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SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: I would like to welcome to the galleries today the Mayor of the Town of Centreville, Mr. Jame Hewitt and two of his councillors and indeed any other visitors who might be in the galleries today. We welcome you here and trust that your visit will be most informative.

MR. ROBERTS: Mr. Speaker, if I may, Sir, on Thursday evening, certain statements were made in Committee by the Member for St. John's East Extern, the Minister of Social Services and Rehabilitation. Since that time we have been supplied with a copy of the Hansard which was given to us by Your Honour shortly before the House met on Friday afternoon. This is the first opportunity I have had to rise since then.

I have taken professional advice, Sir. The advice that I am given is that some of the statements made by the hon. gentleman do constitute a breach of the privileges of this House. I may also add, Sir, I have done a considerable amount of research in Beaueschne and many of the other authorities, and there is no doubt at all that in my submission the question of timeliness does not arise and the authorities are quite clear on the point.

Since then, however, Mr. Speaker, the government have agreed to the request of my colleague for Bell Island, that a judicial enquiry be appointed. They undertook in the House, the Minister of Finance, speaking on behalf of the government, on Friday afternoon, undertook, on behalf of the government, to have an enquiry made. If that is so and as we are anxious that this enquiry begin its work as quickly as possible, with a view to concluding it as quickly as possible, we do not propose to press the matter of privilege. Your Honour may or may not wish to take it under advisement, because it is a matter which would affect -

the Privileges of the House, not of any member, and as I said, I do feel there was a breach of the privileges but because of the special

circumstances and the government's decision to appoint a judicial enquiry, a royal commission to look into these charges made against my colleague, then we will let the matter stand until the report of the royal commission is received, made public, and then the appropriate action will follow from there.

NOTICES OF MOTION:

MR. CROSBIE: Mr. Speaker, I give notice that I will on tomorrow ask the House to resolve itself into a Committee of the Whole to consider certain resolutions for the granting of supply to Her Majesty.

MR. HICKMAN: Mr. Speaker, on behalf of the honourable Minister of Municipal Affairs and Housing, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act Further To Amend The City of St. John's Act."

QUESTIONS:

Dr. A.B. ROWE: Mr. Speaker, I would like to table, for the information of the House, the answer to question number 99 on the Order Paper.

MR. ROWE (WM.): Mr. Speaker, I would like to address a question to the honourable Minister of Justice, Would the minister inform the House or make some comment to the House concerning the report that presumably members of the Newfoundland Constabulary are going around door to door delivering notices or forms of exemption to women under the Judicature Amendment (Number Two) Act, the Act number 76 of 1971. Whether this report is in fact true and if true whether he considers this to be a good use of public funds, to incur this type of expense.

MR. HICKMAN: Mr. Speaker, it is news to me but I am reluctant to say that it is not happening because I had a call from one of the radio stations today, But at that time the suggestion was that someone was circulating a questionnaire, which I assume to be coming from some student or someone else who is making a study into this and asking whether or not they felt women should serve on juries. But I know of no - I cannot think

of any reason why any member of the Constabulary would be going from door to door granting exemptions to ladies from serving on juries.

If the House will recall that last year there was an amendment passed to The Adjudicator Act, providing that women may serve on juries. That Act has not as yet been proclaimed or ~

AN HON. MEMBER: Yes it was.

MR. HICKMAN: Is it? That section of the Act has been proclaimed. I did not realize that that particular section had come into force.

Well, Mr. Speaker, I will certainly inquire into it. I hope this is not being confused with the taking of the jury list because that is part of the duties of the Newfoundland Constabulary, to go from door to door to take a jury list. If such is the case, that is quite proper but if it is

MR. HICKMAN: going around, I cannot conceive of any police officer going around handing out exemptions. All I can tell the House is that I will find out about it and advise the House as soon as I get the facts.

MR. ROBERTS: If I could add a word, Mr. Speaker, It may or may not be the jury list, but what has happened in the Pleasantville Area is that constables have been coming to the doors of apartments and they may be leaving other matters, but they are leaving, among other things, the form which says a woman is eligible to serve on a jury unless she exempts out. All that I am saying is that there is some public or all that my colleague is saying that there is some public question over it, It may be something as simple as the taking of the jury lists. But he has undertaken to find out, in due course.

MR. NEARY: Mr. Speaker, I would like to direct a question to the honourable the Premier. Would the honourable the Premier inform the House if a date has been set yet for the Newfoundland Federation of Labour to present their annual brief to the government?

MR. MOORES: No date has been set, Mr. Speaker.

MR. NEARY: MR. Speaker, I would like to direct a question to the Minister of Labour, in view of the second serious accident that occurred at the ERCO phosphorous plant in Long Harbour over the weekend, the second serious accident within two weeks would the minister inform the House if the government have yet taken the decision on the appointment of an industrial inquiry?

MR. MAYNARD: Mr. Speaker, the situation is under a thorough investigation and there is no further comment that I can make at this time.

MR. F. B. ROWE: I would like to direct a question to the honourable Minister of Education. In view of the fact that the minister stated that Miss Norman has been found unsuitable for certification because she has demonstrated some hostility, I wonder if the minister could inform the House of the nature of the hostility, since it is such a loose and blanket statement intends to cast a reflection upon the

MR. ROWE, F.B. character of an individual.

MR. CARTER: Mr. Speaker, I checked into the matter further and I have been assured by the Denominational Educational Committees that never, I repeat, never has a teacher been denied a certificate on the bases of religion. They have indicated to me that if Miss Norman in this particular case or anyone, it does not matter who, is willing to put down either what their religion is or that they are unaffiliated or any answer at all which is reasonable and if they agree to uphold the christian tradition within the school system of his or her choice, that is, whether they want to teach under the Integrated Board, the R.C. Board or Pentecostal Board that they will no doubt, she or any other such person will get their certificate. This is where the matter lies, I would say the ball is in Miss Norman's court. If she wishes to get her certificate, then this is what she has to do and this is all she has to do and the issuance of her certificate would be practically automatic.

MR. ROWE, F.B. Mr. Speaker, I think the minister misunderstood my question to start of with. I did not ask what Miss Norman has to do, although I am interested in the answer to the question. I was asking the honourable minister if he would identify the nature of the hostility that Miss Norman displayed towards the Denominational Educational Committees or in her meetings with the Denominational Educational Committees?

MR. CARTER: Mr. Speaker, this is I feel opening up the whole matter for debate and this is not the time nor place for a debate in this House, so I would decline to answer that question.

MR. ROWE, F.B. Mr. Speaker, I would like to address a question to the honourable the Premier, In view of the fact that the Premier stated he hoped the matter concerning the certification of Judy Norman would not be allowed to drop and also that the relevant law may be a bad one, does the Premier have anything new to report to the House concerning this particular case or the principle that it has brought out into the open?

MR. MOORES: Mr. Speaker, nothing new to announce at this time but it is under continuous study and hopefully a position will be established to the satisfaction of all of them in the next few days.

MR. ROWE (F.W.): Mr. Speaker, has the honourable the Premier given any consideration to the possibility of setting up some sort of an appeal board for circumstances such as this?

MR. MOORES: Not an appeal board as such, Mr. Speaker, but I think the Minister of Education will be making a statement on that within the next day or two as to the procedure we are recommending.

MR. WINSOR: Mr. Speaker, before you call orders of the day may I direct a question to the honourable Minister of Fisheries. Has he any report of the condition of the fish which was bought or taken on board the trawler at Torbay? What condition was it in when it reached the plant and if it is the intention of the government to continue that sort of conveyance?

MR. CHEESEMAN: Yes, Mr. Speaker, in answer to the question of the honourable member for Fogo, the report which we received today from the boat is that the outturn looks to be quite satisfactory. As the honourable member will be aware and his own experience in this business of course will indicate that every precaution was taken in terms of the quantity of ice used on the fish. The fish was taken directly from the water and loaded aboard and it was actually approximately thirty hours running time back, which was considerably shorter than we had originally anticipated. But generally speaking the outturn has been satisfactory and provided conditions here, that is locally, are such that we can see that the boat is needed and in fact that it is desirable to bring her back down again, she would be able to turn around early tomorrow morning which would put her back here on Thursday. But that final decision has not been taken and should be completed tonight and we will then make that final decision. But as of now the outturn looks reasonably satisfactory.

On motion that the House resolve itself into Committee of the Whole on Supply, Mr. Speaker left the Chair.

COMMITTEE OF SUPPLY:

MR. CHAIRMAN: Order! Heading XV - Economic Development - 1501(01):

MR. CROSBIE: Mr. Chairman, when we adjourned Friday I was speaking on the estimates generally, the Department of Economic Development, and in particular on the situation with respect to power development at Labrador on the Upper Churchill. I pointed out, Mr. Chairman, that while the development of the hydro-power resources on the Upper Churchill was a great construction and engineering feat and a great development feat that our review of the exact position in relation to the Upper Churchill reveals that it is far from a great benefit to this province, from the point of view of revenue and employment. As members know, of course, there was considerable employment involved in that project and still is while construction is underway. Once however the construction phase is over, in the next two years, there will only be a small number employed on that development permanently while the great bulk of the power, some seven million horsepower or five and a quarter million kilowatts, will be sold to Hydro-Quebec, in the Province of Quebec, for use in that province primarily and used for industrial and other purposes in that province.

We have the right I said, Mr. Chairman, to recapture 400,000 horsepower of the total output for use in Newfoundland and Labrador or in Labrador. Unfortunately there was no written agreement entered into with ERINCO or Churchill Falls Labrador Corporation covering what price this province would have to pay for power recaptured. We have discovered that under the trust deed entered into between Churchill Falls Labrador Corporation and bond purchasers who put up the money for the development, there was a clause that states that any power recaptured cannot be sold to Newfoundland,

the wording is: 'Unless the terms of such sale are not materially less favourable to the company than the terms on which such power, if not so recaptured, would have been sold, under the power contract, to Hydro Quebec.'" So that we, to use this power in Newfoundland, Labrador, will have to pay Churchill Falls Labrador Corporation the same price as is paid by Quebec Hydro, to meet that condition in the trust deed.

That, Mr. Chairman, is a very unfortunate matter. We were led to believe years ago, when this was being first mooted in the House, that Newfoundland was going to have available to it recaptured power at a price considerably lower than what in fact it will be available to us for. There used to be mentioned one, one-and-a-half or two mills. This is not the case, we are going to have to pay at least as much as Quebec Hydro pays, and that will be in excess of three mills. There was no agreement in writing covering that.

I pointed out to the House, Mr. Chairman, that in order to have this development start, there were a great many concessions and exemptions given to the companies that carried out construction. Exemption from the sales tax, exemption from the gasoline tax and the like, all of which, had we received the monies through those taxes, would have meant tens of millions of dollars in our pocket. The revenue that we are going to receive from the Upper Churchill is not, the picture is not as bright as we were led to believe in former times, but rather that we will not receive up to \$15 million - that is the best estimate now - until the year 2002.

Just to go into that point again, Mr. Chairman, because it is a matter of some importance: I point out that there are three main sources of revenue for the Government of Newfoundland accruing from the development of the Upper Churchill. First the horsepower royalty, which is fifty cents per horsepower per year. When the total horsepower is produced and exported, we would get up to some two and a half million - \$2,600,000 from horsepower royalty. Then, in addition to

that, there is eight percent of the pre-tax income of the corporation to be paid to this province's rental. Eight percent rental. In addition, there is our share of the corporation tax that would be paid by Churchill Falls Labrador Corporation. Of course there is a fourth, which would be the dividends that we will receive in the future from our portion we own in the Churchill Falls Labrador Corporation.

Our best estimate at the present time, Mr. Chairman, is that this year we might get \$400,000 in horsepower royalty; \$600,000 in rental, (the eight percent) and nothing in income tax, for a total of \$1 million. We anticipate, that by 1985 we might receive \$2,600,000 that year in horsepower royalty, \$3,100,000 from the eight percent rental, \$5,100,000 in the corporation tax, for a total of \$10,800,000. That is actually 1986. We will not receive in excess of \$10 million from the development until 1985. Our best guess, this is eliminating dividends. is that by the year 2002 we may receive a total of \$15,800,000 per year from these three sources.

Now, Mr. Chairman, the situation is even - from further investigation and looking into this matter - even poorer than that sounds, because under the tax equalization agreement, under which this province last year received \$120 million, under the formula for that agreement, it is very evident that the revenue we received through the horsepower royalty, the revenue we received through the eight percent rental, we will lose an equivalent amount, at least, in tax-equalization. So that if we get, say, \$2 million, from those two sources, or four or five million in 1975, our tax equalization will decrease by that much, so that we will receive four or five million less tax-equalization from the Government of Canada.

However, Mr. Chairman, that means that net we do not receive any additional revenue, except we replace tax-equalization with these other amounts to which we are entitled from Churchill Falls. However, the position with respect to income tax is even more serious. I was pointing out to the House, Mr. Chairman, that in 1967,

the federal government— they made the amendment in 1965 actually, but in any event, by legislation of the Government of Canada, the House of Commons of Canada, the Public Utilities Income Tax Transfer Act was passed. Under that piece of legislation, the federal share of the corporation tax, which the Government of Canada receives from public utilities that are privately owned, private utilities such as Churchill Falls Labrador Corporation, they agreed in that legislation to rebate ninety-five per cent of the corporation tax received by the Government of Canada from private utilities to rebate that amount to the provinces.

Then, following the passing of that legislation, the past administration entered into an agreement with BRINCO or Churchill Falls, that of the ninety-five per cent share of the federal corporation tax that this province had rebated to it from Ottawa, we would pay forty-seven and one-half per cent back to Churchill Falls Labrador Corporation— we would rebate half of that back to them.

Now, Mr. Chairman, the result of that is this that not only will our net revenues not increase because of the revenues from the Upper Churchill, at least in the foreseeable future, but we are going to have a net loss because we will receive a rebate from the federal government of say ninety-five per cent of the corporation tax, federal corporation tax, that will reduce our tax equalization by an equivalent amount. We will then take half of that and pay it to Churchill Falls, as the previous administration agreed in 1967. So we will be out, we will have a net loss of revenue as a result. Just to illustrate that, let us assume that in five years time or in some particular year, Churchill Falls Labrador Corporation has a taxable income of \$2 million, present tax rates, the Federal Corporation Tax will be \$800,000, the Provincial Tax, using the present rates, will be thirteen per cent, \$260,000. Total Corporation Tax payable would be \$1,060,000. Now the provincial share of the tax, of course, is ours anyway.

Under The Public Utilities Income Tax Transfer Act, ninety-five per cent of the federal tax, which was \$800,000 in this example, would be rebated to Newfoundland, or \$760,000. Our tax equalization payments from Ottawa will decrease by an equivalent amount, \$760,000, so we gain nothing as far as revenue is concerned. One source has just replaced another.

We would then rebate, to BRINCO or Churchill Falls, one half of the amount received from the federal government or \$380,000, which would mean a loss then, as a result of all this, to our Treasury of \$380,000 and no gain at all in revenue. That is just an illustration, assuming that the taxable income was \$2 million some particular year and the federal tax was \$800,000. The result of this, Mr. Chairman, is that unless things are changed, either the tax equalization is changed or the agreement with Churchill Falls or BRINCO is changed, as a result of the great development in the Upper Churchill, we will not have a net increase in revenue to this province, we will have a net decrease in the revenues gained by this province because of these agreements and the effect of tax equalization. Now I think this is a very serious matter for this province to consider.

Now we cannot quarrel with the fact that tax equalization will - we lose some tax equalization when we gain revenue from our provincial sources, That is inevitable but

certainly, for this province to be put in a situation where the result of the development of the Upper Churchill is that we lose revenue, that the government lose revenue, is an incredible, an absolutely incredible situation.

As to the dates of some of these agreements that the honourable member for White Bay South asked about: the first Brinco agreement was May 20, 1953; the Upper Churchill lease was entered into in 1961; legislation passed in 1967 exempted Brinco or Churchill Falls from any increase in existing taxes or liability for new taxes, and in 1967 the arrangement was entered into where the amount of ninety-five percent received from the Government of Canada, in federal corporation tax, half of that would be rebated to Brinco. Act no. (73) of 1966-1967 sets forth a lease of the Lower Churchill and authorizes execution of that lease. That was passed by the House in 1966-1967. But that lease has never been executed and we are therefore free to negotiate other terms and conditions before we grant any lease on the Lower Churchill. As was said, Mr. Chairman, in the Budget Speech, as this is one of the last great resources of this province, we do not intend to barter it cheaply away.

I pointed out, when I was speaking Friday, Mr. Chairman, that this province owns 9.2 of the shares of Churchill Falls Labrador Corporation, and that I could see no valid reason why we are in a position of owning these shares or what it would do for us. We know that in the future sometime, of course, it should result in dividends. But the province has 775,998 shares of Churchill Falls Labrador Corporation Limited and I believe that is 9.2 percent of the issued shares. The majority of the issued shares are held by Brinco. These shares were purchased from 1964 onwards. The first were bought on May 4, 1964, 75,000 shares, at ten dollars, \$750,000. Further shares were bought that year, so that at the end of 1964 we had 86,500 at a cost of \$1,095,000. Then, in 1967, there were further shares bought

and in 1967 a total amount of \$4,564,000 was invested in shares of Churchill Falls Corporation. Then from July 2, 1968, to September 16, 1968, the balance of the shares were bought, so that the total number of shares we then had at September 16, 1968 and still have, is 775,998 shares, which have cost the province \$10,139,970. That is the cost of this investment. \$10,139,970.

The bulk of these shares were acquired by the province through a bank loan, on which of course we paid interest. That bank loan was repaid on November 16, 1970, with the interest. So the original investment was \$10,139,970. We paid an interest in connection with buying the shares, a total of \$2,020,000, up to the retirement of that loan in 1970. Of course, the money used to pay off these loans was borrowed by the government, because the government was borrowing every year. We do not have any surplus funds to invest in this, so the cost of the funds we had tied up in these shares is approximately another \$2 million since that time. To date, the acquisition of these shares has cost us approximately \$4 million in interest payments. As we hold them every year without any revenue coming in, the costs are increasing to us. Hardly, it seems to me. Mr. Chairman, a sensible investment, Why, it was done, I do not know. However, that is the situation at the present time. It does not give us control of the corporation, it does not give us partial control, it does not give us any special influence. We do have one director.

Mr. Chairman, there is another thing that we discovered in connection with this whole situation, which is also unsatisfactory. That is, Mr. Chairman, that down through

through the years while this project was under construction, we heard that Newfoundland workmen and materials were to have first preference on the Churchill job, the Upper Churchill. When we received a copy this year, a few months ago, of the power contract between Quebec-Hydro Electric Commission and Churchill Falls Labrador Corporation Limited, this formal contract was signed May 12, 1969, when we received a copy of that contract, we were amazed to discover that in article (20), clause 20.1, CFLCo will in the procurement of materials, services and equipment and in the employment of personnel, extend or cause to be extended, by its contractor, sub-contractors and agents, preference to Quebec labour, personnel and services and to materials and equipment manufactured in Quebec. Under section 20.3 a liaison committee was to be set up in co-operation with Hydro-Quebec, to deal with these matters and to ensure - It states CFLCo will cause to be set up, in co-operation with Hydro-Quebec, liaison committees to deal with matters concerning the supply of services, materials and equipment. In order to ensure that the available personnel in Quebec will be utilized in the project where possible, CFLCo will avail itself of the services of the Quebec Provincial Employment Offices and if necessary is prepared to cause employment offices to be established in Quebec.

This is the contract, Mr. Chairman, that was entered into. May 12, 1969 is the date of it. This is the contract that was signed and operative on the Upper Churchill Development. Mr. Chairman, and the clause in it provides for preference to Quebec labour, materials and equipment. Now, Mr. Chairman, perhaps the deal could only go through if there was such a clause in it. Perhaps that was the situation but if that were the situation I think the people of this province were entitled to be told that this was the situation and that there was such a clause in the contract. I do not know who had

a copy of the contract in the Newfoundland Government before we took over, as we could not find any copy of it when we did take over and we were given it at our request after we assumed the government.

But that is the clause that governed the Upper Churchill with respect to employment, equipment, services and personnel and not a clause that Newfoundland workmen, materials and equipment and so on would receive preference.

MR. ROWE (W.N.): Did the Newfoundland Government or any agency -

MR. CROSBIE: No, this is just between Quebec Hydro-Electric Commission and Churchill Falls Labrador Corporation Limited. Of course a copy of that contract was available to the people who were in authority here at the time and I am sure that the Premier had it. But in any event that was the contract entered into and we had no power, as far as I know, to say "yea" or "nay" to what was in that contract, presumably, I do not know. We certainly had power in the beginning but at that stage I do not know where we were.

