinces of Canada, there will be some still who will refuse to distinguish between Current Account and Capital Account finances in Government accounts. It ought to be clear that the cost of housekeeping, whether by a Government or a private family, the cost of housekeeping is fundamentally different from the cost of house building or enlarging a house. The Government of this

Province, and the Governments of Nova Scotia, Prince Edward Island, New Brunswick, Quebec, Manitoba, and possibly others, do draw a sharpe line of distinction between Current Account and Capital Account. In the recent budget of Nova Scotia, for example, the other day, the Minister of Finance of that Province, makes a proud and truthful boast that they ended their year with a balanced budget, and a surplus. And he added that this was the thirteenth balanced budget in a row, for Nova Scotia. Well, Nova Scotia has borrowed large sums of money consistently year after year during that same time, but this borrowing was always done for Capital Account purposes, and the fact of the borrowing does not mean that their budget was not balanced, it was balanced. It is precisely the same in the other provinces, with very few exceptions. The Government of almost every province is proud and happy to balance its Current Account Budget, that is to say, to find enough money without borrowing to meet all the ordinary running expenses of Government. If they wish to build entirely new roads, entirely new schools, entirely new hospitals, entirely new water and sewer systems, and entirely new public services of one kind and another, or to enlarge or extent them, they do not feel themselves to be rich enough each year to increase taxes on the people to raise the necessary funds to pay for these great extensions and expansions. If they dared to do so, and if their populations could bear that burden, then of course they would be able to pay the cost of all Capital development out of Current Account revenue. In that case they would not need to borrow anything, and in that case also they would be balancing their budget in the sense of paying for all spending, whether Current or Capital, out of the ordinary current account receipts into the Treasury each year. Now there is one province that used to be able to do that namely, Alberta, in Alberta for a dozen years or more, they were able to finance

26-17
2702

April 23rd., 1970

Even their capital account expenditures out of ordinary or current account revenues. But this was because they were able to sell enormous oil leases each year for vast sums of money. These sums, of money were so vast that Alberta was able not only to pay their capital account expenses out of them, but to lay aside vast sums of cash surpluses in addition. These sales have tapered off considerably in late years, and Alberta now is falling back on her reserves. and has even gone on the bond market to raise funds for capital account expenses. The other provinces have never been so fortunate, and they have always been obliged, and still are obliged, to borrow the money they need to spend for capital account purposes.

Newfoundland, in recent years, has spent many hundreds of millions of dollars on the building and paving of roads, the construction of hospitals and schools, the introduction of a large number of new public services that we never had before. This could never have been done out of the ordinary year to year revenue of the Government. Certainly, the people of Newfoundland never had enough money in their pockets or in the banks to enable them to pay over to their Government in taxes each year enough money to enable the Government to make these vast expenditures on entirely new public services; roads, schools, hospitals and all the rest of it. The money had, of course, to be borrowed for the purpose, and it would be unfair and unrealistic to lump all costs of Government in the one category, and describe as deficit the money that was not produced in tax or other annual revenue. No other province does it or scarcely any other.

Now it is perfectly true that banks and investment dealers and financial institutions and the like will not bother to draw this distinction and rightly so from their point of view. But from the point of view of the general public and this House of Assembly, as in the other provinces of Canada and the States of the American Union, it is realistic to draw the distinction between capital account and current.

Now the Government of Newfoundland need never borrow another dollar, never, as long as time lasts, we need never borrow another dollar, if we need never build another school, if we need never build another hospital,

April 23., 1970

if we need never build another mile of road. If this House and the Newfoundland people approved, the Government could decide that never again in Newfoundland would a school or a hospital or a mile of road be built unless it could be paid for out of the ordinary current account revenue that the Government could manage to take in each year. If you can take in enough money each year spend that but do not spend anything else. Do not borrow. Now if we did that how much progress would there be in Newfoundland? The answer, of course, is none. Indeed, if the population continued to increase, tens of thousands of additional children needed schools, new hospital beds had to be provided, new services of all kinds became an utter and indispensable need of the people, the Government would either provide them or the people would leave the Province. It is entirely out of the question that any great new public services could be provided for out of ordinary and or current account revenue. If that is not common sense there is no such thing.