So, Mr. Chairman, there are a number of unsatisfactory features to this situation. Now the Government of Newfoundland have requested Churchill Falls, have informed them that we want to recapture power from the Upper Churchill for the use of the Iron Ore Company at Labrador City, in their expansion at Labrador City. The amount of power and so on, that is all a matter subject to negotiation. I just want to say that the government informed Churchill Falls Labrador Corporation that the government wish this power to be purchased by Newfoundland and Labrador Power Commission, as our agent, and they will arrange the resale of it and so on to the Iron Ore Company of Canada or to anyone else who needs this power up in Labrador, in addition to the Iron Ore Company of Canada. At the present time the only customer for additional power there is the Iron Ore Company of Canada, for their expansion, but there will certainly be others and negotiations have been

going on and are being going on as to what price we can purchase this power from Churchill Falls and at what price we can sell it to the Iron Ore Company of Canada because, Mr. Chairman, we are determined to see that that power will not cost more to a customer in Labrador than it does to a customer in Quebec.

So the Newfoundland and Labrador Power Commission will be the sole purchaser of hydro-power produced in Labrador, for sale or consumption in Labrador or on the Island of Newfoundland.

AN HON. MEMBER: So in Churchill we are left with 200 jobs, with no power.

MR. CROSBIE: Well on the Upper Churchill we will end up with perhaps 200 jobs or whatever the number working there permanently, with the power sold to Quebec except for the 400,000 horsepower we can recapture.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: Well, that has to be determined, where the 200 will come from. With the right to recapture 400,000 horsepower, which we cannot recapture at less than Quebec-Hydro pays, with the revenue that we are going to get from the Upper Churchill of little importance to the province, because we are going to lose an equivalent amount in tax equalization but, even worse, with the possibility of a deficit because of the transfer of the corporation tax under the Public Utilities Transfer Act of Canada and the agreement of the previous government to rebate half of that to Churchill Falls Labrador Corporation.

Now the effect of all these concessions: As far as I am concerned Mr. Chairman, the effect of all the concessions that the people of Newfoundland made, the Government of Newfoundland made, is to get power to Quebec at a cheap rate, not power for Newfoundland or Labrador at a cheap rate, and the benefits that we are going to get from it are minimum. That is why I say, Mr. Chairman, that this government is

not prepared to give away the Lower Churchill on any terms that are equivalent to this. We are not going to do it. Why should we? We would be crazy to do it. What is the benefit to us, if we entered into a similar deal for the Lower Churchill? We are not going to enter into any arrangement like this on the Lower Churchill. We would be better off if the river ran on down to the sea forever than to enter into some arrangement like this on the Lower Churchill. That is why there has to be other negotiations on the Lower Churchill and hopefully they will be more beneficial to this province. These have not started yet, Mr. Chairman.

But some of the things that we will be watching in those negotiations are the financial clauses, the effect of the tax equalization and the effect of the transfer of funds under the Public Utilities Transfer Act of Canada, the fact that we want certain measures taken to protect the area of Coose Bay-Happy Valley and to see that power gets to that area from the Lower Churchill, recapture of power. If this is to go ahead, there will have to be better provision for the recapture of power and an agreement on what price. We have to provide for larger blocks of power to be recaptured, hopefully for use in Labrador if not on the Island of Newfoundland, and as to how this should be done and a whole host of other features. Because if we do not do that, then this resource is being given away by this province for nothing, except jobs for people in construction while the project is under construction for two or three years. That is what happened on the Upper Churchill and what we are determined will not happen on the Lower Churchill.

I think that is probably enough on that for the moment. It is a great disappointment to this administration and I am sure it will be a great disappointment to most Newfoundlanders to realize what little benefit we are going to have from the Upper Churchill development.

Now just one or two other general words before I sit down,
Mr. Chairman. I have a special assistant in the Department of
Economic Development. Yes, an excellent man.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: One. Mr. Peter Gardner. Unfortunately,

MR. CROSBIE: Mr. Chairman, he wants to go back to his own business and private life in another few days. I think he wants to go at the end of June. I am trying to persuade him to stay a little longer. His salary, Mr. Chairman is \$1 a year, if demanded, He has not demanded it. He has done an excellent job.

If we could find another eight or ten Peter Gardners and get them in the government service in this province, they would be an incalculable help to this province, Mr. Chairman. A smart, intelligent, gentleman with initiative, brains, analytical ability. He has been a tower of strength. I just wanted to say that today to put it on the record, that I really appreciate his having given five months of his time to this province and the Department of Economic Development in particular and regret the fact that we cannot get him to stay on longer.

We are so darned busy clearing up the foul messes that were left behind by the hon. gentleman's government, in Economic Development, that we will come to the rest of that later. I could list out now twelve. Every time you turn around you discover another monstrous mess that was left, in the field of Economic Development, by the hon. gentleman's administration opposite. You will hear about the new industries, When the new industries are signed on the dotted line and delivered, you will hear about the new industries.

You will not hear any announcements from us of great new industries that never materialize or great new industries that are nothing but a crushing burden on this province. When you hear us announcing an industry, you can be sure it is going ahead (1) and (2) you can be sure it is going to be of some benefit, not something that is an albatross around our necks, like so many of the monuments left by the hon. gentleman's colleagues when they were in government.

MR. NEARY: Got any in mind now? Could the hon. minister tell us, because the people who are unemployed would like to know.

MR. CROSBIE: The people that are unemployed have a lot to thank the hon. gentleman's government for. After twenty-three years they left with sixteen or eighteen per cent unemployment. That is a tremendous record. So do not start badgering this government. If we were in for twenty-three years, I can assure you we would not be behind eighteen per cent unemployed.

MR. NEARY: Inaudible.

MR. CROSBIE: Mr. Chairman, I am not going to pay much attention to the member for Bell Island because these are serious matters we wanted to discuss and you cannot discuss anything seriously with that hon. gentleman. It is difficult to speak seriously to a vacuum.

MR. NEARY: Where are the jobs?

MR. CROSBIE: Listen to him croaking there. I know one gentleman who will not have a job after the next election.

Now, Mr. Chairman, the oil refinery project, Honourable members will find some information attached to the Budget on the oil refinery project. They would have never found it if the Liberal Administration were in power. But attached as a supplement to the Budget Speech was a section on the oil refinery which brings Honourable members up to date pretty well on what the situation is there, and so it is hardly necessary for me to repeat it now.

The facts are, of course, that the \$160 million figure that was mentioned by the past Liberal Administration as being the cost of that project, was not correct, was not true in any sense at all, was known to be untrue, and that the actual cost is \$160 million plus the federal wharf at Come By Chance, plus another \$16 odd million as outlined in that supplement, which will have to be found for the project, and we say it has to be found and arranged for by Newfoundland Refining. So because that is in the supplement, it is not necessary to go into that in detail today, Mr. Chairman.

There is a meeting tomorrow, It is being held between the government, representatives of Newfoundland Refining, representatives of Procon, the contractors and of Jacobs Engineering, who are the consulting engineers for the government, to review the progress to date on the whole situation with respect to the refinery project.

On the pollution situation, there have been several meetings held in June on the requirements of the Government of Canada with respect to effluent disposal from the oil refinery. In fact their last meeting was held last week. They have been attended by representatives of the government, Jacobs Engineering, Procon, Newfoundland Refining and the Government of Canada and the Clean Air Water and Soil Authority.

I understand that the situation there is that the necessary steps to be taken are agreed, on the effluent control facilities. That this now appears to be agreed between all the parties and what is necessary next is that Newfoundland Refining Company confirm this agreement and submit revised plans and specifications of the oil refinery facilities, within one month. I believe that Mr. Davis, who is the federal minister responsible, will be making some comment or statement to that effect in the House of Commons today. So that there will be one month for these revised plans and specifications to be prepared and presented to the federal government for their approval. If that were not to be done, then the federal minister responsible would recommend that an Order-in-Council be issued to stop construction.

But the point is that now it is agreed between all these parties on what is required to be done. That is the result of these two or three meetings held this month at our urging and arranged by us and that now the follow-up is necessary, for Newfoundland Refining to present revised plans embodying the changes that are necessary,

in accordance with the dictates of the federal government, in effluent control.

I do not know if there is much more to be said on the refinery at this particular time, except that construction is, I think it was supposed to be completed at the end of December, 1972 and it will not be now until well on into 1973. But all of these matters are to be reviewed tomorrow, so I cannot give the latest up-to-date information on that.

But as I say, the basic information on the oil refinery project is in the special supplement to the Budget Speech. On the linerboard mill ...

AN HON. MEMBER: Clean bill of health.

MR. CROSBIE: No, it is not a clean bill of health. It reveals subterfuge and deceit to the public, because all of these extra items and additional items, for which money has to be found, were known by the hon. gentleman. The hon. gentleman did not know about them, I am sure he did not but the ministers opposite, in the government, knew about them and pretended...

MR. NEARY: The hon. Minister of Justice knows about it.

MR. CROSBIE: It is too bad the honourable gentleman will not be with us next year, when that report comes in and he carries out his word. We will all miss him.

The exact shareholding; Just before I carry on with the linerboard mill, shares held in Churchill Falls Labrador Corporation is that BRINCO has fifty-seven per cent, Quebec Hydro - 34.2 per cent and Newfoundland - 8.8 per cent. That is a total of 8,759,999 issued shares of which we have 775,998 (8.8 per cent), Quebec Hydro, I guess that is, 34.2 per cent and BRINCO 57 per cent, which of course is effective control.

On the linerboard mill, Mr. Chairman, since the legislation was passed by the House, authorizing the government's purchase and the

MR. CROSBIE: control of that project from Canadian Javelin, work has proceeding at pace.

The construction, we are still told that it should be completed construction in October and that the start-up should commence in October. The joint project consultants of the government, that is Kate, Peat, Marwick and Company and Donald D. Dick, have been undertaking the necessary work in connection with surveying the markets, recruitment of personnel, preparing new forecasts of what money is going to be required, cash flow, the work of setting up accounting systems and all of the other one thousand and one things that must be done in connection with such a project.

We have also reviewed the whole project with the prime contractor, Sir Robert MacAlpine and Sons Limited, and the construction part of it is proceeding smoothly to date. The whole project is to be reviewed again this week, by the government, with our joint consultants. The meeting would take most of Friday, unless we have to be in the House of Assembly in the afternoon.

The consultants have hired some twelve or fourteen personnel, at the superintendents level, for the linerboard mill, recovery room superintendent and people of that level. The top management has not yet been recruited. A report will be made on that to the government and the whole project reviewed in detail on Friday.

The first

MR. CROSBIE: of \$2.5 million was made to Canadian Javelin Limited and their associated companies, Messrs Peat, Marwick and Mitchell and Company, are doing a complete audit of all activities since November 21, 1969. The remaining balance of \$2.5 million is to be paid six months from the appropriate date in May, subject to any deductions we feel should be made, or arbitration if we disagree. That work is all proceeding. Our consultants have certainly been giving it their all and working hard on the project. There is a great deal of interest being shown Mr. Chairman, I can say, by other companies. Dozens of companies prominent and not so prominent have wanted to interest themselves in the management contract or in marketing of product and in various ways like that. No such agreements have been entered into to date, as the government's decision, to date in any event, is to try to bring it through and start up and operate it as a crown corporation ourselves. If a good and advantageous arrangement could be entered into with someone, the government would certainly consider it - but there have been none yet, but a great deal of interest by some of the largest and most prominent companies in the field.

The mill has a lot of problems to contend with, of course. Mr. Chairman, its capital costs are excessively too high. Its major problem is the cost of getting the raw material to the mill. The cost of wood is the fundamental problem of the linerboard mill, and whether those costs can be brought down. We are very pleased with the way in which Forestal Engineering have taken over. It is Forestal of Vancouver. They are supplying the management for the logging operation of Labrador. I think they are doing an excellent job. The manager was in to see me several days ago. He is pleased with the way it is coming along. They have a lot of problems there but they are confident that they can get 200,000 cords out this year. The first vessel is there now, I believe. The honourable gentleman for Labrador North will know. Vancouver Forests, I think is the name.

MR. CROSBIE: There are three 30,000 ton vessels being chartered this year from Jebsens, a Norwegian shipping company, They are going to provide the transportation of the wood for this season. The first vessel is there now, the second one is to come on charter, I believe next week. They should be good vessels for this movement but, of course, we will have to see how things go this season.

There are two problems in dredging, (1) at Goose Bay, the harbour next to the dock needs to be dredged to thirty feet depth. The work has not started yet, I believe -

AN HON. MEMBER: Are these boats manned by Newfoundland men?

MR. CROSBIE: No, no, they are manned by Norwegians, They are not manned by Newfoundland men. They were not going to be when the honourable gentleman's government were in, they are not going to be manned by Newfoundlanders now. This is a Norwegian company, British flagged vessels. They can only coast -

AN HON. MEMBER: Hong Kong.

MR. CROSBIE: Right, Hong Kong crew, is it? They can only coast in Canada if they are either Canadian registry or United Kingdom registry. If they can get our wood down at a decent cost and get the wood down, I do not care if they are crewed by Martians.

There is a problem at Goose Bay, The harbour next to the dock must be dredged thirty feet or they cannot take a full load of wood next to the dock; which will result in a great deal of extra cost to us. We are on to the Department of Transport, I have not been talking to the minister or his assistant today, but I think they are doing all they can to get this done as quickly as possible.

There is a second problem at Stephenville Harbour that some dredging has to be done there before these vessels can get properly into Stephenville Harbour. There is a dog-leg that has to be removed and there are some buoys, they will have to rearrange the buoy system there. So there is some dredging work required in Stephenville Harbour for these vessels to get into Stephenville Harbour to discharge this

MR. CROSBIE: wood. That is even more pressing and urgent than at Goose Bay Harbour. But I understand the Department of Transport are trying to expedite that now as much as they can.

During this season shipping operations, the whole logging operation of Labrador has been studied and shipping methods, so that recommendations can be made this fall as to how it should best be done next year or the year after or in the future. There is a lot of planning which have to be done in the woods operation up there, that has not been done in the past, a lot of road building that has to be done to take care of the wood that you are going to get next year and the year after and so on. They have to make plans now to get wood across the river, I do not believe there has been any work done yet on the other side of the river. That has to be proceeded with now.

But we are very pleased from what we can see to date of the way Forestal has taken hold. They have provided the top management there, I believe three men altogether, it might be five men. They are now in control of logging operation in Labrador and as far as we can see they are doing a very admirable job and we have high hopes that the high wood costs, which we are going to have inevitably this year, can be brought down to a satisfactory level in the next three or four years. So that is just a brief, the honourable gentleman opposite may have some other questions but that is just a brief review of the present situation on the linerboard mill.

MR. W. N. ROWE: Mr. Chairman, I thank the honourable minister for painting with a fairly broad brush the situation regarding some of the industrial development in the province. He did not mention, he mentioned to me privately, but he did not mention publicly nor in the House what he was going to do about NJDC, under which I think the vote comes for the Burgeo Fish Plant. Is that right? To take over the Burgeo Fish Plant: Apparently the minister does not want to discuss that in these

MR. ROWE, W.N. estimates but would rather discuss it in the Department of Fisheries.

Well, we are quite agreeable to that, Sir, as long as that is permitted when the salary for the Minister of Fisheries, I guess, is being talked about or there may be some other heading where we can talk about this particular matter under the Department of Fisheries - as long as the Chairman of Committees is well aware of that, so that there is no problem with regard to rules of order or being ruled out of order. I would also assume that the honourable minister will make every effort to be in attendance himself when the Department of Fisheries is being discussed, since it does come under his department, after all.

MR. CROSBIE: I would not miss it.

MR. ROWE, W.N. I am glad about that. Mr. Chairman, I would not wish for him to miss it either, that particular deal.

The minister mentioned the Newfoundland Development Corporation, Sir, which must be in the slings now for what, two years? A year and a-half of two years?

MR. CROSBIE: Since 1971.

MR. ROWE, W.N. That is right, one and a-half years. Is that right? One and a-half years the Newfoundland Development Corporation Agreement has been in the drafting stage and the minister mentioned that it is likely it will be signed on Friday of this week. I do not know what the delay has been. I do not in any way blame the minister for it. We had the same problem when we were negotiating the agreement with Ottawa, I think it has reached eighteen drafts or something when we left office. I do not know what the problem with Ottawa was on it. I hope it is not, I am not saying this, but I hope that the delay is not caused by the fact that the minister has in any way caused either himself or his department to neglect this particular agreement in order to pursue other matters because, in my estimation, the Development Corporation Agreement is perhaps the most important thing

MR. ROWE, W.N. that the minister could be doing now. It pursues and follows along the announced Progressive Conservative Government policy of trying to help out with small industries. This Development Corporation should, if used properly, be a great help in developing small industries in this province.

It is a concept, Sir, of which I, for one, and my colleagues here can be very proud as far as its operations in this province are concerned. It is not a new concept in Canada at all. A number of other provinces had had these similar development corporations, some of them with fairly disastrous results I might say. In the case of Nova Scotia and in the case of Manitoba, the development corporation has not been the panacea or the answer to everybody's prayers. But I think if it is used properly, this is a good idea. This development corporation initiated by the former administration, Mr. Nolan was then the Minister of Economic Development, and I, as Minister of Community and Social Development, had some part to play in getting this thing off the ground. I hope it is not very long now before the thing can be signed, sealed and delivered.

One problem that came up when we were negotiating it was whether there should be a strict criterion, a strict yardstick in respect to the number of jobs that would be created by any given grant of money or loan of money. There was some suggestion that the grant or loan would be tied very rigidly to the number of jobs being created and on the other side of the coin, there was an argument that that should not be the case but the grant should be made, not irrespective of the number of jobs created but not so tightly tied to that. I was wondering if this were the problem which has caused the delay in the present minister's experience or not?

Also, Mr. Chairman, while lauding his attempts in the development corporation, but decrying the delay in that situation,

MP. W.N. ROWE I was interested to hear from the Premier, earlier, that a joint committee had been set up consisting of most of the senior officials of the government, together with a number of cabinet ministers, to look into the whole organization of government, with particular reference, I believe, to the planning of government activities. I remember again, that the Deputy Minister of Community and Social Development, on my instructions, (the minister is not here today) had drafted up, based on his experience, a schedule or scheme of how the government should operate, how it should be structured, how it should function. What was in our minds at that time was the setting up of a planning committee, a planning board of the government which would be not unlike the treasury board of the province, in that it would consist of a number of the so-called first rank ministers, A board with its own secretariat, its own civil servants, so to speak, that would exist on a plane above the line departments the ordinary departments of government, so that orders could be issued by that board to various departments in order to get them to pursue their activities in various directions, just as the treasury board operates on a plane. It is a committee of cabinet, it operates on a plane above the other departments of government, above the Department of Finance, and issues instructions to departments.

One of the problems that the Department of Community and Social Development had, when negotiating and implementing the DREE programme in the province, was the fact that it was a line department, an ordinary department of government, and it is sometimes extremely difficult for another line department, which is not a committee of cabinet or does not represent the cabinet, to get the necessary information or the necessary output from the other departments of government. We found this to be a bit of a problem. Also, in the implementation of various plans and procedures and programmes laid down by the DREE programme, we found it somewhat difficult to goad or get

the other departments to implement some of the programmes, because we were not in a position, Sir, to be able to force them, order them or instruct them to take certain measures. I think some sort of a planning board should be set up which functions as a committee of cabinet. Undoubtedly, something like this will be recommended to the government. A committee of cabinet which comes up with plans and programmes of expenditure is then confronted by the treasury board which decides for cabinet or recommends to cabinet whether such an expenditure should be made or can be made. Then the two together, working together, should be able to come up with some reasonably streamlined and efficient plans of development for the province. I hope that this is the direction the government is moving in.

Now, Sir, the honourable minister has indicated that he does not want particularly to debate today the Burgeo Fish Plant situation, where it has been announced \$2.6 million of public funds have apparently been paid for that complex. I am not exactly sure what the money has been spent on, but over two and a-half million dollars has been paid, apparently to the former owners. I do not propose, in keeping with our agreement, to debate the Burgeo situation at this point, Sir, but I cannot resist saying to the honourable minister or asking the honourable minister this question: If three or four years ago he resigned from the government and walked across the floor on an issue concerning \$5 million, concerning the Come by Chance Refinery, perhaps we can persuade the honourable minister - perhaps since it is only two and a-half millions this time, maybe we can persuade the honourable minister to come half way across the House and put his seat right there in the middle, Mr. Chairman. Then perhaps, if there is another two and a-half million dollar lash out of public funds, then he can come all the way across again. Maybe the minister will have some comment on that when we are debating the Burgeo issue. We think that if he went across

for \$5 million, then he should come half way across for two and a half million dollars. I think that is only fair. I think my colleagues will agree with that. Because, if the \$5 million, which was subsequently subsumed under the total capital financing of the Come by Chance Refinery, was a scandalous outlay of public funds, Mr. Chairman, well then this two and a-half million dollars is certainly half as scandalous and would merit a walk of about eight or ten steps to the middle of the floor. The honourable minister could really be the boss of the House as he wants to be. Holding court there in the middle of the chamber, lashing it out to both sides of the House. I think he would be very happy in that situation, Sir. I will be interested to hear some comment on that when we come to debate the Burgeo expenditure of public funds.