Mr. Speaker, if there is one thing more apparent than any other in Canada today, it is the fact that our nation, in common with the United States, is suffering severely from an economic and financial disease. The symptoms of this disease are tight and expensive money, a very high cost of living rampant inflation, and widespread unemployment. These are at once symptoms of a disease and a disease.

In his Budget speech brought down on the 31 March, past, the Minister of Finance of Canada's richest and greatest province, Ontario made this interesting declaration: Mr. Speaker, twenty-three, twenty-four days ago the Minister of Canada's greatest of all her provinces, in his Budget speech said: "As 1970 unfolds, it is becoming increasingly evident that the Ontario economy is experiencing a significant slow-down. Growth in production and sales is levelling off, corporate profits are dropping, housing starts are down sharply, and unemployment is rising."

That is the diagnosis of Ontario twenty-four days ago by Ontario's Minister of Finance in his Budget speech. Again he made this declaration:

"After nearly a decade of unprecedented growth, our economy is undergoing a significant slow-down while struggling with persistent inflation at the same time." That is the end of that quotation.

Now these references were made to Ontario's own economy in particular, but the Minister of Finance of that great province, in bold strokes, described what is happening in Canada as a whole in these words: "Our immediate legacy from the 1960's is an economy and a public sector in Canada that are fundamentally out of balance. The evident is abundant: the economy is struggling under persistent inflation, tight money and increasing unemployment; expectations and appetites are rising far faster than the real resources available to satisfy them; the public sector is growing excessively, relative to private production, investment and consumption and the chronic fiscal mismatch of governments is steadily worsening."

That is a grim picture that the Finance Minister of Canada's greatest province painted less than one month ago, in his Budget speech. Certainly, we in this Province have had good reason to know that there is something wrong with the economy of Canada, and we are almost as familiar with the fact that there is something wrong with the economy of the United States as well. We caused none of this in this Province from its effects. We have had the pain without any of the gain. We are, so to speak, suffering from other people's pleasure.

And yet, Mr. Speaker, the quite extraordinary thing about it is that, perhaps more than in any other province in Canada today, perhaps more than in any other province of Canada today, our Province shows encouraging signs of economic progress and expansion at this very time. In spite of tight money and in spite of inflation, we are experiencing real economic advance in this Province.

It was said in the speech with which his Honour the Lieutenant-Governor opened the present session of the House that Newfoundland is going to have a very good year this year, and that is an accurate statement. Economically and financially we are going to have considerable improvement over last year and the year before. Indeed, in some ways, it will be the best year of our

career as a Province, in some ways. There will be more people working, and fewer not working than ever before, and this despite the fact that our population is so much greater in number now. There will be more economic expansion this year than for a good many years past. More new industries will be established, industries of size and consequence, than in any year in our history. There will be more improvement of our public services than in any year before. More money will go into the pockets of our people than ever before. The standard of living will rise this year.

Mr. Speaker, I think that it is true to say that the entire population of this Province welcomed the new legislation enacted by the Parliament of Canada and by this House with reference to the Canadian Saltfish Corporation and the Saltfish Marketing Board. If Newfoundland is fortunate enough to have a good rate of production in the Salt Cod Fishery this year, it will bring , the board will bring millions of dollars of additional money into the Province, in return for the salt cod fish shipped out, thanks to the new marketing board. The markets for our fresh and frozen fish are improving steadily and the next great reform in our Fishery must be that of organizing a one-desk selling agency for the whole fresh and frozen fish industry of this Province. Indeed, it would not be enough to have all fresh and frozen fish sales from this Province organized through one selling agency. It would be equally desirable and necessary to have all fresh and frozen ground fish produced in Canada similarly organized. This, of course, as in the case of salted ground fish, could be done only by Federal action supplemented by Provincial legislation. Newfoundland fervently hopes that this kind of action will be taken, if it could be done quite voluntarily by those engaged in the industry and made thoroughly effective on a voluntary basis, the purpose would be equally well served, and we could only say, "God Bless them."