I was concerned to hear the honourable minister say that it will not be long now before he is going to be removed or transferred from the Department of Economic Development and that all his talents will be used in the Department of Finance. I was concerned to hear that, because I think that the honourable minister may well be the type of person who should be in Economic Development at the present time. Obviously, the policy of the government is one of tightening up, of rigid or even stringent measures to be taken, not only in respect of persons who have already received public loans - loans of public money or grants of public money, but in respect of future ones. Perhaps his method and manner of doing things is what is needed at the present time in the province, his idea of sort of not lashing it out unless there is certainly more than good reason for doing so, that there has to be an excellent reason for doing so. Perhaps he is the type of person who should be in the Economic Development Portfolio. I am sorry to see him go and I will be interested in seeing who is going to take his place.

I was very disappointed and concerned the other day, when the

Premier announced that he had set up this high-powered, first-class ministry of planning, consisting of about three or four of the top-class, first-class cabinet ministers of the government, and that he himself was not included in it. I thought that that was a gratuitous slap in the face to the honourable minister. He is the man who has done most of the dog work and leg work since the administration has taken over. He obviously has a tremendous knowledge of the background of industrial development in the province and a lot of experience which could be used in the future. I thought that the honourable Premier had perhaps gone a little bit too far there. He should not have given the Minister of Finance, the Minister of Economic Development, such a gratuitous slap in the face, by not putting him on that.

MR. CROSBIE: It was not fair.

MR. W.N. ROWE: I did not think it was fair at all, and I am glad to see that the minister agrees entirely. He agrees with it entirely. Maybe this is what led to the huff-huffle in cabinet which the honourable Leader of the Opposition referred to, when the Premier and the Minister of Finance were apparently at one another's throats. They had to be pulled off by their respective colleagues.

MR. CROSBIE: You should have seen the wreck of the furniture.

MR. ROWE: I can imagine, Mr. Chairman. It is lucky that the honourable minister and the honourable Premier have about equal numbers of supporters in the cabinet, so that they could get together and pull each other apart so that no damage was done to others. There are no visible marks anyway, as a result of that set-to.

MR. CROSBIE: He had me twice, but I am wiry.

MR. ROWE: The honourable minister is wiry. Wily perhaps, not wiry, I would submit, Sir. In any event, I was disappointed and I felt sad for the minister to see him getting that kind of treatment at the hands of the Premier, and now to see that he is going to be relieved of his Economic Development Portfolio.

I must say that I never did agree with the minister having both portfolios of Finance and Economic Development. One concerns the onward progressive development of the province and the other sort of has a tendency to put the brakes on all the development and spending in the province. I found it difficult to reconcile in my own mind how the honourable minister could objectively attend to both these portfolios. I would have liked to see him stay in Economic Development, to tell you the truth, Sir, and see somebody else take over the Ministry of Finance. But of course, the Premier in his wisdom decided not to do that. He has decided to flick the honourable minister out of Economic Development and to keep him in his corner down on the third floor where he cannot do any damage, where he is not going to be out in the front negotiating with industrialists and this sort of thing. He is just going to be down there on the third floor holding court in Treasury Board, putting the brakes on spending and formulating policies for cutting back on expenditure ~~back~~ in his little hole down there, Sir. I must say, I would rather see him in Economic Development myself.

The honourable minister used most of his time in discussing his estimates, the minister's salary part of his estimates, in talking about the Churchill Falls situation. Now, Sir, I suppose I could try to score some cheap partisan points by

referring to the fact that during the crucial period of this Churchill Falls development he and the Minister of Justice were in fact in the Government of the Province of Newfoundland. But having said that and I had said it for the record, having said that I do not intend to pursue it any further because I do realize that sometimes it is difficult for every minister in every cabinet to have first hand knowledge of everything that is going on around him. At the time the minister I think was Minister of Municipal Affairs and the other minister was Minister of Justice and it is difficult for them to keep their hand on all the pulses of activity in any one government.

He himself, the Minister of Economic Development and Finance, he himself does not seem to be loath or reluctant to lash out and use the collective responsibility of cabinet in respect of any colleagues over here who might have been in the cabinet but who might not have had first hand knowledge of what was going on in any particular development. But I do not chose to use that kind of argument at all today, Sir. I will say that in 1966 and 1967 that either the honourable minister and in 1968, for that matter, either the honourable minister did not know what was going on in respect of the Churchill Falls development, these aspects which he himself has chosen to hold up to public scrutiny as being not necessarily good or beneficial to the province, I would say that he either did not know personally, as a minister, anything about them or that by the time he got to them the die was cast and there was very little that could be done about it. I would submit that the same obtains with other ministers in the government or of any government or of any cabinet which might have existed at any time in the province's history.

But, Sir, he has raised one or two things which are of a serious nature and which should have some debate about them, I think. He

mentions that as a result of this development any income to the province will be more than done away with by the fact that the equalization grant will be decreased by that amount. Well, of course that is bad. Sir, in terms of revenue to the province but I would submit that the honourable minister is not seriously arguing, he cannot be seriously arguing that we in this province should cease and desist in our economic development of the province merely because if there is revenue from our own industries, coming to our government, that this amount will be cut out of the equalization payments.

It is a little like arguing, and I am sure the minister would not agree this. It is a little like arguing that a man on welfare, who has a large family and therefore gets a great deal of short-term social assistance, should not get off welfare and get himself a job of work because his material benefit, his revenue or income that he would receive will not be any greater than or not substantially greater than he would get on welfare. If we take that attitude, Sir, and worse again if the Provinces of Canada, the so-called have-not Provinces of Canada take that attitude, well then there will never be any progress in the Country of Canada and there will be no equalization grants and no equalization revenues with which the poorer provinces, the have-not provinces can get these revenues that they presently do get.

Now on the question that he has mentioned, the question that not only are we not getting any benefit from the hydro-development in Churchill Falls but that we are actually going to suffer a tangible loss because of the deal made by the Government of Canada, the Government of Newfoundland and BRINCO, whereby the rebate of taxation goes back to CFLCo, the Churchill Falls Corporation, I would say to him that I am morally certain although I was not in on the deal but he was a minister at the time, in 1967, when the Government of Canada agreed

to do this, I was not around at the time but I am morally certain that the Government of Canada did not intend and certainly the Government of Newfoundland did not intend to penalize this government when that rebate situation was first formulated and then implemented in respect of hydro-development and public utilities everywhere in the province and across Canada.

If I remember the second-hand knowledge I have of it correctly, Sir, the deal was made by the Federal Government, specifically to induce and to help and to facilitate the Churchill Falls Hydro-Development. And I think that they were persuaded by the government here and by the BRINCO people and the CFLCo people that unless some such a rebate could be arranged, then they would not find it feasible to go ahead with the hydro-electrical development there. I am sure that the Government of Canada in no way intended to penalize this province. It is because of that, Sir, that I would suggest, if I am not being too presumptuous (I am sure the honourable minister is going to do it anyway) I would suggest that the Government of Canada, if they were brought into discussions on this matter, the Government of Canada, I think, would be more than willing to exempt from the equalization deductions the amount which is paid by this province to CFLCo, under that rebate agreement affecting public utilities. If they do not, Sir, I think they certainly should and I believe that powerful arguments can be presented by this government to make sure that this province does not in fact suffer that material and financial loss because of this agreement entered into to facilitate the development of a great hydro-electric complex which is to the benefit of the whole country of Canada and not only to Newfoundland, perhaps more benefit to Canada than it is to Newfoundland itself.

So I would suggest that these measures be taken, and I am sure that the Government of Canada will see fit to help us out in that

particular aspect of the problem.

Now, Sir, I would like to ask a couple of questions of the Minister of Economic Development. He will not have the answers here but he can get them I think from his officials, concerning the Churchill Falls development. The questions would center around the amount of wages which have been and will be paid during the construction phase of the Churchill Falls Hydro Project. I think that there was once a figure of \$170. million wage bill. That seems to be low when you are talking about a billion dollar enterprise but I heard that figure mentioned once. Perhaps this has been revised upwards or downwards for that matter. The minister can give us some information on that. Also I would be grateful if he could get his officials to work out and they have a formulae for this, if they would work out how much of that wage bill finds its way, has found its way, will find its way back to the treasury of this province so that taxation, income tax, sales taxes, all kinds of revenue-gathering systems and schemes which we have in the government, to see how much has in fact come back to the Government of Newfoundland Treasury. to see how much benefit the Government of Newfoundland has in fact received from that short-term measure of construction in the hydro-electric development.

Also the minister might be able to supply to the House with the number of permanent employees, which he stated is about 200 in Churchill Falls, and what, again using the same formula, is likely to be the income, back to the province, by various tax methods, fees and what not, liquor and beer profit and this sort of thing, how much is likely to come back to the province in respect of those 200 employees which are likely to be there for the duration of the project? Sir, I would also like the honourable minister to clarify a certain issue for me. He has more or less condemned by inference the hydro-electrical development at Churchill Falls in Labrador because it has not, he says,

brought any benefit to the Province of Newfoundland and Labrador. Now if we can clear up this obvious misunderstanding concerning the rebate to public utilities and just concentrate on the more substantive issues. I would like the minister to divulge to this House, either now or when he gets a chance to when he is going down through the estimates, what he would have done differently with regard to the Churchill Falls development, the Upper Churchill. What some of his thinking is. I know he runs the danger of negotiating in public here, but what some of his thinking is as to the development of the Lower Churchill. How he thinks we are going to get more benefit to the province from the

MR. ROWE, W.N. development of the Lower Churchill, if that goes ahead.

Also I would like to hear some thinking as to how we are going to get any benefit to this province in any kind of economic development or industrial development in this province, if all it does is that it takes away the revenues which we get from these industries, merely takes away the amount which we would get under equalization. Does he think it is worth it in this province to risk public capital, for example, at all, to try to industrialize or to try and stimulate economic development? Is it worth it? Should we merely not keep our money here and use it for public works of various kinds, roads municipal services, schools and that sort of thing? Should we not say that we will not spend one more cent of public money in order to develop economically and industrially this province? Or whether he does think it is worth it, even though there may not be any short-term benefit to the province?

Also he might be able to tell the House whether any progress has been made to date or whether he thinks any progress will be made in try to change the equalization formula which affects this province so that perhaps some new deal can be made with Ottawa whereby they will delay somewhat the cutting down of the equalization payments made to the province by, say, until five years after a company has been established in the province and commences to pay taxes or pay revenues into the Newfoundland and Labrador Treasury, maybe something like this? Otherwise, Sir, the only incentive that we have in this province for industrial development would seem to be one of pride and standing on our own two feet, and certainly that is a very understandable incentive for any government to have.

But there is no financial incentive, as the situation stands at present, no incentive at all for this government or any have not government in Canada to put up good, hard, hard-earned public money for industrialization. So what we do in effect, if we do put up public

MR. ROWE, W.N. money for industrialization we take the risk of losing the public money if the industry does not flourish, does not go ahead. There is nothing balanced against that risk at all, There is no hope of increased revenues as a result of the industry going ahead, so that we have not earned one extra nickel for this province, at least in the short run, By the "short run" I mean ten or twenty years. No not one extra nickel has been earned in extra revenue for the province as a result of our public risk, a risk of public money having been taken.

I would like to hear the minister on that. I think it is a very important, a very important aspect of industrial development, not only in Newfoundland but in the other provinces which get help from Ottawa for current account spending, get revenue from Ottawa under the equalization programme.

Now, Sir, while I am on my feet, and I do not intend to hold the House too long on this - I think it is a very important matter this whole area, this whole broad spectrum of industrial development in a province like Newfoundland, a province which has decided disadvantages, which have to be overcome if we are going to flourish, if we are going to have good, sound economic development. I think, Sir, that in many respects, if you looked at the whole situation objectively, Newfoundland, Manitoba, Saskatchewan, Prince Edward Island, Nova Scotia, New Brunswick, these provinces, Sir, in their efforts to get industrial development present, they must present to any objective on-looker a pathetic spectacle indeed, to see these poor poverty stricken provinces in many respects trying, in many respects, to set themselves up as tremendous industrial parts of this country of Canada.

Sir, when I was doing a little bit of research on this matter, there about a couple of days ago, on industrial development, in anticipation of these estimates coming up, I came across, in my files again, a book which I have read, called "Forest Growth" by Philip Mathias, who is an

MR. ROWE, W.N. assistant editor of the "Financial Post." He has written on a number of these things, government involvement in industry. He spent six years studying provincial involvement in industry. There is an introduction to this book "Forest Growth" by Abraham Rothstein, who is a professor of Political Economic at the University of Toronto.

Sir, this book has documented, has set out five studies of provincial government involvement in economic development. It was published in 1971, so perhaps it is up to date as far as 1970. It is probably a couple of years out of date now. But these studies which he made included the provinces of Saskatchewan, Manitoba, Prince Edward Island, Newfoundland and Nova Scotia. In it, Sir, there is a very damning indictment of the type of industrialization which has gone on not only in Newfoundland, The one that he has chosen from Newfoundland, Churchill Falls, he gives a very good bill of health indeed. But indeed a damning inditement of what has gone on in the have-not provinces of Canada, as far as trying to get the economy stimulated is concerned.

I took the opportunity to note down one or two excerpts from this book, which is a very comprehensive, although short, comprehensive study of the type of industrial development in the province. We find, Sir, Mr. Rothstein, who wrote the introduction to the book, saying in his introduction; "we must return in the end to the fact that the gap between the developed and the impoverished regions of this country continues to grow, in spite of the fact that public monies have been lashed out hand over fist by provincial governments." The gap continues to grow, and that we are as puzzled as ever about how we shall eventually right the balance in the country.

He goes on to say; "the hit and miss character of the whole approach to regional development seems more entrenched than ever." He was writing this, Sir, in 1970, after a couple of decades of

MR. ROWE, W.N. intensive attempts at development in the have-not provinces of Canada. Then again, Sir, he states again, in his introduction he says that in the five industrial developments which have taken place in Canada, which this book refers to, he mentions them and he says that it appears that the Saskatchewan project will be successful even though at an exorbitant cost for each new job created. He says, the opposite is the case in the Prince Edward Island Frozen Fish Plant which is another one, the opposite is the case in respect of the Manitoba venture at The Pas and the opposite is the case in the Nova Scotia heavy water plant. He says, they are all unqualified disasters and hundreds of millions of dollars of public funds have been poured into those projects.

Then he says: "Even when Newfoundland's successful Churchill Falls project is taken into account, it appears that the state of regional development in this country is in a highly precarious condition. Only chance consideration seem to lay down the fine line between qualified successes and unqualified failures." He says that the future projects carry with them no greater chances of success than the ones that he has referred to, We would be better off to suspend our operations in regional development and find some other way to help the unemployed. That is what Mr. Rothstein, the professor of Political Economic, has to say, Sir, about the attempts at industrialization.

Then Mr. Mathias himself, when he is given a general idea as to what has been going on both in the Canadian Government and in the provincial governments, he says; "In several of the controversial projects that went ahead in Manitoba, in Nova Scotia and Prince Edward Island in the 1960's, there is evidence, that few people on the staff of the provincial lending agency or in the civil service had the expertise to really assess whether a given project was a valid economic proposition or contain reasonable financing agreements"

MR. ROWE, W.N. He goes on to say;"another clear case where provincial authorities were not able to handle the technical side of a project is the heavy water plant in Glace Bay, Nova Scotia." There you have it again, Sir, the fact that in our pathetic struggle to set up industries in provinces like Newfoundland and Nova Scotia and Manitoba, we do not have the human resources available and I suppose it is virtually impossible to have the human resources available because certainly a government like Newfoundland is not going to keep on its staff fifty or sixty specialized, specially trained

people in various aspects of government or development, in order to advise the government, when any particular proposition is brought in, we just do not have the money to do it. It points up this problem of lack of efficient and good technical expertise in the whole area of development and industrialization in the various provincial governments.

Then Sir, he goes on to say again (that is one aspect, the lack of expertise) then he goes on to talk about the competition, the unseemly distasteful competition which has gone on between various provinces in Canada, to get a particular industry. He says: "Such competition has tended to increase the price that is ultimately paid for the prize by the so-called winner." Before it settled in Manitoba, the Churchill Forest Industries Group, (that is that great fiasco in The Pas) was holding talks with the Government of Quebec over the possibility of a paper mill there. Undoubtedly, the price that Manitoba paid for the Churchill Forest Industries Complex was affected by the need to attract it away from Quebec.

In early 1970, the Michelin Tire Group of France decided to build three plants, costing \$1 billion, in Nova Scotia, but only after a period of fierce competition between Nova Scotia and Quebec to capture that company. The intrigues behind the scenes, they say even involved Charles DeGaulle. But the Michelin group stubbornly stuck to its decision to locate its plants in Nova Scotia, at a cost of \$50 million to the Government of Nova Scotia, \$50 million for for a \$100 million industry put in by the Government of Nova Scotia. There you go again, Sir, the competition, the fierce competition by these small provinces trying to get industry, trying pathetically and perhaps manfully, but pathetically, to get high-powered industries to settle in their particular bailiwick, in their particular little province.

Then, Sir, he goes on again to mention another problem and that is the problem that small provinces had with the getting of the reputation of being socialists, or somehow against private enterprise.

and how they will never risk doing this, because they are afraid they will drive away private money. He says; "Crown Corporations are usually not acceptable, even to a New Democratic Party Government." I would say, in spite of or because of a New Democratic Party Government. Manitoba's N.D.P. Government, elected in 1969, had to tread cautiously over the use of Crown Corporations for development, for fear of frightening away businesses that might have been thinking of coming into Manitoba. Besides, a Crown-owned paper company, for example, would find it difficult to compete in the North American market where all other companies are in the private sector."

I would submit that perhaps the same problem exists in respect of the linerboard mill in Stephenville. Perhaps there might be a competition problem there, inability to compete. I do not know, but in any event some people may be throwing the words around that, by nationalizing or by setting up a Crown Corporation, this is dangerously close to communism or socialism.

He goes on to say: "The shunning by provinces of socialism, has driven several provincial governments into arrangements in which they have paid all or most of the expenses of establishing a plant, using a promoter or company as a private enterprise front, that gave the project political respectability." Then he mentions: "In the Churchill Forest Industries complex at The Pas, in Manitoba and in the Gulf Garden Foods Fishplant, in Prince Edward Island, the provincial government put up almost all the money, almost all the money, and the profits, if any had been generated, would have gone entirely to the promoters of those projects." These are three of four of the problems, Sir, which face small provincial governments when they are attempting to set up industrialization in the province.

He then goes on, Sir, to give a case study of the one Newfoundland development which he has studied, namely the Churchill Falls one. He did not mention the Come by Chance - he probably had some scathing words to say on Come by Chance. He did not mention the

linerboard mill. He does say in respect of the Churchill Falls Development, he says: 'Newfoundland got a construction project on a huge scale from Churchill Falls and one of Canada's major hydro-power sources. He says: 'It created a source of revenue of \$15 million a year, (which the minister says will now come to us in thirty or forty years from now) it created a sizeable source of funds for a province whose expenditures in 1966 were \$131 million.' It has gone well beyond that. Ironically,' he says; 'It also left Newfoundland in the position of seeing privately produced hydro-electric power being exported, while it simultaneously builds thermal generating plants to supply Newfoundland's own needs.'

In other words, we have to build on the one hand, or we have built, on the one hand, plants for our own needs and in the meantime, the privately produced one is being exported out of the province. Then he goes on to say; 'Brinco's backers have come out of the project at least as well as Newfoundland has.' I think that is probably an understatement. 'They have firm markets for all the power their plant can produce. Guarantees of financing from their major customer, Hydro Quebec, which ensures the project will be completed, and they can expect profits of twenty-two to twenty-three million dollars a year, even more than the revenue that will be received by the province which owns the water fall.'

He makes that statement, Sir, and having been extremely complimentary to the Province of Newfoundland, the Government of Newfoundland, for setting up this industry, this Churchill Falls industry and facilitating its development.

In 1958 for example, which is close to being contemporary with the deal, he says: 'In an article in 'Saturday Night', in 1958, Robert Jamieson, a leading financial affairs journalist, said; 'It is my personal opinion that Joe Smallwood was darned lucky to get the deal that he did get.' That was the view of one economist with some economic savvy at the time, in 1958. It is easy enough in hindsight

to start picking holes in and starting to condemn such a development as Churchill Falls. This particular economic analyst thought that Newfoundland had been 'darned lucky' to use his words, to get this particular deal off the ground at that time.

Mr. Mathias himself goes on in glowing terms saying: "The shipwrecked sailors who cannot swim will cling to logs and often survive the swimmers." Perhaps a similar paradox explains why the province of Newfoundland and Labrador, Canada's newest and poorest, has brought off one of the greatest development achievements in the history of Canada, the harnessing of the mighty Churchill Falls, without expenditure by the government. Then he goes on to describe it. He says: "What cash incentives of any significance could Newfoundland offer to this giant? Wisely it has offered none, and has reaped nothing but profit." That is the view of Mr. Mathias. Today, the minister has given us a different interpretation of the Churchill Falls complex.

I think it all boils down to this, Sir, even when we have a complex which is tremendously successful, using most terms of reference, most criteria, most yardsticks of measurement, when we have a development like the Churchill Falls Development, which is tremendously successful, yet this poor province of Newfoundland and provinces like it in Manitoba, Saskatchewan and elsewhere, really derive very little in the short run and perhaps in the long run from the development. From the granting of concessions, from the putting up of public funds, from the guaranteeing of loans or by the outright grant of money to a particular company, we gain very little, the main problem being that we have to give too much to get little, to start with. Secondly of course, even if we do get some revenues back to the province, we find that it affects our equalization status. We find that we are exactly like the man who is on welfare; he is making three hundred dollars a month on welfare, with a large family. He finds that if he goes to work in an unskilled position, he may not even make that much. So what

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incentive is it to him to get off welfare and to try to stand on his own two feet? That is the position we are in.

For my own part, Sir, I say that we should continue to strive manfully to develop the province and stand on our own two feet. We should continue to negotiate with Ottawa to make sure that there is not a financial disincentive against the province for trying to stand on its own two feet. We should not have the equalization grants cut out from under us immediately upon revenue coming into the province from industrialization in which we have taken part.

but that there should be some delay in the cut-off so that we can reap for a period of time some benefits of the equalization formula and the industrialization and that over the years, if we ever do get completely self-sufficient that we will find all along the way, that it is profitable, economically and financially profitable to us to try to get industrialization in the province. That I think is the statement that we would have to make on the subject, Sir. I would be interested in hearing, not exactly philosophy from the minister but some general comment on the whole idea of development of the province. Is it such a losing cause altogether that we should give it up in despair or is there really any point in proceeding with it and have any progress been made with Ottawa with regard to adjustment of the equalization grant?

These are the types of general problems which confront a Newfoundland Government in trying to get industrialization off the ground.

MR. WOODWARD: Mr. Chairman, I would like to add a few comments to the minister's statement, in his opening remarks on the Economic Development budget. Sir, I somehow detect a very strong bargaining position being set up by the minister and his government concerning future developments in Labrador.

I would like to ask the honourable Minister of Economic Development if he can table in this House, and I am sure that he does have available figures of revenue that is coming into this province from Labrador. He projected the revenue, the return that we would get on the great Churchill Hydro-Development. I would also like to see, Sir, the figures that are coming in, and the revenues that are coming into this province from royalties on the iron ore in Labrador West. What is the plan or what royalties the Labrador Lincorboard, which is now a Crown Corporation, what royalties will be collected, and if there are any royalties coming from the timber resources in Labrador?

I would like to see those figures and other royalties that have been turned in through its original agreements by the BRINCO people. If the hon. minister could table those figures in the House, Sir, sometime during the estimates, I am very concerned and I would like to take a look at what we are getting in return, in the Labrador itself. I am greatly concerned about that, Mr. Chairman, because of the fact that if we are going to be greedy in the development of Labrador, if we are going to look to Labrador as the bread basket that it has been referred to over the years, to plug all the holes that exist in public services on this Island of Newfoundland, then I am very much afraid that the 30,000 people that exist in that portion of our province, Sir, will be waiting a long time to build up their economic base in their own homeland.

I would like to relate the case of our fishery that has been going on for some two hundred years on the Labrador coast and maybe even longer than that and yet today, that on that eight hundred miles of coast line we do not have one fish plant in the whole of Labrador. I am sure that the honourable Minister of Economic Development, if he were to table the figures today of the amount of fish that has been caught in that hundred years and brought back to this island and see what went in to the coastal communities in return for the resources that they have been robbed of, it would be appalling, Sir. You know those figures would be appalling, to see in return what has been turned back.

When I think in terms of the hydro development, when I think in terms of the development of the Lower Churchill and when I think in terms of the rate of hydro-power or diesel-power that is paid in Goose Bay, Happy Valley, which is the highest in Canada today, and then we think in terms of, we are going to have to get a lot of money in order to develop that particular resource, Maybe the hon. minister, Mr. Chairman, can tell us how much we can expect to pay for hydro-power in the event that it is developed on the Lower Churchill and maybe we can go

a little bit further, Sir, in this development of that portion of the province, to think in terms maybe of building a transmission line and converting the direct power now that is generated from Churchill Falls, for the use of that particular area of Labrador, the Goose Bay - Happy Valley area.

We have tried, over the years, to get some type of uniform rate for electricity in this province. We, very unfortunately, have been left with the diesel rate that is applied throughout the province, which is much higher than possibly the hydro rate that has been fed into the main grid on the island, through Bay d'Espoir and the other private people that are supplying power, like Bowaters and other people, to this province.

Sir, we have been living with those conditions ever since the existence of Labrador. We have been referring to it as a form of isolation, we cannot expect anything better. But then again, Sir, we have people that are dealing, and the hon. minister and other ministers that dealt with Economic Development, taking a look at our potential in Labrador and we would like to see, Sir, something directed, not necessarily on a wide scheme maybe, broad scheme for the whole of the province, but then to take into consideration the local conditions that exist in Labrador too.

I notice that there is 400,000 horse power that we have recall rights to, that will be used in the expansions at the Labrador City - Wabush mines. Maybe the hon. minister could think in terms of maybe having, as I said before, a transmission line going into the Happy Valley - Goose Bay Area and supplying us with some of this particular power from that particular grid.

There are a number of things, Sir, that we have to take into consideration. I would like to say to the hon. minister now and his government, we should think in terms, when we are developing Labrador, that we have relatively young people that have been living in Labrador, a lot

of them have moved to Labrador in 1949, As I have stated a number of times in this House, Sir, we had a population in the whole of Labrador some 8,000, today we have a population of 30,000 people with a growth increase of 31.3 per cent. I think this is what Statistics Canada is saying.

Labrador has the largest growth rate as far as population is concerned, and this is in the whole of Canada. So there are people flocking into Labrador, Sir, because of the Churchill Falls project, because of the iron ore development in the west. We have new families, young people that have been staying in the coastal communities, depending directly on the fisheries, which we would like to see upgraded to some degree. I am pleased to know that we are making some progress in this direction.

Maybe the hon. minister could table those figures for me Sir, and maybe the hon. minister should give some consideration to the local conditions that exist in Labrador, before we feel that we have to go and bargain with the developers, so that we can support the whole of this province by developing the mineral resources and the natural resources of Labrador.

There is a great feeling in Labrador and one of the items that was mentioned that we did not charge sales tax, we did not charge gasoline tax, Sir, when you think in terms of a revenue that is coming out of Labrador in gasoline tax and when you look at the Highways budget this year for new construction and road improvements, there is not one cent being spent in Labrador. This sort of makes me feel that there is no feeling or concern. What are we doing? Are we developing that particular resource to put the whole of the thing back here in the province or the island portion of the province, or are we prepared to give a little in return

for what we are giving up? I think that the honourable minister said that the network of roads in Churchill Falls, if I recall correctly, is somewhere in the vicinity, during the total project, of 160 or 170 miles of road construction, a network of road construction. Sir, this did not cost this province one cent. All of those roads were developed by the CFLCo people and they in turn, when the roads were finished, on their agreement turned them over to the Province of Newfoundland. We in Happy Valley-Goose Bay and I am sure that the people in the West pay a large amount of money into this province in the form of gasoline tax each year, I venture to say, Sir, it is somewhere this year in the vicinity of maybe three to four hundred thousand dollars, and we do not have one road programme in the whole of Labrador.

So, Mr. Chairman, it would make you wonder to see that this particular thing is happening. It breeds discontent among people, Sir, and if this is going to continue I am very much afraid that the honourable minister and his government, if they do not see fit to put something back in return for what they are taking out there, are going to be, we are going to hear more rumbles. I do not want to mention things that I have heard before, but we are going to hear more rumbles. There is no need to be hearing discontent from that portion of our province, Mr. Chairman. We should in turn see fit and the government should in turn see fit to put a portion of this revenue back in, to look after those 30,000 people that we have in that portion of our province not to exclude us from our total road programme, a total exclusion from our road programme, Mr. Chairman, and not to sit down and say, "Look, we are not going to develop that great hydro potential unless we get enough money, possibly to build a complete network of roads in the Province of Newfoundland." If we take that attitude, Mr. Chairman, I am very much afraid that the

discontent that exist in Labrador will continue to multiply.

MR. NEARY: Mr. Chairman, I would like to have a few words on the vote for the Department of Economic Development. Sir, six months have gone by since the Tory Administration formed the government in this province. Unemployment has gone up in the last six months. As of the end of May unemployment is higher in Newfoundland and Labrador than it was May of a year ago. The people of this province, Sir, are looking to the new administration for some direction to find out, they want to be told, what course the province is going to take in the field of economic development and industrial development. They expected the Minister of Finance and Economic Development to spell this out in his Budget Speech. But did he, Mr. Chairman? No, he did not and his Budget Speech made very vague reference to economic development. I spent more time singling out assistance to welfare recipients on Bell Island, spent more time persecuting the impoverished and the poor of this province, Sir, than he did on economic development.

The people on unemployment insurance today, Sir, are worried because their benefits are just about exhausted. The people on welfare are being told there is going to be a tightening up of the regulations. They are told to go and find work. Single able-bodied people in this province are told to go out and find jobs. But, Sir, they are not told where to find these jobs. We seem to have a sort of a situation at the moment, Sir, where the whole thing is in a shambles and everybody is sitting back and waiting for something to happen. I submit, Sir, that if we continue on this course that by this fall and winter unemployment will be the highest in Newfoundland that we have had since Confederation. I am not surprised, Mr. Chairman, by the announcement of the honourable Minister of Economic Development, in this House, on Friday, that he was planning on vacating that portfolio. It came as no surprise to me, Sir, because I have been saying for months

now that the minister has been doing the wrong things in that portfolio, with his hostile attitude towards outside businessmen and industrialists coming into this province, Sir. The minister has done irreparable damage, Sir, in the international industrial world, to this province. He has frightened away people that may have been contemplating coming into this province, Sir, and risking their own capital.

Members of the House will recall that in the last thirty months or so the minister, prior to the election and in his Budget Speech since the House opened and in other comments that he has made in this honourable House in this session, that he has used some pretty tough words, Sir, and issued some pretty damaging ultimatiums that would discourage any industrialist or businessman who was looking for a place to invest venture capital or risk capital. He scared them off. So therefore I say, Sir, that this minister has done more damage, in the short time that he has been in that department, to destroy our credit rating and our reputation in the international industrial business world, than anybody that I know of could have done in the same length of time. I am happy, Mr. Chairman, that he will soon be replaced.

I do not know, Mr. Chairman, who the honourable Premier is going to replace the honourable minister with. When I look across at the benches on the government side of the House I cannot see, apart from the honourable Premier himself and maybe, Mr. Chairman, the honourable member for Burgeo-LaPoile, apart from these two honourable gentlemen, Sir, I really cannot see a successor in the government, on the government benches. The honourable member for Harbour Main, I do not think has the experience to be Minister of Economic Development. I do not think the honourable member for Ponavista South really has the background for it and certainly the honourable member for Harbour Grace, Sir. Well he may have experience in one aspect of development but not the

kind that we would like to see in this province, Sir.

So I really do not know, Mr. Chairman. When I look across, I really do not know who is going to succeed the honourable minister. I would probably or I might make a suggestion to the honourable Premier, Mr. Chairman, that he succeed the honourable minister himself, because the honourable Premier, in my opinion, is the only gentleman sitting on the government benches at the present time who has any familiarity with the financial institutions across Canada and with the business world, both on the international and national scene. So I would, Sir, that the Premier would bestow on himself the responsibility for the Department of Economic Development.

Mr. Chairman, as I say, the people of this province are very concerned. They are very concerned over the fact, Sir, that Churchill Falls now, this year, has just about completed the main part of the construction of the great hydro development. This year mostly tradesmen and technicians would be hired at Churchill Falls. I would submit, Sir, that it is very unlikely that many of these jobs will go to Newfoundlanders. I ask a question in the House, about a week ago, of the Premier, answered by the Minister of Labour, that a committee was being set up -

MR. CROSSIE: (Inaudible).

MR. NEARY: I am talking about the permanent staff at Churchill Falls.

MR. CROSSIE: (Inaudible). What did you do about that?

MR. NEARY: Well, maybe the honourable minister can deal with that.

The honourable Minister

of Economic Development wants to keep referring to the past, Sir, but the people of this province want to know, they know about the past, they want

MR. CROSBIE: Inaudible.

MR. NEARY: Mr. Chairman, the honourable minister said in his remarks, and I am sure he said this in the heat of debate, that he hoped that the member for Bell Island would not be around a year from now. Well Sir, I would invite the honourable minister to lay his seat on the line with the Minister of Social Services and Rehabilitation and we will see who will be around a year from now.

Lay it on the line. Put it on the line. The honourable minister can come over to Bell Island and let us see who will be around a year from now.

MR. CROSBIE: Is that a promise?

MR. NEARY: Make your charges of corruption stick and see who will be around a year from now. Lay it on the line. I invite the minister to lay his job on the line.

MR. CROSBIE: In what way? Be specific.

MR. NEARY: Be specific? Yes Mr. Chairman, I will be specific, The honourable Minister of Social Services has made some pretty serious charges in a personal attack on me, of my being corrupt, personally corrupt. I invite the Minister of Finance to lay his seat on the line, if that can be proven.

MR. CROSBIE: He did not say that.

MR. NEARY: The honourable minister did say it. It is in Hansard. It is in Hansard, but, Sir, we will deal with that at another time. That matter is well in hand.

The honourable minister does not want to lay his seat on the line.

AN HON. MEMBER: The elephant part of it is all right.

MR. NEARY: The elephant part of it is all right, Mr. Chairman, but I do not know about the...

MR. NEARY: Mr. Chairman, I have been saying for months that one of the worst features of the Economic Development policy of this government is the torrent of political attacks that have been made over the past thirty months or so on industrialists who are already into this province and struggling hard to make a go of their projects and on other business people and industrialists who were probably thinking about coming into Newfoundland but will now be scared off.

I know this, Mr. Chairman, to be a fact. I know a lot of people in the business world. We discuss it. Sir, we heard the honourable minister the other day make a statement and I think the Premier also made a similar statement about the third paper mill. The honourable minister made no reference to a third paper mill in his introductory remarks. I do not know why, Sir. I do not know whether the government have received a proposal, are about to receive a proposal or just what is happening on the third paper mill but, Mr. Chairman, the people of this province want to know if there is going to be a third paper mill and they want to know what the government's policy is on it. How far are they...

AN HON. MEMBER: Read the Budget.

MR. NEARY: I read the Budget Speech, Mr. Chairman, and I could only get the impression that the government were hostile towards the promoters of the third paper mill.

Now maybe the honourable minister can set me straight on that. Because, as I said in this honourable House a few days ago, Mr. Chairman, it does not take long, in international circles, for the story to get around that the new government, the new Tory Government here in this province is hostile towards venture capital from outside of Newfoundland.

The honourable minister keeps harping on the fact, Sir, that our own people, our own business people are going to develop Newfoundland,

MR. NEARY: we do not have to look to outsiders. I have heard this several times, Mr. Chairman.

'Why should we have to bring people in from outside to start up business and industry in Newfoundland?' Well I would like to ask that question also, Sir. Why should we?

I will tell you why we should, Mr. Chairman. Because our own millionaires in this province are not prepared to take their money out of stocks and bonds and invest it into labour intensive industry. That is the reason, Mr. Chairman.

MR. CROSBIE: Is the Liberal Party labour intensive? A lot of them have invested in that.

MR. NEARY: Mr. Chairman, what the honourable minister should have really done, Sir, if he wanted to scare off outside business men and industrialists from coming into this province, what he should have done was to get a commitment from his fellow millionaires that they would, if given the opportunity, establish labour intensive industries here in this province.

So until the honourable minister can get this commitment from his fellow millionaires, Sir, I would say that it is a great mistake for the minister and the government to harass these outside industrialists. Instead Mr. Chairman...

MR. CROSBIE: Am I really hearing this?

MR. NEARY: The honourable minister is hearing it, Sir. He went around this province ranting and raving about the linerboard mill, kicked Doyle out, Doyle is gone, Now he is having meetings, this week, with the Come By Chance people. Let us see, Mr. Chairman, I predict... No, it will not happen now, because the honourable minister is not going to be Minister of Economic Development, but he will try to get his finger in there. He will try to get his knife in there, as Minister of Finance. I do not know whoever the new Minister of Economic Development will let him get away with it. But he would kick out the Come By Chance people if he had the chance. Kick them out, Sir.

MR. CROSBIE: I have a few days left yet,

MR. NEARY: The honourable minister can do a lot of damage in a few days. He has done a lot of damage to this province now, Sir, or its reputation.

But, Mr. Chairman, the people of this province want to know what this government is going to do in the field of industrial development. What are they going to do?

The minister, in his introductory remarks, did not tell the House nor tell the people of Newfoundland what they are going to do in the next five to ten years in the way of industrial development in this province. How many factories are they going to open? How many mines are going to be open in Newfoundland? Is the Lower Churchill going to be developed? How many more fish plants are we going to have? Where are they going to be located?

I know, Mr. Chairman, I am not a fool. I know that it is impossible after six months, After six months it is virtually impossible for the new government to tell the people of Newfoundland what the long-range plans for Economic Development in Newfoundland will be. I know that is impossible. I am prepared to wait a year, Sir. I am prepared to come into this House a year from now and expect the Minister of Economic Development to stand in his place in this House and say; "here are the plans that we have for industrial development and economic development for the next five or ten years." I am satisfied to wait for the next session for that, Sir.

But at least the people who cannot get jobs in Churchill Falls this year, the people who will be laid off in the linerboard mill at Stephenville, when they start up production, and the people that will be laid off at Come By Chance, when that project nears completion, all these people and all the other people who are unemployment, drawing unemployment

MR. NEARY: insurance, drawing welfare benefits, Sir, they want to know what is on the horizon for the future. What is going to take the place of Churchill Falls? What do you have to take the place of the Linerboard mill when the construction is finished? How about Come By Chance? Mr. Chairman, these are all Liberal projects, started by a Liberal Government - Churchill Falls, Come By Chance, the Linerboard Mill, all Liberal projects, Sir.

Now they want to know and the honourable minister has not given the people of this province the slightest hint of what the economic development programmes of this new Tory Government is going to be. I would like to hear the minister spell out, in some great detail, what is going to happen in this province in the next, two, three, four, five years in the way of industrial development, so that our people will know. Does the honourable minister believe, as one of his counterparts downtown stated and recently mentioned by Dr. Copes, I think it was, that 200,000 Newfoundlanders should move out and move up to Ontario, Is this the philosophy of the new Tory Government? Is this what they want? This is what will have to happen, Mr. Chairman, if we do not continue with the development of this province, If we do not continue the pace that has been set over the past twenty-three years, Sir, I am afraid that these two gentleman will be right, that 200,000 Newfoundlanders will have to leave Newfoundland to find employment, and go on up to Ontario.

AN HON. MEMBER: What was it last year?

MR. NEARY: I want to know if the honourable minister thinks that this is what should happen. I do not think the government is creating a very good atmosphere whereby business and businessmen can flourish in this province, Sir, I would say on the contrary that they are tearing down and I think the takeover of the Linerboard Mill at Stephenville was a good example of that, Sir, and certainly came as no surprise to me because I had been forecasting it for weeks before it

MR. NEARY: happened, not weeks, Mr. Chairman, it merely confirmed what I had been saying for about six months.

MR. CROSBIE: Why did you not go against the Bill? You did not even speak on it, quiet as a little mouse.

MR. NEARY: Mr. Chairman, the night the Bill was voted on, I had a very, very important commitment in my own district and I could not be here for the vote. If I had been here I would have

MR. NEARY: I would have spoke on it. A very serious commitment, Sir. So I would say, Sir, here, to the new minister, whoever he might be, that instead of trying to tear down, to take over industries, boot out the industrialists that come in here, that they try and create an atmosphere whereby business can flourish. I think, Mr. Chairman, that this is the only way that we are going to encourage industrialists and business people to come into this little corner of the world, to come to this little rock stuck out here in the middle of the Atlantic, Sir, We do not have too many attractions for business people or industrialists from all over the globe. We do not have too many; nobody down beating on the Premier's door wanting to start industry here in this province. You have to go out, Sir, you have to sell what you have. You have to sell your ports. The ports, we have some of the finest ports in the world.