The starting of the modern wood industry at Hawkes Bay and at Stephenville; the commencement of construction of the linerboard paper mill at Stephenville; the core-chemical plant (generally called the oil refinery) at Come-by-Chance; the imminent start of construction of the paper mill at Come-by-Ch

the vast expansion of iron, ore mining concentrating and smelting at Labrador City, the forthcoming big iron, ore expansion at the city of Wabush and the possible iron, ore development at Julian Lake; all of these developments mean work and wages for Newfoundlanders and a strengthening and broadening of our Provincial economy. Many more men will be working on the tremendous project at Churchill Falls this year, and we look forward eagerly and with confidence to the starting of development of the great Lower Churchill.

Many millions of dollars will be spent in the Province this year under the DREE programme, and there will be a substantial road building programme.

There will be a significant development in public housing this year, with special emphasis on shell houses.

Altogether the outlook for this year and next is bright indeed. We are laying firm foundations for the future, and with ample justification we can look forward with pride and confidence. There are many problems yet to be solved in this Province, and it will take a lot of money to solve them; and we are confident in this administration that we are going about it in the right way, when we make vigorous and determined efforts to get new industries established and old industries strengthened and expanded. If we are not to be a province that looks forever to someone else for financial aid, then we must develop our own economy to produce the dollars we need. That truth is becoming more clearly evident to our people every day that passes, and it is no intention of the Newfoundland Government to permit the fact to be hidden or lost.

And so in conclusion, we Newfoundlanders can take real satisfaction from the turn of events in our Province.

Last year, we spent over \$7 million more on Education than we had in the year before and this year we will spend \$16 million more on Education than we did last year - \$23 million increase in two years or a quite remarkable increase of 29 per cent in two years.

Last year we spent just under \$3 million more on public health than we did in the year before, and in this present year we are spending over \$9 million more than we did last year - an increase of \$12 million in two years.

Last year we spent on our current account functions and services of Government, a grand total of \$279 million, and yet when the year was over we had spent \$2 million less than we had taken in.

In the present year, we are spending on the public services and all other purposes of Government, a grand total of \$299 million on current account which is \$20 million more than we spent last year, and we are nevertheless budgeting for a surplus of \$1½ million more than we spend.

Our credit, as a Province and Government, stands high in the United States, in Canada, in the United Kingdom and on the Continent of Europe.

We have pruned our finances, strengthened our whole Treasury system and introduced greater efficiency than ever in the operation of our Departments of Government.

In common with the other provinces of Canada, the American States, and most parts of Europe, Newfoundland has gone through a period of tight money, inflation and austerity; but we believe that the worst of this is behind us and that our march forward, started twenty-one years ago, is now resumed with greater experience, efficiency and resolution and vigor than ever before. I move that this debate do stand adjourned.

On motion debate adjourned.

MR. SMALLWOOD: Mr. Speaker, I have to announce the receipt of a letter from His Honour the Lieutenant Governor.

MR. Speaker reads the letter.

The Honourable the Minister of Finance:

I, the Lieutenant Governor of the Province of Newfoundland, transmit Estimates of sums required for the Public Services of the Province for the year ending the 31st March, 1971, and in accordance with the provisions of the British North America Act of 1867, as amended, I recommend these Estimates to the House of Assembly.

(sgd.) E. John A. Harnum,
Lieutenant Governor.

23rd April, 1970.

On motion of Mr. Smallwood the House went into Committee of Supply:

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

On motion report received and adopted, Committee ordered sit again on tomorrow:

MR CURTIS: I move, Mr. Speaker, that the remaining Orders of the Day do stand deferred and that the House at its rising do adjourn until tomorrow, Friday, at 3:00 P.M., and that the House do now adjourn.

I would remind invited guests that there will be a reception in the Sir Robert Bond Room.

On motion the House at its rising adjourned until tomorrow, Friday, April 24, 1970, at 3:00 P.M.