We have the power, Sir, we have the hydro-power and we have the people, We have the people, Sir, who can be trained for any kind of an industry. But, Sir, more than all of these things, people, businessmen, industrialists are not that patriotic that they are going to come into Newfoundland just to start up an industry to create work, to create jobs for Newfoundlanders, Sir, they are not that patriotic. The profit potential has to be there, Mr. Chairman. So I would say we have all of those things. We have the power, we have the people, we have the ports and we have the profit potential, the four "P's", Sir, in my opinion that goes towards making good development in this province, if the government will only create the right atmosphere.

So I would ask the new Minister of Economic Development, whoever he might be, to forget the tough words, forget issuing ultimatums to business people, settle down, let the people of Newfoundland know what the short-range industrial development is going to be in the province and then next year, when they come into the House of Assembly,

MR. NEARY: let the people know what the long range plans are going to be for industrial development. This is what the people of Newfoundland want to know at the present time, Sir. I hope that when the Minister of Finance stands in his place to answer some of the questions that have been asked from this side of the House, that he will spell out in little more detail just what his government's policy is on industrial development in this province for the next two, three or four or five years.

MR. CROSBIE: Mr. Chairman, I think the four "P's" proper that the honourable member for Bell Island had to contribute to this debate are poisonous, perfidious, puerile, piffle. (I am not going to come to the telephone now, whoever is handing me in those notes). Poisonous, perfidious, puerile, piffle, that is what we have come to expect from the honourable gentleman.

Mr. Chairman, just let us examine some of his remarks, I will come to the serious contributions to the debate in a few minutes. First let us deal with this, the latest example of a vacuum emitting noise. He wants the minister to set him straight. The honourable gentleman talks about our attitude and the attitude we are taking is going to scare away the great foreign industrialists, the great foreign promoters who want to put their venture capital into Newfoundland. What utter, I will say, tripe. What utter nonsense! What venture capital was attracted to Newfoundland by the regime of the honourable gentleman in the last four or five years? What venture capital was invested in this island in these great projects like the linerboard mill and the oil refinery and the steel mill and the Marystown Shipyard, and I can go on for instances after instances, and sea mining in Aguathuna. The venture capital everytime was the money of the people of Newfoundland, turned over and put into the hands of foreign promoters who came here not prepared to invest their own money or to invest venture capital

MR. CROSBIE from outside. Look at the oil refinery at Come by Chance, That agreement is already entered into and is binding on the government. What venture capital is going into that oil refinery from outside of the province that is not guaranteed by this province? There is suppose to be \$10 million going into working capital, when it is all constructed and finished down there. That is the amount of the venture capital that is going into that, after we have guaranteed to put in our \$30 million and after crown corporations and so on have put up another \$130 million. Where is the venture capital there? The linerboard mill at Stephenville, where was the venture capital that poured in from outside promoters and industrialists for the linerboard mill at Stephenville? Very little of it, all of it practically guaranteed by the Government of Newfoundland and then turned over and put into the hands of Mr. Doyle to do as he liked with, without any proper safeguards for the people of this province and this island. We have already been through that, so I will not dwell on it too long.

Where is the venture capital there that was attracted to this island by the honourable gentlemen opposite when they were in power? Venture capital, nil. Look at the Steel Plant at Donovan's, a bunch of machinery dumped on this province by people from outside of the province, half of it no good. Where was the venture capital invested in that? Now the people of this province have \$10 million invested in it. We will be lucky if we ever get the \$10 million back. Where is the venture capital at Marystown, in the great shipyard? Every cent, every jot and tittle, every dollar, every cent of it put there by the people of Newfoundland. Where is the venture capital there? And turned over to this one to operate, and last year it was turned over to the Israelies to operate and they do not have to put in a cent working capital, risk nothing, all their expenses to be paid to them and come back to them, no risk taken by them at all. Is that venture capital? Why do we have to listen to such darn tripe and nonsense

MR. CROSBIE: in this House? Venture capital, there was no venture capital attracted here when the gentlemen's regime was in power for the last five years. We were the suckers of the Western World. There used to be a play called "The Playboy of The Western World," Newfoundland was known as the suckers of the Western World, and they came here in the dozens with their light bulb factories and their linerboard mills and their oil refineries and their steel mills and God knows what else. You could list them in the dozens. Where are they now and where is their venture capital? There never was any. We had to put our money into it and we had no control over it and we have learned, to our great cost, what happens when you guarantee money for something and have no proper protection. There is the linerboard mill that is now going to cost us \$160 million, the people of this province, and that we are going to have to support and subsidize for the next four or five years, because of the dangerous kind of thinking that was in power in this province for the last five years. The honourable gentleman is now giving forth with vacuous, dangerous, poisonous, perfidious, puerile, piffle that has led this province down the garden path, and God knows if we are going to come back out of it or not.

The honourable gentleman asks what jobs have been created in economic development since we took over on January 18. There have not been very many new ventures, There are some being looked at now. But we have had to struggle darn hard, Mr. Chairman, to save that linerboard mill so we will have a few jobs out of it, the 800 or 900 we are going to have there. We have had to struggle hard in a lot of other directions, on the steel mill and the shipyard and the rest of it. Where is the venture capital that was to go into Sea Mining in Aguathuna? That silly, trashy, stupid scheme, never investigated by the previous government, who guarantee \$2.5 million or

MR. CROSBIE: \$3. 5 million for it and it has not turned over, has not operated in the last two years out in Aguathuna? Where were the industrialists, the foreign promoters who wrangled and yacked and plunged and took a risk on Sea Mining. It is this province who is left holding the bag on Sea Mining, not anybody who put in venture capital. We have to sit here and listen to this kind of silly tripe because if the honourable gentleman, with his views and his attitude got back in this province, God help us, we would have no future at all. We are only going to have a future in this province if we can in the next four or five years pull her back from where she was left by the honourable gentlemen opposite. Anyone who reads the budget speech will see why.

AN HON. MEMBER: Sink her.

MR. CROSBIE: Sink her! She is half sunk now and we are working darn hard to keep her afloat, That is where we are.

The honourable gentleman wants to know, what are we going to do? How many factories here? And how many of this and how many of that? Look the age of the propaganda and the bunkum and the bull roar is over. We are not going to stand up here and say there was someone came in my office today. We are going to have a great steel mill in the province. Oh, we are going to have a second oil refinery. Oh, we are going to have this and we are going to have that. That day is gone, The Newfoundland people do not want it. We are not going to breathe a word about anything new until it is signed, sealed and delivered and we know it is under way. Venture capital, the suckers of the Western World for the last five years, they are laughing up their sleeves, Reputable businessmen, we will welcome in this province and they are coming here. But the ones that are here to put it over us, the ones that are here to make suckers out of us, the ones that come here with the backside out of their pants, wanting us to guarantee millions they have not got a chance, not a chance. They are going nowhere with

MR. CROSBIE: this government, They are not welcome, We do not want them.

The honourable gentleman mentions the third mill. The third mill - our position was made very clear on the third mill in the budget speech.

The agreement runs out December 31, 1972. If the agreement is not met so that the construction of the first stage is completed by December 31, 1971, we are not renewing the agreement. It has been hung un long enough, since 1960. For twelve years of the Liberal Administration we heard about that third mill. Now it is the fifth mill. We heard about that for twelve years, tied up one third of our timber and the rest of it. For twelve years we heard about this chimera, this great third mill. Well, that great third mill will be finished at the end of this year, unless they come forward with a plausible, feasible scheme for the third mill and get started on it. I can tell honourable members of this House they have not done it. We received a document about a week or ten days ago. I do not know what it is supposed to be. It is supposed to be a proposal for a so-called third mill. It is not a feasibility study. I do not know what you would call it, but it is not going ahead with that kind of blarney. We are not going to accept that kind of blarney.

We have been waiting since January 18, to receive a so-called new feasibility study on the third mill, that will show how feasible it is and certain the firm was doing it etc. We have not received that and I say this: we are very, very unlikely to receive it. We have no obligation to go forward with the third mill unless they meet the terms and conditions of the agreements. We are not obliged to guarantee more than \$15 million, That is what is provided for in the legislation and the rest. If the third mill is not under way by the end of the year, those concessions are over and we can go on and see what else we can do with our forests. Let us put them to good use. Yes, perhaps there is room for another mill, but the people who have that concession now have had it twelve years. They have not produced the goods. If they do not produce them this year, a feasible, rational scheme for a third mill, then that is out and we will look somewhere else. We will find something else and we can use the wood in this island, do not worry about that. So that is

the third mill.

Venture capital. The only ones venturing here are the ones who have heard that we are - you know, "if you cannot get in somewhere else, if they are not foolish enough to take you in Nova Scotia, New Brunswick, P.E.I. or Abyssinia or Guiana or God knows where, hike to Newfoundland. That's the crowd that will give you the stuff, if they are not foolish anywhere else in the world." Well that is over. Frightening away industrialists. What industrialists have we frightened away? There is John C. Doyle. he is not frightened away. He would still like to do some things here in Newfoundland, if he can persuade people to help him do them. He is not frightened away. He is frightened away from the linerboard mill, because that was the only hope of saving that linerboard mill. We have saved it. It had no hope under Doyle and the arrangements made with Doyle by the honourable gentleman's government. It is our hard work and the cash of the people of Newfoundland that is going to save that.

The honourable gentleman for Labrador North was talking about more coming out of Labrador than is going in. Let me assure the honourable gentleman, that in connection with the wood up in Labrador, it is the other way around. We are only going to be able to use that resource by subsidizing the cost of it, because it is so expensive at this stage. It will cost the people of the province money to use that wood, hopefully for only two, three or four years. It is not all the other way around, because to cut the wood up there at the present time and ship it and the rest of it, the cost is very high. The honourable gentleman wanted the minister to set him straight on this. I hope I have set him straight on it.

Industrialists are getting frightened away. Then he mentions this comedy that goes on in this House so often. Oh, the gentleman's millionaire friends would not invest their money in Newfoundland, Yak! Yak! Yak! Yak! That is how most of them got to

be millionaires, they invested in Newfoundland. The funny thing is, most of them, certainly the recent ones of the last twenty years, were all good Liberals. That is a funny thing. Why does not the honourable gentleman go and talk to these millionaire associates in the Liberal Party and get after them to stop investing their money in stocks and bonds and put it in the province and all the rest of the junk that we heard here this afternoon?

Mr. Chairman, I can say without equivocation, not one reputable businessman has been frightened away from this province since January 18. In fact, a great many reputable businessmen are now visiting us to discuss how they can do business here, how they might invest some money here, because they like the new climate, they like what they have heard, and they appreciate the changed atmosphere. If there are any possibilities for development in this island, they will be developed, and I hope to God we can get some venture capital in here, not what we have had the last four, five six or eight years. Poor Newfoundland, the sucker of the Western World.

The budget did not

deal with economic development, Mr. Chairman, according to the honourable member. He has not read it, as the budget dealt with it, the oil refinery was dealt with in one supplement, the linerboard mill in another and the whole Budget Speech shows how we intend to approach these problems. We intend to approach them by planning. We intend to approach by organizing the Department of Economic Development. We intend to approach them by using the development corporation. All of that was set out in my remarks on Friday afternoon but it is only useless, you waste your breath on the desert air when you try to get anything across to the honourable gentleman opposite. He is not interested. Scaring off, well that is the best way and by —, I hope I will scare them off. I hope I have scared off that crew of miltroons that were in this province giving us the works for the last four or five years. That would be the best news of my life, if I heard the whole list, I will not give you the names, were scared off. It would be my greatest single accomplishment. If I heard they were scared off and were never coming near us anymore, I would expect a statue put right outside that building, if my five months in economic development has done that and I hope it has.

Now, Mr. Chairman, as far as the change in the department is concerned; When the Premier invited me to accept both these portfolios, we agreed that it would be for a period of four or five months because the two of them are too big for one man to have. The Premier wants me to stay in Finance and on the Treasury Board and to do some other things, and that is what I am going to do. He has on this side of the House another twenty men, he can put in the Department of Economic Development, that will do a darn good job. I just hope that we have in the last few months laid the foundation for that because there is still a lot to be done there. We have to get the development corporation set up. We have to get a deputy minister for the department, as we do

not have one yet. We have to get the right man for deputy minister and you have to look for the right man. We have able people down there and now when the development corporation is set up they have to be given some guidance and let do the job they can do, Ed. Power and the others. It is not going to be fast nor speculator. You will not hear any great announcements in the next few weeks or months about thousand-man industries here and there, but I hope before the year or two is over we will hear something like that. But that is the way it is done. That is the way real progress is made. The member for Bell Island wants to know what direction the province is going in. It is going up. That is the direction it is going in. up.

MR. NEARY: Unemployment is going up too.

MR. CROSBIE: Now listen to him croak, listen to him squeak about unemployment. What about unemployment? The honourable gentleman and his government left office last January. Here are the figures. January 1972 after twenty-three years in power, after spending billions of dollars in public funds, after racking up a debt of a billion and a quarter, after getting from Ottawa billions, after getting from the people of Newfoundland billions, after spending billions upon billions upon billions from 1949 to 1972, what was the unemployment rate when they left office? 18.5 per-cent January 1972. What was the rate in January 1971? 13.9 per-cent. In other words 4.6 per-cent worse than it was the year before. That is the progress the honourable gentleman talks about.

MR. NEARY: How about the end of May?

MR. CROSBIE: Now he wants to talk about the end of May. Let us look at the end of May. The end of May is bad. May 1972, Newfoundland, 12.2 per-cent, down six per-cent. A year ago 10.1 per-cent.

AN HON. MEMBER: Under the Tory regime it is going up.

MR. CROSBIE: Oh yes, it is going up, yes, going up. There will be one more unemployed after a few months when we get the report. So,

Mr. Chairman, the honourable gentleman cannot make much out of that. Last January it was up over four per-cent from the January before. This May is up two per-cent over last May. In all cases it is poor and it is not something that is going to change very quickly here in Newfoundland. It is something that is going to take years of careful hard work to change, if it ever does, and the billions that we do not have now to spend. We have to watch every penny and we have to put that to good effect.

So the job is a serious issue but it is an issue that was not cured by the honourable gentleman's government and we hope that we will have a good start in the next four or five years of saving something there.

Now the member for Labrador North had serious matters to discuss. I do not know if his table of figures of revenue and so on can be obtained, Mr. Chairman. I have never seen them on iron ore royalties and the rest of it from Labrador. I will ask if we can get that. I think it would take quite a long time to get. The honourable gentleman asks, what is Labrador going to get? It is a good question. What is Labrador going to get? The way we want to see the Lower Churchill approached is so that Labrador will get something from it, something more than the construction, so that the whole province will get something more. One of the things that we want to see done, and it is not wise to go into detail on what we are going to ask for but I see no harm in mentioning this. is, as part of the Lower Churchill development, there should be a commitment to bring power to the Goose Bay Area from Gull Island. There should be a commitment that some of that power will come on the transmission line down in the Goose Bay Area so that Goose Bay will have hydro-power. We would also insist, as far as we can, that the Goose Bay Area be used as a port of entry.

MR. CROSBIE: as far as it can for materials and so on going in there and that something be done with the road between Gull Island and Goose. These are the kind of things that we will attempt to do when we start bargaining on this.

Now, Mr. Chairman, when I was discussing the Upper Churchill, I tried to do it in a nonpartisan way. I realize that it is hard to look back now and say that this should have been done better or that they were tough negotiations but I think we have to take the lesson from the Upper Churchill if we are going to deal with the situation that now pertains in the Lower Churchill. No matter what caused these conditions to be agreed to, we have a different situation on the Lower Churchill, where we are not in as poor a position as we were to get the Upper Churchill started when we are dealing with the Lower Churchill and I therefore feel that with our experience on the Upper Churchill we can ask for a lot better than we got on the Upper Churchill.

What members of the House knew that there was a contract signed that gave Quebec workmen preference for jobs in Labrador? I did not know about it until I saw this a few weeks ago. This was never breathed to the people of Newfoundland, that a contract was entered into on the Upper Churchill between Quebec Hydro and Churchill Falls with our government's knowledge. It had to know about it and presumably with its consent that they would in the procurement of materials, services and equipment, and the employment of personnel, extend or cause to be extended by its contractors and so on, preference to Quebec labour, personnel and services and the materials and equipment manufactured in Quebec. That is what was in effect during the years we heard the bellowing and shouting here about Newfoundlanders having the first preference and the rest of it. Now are we to agree with this on the Lower Churchill?

AN HON. MEMBER: Who was the Minister of Labour then?

MR. CROSBIE: It might have been the honourable gentleman, I do not know if it was. "Are we to agree with this kind of thing on the Lower Churchill? Do we have to agree to it? "

Well I think that we should try and learn something from the Upper Churchill. It was a great construction project, a great concept, a great engineering feat, but I still say again, it was not the great asset to this province that we would have liked it to have been. Perhaps we could not have changed that. I agree with the honourable member for White Bay South when he says it is difficult to look back now, and so on and so forth, to 1967 and 1966 and 1965 and to know whether we could have gotten a better deal. We could have done better than we did do. We had no protection on recaptured power, no price agreed upon at which we could recapture it. There are a dozen areas where we could have had a bit more protection had this been gone at right, but it was all done by the honourable the former Premier. All done by him. No one else in the Cabinet, except maybe the Minister of Justice, knew anything, all done by the almighty. It was his project. He did it all. No one else had any say in it. It was never discussed and that is why some of these errors were made and that we will not be making because no one man will be doing all this in the present administration.

So what is Labrador going to get? We hope it will get considerable. If I can get the figures on iron ore royalties and the rest, I will be glad to get them, but the honourable gentleman has to remember that. He sounded as though nothing was being spent on Labrador. He knows the coastal Labrador, air service, the linerboard mill, there is a lot of money being spent there and in other ways.

But we realize the point that Labrador needs more and should get more and we will attempt to give it more, if we can, during our term in office. But we can only give it what we have got. When you look at the Budget Speech and see what pitifully little we have that we are left with, when you look at our revenue and expenditure situation, in any

MR. CROSBIE: kind of nonpartisan way, Mr. Chairman, you have to realize that it does not matter what government is here. There is not all that much they can do in present circumstances, that we can increase our revenue.

The honourable the member for White Bay South dealt with the tax equalization situation. "It is better for us to get revenue that comes to us as our right, such as the eight per cent, fifty cent horse power on oil and gas off the coast and so on, even if it does decrease tax equalization." We would sooner have that by right than have it by, being the beggar and Ottawa giving us tax equalization. So certainly, even though we lose in tax equalization what we get in those particular items, Newfoundland is still better off. They belong to us. They are ours by right. The federal government cannot say we are going to change this next year. It is ours. So we are better off.

But what apparently was not know, and which we have only discovered in the last two or three weeks, upon having this examined further, was that we are going to suffer, not just our revenue to the government is not going to increase as tax equalization will go down, but we are going to lose money because we have made this agreement to rebate half the

MR. CROSBIE: Power Utilities Corporation Tax to BRINCO and that is something that we have to stop, if we can do it at all. There is a possibility of negotiating with the Government of Canada on tax equalization, to see if they will leave out of the formula revenue transmitted from the Federal Government, under that legislation, which is what they should do. The ninety-five percent that they transfer to us by way of the corporation income tax on utilities, they should not include in the formula. They are including it now. But as the honourable member knows, that is entirely up to the Government of Canada who can say "yes" or "nay" but we will certainly attempt that and see if we can have tax equalization changed to look after that. If not, it is another thing to remember on the Lower Churchill that this is something that has to be made up to us.

Look at our situation with respect to power in this province, Mr. Chairman, this province which was suppose to have so much cheap power, Forget Labrador. Power is not cheap in Newfoundland. The power being produced by the Newfoundland and Labrador Power Commission is anything but cheap and they are on the estimates and these estimates here, \$19 million that the Power Commission is going to cost the people of Newfoundland this year, not the Power Commission, I include the Rural Electrification Authority and the Power Commission generally, and of that amount \$13 million is subsidy - \$6 million because we have access capacity. We have the oil-burning plant at Holyrood that can produce 400 horse power, but we do not have a market for it. That is costing us \$6 million this year the taxpayers of Newfoundland will pay and \$7 million for the tremendous Industrial Incentives Act that was passed by the last government, \$4 million that we have to pay to ERCO, while the workmen down there are getting burned and scalded and questions have been asked about them everyday and Placentia Bay was polluted and the rest of it, \$4 million it is going to cost us for ERCO the

MR. CROSBIE: people of the province, \$2.3 million it is going to cost us for the Newfoundland Light and Power, \$2.3 million because they are getting their power at a rate set four or five years ago and now the power is costing us more and the Power Commission has to receive the revenue from us, That is, \$2.3 million, \$400,000 for Bowaters, \$400,000 for Price and \$100,000 for the steel mill that is another \$7 million, \$13 million directly, just to subsidize all these various things that have occurred here in Newfoundland, in power.

We need revenue. That is \$13 million we well could have spent somewhere else this year and every year. So we have to get the revenue from somewhere. When you look and see the Upper Churchill is not going to result in a net increase in revenue to us, but a net decrease, It causes you to become wild, to go berserk, to almost vomit that this could be so. So when we come to the Lower Churchill, I would not be a party to any kind of an arrangement like that on the Lower Churchill. Never, I would sooner see that water go to the sea than for us to agree to terms like that on the Lower Churchill. No, we should not have to. Hydro power is a vanishing commodity in North America, at the cheap rates that we can get it from the Lower Churchill for. That power is needed. If we have to wait and we will wait, perhaps we will find some great development that will be able to use it in Labrador, Because competing sources of power are becoming more expensive, perhaps it will be possible that it could be used in Labrador, despite the short shipping season and the rest, or perhaps we can put a road down to a port between Quebec and Labrador and utilize our resources in Labrador in that way. There are any number of perhaps. I sure do not think that because constructed is ending on the Upper Churchill that we have to fall to our knees in Newfoundland and beg someone to start the Lower Churchill to give a few construction jobs, because where will we be in two or three years? Those construction

MR. CROSBIE: will be gone. Where is the next lot of construction jobs going to come from? No, we have to take a longer range view than that and we are going to in the Lower Churchill.

The honourable gentleman mentioned Burgeo, so I will only speak on it for a moment, because we are going to debate it on the Fisheries estimates. I am not ashamed of that deal in Burgeo, not for one second. Now if we paid \$1 million too much for it or \$1.5 million, if it is considered to be too much it still would not phase me. For \$2.6 million in Burgeo the honourable gentleman compared, if there is \$5 million interim financing for Shaheen and that bunch, that I resigned on in 1968, no comparison. For \$2.6 - you compared it in relation to me. For \$2.6 million, Mr. Chairman, we got the Burgeo Fish Plant operating again and 300 people to work. There are almost as many working in the Burgeo Fish Plant and on those three trawlers as the whole oil refinery at Come by Chance when it is finished. There estimate

was 350. Do I think Spencer Lake was paid too much? Yes, I think Spencer Lake was paid too much. I do. I think he got more than it was really worth but I think that is far outweighed by the fact that this was the only way we could get that plant back into operation. But we are going to debate that in more detail on the fishery estimates. So for 270 or 300 jobs at Burgeo, I think \$2.6 million was cheap. The \$5. million at Come by Chance is not in the same category at all.

The planning committee, Mr. Chairman, was mentioned by the honourable gentleman, the Premier's planning committee. He suggested it was a gratuitous slap in the face. I have never been one to take slaps in the face lightly. If I get any slaps in the face in this government, I will damn well slap back, believe me, and I have had no slap in the face from the Premier nor anyone else. The Premier has established this planning committee and he has ministers on it who are going to do a darn good job and he may have other ministers on it in time. But I could not be on that committee. Mr. Chairman, and be Minister of Finance and Minister of Economic Development and look after the linerboard committee and the rest of it. So it would be silly to be on it, as you have to have people that have some time to do it, and perhaps he might enlarge the committee in the future. If I behave myself, he might even add me to it.

The gentleman compared the Department of Economic Development and Finance. Mr. Chairman, I have to consider the Department of Finance to be a very creative department, properly used, and particularly the Treasury Board. In Economic Development at the moment we do not need the kind of temperament we had the last four or five years. We need a different temperament and I would even suit that portfolio, as the honourable gentleman said, for a while longer. But the honourable Premier has a plethora of talent here and therefore there should not

be double portfolios when he is surrounded by that talent. The next man to take it, I am sure will do a good job. I am sorry to leave it but the Premier prefers me in Finance and on the Treasury Board, therefore, there is going to be a new minister for that department. He has a big job to do and I know very well he will do it well.

Mr. Chairman, I want to finish up before six o'clock. Perhaps we could pass this first item. BRINCO, as I mentioned, I have only explained the facts. I have not tried to belabour honourable gentlemen opposite as being responsible, more than in a technical sense. That was all Mr. Smallwood's baby and he darn near threw out the baby with the bath water. I think it could have been done better. We could have had better conditions. It is academic now but for our future negotiations I think we have to learn from that. The amount of wages paid out during construction, I will try and get that figure. The number of permanent employees on the Upper Churchill, I will try and get that too. I am sure it is not in excess of several hundred. On the Lower Churchill, I think I have said enough to indicate our general attitude and I do not think we should give any detail as to what exactly we will be looking for.

The honourable gentleman mentioned Crown Corporations. I for one, Mr. Chairman, have no hesitation, I do not believe there is any magic in private enterprise and I believe that from what I have seen in this province, in economic development in this province, we have had terrible mismanagement from private enterprise put in charge of concerns financed by the government, the funds guaranteed by the government or supplied by the government. Every time you look at one of these projects you see the same thing, poor management, bad management, mismanagement, no concern about cost, they are into the government treasury and they do not care. I think in many instances we can do a far better job if we have a crown corporation owned entirely by the

government and highly suitable people with suitable incentives to run it than we can have if we get some private enterprise to take it over.

The experience of the last few years, having private enterprise run operations financed by the government, have been remarkably poor everywhere you look at it and the agreements that have been entered into have been poor. I have nothing myself against government enterprise or government doing it. I do not see any reason why we should have anything against that. If government can do it as efficiently or more efficiently, why not do it and I believe that government can. Now where you can find private enterprise who can do a better job or will put in some of their own money or a joint venture or whatever, sure we are all for it. We are looking for those people every day.

The Belgium Consul General was in today. I believe he was in to see the Premier too. They are interested, if we see any good possibilities in Newfoundland for development. They are interested in the smaller kinds of business and they have technical experts and they are prepared

look at joint ventures and so on. This is the kind of thing that we are interested in and that we would do. In philosophy we are not against Crown Corporations, if that is most suitable or has good management. We are not necessarily for private enterprise. It depends on who we are talking about and what their skills are.

Should we develop or not, the honourable gentleman ended up with, and what is our philosophy of development? Our philosophy is, Mr. Chairman, that we should develop this province and the mainland of Labrador to the best of its potentiality, whatever that might be. We believe in a different approach to development than taken by the former Premier. I do not doubt, perhaps if the honourable gentlemen get back in in ten or twelve years, then they will have an entirely different approach to development also, a far different one than he had.

We believe in development, but we have not much left to develop here, Mr. Chairman. The power in Labrador; we have heard the complications on that. Oil and gas possibilities off the coast, but there are complications caused by the last administration on that. Our strategic location, our forests, these are the same things we have had in the last twenty-three years. We believe in developing it. We hope that our tax equalization dwindles to nothing in the next four, five, ten, twelve, fifteen years. That does not bother us, because we are sick and tired of being beggars and paupers to Ottawa. Having to listen to Ottawa, having to wonder what Ottawa will do, and Ottawa could not care less. That is my belief, could not care less what we are doing down here in Newfoundland, as long as we are no political embarrassment to Ottawa. We are tired of that. We would like to have that \$120 million coming into us as our own revenue, so we do not have to care what Ottawa thinks. We are not in that position now and we need their help. Therefore, I trust this will not be reported.

Our philosophy is not develop or perish. That is not our

philosophy. We do not think it is a suicidal choice like that. Our philosophy is, develop wherever we can, develop wherever possible. develop sensibly, develop rationally, try to attract people with integrity, try to attract people who will put some of their own money in, try to get venture capital here, try to encourage our own businessmen, try to help expand our own businesses. Do not put in a fourth brewery if there is only room for three, do not put in unnecessary competition and the rest of it. We believe in helping our own here and helping them expand too. That is what we believe in. That is what we hope in the next three or four years we will accomplish. There have been no spectacular announcements in Economic Development in the last four or five months, because we do not want to announce anything until we have it copper fastened.

There has been I think, Mr. Chairman, quiet progress. A lot of cleaning up being done behind the scenes, that honourable gentlemen would not be interested in. A lot of straightening out, a lot of getting control of things, a lot of looking the risk capitalists that we have in here in the eye and asking them what they are going to put up, or to put up and shut up and let us get on with the job. There has been a lot of that. A lot of progress I believe, but not spectacular. We cannot point to anything spectacular yet, but I hope we will before the year is out.

MR. CHAIRMAN: Shall 1501-01 carry?

MR. NEARY: Mr. Chairman, may I have a few more words on this matter of economic development?

MR. CHAIRMAN: It is moved that the Committee rise, report progress and ask leave to sit again. Those in favour 'aye' those against 'nay' carried.

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

On motion report received and adopted.

MR. SPEAKER: It now being 6:00 p.m., I do leave the Chair until 8:00 p.m.

The House resumed at 8:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order please!

Motion that the House resolve itself into Committee of the Whole on Supply:

MR. FICKEY: Before you leave the Chair Your Honour I wish to rise on a point of personal privilege. The editorial in the "Evening Telegram" of today, which I have just seen during teatime, pertaining to the debate last Thursday night and despite my several attempts to point out to this honourable House the charges or charge made by me was one of incompetency of a minister, not of a personality and despite that, Mr. Speaker, apparently the Opposition have succeeded in convincing the news media that in fact there was some character assassination or some attempt to do just that. May I say, Sir, for the record of this honourable House, may I repeat again there has been no attempt on my part to assassinate anybody's character. I have not in the past and I shall not in the future. My charge was incompetency. That stands. The purpose for the judicial enquiry was to inquire into that matter, not character assassination. I would suggest that this newspaper possibly take a second look or if they want a transcript in fact, of my remark, then I have it, but there has been no character assassination by me.

MR. ROWE (W.N.): Mr. Chairman, on a point of order, What is the honourable gentleman's point of privilege? Does he want to move a motion against the newspaper or does he want the newspaper to change something erroneously reported or is he merely talking about an interpretation of facts? I mean what is his point of privilege?

MR. FICKEY: Mr. Chairman, the honourable gentleman is well aware of what my point of privilege is. He has stood many times and I have sat here and listened to him on points of privileges, His colleagues

and many other members of the honourable House have stood on a point of personal privilege when they are misunderstood by the news media. A clear misunderstanding, that is all. I bear no grudge. I just make the correction. If honourable gentlemen wish to consider what I have said as an attempt to assassinate the honourable gentleman's character, they may but I say here and now it is not an attempt to assassinate the honourable gentleman's character. That is not my kind of tactic and anyway the enquiry will produce the facts.

MR. NEARY: Mr. Speaker, I would like to rise on a point of personal privilege, while you are in the Chair. Mr. Speaker, this afternoon in the debate, the honourable Minister of Economic Development on two occasions made reference to my not being in the House a year from now because of the report referring to the judicial enquiry. I submit to Your Honour that this honourable gentleman is speaking on behalf of the government in appointing the enquiry. I heard a public statement he made over the weekend and the honourable Minister of Finance was the minister in the House who said that yes he would agree with my request for a judicial enquiry because I was the one who ask for it. But his remarks, Mr. Speaker, are likely to prejudice the judicial enquiry and it is likely to be the honourable minister who will draw up the terms of reference and probably select the man who will be the one-man on Royal Commission to investigate this matter. I would like to have a ruling from Your Honour, if this is permissible in debate, to make reference to this?

MR. MARSHALL: Mr. Speaker, the point of order is this, that the honourable member is referring to statements made in committee in the House and it is out of order and it is a matter that ought to have been taken up at the time. Perhaps now we can get on with the orders of the day.

MR. ROBERTS: Mr. Speaker, if I may speak to the point of order -

MR. SPEAKER: I think the honourable Government House Leader has stated his point well. I think the matter should have been taken up at the point when mentioned this afternoon. I think there has been enough debate on this very serious issue and until the judicial enquiry is

MR. SPEAKER: over and done with, I think the debate on the thing should end here and now.

MR. ROWE (WM.): Mr. Speaker, with all due respect, we have to protest your ruling, not the ruling that you have in fact given but the fact that you have given a ruling without hearing argument on a Point of Order.

Mr. Speaker, it is unprecedented in this House for a Speaker to give a ruling on a Point of Order having heard one side of the story or one side of the House. Sir, we have noticed, on a couple of occasions now, a propensity on the part of Your Honour to do this and we must insist in the future that we be given an opportunity to argue when Points of Order are brought up in this House.

MR. SPEAKER: The motion is that the Speaker's ruling be upheld. Carried.

On motion that the House go into Committee of Supply, Mr. Speaker left the Chair.

COMMITTEE OF SUPPLY:

MR. NEARY: With regard to 1501-01, when the Committee rose at 6:00 P.M., we were discussing the heading, Economic Development. Prior to the minister countering some of the remarks that were made from members on the opposite side of the House and in attempting to answer some of the questions that were put to him so ably by my honourable colleague for White Bay South and for the member for Labrador North, the minister really did not give the House any information on what the people of Newfoundland can expect in the way of economic development in the, say, twelve months ahead.

Instead the honourable minister put on his usual show in the House, talked about the previous administration and probably sounded a little bit funny to members on the Government benches, Mr. Chairman.

I assure the honourable minister, that I am dead serious, It is not a very funny matter when the unemployed heads of households in

MR. NEARY: this province are looking to the new administration for guidance and leadership and they want to know just what the new government is going to do in the area of industrial development. The minister did not give us any plan. He did not put forward any plan, Mr. Chairman. He was funny. Of course he was funny. He usually is when he is speaking in the debates in this House, poking fun at the members on this side of the House.

But, Sir, it is not a matter to be laughed at. It is not funny at all. The people of this province, Sir, want to know and the member, who have been employed at Churchill Falls, the men who have been employed on construction of the Linerboard Mill at Stephenville and all the other projects that have been going on in this province for the last couple of years, These men are now unemployed, either getting unemployment insurance or welfare benefits and they want to know, Sir, what this government is going to do in the way of providing an alternative for these men to find employment. What is going to take the place of the construction opportunities, the employment opportunities on the construction of the great hydro development at Churchill Falls and the big money that was made there by our Newfoundland workers?

What will take the place of employment opportunities at the Linerboard Mill in Stephenville when that is scaled down this fall? There is no more work in construction. What is in store for the workers in Newfoundland when the Come By Chance Oil Refinery is completed, if it is ever completed, Mr. Chairman? I heard a very, very alarming statement on the national news this evening on CBC National News, that the oil refinery people at Come By Chance had until I think it was July 27 or July 29, July 26, the Minister of Mines, Agriculture and Resources confirms that the Come By Chance Oil Refinery people have until July 26 to comply with certain pollution regulations and if not they are going to be shut down. They are going to be shut down, Mr. Chairman, shut down completely

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MR. NEARY: which means that another 2,200 men will be thrown out of work, to add to the ever increasing unemployment roles in this province, nothing facing them but welfare and unemployment insurance.

But the Minister of Economic Development, whose jurisdiction

that comes under. Sir, made no reference at all, everything is going fine. We are having meetings this week. Everything is going along fine, a clean bill of health for the oil refinery, the thing that caused him to go across the House a couple of years ago. Everything fine. Then I go home and turn on my television, listen to the National News and hear they are threatened with being closed down a month from now.

MR. CROFTIE: What the hon. member is saying is completely untrue.

MR. NEARY: Mr. Chairman, it may be completely untrue, but it has struck fear in the hearts of our Newfoundland people. I want the minister to stand in this House tonight and clarify the situation if he can. If it is untrue, let him - that is his place. That is what we are here for. We are here to debate the issues, Mr. Chairman. The honourable members may like to get out in the sunshine, but we are here to debate the issues and I intend to debate the issues. I want to know what is going to happen to Come by Chance. Will it be shut down or will it not be shut down? The people of Newfoundland want to know, Sir.

We asked the honourable minister about development of the Lower Churchill. The honourable minister spent, I suppose, about ten or fifteen minutes talking about the previous administration, what the previous administration had done, what kind of a deal we had made in the development of the Lower Churchill and the Upper Churchill. Red herring. Mr. Chairman, red herring, trying to evade the issue, did not want to come to grips with the problem. He said he would rather see the water flow out in the ocean from the Lower Churchill than have it developed in the same way as the Upper Churchill. Well, Sir. I say to the honourable minister tonight, that there are a lot of men women and children in this province who are depending on developments like the Lower Churchill for their living. Heads of households depending on it, Sir, to earn a living for themselves and their families. They would not want to see the water continue to

flow out into the Atlantic Ocean, Sir, or out in the Gulf of St. Lawrence, wherever it is flowing.

It does not affect the honourable minister. It does not affect him. Hard, cold, callous, ice-water in his veins. Let her flow out. No development. No development. Mr. Chairman, we were down in Churchill Falls a few days ago for the opening, the official opening of that great hydro development project and I never saw such a collection of hypocrites in my life, Sir. I never saw it in my life. I was in this honourable House, Sir when all the great debates took place on the development of the Churchill Falls. I will tell you this, I will never forget some of the things that were said. Honourable members referring to Brinco as bunko. It is not bunko today. I wish, Sir, that we had another twelve, fifteen or twenty corporations like Brinco in this province. I wish we did, Sir.

AN HON. MEMBER: Two hundred thousand jobs for Quebec.

MR. NEARY: I only wish we did. Now, Sir, the honourable minister keeps referring to small industries. Small industries: In the Throne Speech debate, Sir, I pointed out to the honourable House that I hoped that the new government and the Minister of Economic Development, in their eagerness to increase productivity in this province, would not be led astray into time-wasting, money-wasting, energy-wasting attempts to swim against the tide of progress, the tide of today, Sir, the tide of technological change.

Sir, you can talk about the development of small industries from one end of the day to the other, from morning until night and the honourable minister can talk about it all he wants. Resource development they call it, which is a fancy word. A fancy word, Mr. Chairman, resource development. The honourable minister does not tell us what it means. I presume it means develop our natural resources. Sir, that is something that has been going on for twenty-three years. Small industries, he said small industries. Mr. Chairman,

MR. NEARY: anybody who reads, anybody who listens to radio and watches television, anybody who watches "Here Comes The Seventies" certainly knows that small - we need industry, we need small industries, we need small, medium, and large industries, Mr. Chairman, to increase our productivity to get our gross provincial product going. Of course, we need them. But any Grade III student, Sir, understands today that when you are talking about industry, you are talking about machines and you are not talking about hands, human hands. You are talking about machines, Sir.

When the honourable minister talks about resource development, whether it is in the manufacturing field, whether it is mining, whether it is a fish plant, he is really talking about machines, Sir. Grant it, it will create a few jobs operating the machines, not too many. When you talk about small industries, Sir, I would say that, in my opinion, does not have the chance of a snowball in - (I cannot use the word, Sir, because it is unparliamentary). Small industry cannot survive, Sir. It might be a good idea to encourage small industries, medium industries, large industries, but, Sir, in this technological age you have to compete and besides that, Mr. Chairman, small industry is not labour intensive. But, nevertheless, I am prepared to go along with it.

What the minister really should do, Mr. Chairman, and this is a complete new philosophy, and the honourable members on the opposite side of the House do not seem to be able to comprehend, they do not seem to be able to grasp this at all, although the Minister of Economic Development, this afternoon, I will give him credit, did say that government should step in, operate industries, "Do not leave everything to private enterprise," he said. "Private enterprise is not going to solve all of our problems."

Now, Mr. Chairman, I remember about three weeks ago in this honourable House, only about three weeks ago, when I brought a resolution on the floor of this House, asking that a select committee of the House

MR. NEARY: be established to investigate the possibility of make-work programmes in this province. The honourable minister stood in his place then and said, "it is interfering with private enterprise". The honourable member who sits directly behind him said, "you are pushing socialism". The honourable Minister of Fisheries said, "no, we cannot have this interfering with private enterprise". Now, Mr. Chairman, the Minister of Economic Development this afternoon says, "no, no, there is nothing wrong with it now." Nothing wrong with it now because the government have forced out the owners of the linerboard mill and they now have a linerboard mill that they have to operate. They are on the horns of a dilemma, Sir, they do not know what to do with it. They do not know what to do with it. They do not know if they should hold on or let go. So the minister informed the House this afternoon that they are going to hold on. They are going to start it up themselves. Then they are going to start looking around for somebody to take it over and operate it, maybe on a lease agreement with an option to purchase the mill, I do not know. The minister did not go into any detail.

We would like to have the details on it, Sir. We would like to know how long the government are going to continue to operate the linerboard mill. Are they going to continue indefinitely? Are they looking for an operator? Are they going to lease it to somebody? Will it be picked up a year from now, as distress merchandise? Just what is the future of that mill, Sir?

My honourable colleague there from Labrador North wants to know what the future of the logging operations in Goose Bay are going to be. I think he is quite justified in asking that.

So I would say, Mr. Chairman, that the honourable minister, when he talks about economic development, he is going to have to separate two things; He is going to have to separate industrial development and the kind of economic development that the government will have to do to create work for people who cannot find jobs, who will become

MR. NEARY: unemployed through no fault of their own, though automation and through new technology. That is the responsibility of the Department of Economic Development, Sir, in my opinion. The minister may not agree, Sir, but it is the responsibility of the Department of Economic Development. Because it does affect the economy of the province, Sir.

So I would ask

the Minister of Economic Development if, since we brought that resolution into this House, the government have had a change of heart. They are now looking at the possibility of developing the province along the lines that Ottawa is doing by providing money for make-work programmes, providing infrastructure, building parks, building recreation and playground facilities. It is all economic development, Sir. Or is the honourable minister just sitting back and waiting for businessmen and industrialists to beat a path to his door?

Sir, if that is the kind of economic development that this government is planning for the future, then I have to repeat what I said before, Sir, that this fall and winter we will have the highest rate of unemployment in this province that we have had in twenty-three years. So I would like for the honourable minister, Sir, to stand and tell us, answer some of these questions, never mind being sarcastic, never mind the arrogance, let us lay our cards on the table, Mr. Chairman, it is too serious a matter to joke about. The people in Newfoundland who are unemployed, the men who are unemployed, the heads of households, they want to know what they can expect in the future in the way of economic development. The people do not want to know what the long-range future is going to be for economic development, Mr. Chairman. They do not want to know that. They know this government have only been in power for six months. You cannot produce a master plan for long range development of this province in six months.

The honourable Minister of Mines, Agriculture and Resources, is looking at me there. I think he agrees with me. You cannot do that, Mr. Chairman. I am satisfied, as I said this afternoon, Sir, I am satisfied to wait a year.

AN HON. MEMBER: Well why do you not wait a year.

MR. NEARY: Satisfied to wait a year, come into this House next year, Sir, come into this House next year, and the present Minister of Economic

Development will not be able to do it because he got the boot, he is going to be retired, he is going out of that portfolio. Well maybe the honourable Premier, who just walked into the House, maybe he will be the successor of the honourable Minister of Economic Development, I do not know. I hope he is. I think he is the proper man for the job. I think he has the connections. He has the experience.

Sir, I hate to be the one to give the honourable Premier advice. I would hate to give him advice but I do not see anybody in the government benches suited, Sir, as Minister of Economic Development but the honourable the Premier, except Mr. Chairman, the honourable Member for Burgeo. The honourable member for Burgeo, has considerable experience in getting \$2,600,000 fish plants. The honourable member for Burgeo can convince the government to buy \$2,600,000 fish plants, Sir, so he may make a good Minister of Economic Development. But outside of the honourable member for Burgeo - LaPoile, I think that the Premier is the most qualified to take over that portfolio, Sir, and I hope he does.

So, Mr. Chairman, a year from now, when the new minister walks into this House, and I hope it is not in the summertime, Sir, I hope it is in the wintertime or in the spring of the year, when the weather is not as good as it is now, and the members will not be cranky, members will not be cranky and irritable, they will not want to get out of here, they will be prepared to sit here and do what they were sent here for, Sir, debate the issues, debate the economic development of this province, Sir, that is what we are sent here for.

I know, Mr. Chairman, the honourable members cannot take it but they will just have to sit there and be patient. So when the new minister comes into the House, a year from now, he will be able to lay out in black and white or in technicolour, for that matter, long range economic development, industrial development plans for the province.

But, right at this particular moment, Sir, at this point in time, the people of Newfoundland want to know, they want to know what they can expect between now and then. The Minister of Economic Development said this afternoon, some ambassador, I think it was, arrived from Belgium, arrived from Belgium, came in to see him, paid him a courtesy call. Is there anything to it?

Mr. Chairman, I mean the people have a right to know this. Is there anything to it or is there going to be any development take place as a result of that? Are they going to keep it a secret, Mr. Chairman? Is it going to be a secret? I am sure that all the heads of households who are on welfare and drawing unemployment insurance will be interested in knowing just what the ambassador was doing in the minister's office.

MR. NEARY: Very confidential! I think the House has a right to know, Mr. Chairman, just what other proposals, what other projects the government have on the drawing board, if any. Do they have any? The people have a right to know this. The unemployment is increasing every day in this province. At the end of May it was up three points, I think no, four points over a year ago, May past. One time, Mr. Chaitman, one time, one time the Ottawa politicians could blame unemployment on the provincial governments, but we do not hear that howl coming from Ottawa any more. No, they used to say, I remember when I was sitting on that side of the House, they used to say, "oh, yes, unemployment is high in Newfoundland because of the policies of the provincial government." But we do not hear that any more, Mr. Chairman. We do not hear it any more. Now the government are in the hot seat. Now they have to produce, they have to keep some of the promises, Sir, that they made to the people of this province in two general elections. We are going to have a small industry in every community in Newfoundland. That was the impression that was left, Mr. Chairman. That was the impression. It is immortal, I know. I know it is immortal. But I did not say it, it was the honourable members on the opposite side of the House who said it; they were going to have small industry in every community in Newfoundland. Sir, they have had six months at it now and now the people would like to know what is going to be the short-range future. Where is the development going to take place? What kind of a development is it going to be? Are we going to be able to get jobs on it? Will the Manpower have to run a new training and retraining programme to train these men for the jobs?

These are the questions that we want the minister to answer, Mr. Chairman. I will be very happy tonight if the Minister of Economic Development would stand up, forget personalities, forget his sarcasm, forget his cynical and witty remarks and tell the people of Newfoundland what is going to take place in the field of economic development in this province in the next year.

MR. CROSBIE: Mr. Chairman, I do not want to rehash all that was said this afternoon. The questions were all answered this afternoon. There is just one thing about listening to the honourable member for Bell Island, only one consolation and that is that members on the other side of the House have to suffer just as much as we do. They are in just as much purgatory as we are in listening to these effusions. That is the one consolation, I wonder who will crack first? Members on the other side listening to this tripe or we?

Now there are only two points that I want to comment on, Mr. Chairman, what the honourable member had to say, First is the situation on the oil refinery. The announcement made this afternoon by the minister at Ottawa. I do not know whether it is the way he said it or the interpretation put on it, but the information is exactly the same as I gave the House this afternoon. As a result of our trip to Ottawa, whenever that was, six or seven weeks ago, it seems years ago, what we have had to listen to in the House here in the last couple of weeks. After we came back from that trip we insisted that Newfoundland Refining, the government's consulting engineers, Jacob Engineering. Procon meet with the federal officials who are concerned with pollution, the Department of the Environment, and settle the question of whether or not there were adequate pollution controls on the refinery at Come by Chance, with reference to affluent that might enter the water, which is the jurisdiction of the Government of Canada.

At our insistence these meetings were held. There have been meetings going on, Mr. Chairman, in this connection, about pollution at Come by Chance, for a year, a year and a-quarter and Newfoundland Refining has dragged its heels on those meetings. The government that were in office before us apparently went along with that or did not insist that any progress be made, but we have insisted that progress be made. At our insistence meetings were held early in June with all the authorities concerned and again last week and my information from the meeting and

MR. CROSBIE: that of the Minister of Mines, Agriculture and Resources, is that all is agreed. The steps necessary to be taken by Newfoundland Refining in connection with the oil refinery are agreed upon between them, between Jacob's, between Procon, with the federal government and with the provincial authorities. The steps are now agreed as to what they need to do in order to satisfy the federal authorities.

What has happened today, what Mr. Davis, the Minister of the Environment, is saying at Ottawa, is that this now needs to be followed up and that they want Newfoundland Refining to confirm the agreement that has been reached, the agreement was reached at these meetings,

to confirm that agreement and to submit revised plans and specifications for the oil refinery facility. In other words, follow up the meeting, You follow up the meeting, if you confirm in writing that these points are agreed and send us the revised plans and specifications for the oil refinery, everything is fine and dandy. There is no reason in this world why Newfoundland refining or provincial buildings will not do that. The matters are all agreed. So, when the minister says that this must be done before July 26, otherwise an order-in-council will be issued which would stop construction, he is perfectly proper and correct in saying that. They have given us a lot of time. They have given Newfoundland Refining, who are the managers, lots of time. These matters are now agreed and he is just stating: "Now follow up, put in the revised plans and specifications and everything is all right. If you do not do that in a month's time, we will issue a cease and desist order, because you are not complying with the agreements that have been reached."

To my mind, Mr. Chairman, there is nothing alarming about the situation, the matters are all agreed. Now Newfoundland Refining simply has to follow up, confirm in writing what has been agreed and submit the new, revised plans and specifications. There is no reason in this world why that cannot be done and will not be done by July 26. When the honourable member tries to spread alarm and so on and so forth, that two thousand or eighteen hundred might be out of jobs at Come by Chance in a month's time, it is unnecessary. There is no reason for that to happen unless Newfoundland Refining does not do its job. I see no reason why it will not do its job and you can depend upon it, Mr. Chairman, that this government will be on their tails to see that they do do the job. Our consulting engineers, Jacob's Engineering, will be checking to see they do the job. Therefore, I do not think there is anything to get unduly alarmed about. The important thing is that an agreement has been reached between all

parties concerned as to what is satisfactory. That had not been reached before and it has been going on for months and months and months, in excess of a year, but it is now agreed. I do not think that we need worry about that.

The minister says: "I must be assured in writing and by detailed plans and specifications that the required modifications will be implemented, and the assurance must make reference to the financial capabilities of those concerned to carry out the required changes." There is no reason at all why it could not be done.

One other point, Mr. Chairman, that I want to mention: The member came back again to the Lower Churchill. It must get under way, jobs and construction and so on and so forth. As I said this afternoon, Mr. Chairman, we are not going to be bullied and we are not going to be frightened into subjugation on the Lower Churchill. We feel that we can and must obtain better terms on the Lower Churchill than were obtained on the Upper Churchill. There is no reason why we should not, and we will be negotiating to that end. If we are successful, the important thing is the lasting benefits to this province. The jobs while construction is under way are fine, but they can only last, at best, a couple of years. It is the lasting benefits to this province that count. The few permanent employment jobs, (the more the merrier of course) the more we can get the better. The revenue it will give our treasury, hopefully, so that we can use that money to improve and extend the other services we enjoy in this province, that is the important thing, not to panic and throw away what might be lasting benefits because we want construction jobs now rather than in six or twelve months.

On that, Mr. Chairman, I mentioned this afternoon the clause in the contract between Hydro Quebec and Churchill Falls Labrador Corporation Limited, dated May 12, 1969. I want to compare that clause, Mr. Chairman, with legislation that this House enacted, that I heard the honourable member for White Bay South discussing on the

air tonight. Here is the clause that applies, that is in the lease approved by legislation by this House of Assembly in Act No. (73) of 1966-67. Clause (4) of the lease. "The leasee shall"(that is Churchill Falls) no, wait now, that is the Lower Churchill lease. I assume that this is the same clause as is in the Upper Churchill. 'The leasee shall in the procuring of materials, equipment and labour for any work undertaken by it or for its account, under the terms of this lease, give preference"(and just note this)"where it is feasible and economic to do so, to material and equipment originating, manufactured or distributed and serviced in the Province of Newfoundland, and prior opportunity to workmen whose usual place of residence is in the said province, and shall use its best endeavours to give effect to this provision.' That is the clause in the lease. Where it is feasible and economic to do so, the leasee shall in the procuring of materials, equipment and labour for any work undertaken by it, or for its account, under the terms of the lease, give preference where it is feasible and economic to do so. These are very general words, Mr. Chairman. They can mean something or they can mean nothing, because if they say that they cannot take this man or that man or so on, this number of men from this province, they have to have them from somewhere else, or materials, they can say that it is not feasible and economic to take them from Newfoundland and Labrador and so on. Very general words.

Compare that and the wording of the contract entered into between Churchill Falls and Quebec Hydro. There is no broad wording here. "CFLCo. will in their procurement of materials, services and equipment and in the employment of personnel, extend or cause to be extended by its contractors, subcontractors and agents preference to Quebec labour, personnel and services and to materials and equipment manufactured in Quebec." There is nothing in this clause about where it is feasible and economic so to do. "CFLCo. will." It

is not qualified at all. In the procurement of materials, services and equipment and in the employment of personnel, cause preference to be given to Quebec labour, personnel and services." In (20.3) "CFLCo. will cause to be set up in cooperation with Hydro Quebec, liaison committees to deal with matters concerning the supply of services, materials and equipment, in order to ensure that the available personnel in Quebec will be utilized on the project where possible, CFLCo will avail itself of the services of the Quebec Provincial Employment Offices and if necessary, is prepared to cause employment offices to be established in Quebec."

The wording in this agreement here, entered into between Hydro Quebec and Churchill Falls Labrador Corporation Limited, is not qualified. That is where the preference is to go. No weasle words. No exceptions. In the Newfoundland legislation, and I am pretty sure that this lease is the same as the Upper Churchill lease, (I thought I had the Upper Churchill one, but I see now that it is the Lower Churchill) but it follows just the same. You have these other words 'Where it is feasible and economic to do so.' Then at the end: And shall use its best endeavours to give effect to this provision," which we all know is meaningless and to a large extent, worthless. That is what I mean, Mr. Chairman, when I say that this was never pointed out to the province before. It was known to the government. It had to be known to the government. This is a matter that we have to consider seriously when we are discussing the Lower Churchill.

Do we want to do the Lower Churchill and have a clause in the contract the same as is in this one here that governs the Upper Churchill? I do not think so. While Newfoundland workmen have to depend on the generalities of this clause here, the Quebec men can depend on a mandatory clause in the contract. "CFLCo will." Not when it is feasible, not when it is economic to do so, not use its best endeavours. "It will extend preference to the Quebec labour and

the rest of it." Of course, if we go to work in Quebec, to work there in the construction industry you have to get a work permit. It is compulsory, before you are allowed to work over in Quebec. That is another issue.

So, Mr. Chairman, I am not going to answer the - I do not think there is any need to answer the rest of what the honourable gentleman had to say. We have described our approach in the Budget Speech and in other documents. This afternoon and Friday afternoon our approach was described. We think that this approach is going to bear fruit. We are not going to stand here tonight and announce this possible industry and that possible industry or say that someone from Belgium or someone from Holland or someone from Africa or someone from anywhere was in to see us and we may have this industry and that. We have heard all of that for the last eight, ten, twelve, fifteen or twenty years. Where did it get us? When we have an industry to announce it will be announced, and you will know that it is a fact. We are not going around sending out false alarms.

In the meantime, we are doing our best to straighten out the things that were started and that were going badly when we took office. We hope that that is going to take up some of the slack. So, I think that is all I want to say in this first general vote, Mr. Chairman. There are lots of items down below in which we can discuss various aspects of Economic Development. I welcome any questions or any discussion on those items.

those items.

MR. ROWE(W.N.): Mr. Chairman, one or two more words before we pass the minister's salary. We do not want to get into a legal argument with the honourable minister, on the floor of the House, about this clause found in the Hamilton Falls Power Corporation Limited Lease Act, 1961. Churchill Falls Power Corporation now it would be, since the name has been changed. But one or two things that he very conveniently left out of his discussion on it tonight was the fact that this is a statute of this House of Assembly, the law of the Province of Newfoundland and Labrador and overrides any third party agreement which CFLCo might want to enter into. I do not care, Sir, as I mentioned earlier, I could not care less if CFLCo, Churchill Falls Corporation or if BRINCO entered into an agreement with Hong Kong saying that they would give preference for work or labour to the Dominion or Colony of Hong Kong whatever the case might be. I could not care less what kind of third party agreements they have entered into, Sir, behind our back or behind anyone else's back, and I differ in the honourable minister's interpretation of this particular clause in our own statute law.

"The lessee, that is Churchill Falls Corporation, shall in procuring materials, equipment and labour for any work undertaken by it etc. give preference where it is feasible and economic to do so..." And then it refers to the material and equipment originating, manufactured and distributed and then it says, "... prior opportunity..." there are no qualifications on that, "And prior opportunity to workmen whose usual place of residence is in the said province." The operative word affecting the lessee, Churchill Falls Corporation, is the word 'shall' which is mandatory. There is nothing permissible about it. It is mandatory. The lessee shall give prior opportunity to workmen whose usual place of residence is in the said province, the Province of

Newfoundland and Labrador.

There is nothing qualified about that. Nothing wishy-washy about it. I would like to see it appear in a court of law, if CFLCo were not to live up to the satisfaction of the government, were not to live up to their agreement to give prior preference, prior opportunity to Newfoundland. Even if not wishy-washy that is point number one and point number two, this is a statute and no third party agreement can affect a statute passed by this House of Assembly. I do not care what kind of agreement, as I have said, CFLCo have entered into or will enter into, they cannot waive the effect of this statute and this government or the previous government or any future government would be falling down on its job if it allowed this clause of the Churchill Falls Power Corporation Act to be abused or not to be lived up to.

But it is all academic anyway, Sir, and I do not know why the minister rises in the House now and waves this agreement around. It is the first time I laid eyes on it and I do not mind saying, he waves it around. Can he stand up and give us an objective or a sensible statement to the effect that Newfoundland workers were discriminated against during the construction period? What proportion were Newfoundland workers and what proportion were from Quebec or elsewhere? Is it academic? I mean have Churchill Falls Corporation been in violation of this statutory agreement, this lease which they have signed with the Government of Newfoundland, or not? Is the minister dissatisfied? Has he looked over the figures as to the employment of Newfoundland labour in the Churchill Falls project? If he has then he should tell the House and if he is, I for one will urge an action by this government against CFLCo, an action for damages or something, which I think could be sustained under this lease here. I would urge an action against CFLCo. If the minister thinks that court action would not work, that it is too wishy-washy, that the language is too

vague, the minister is in the government of this province and if a lessee of that government is not living up to its good faith requirements, is he trying to tell us that he has no sanctions he can bring against CFLCo, Churchill Falls Corporation, he cannot twist their arms. he cannot tell them to live up to this agreement in good faith or else?

The honourable minister's temperament has changed drastically in the last half hour, if he is saying that, Sir. I would suggest that the government in this province has the whip hand over Churchill Falls Corporation and if there is any evidence of past violation or present violation or an intention to violate the spirit of that clause in that lease in the future, well then the Government of Newfoundland and Labrador could screw CFLCo, screw Churchill Falls Corporation right into the ground. If he has any doubt about that, well I cannot see how he can have any doubt about it. That is that point, Sir, on Newfoundland labour.

The second point concerns the matter raised by my colleague from Bell Island, as a result of a newscast tonight, quoting Mr. Davis, up in Ottawa, on the Come by Chance Refinery and the pollution controls relating to that refinery. The honourable minister rises in the House and tries to give the impression that everything is number one, everything is hunky-dory. I suppose Newfoundland news has been reported on the national news, on CBC, about an average of once every six years, and suddenly we see five solid minutes, the first five minutes of the national news, the lead story affecting the Come by Chance Refinery and the pollution controls that have to be put in there or the thing is going to be closed down. Then the minister rises in his place and says, "What is all the worry? No problem, no sweat." Mr. Davis sees fit to give a lengthy interview to the CBC and the CBC sees fit to give about five minutes of prime news time, lead story to

the whole situation affecting Come by Chance, and the minister says no problem.

Well, there may be no problem. I tend to go along with the minister, there may be no problem. It is just a matter of the Newfoundland Refinery people coming up with the detailed specifications for adequate pollution control. That is probably what it boils down to. There are one or two questions affecting it though. If Newfoundland Refinery does not come up with the pollution control specifications, does the government have a contingency plan? Is it going to say, "Well, get out of this project because you forced it to close down?" Is it going to throw them out? Is the government going to put up the money itself, if Newfoundland Refinery does not? What is the government's position on it? They have one month to live up to a requirement set out by the Federal Government and I for one would not like to see all my eggs in that particular basket, Newfoundland Refinery. We have a lot of money, we have \$30 million directly involved in the oil refinery, a provincial public fund and we have indirectly another \$130, odd million put up or guaranteed by a crown corporation.

Now I myself would not be satisfied and I do not think the minister is satisfied to say, "Oh things are going to be all right." I am sure he has up his sleeve some contingency plans just in case Newfoundland Refinery does not see fit to live up to its obligations in this particular matter. There is another thing, Sir, that cannot help but strike any Newfoundlander looking at that newscast tonight on the CBC. The very first, apparently, I am no expert in the field, but the very first case under this new legislation by Mr. Davis, the great environmentalist up in Ottawa, the very first case affects poor, old, poverty-stricken Newfoundland. At the same time, the St. Lawrence River up there is a river of filth. You would not go near it with your gas mask on and, at the same time, the Great Lakes in Central Canada

are stagnant cesspools, and what do we hear? Mr. Davis is bringing in his first great controls under this new fisheries act, this Environmental Control Act, pollution control, and the first place he hits is Newfoundland with its refinery.

Now I am not disagreeing with the fact that the Come by Chance Refinery has to have pollution controls on it, All I am wondering is if Mr. Davis or the Federal Government, and I do not care if they are Liberal, Nazi, Progressive Conservative or Communist it does not bother me at all, all I am wondering is if Mr. Davis is singling out this poor, weak, despised province and using it as a patsy to try to scare the big industries in Ontario and Quebec, because that is certainly the impression? Is the Government of Newfoundland and Labrador, the Progressive Conservative Government, going to stand for this kind of nonsense? Coming out with ultimatums, 'one month and we are going to close it down. We are going to show the big oil refineries, the big oil people across Canada that we mean business. If they mean business, let them clean up the mess in the Great Lakes and the mess in the St. Lawrence River. Let them go after Imperial Oil and some of the big boys up in Ontario and Western Canada and Quebec. No, single out poor, little Newfoundland, who does not have power enough to get up and squeak for themselves. Single them out, this will show the big boys. I would like to know the minister's position on that.

Are we patsies, are we the soft touches in Canada that Mr. Jack Davis, whose name I would submit is a little less than loved in this province in a variety of respects already, is

Mr. Rowe (W.N.).

Is he singling out fishery as another thing, is he singling out poor little Newfoundland to use as the whipping post, to be pilloried in the eyes of Canada? I watched that newscast tonight. I was ashamed almost to be a Newfoundlander. Everything else is all right, right across Canada. Newfoundland is the province where we have to put in these stringent pollution controls. What nonsense is that! Have the provincial government written a protest to Davis and said, "what kind of foolishness are you up to here? Are you after Imperial Oil in Ontario and Quebec? Have you cleaned up or are you cleaning up the Great Lakes? How many plants have you closed down, Mr. Davis, in the past six months, on the Great Lakes so that the fisheries there can flourish and the people can go swimming there without getting leprosy or something from the water? How about the St. Lawrence Seaway. Have you closed down any industries on the banks of the St. Lawrence Seaway? These are all federal waters. These are navigable waters. They come under the jurisdiction of the federal government. Have you closed down any industries there?" No! The first case is Newfoundland, the oil refinery. That is a brilliant piece of business and it is a great piece of business for the Newfoundland Government to tolerate. The Newfoundland Government should say to Jack Davis and the federal government, "we will put in pollution controls. We will put in pollution controls as soon as humanly and feasibly possible. We will make sure that our agent in the matter, Newfoundland Refinery, goes along with the requirements. Let us see, however, some evidence of good-face efforts on the part of the big boys in Quebec and Ontario. Are they putting in pollution controls?" Then they will come up with the argument, "oh sure, but we are talking about new industries now. Some of the old industries, it is hard to get them to put in pollution controls now. It is going to cost them money."

When the Come by Chance Refinery was first envisaged, when the money was raised for it and when the deal was signed (that was in the

Mr. Rowe (W.N.).

honourable minister's day) there were no pollution controls from the federal government. This is something which is being superimposed on an already existing deal. There is no argument on the part of the federal government to say that we are doing this now because this is a new plant. We cannot do it in respect of larger industries on the St. Lawrence River and the Great Lakes. We cannot do it because they were already in operation. What we are going to ask them to do is, over a number of years to try and clean up some of this pollution. That argument would be hog wash. Sir, generally speaking, I just want to know what the provincial government's view is on this situation. I am sure that the minister, as I do, agrees with the idea of pollution control. I want to see the Come by Chance Refinery with all the pollution controls necessary. I do not want to see us singled out and made a whipping post for the rest of Canada to use as an example to try to scare the big fellows whom the federal government may or may not, probably may be afraid to take on at this moment or the bigger provinces of Canada. Maybe they are afraid to take on Davis up in Ontario. Maybe that is too much for them to handle. Maybe they are afraid to take on Bourassa in Quebec. That maybe too much to handle. Are we being singled out in this matter? I would like to hear the honourable minister's comments.

MR. CROSBIE: Mr. Chairman, sometimes it is difficult to sit here, heaving. As far as the oil refinery at Come by Chance is concerned, who has put us in the position that we are in in the oil refinery?

MR. ROWE (W.N.): We are talking about pollution control.

MR. CROSBIE: Just a minute I am coming to pollution control but I am going to come to a few other things on the way. Who has got us in the position we are in in the oil refinery at Come by Chance, if it was not the previous administration who entered into the agreement?

Now, Mr. Chairman, why are we having problems, i.e., in pollution control of the oil refinery down at Come by Chance? The previous administration did nothing to see that Newfoundland Refinery included in the plans for

the oil refinery adequate controls over effluent pollution down there and did nothing for months to make sure if they took any steps to comply with the requirements of the Department of the Environment at Ottawa. That is one reason. Reason number two is: The previous administration entered into all these deals and arrangements, stating that the whole project was to cost \$160 million; \$155 in a contract to Procon; \$5 million interim financing we never did get back, that is \$160 million; \$30 million provided by the Government of Newfoundland and \$130 million by E.C.G.D., the banks over in England, without sufficient money being included for pollution control and knowing that sufficient money was not included for pollution control. Most of the requirements for pollution controls now being decided upon, with respect to that refinery at Come by Chance, are not included in the original financing and will have to be raised additionally. That is another problem. The same gentleman's administration (These agreements were all amended and so on in 1970. These things were all signed when the government knew that the \$160 million, that the financing arranged was not sufficient and knowing that it is going to take another \$14 million or \$16 million that is not arranged for yet, gave secret letters, signed by Premier Smallwood, to Newfoundland Refining and Mr. Shaheen and the rest of them, contradicting the agreements entered into that were approved by this House, contradicting them, saying that the Government of Newfoundland, despite what was in the agreements tabled in the House, the Government of Newfoundland would do thus and so and put up the money for thus and so. Letters we have repudiated, deceit. Agreements passed by the House, approved by the House and letters to the contrary sent from the Premier of Newfoundland to Homer White and John Shaheen and the rest of them, agreeing to doing things that were opposite to what was in the legislation such as "we will put up the money for oil pollution. We will put up the money for currency fluctuations. We will find the money for customs duties." That is the administration opposite. They have the gall to get up and lecture us about

Mr. Crosbie

what is going on and what the problems are. These are just a few of the problems. That deal was signed and entered into it although the Liberal Administration knew that there was nothing provided for customs duties and year after year they refused to answer questions in this House, asked about customs duties and federal sales tax and the rest of it. They refused to answer it. They would give no information on it. We now know that it is all one hundred per cent confirmed. None of that money was included. It is all set out in the appendix of the Budget Speech.

Now what will we do if Newfoundland Refining does not comply with the pollution controls? We will take it over. What else would we do?

MR. ROBERTS: Here we go again. Here we go again.

MR. CROSBIE: What do you think we would do? If Newfoundland Refining would not comply with the pollution controls we consider to be sensible and reasonable as required by Ottawa, if they will not do that, and they can do it and there is no reason why they cannot do it, we, the government, naturally will protect our investment and would take it over. We would not hesitate one second. If the House were not open, we would call the House together, if we had to do that. It is very simple. Do you think that we are going to allow Newfoundland Refining to endanger \$30 million, \$160 million or \$170 million of our money because they will not do what they should do? No. We are not objecting to what Ottawa is requiring for pollution control down at Come by Chance. There is fearful danger to all the fishermen of Placentia Bay, if we get an oil spill in the water down there and the rest of it. We are not objecting to what they require. I agree with the honourable gentleman on one thing. I did not like the look of the hon. Jack Davis there tonight on television. You know that Newfoundland's oil refinery, we are going to do what he says or be shut down. He would not have said that were the Liberals still in power here in Newfoundland today. He did not say it last year. He did not say it five months or six months ago. He is willing to come out now and publicly say it. I do not like it either. As far as these pollution controls are concerned,

Mr. Crosble.

as I understand it, our people agree that that is what is required.
(Right, Brother Doody?) Our consultants have agreed that this is sensible, what they are asking for, and there is no reason why Newfoundland Refining cannot comply with it or Provincial Building. There is a problem, of course, getting the additional money to do it. That was a problem not created by us. We are insisting that Shaheen or the Shaheen group are going to arrange this additional money that is needed. We are not going to arrange it, despite the letters, which in the Department of Justice are marked political letters, that went from the government contradicting the agreements tabled in this House that the Newfoundland people thought were entered into, contradicting them, promising to pony up the additional money for customs duties and pollution and the rest of it. We are saying that those letters are not binding. They were never approved or concrete to the agreements tabled in this House. We are doing the best we can with this refinery, Mr. Chairman, keeping in mind that we are bound by the agreements entered into and we do not want to change them unilaterally because it would not be a good precedent for the future. We are getting along with this oil refinery the best we can. Have we got a contingency plan? Yes we have. Our contingency plan is: If they do not meet these reasonable, sensible requirements, we will take the steps that are necessary to protect the people of Newfoundland, without hesitating thirty seconds. I think that probably covers the oil refinery.

There is one other point. I disagree with the honourable gentleman that there is no point in going into a long, detailed debate about it. The honourable gentleman says that he is not concerned by this clause in the Hydro-Quebec CFLCo Contract. He do not care, I think he said. I do care. I do not think it should be there. The

third party does not matter, third parties, that is a contractual obligation entered into in connection with the construction of a development in Newfoundland and it should not contain that clause and it should not be contained when we come to the Lower Churchill. So we do care?

The Upper Churchill also, Mr. Chairman, the agreements are all entered into. We have to observe them and we hope the other parties also will observe them. As far as the labour situation up in Labrador is concerned, we will do our best to see that every Newfoundlander gets employed there who is capable of getting employed there. If we do not get the proper results you can be sure that you are going to hear about it. But we do care, we do not think that these kind of clauses should be in there. They are far more definite. If they would agree to a clause in that contract, mandatory that they will give preference to Quebec labour and then say to us that it is subject to whatever the wording is in the legislation there, the economic, where feasible and economic. Yes, they give preference to us where feasible and economic, but if with some other province they give preference without any equivocation at all, then that is wrong and the wording in the lease needs to be changed, so that those qualifying words are taken out. But there is no point arguing more about that, it is a question of interpretation. I think I have dealt with the two, but as far as my statement tonight about the refinery is concerned, what I said this afternoon is what is the fact except that Mr. Davis has put it in a very dramatic form; that if such and such is not done by July 26, knowing full well that there is no reason at all why this thing cannot be done, unless Newfoundland Refinery chooses not to do it and there is no reason why they would do that.

But we will certainly be seeing that this is done. There is no reason why it cannot be done.

MR. NEARY: Mr. Chairman, before this item carries, I think we are on to a very good thing here on the oil refinery at Come by Chance. There are a couple of questions really in my opinion unanswered by the minister. This is a pretty serious matter. I think we should take another few minutes to get it straightened out.

I understand from the minister that negotiations had been going on for some time between the representatives of the department of Mines Agriculture & Resources, the Department of Economic Development, the oil refinery people and officials from Ottawa. Everybody is in agreement that these pollution controls should go in. Agreement is reached, Okay then! I understood the minister correctly then, Mr. Chairman. Agreement has been reached. What I want to know is; then what is the hang-up? Is there any objection on the part of the oil refinery people, the Newfoundland Pulp & Chemical are saying no, we are not going to put it in? Are they saying - the minister said that it was not included in the original cost of the refinery. That is public knowledge, We all know that. Is it a matter of cost? Is it a matter of who is going to pay for the pollution control? Is this the question?

The honourable Premier shakes his head and says no. I just want to get it straight, Is this why? Is there going to be a confrontation over the cost? The Newfoundland Pulp & Chemical have to submit the revised plans, then the government will raise the money, They will raise the money on a government guarantee. The Newfoundland Pulp & Chemical will pay for it themselves.

MR. CROSBIE: No, they are not involved.

MR. NEARY: Well who is going to? Is this where the hang up is? I would like to know.

MR.CROSBIE: They would have to arrange the money to be borrowed by Provincial Building Company Limited, the Crown Corporation.

MR.NEARY: And the government is prepared to do this.

MR.CROSBIE: That has nothing to do with this situation here -

MR.NEARY: But it has to do with additional cost of the refinery. There is another -

MR.CROSBIE: It is going to be additional cost because of these -

MR.NEARY: Five million dollars - you have the excise duties and customs duty, well we know about that. Where is that money going to come from?

MR.CROSBIE: It is the same way, it is all in the supplement of the budget speech, it totals up to about \$16 million.

MR.NEARY: So the government is in agreement that the extra \$5 million plus the cost of the excise duty and the custom duty, the government will go along with the crown corporation raising the money, that it -

MR.CROSBIE: Do you want to sit down for a minute.

MR.NEARY: Yes I would be happy to -

MR.CROSBIE: Has the supplement of the budget speech outlined a number of these additional items not covered by the present financing? The position of the government is that Provincial Building, that Newfoundland Refining, the Sheehan Company, has the obligation to arrange the additional money for Provincial Building Company, Limited, which is a crown Corporation. It is their job to arrange this additional money which will be borrowed by Provincial Building Company, Limited. Of course there is already a first mortgage and a second mortgage on Provincial Building Company, Limited.

Last week agreement was finally reached between Newfoundland Refinery and the Federal Authorities and the rest of them on what needs to be done to satisfy the Federal Government. Newfoundland Refining has been objecting to the various things they did not think were necessary, so on and so forth. At a meeting last week the items

were agreed, what is to be done. So, now that has to go, there will have to be revised plans submitted showing these changes. They have to go to the minister of the Environment within a month. That is all a matter of just proceeding. But the minister has sent a telegram, worded somewhat dramatically, saying that if he does not receive these plans by July 26, with the modifications so on and so forth, he will stop construction. The thing and matter is all agreed so there is no reason, it is very unlikely that he is going to have to do that.

MR. NEARY: I am certainly glad to hear that, Mr. Chairman. I thought for a while there, after listening to the minister's earlier remarks, there was going to be a confrontation between the government, between the minister and his department and Newfoundland Pulp & Chemical and we would have a repeat of the linerboard situation.

MR. CROSBIE: Never know. Might.

MR. NEARY: I think probably it would be very wise if the honourable Premier got the minister out of there as quickly as he can, because he is gunning for a showdown. I detect this in his remarks, Mr. Chairman, he is gunning for a showdown.

Mr. Chairman, just to wind up. As I said earlier Sir, the economic development policy in the province at the present time is in a complete shambles. The people of this province, Mr. Chairman, are very concerned. They want to know what action the government are going to take, to offset the loss of employment in the projects that I mentioned earlier this evening that are rapidly coming to a close. Is there anything on the horizon? If not, Sir, then it is no wonder, nobody in Newfoundland should be surprised today that the increase in the unemployment rate in our province compares with that of a year ago.

Sir, in my opinion if it were not for the Federal Government's local incentives projects, I would bet that the increase in unemployment

would be three or four times more than it is at the present time. So, the incentive projects, I asked the minister about this and he did not make any reference to it whatsoever when he stood up to make his remarks. Because this is a part of our economic development. Ottawa has bailed us out on the local incentives programme, Sir. I do not know if they will be able to bail us out this winter with a winter works programme. But so far, in six months our inexperienced Tory Government have not come up with a single new industry to provide work for our people, not even an announcement of an industry, Sir.

But, instead, Mr. Chairman, as I said this afternoon, with half-witted, partisan statements, hostile towards outside capital coming into Newfoundland, they are driving business out. If this continues, Mr. Chairman, the old saying, that Tory times are hard times, will certainly come true in this province.

On motion total subhead 1501 carried.

On motion total subhead 1502 carried.

Subhead 1511:

MR. W. ROWE: Would the minister tell us why the salaries vote,

MR. ROWE, (W.N.): is down in that particular division of his department and in other places like general administration is up substantially. Why is it down in this particular case? Who has the minister fired now, Mr. Chairman?

MR. CROSBIE: Al Vardy.

MR. ROWE, W.N. Oh, oh, very good. You got rid of him.

MR. CROSBIE: There is a saving in this general area this year, because we are no longer supplying a car to Mr. Vardy. He had a government automobile from 1956 onwards, I could give the honourable gentleman a list of them all.

MR. ROWE, W.N. I would like for the minister to give them to me.

MR. CROSBIE: The last one he had was a 1969 Buick, 1967 Buick, 1965 Buick, 1963 Mercury, 1961 Meteor, 1959 Meteor, 1956 Chevrolet Station Wagon, The cars were changed every two years so they did not get too worn. So there is a bit of a saving generally in this heading this year.

MR. ROWE, W.N. I am talking about salaries, Mr. Chairman.

MR. CROSBIE: I am just pointing out the large saving under cars. Now gentlemen just give me time, I want to outline our tourist policy.

Mr. Chairman, I thought members might be interested in knowing of the activities of Martin Goldfarb. The Goldfarb story, rump pump, pump. This is going to be a thriller from last year.

MR. NEARY: Make no wonder the Premier is removing him.

MR. CROSBIE: You remember -

MR. NEARY: He is driving the poor guy crack.

MR. ROWE, W.N. Under the strain.

MR. CROSBIE: Goldfarb, the man with the golden surveys.

I have some figures here just to give to the honourable members, I know they will be interested in them and this whole subject. Martin Goldfarb consultants, I just thought I would like to talk on the

MR. CROSBIE: tourist division now before we got down to the nitty-gritty. Martin Goldfarb consultants were retained last year, Mr. Chairman, as we all remember, he was a gentleman who was convinced that you could sell politicians like you could sell tomatoes. Well it costs the people of Newfoundland \$110,000 to learn that the tomatoes would not sell down in Newfoundland.

Martin Goldfarb was \$110,000. Yes, Martin Goldfarb, last year January 29, 1971, the past government authorize the following expenditures, a master plan \$25,000 plus a motivation tourist study, \$75,000 plus, an investigation of economic development opportunities (that was his own, I would imagine) that was \$6,000 plus ten percent. Altogether the expenditures authorized came to \$110,000 and then an additional amount of \$10,000 was authorized by the minister, by a letter of April 23, making \$120,000. We received and paid bills totalling \$104,000 and we have an amount outstanding of \$16,000.

AN HON. MEMBER: What did we get for that?

MR. CROSBIE: What did we get for it? I would not use that language in the House. That was Martin Goldfarb. Wait now, I know I have another note here somewhere.

AN HON. MEMBER: In Elizabeth Towers there was white wall to wall broadloom.

MR. CROSBIE: White wall to wall broadloom? The minister has white carpets on his mind. I will come across it in a few minutes, I have another few tidbits here, when I come to it. But, first what are we trying to do in tourism here in Newfoundland? As it is presently constituted the responsibility division is to create an awareness of the province. Oh! when Goldfarb became aware of where this province was, he sure got down here, told people how to get there and what to do when they get there. What to do when they get there! Get a contract from the government to do a study of your motivation in coming down, naturally. This is achieved through a media advertising programme, the production and distribution of films and the production

MR. CROSBIE: and distribution of tourist literature. The advertising programme is basically designed to promote the province or create the awareness referred to above. Emphasis have been placed on the history of the province, the environment, the scenery, the gullibility - you have got to go on.

Anyway, in case I was asked a question, I have an outline here of what we are attempting to do in tourism. The programme is designed to reach people in the twenty-forty age group, with an average annual income of \$10,000 to \$15,000. Some sixty percent of the budget was spent in the U.S. with the remaining forty percent spent in Canada. The special interest programme, hunting and fishing, is directed to the more affluent sportsmen. The market area is defined as east of the line from Toronto, south to Chicago, in St. Louis then east to Washington. In excess of 100 million people live in this area and its borders are generally determined by the high cost of travel to this province from point south to west of the area. In other words our advertising and so on is concentrated in this area.

The advertising programme generates inquiries which are usually answered with tourist literature. In excess of 100,000 inquiries are answered annually. The total number of pieces mailed being in excess of 1 million. Both literature is provided through some 1700 travel agencies in Canada and in the U.S., the Canadian Government Travel Bureau Offices, Canadian Consulates, Automobile Club. There are ten tourist chalets in the province, an office in the C.N. Terminal at North Sydney and so on, information offices on the boat.

Now the greater part of this material, Mr. Chairman, has not been printed here in Newfoundland but we are making a change in that, member of the House will be glad to know. All of our tourist literature has for some years been printed up in Montreal, by an outfit called "Cross Canada Advertising". Last year, (I have so many notes here, that I do not know where my notes are) that cost us, I think it was \$313,000, when I come across the right piece of paper. Yes, here it

MR. CROSBIE: is right here. Last year \$313,000 was spent with Cross Canada Advertising, for printing folders, "Historical Newfoundland" and such like posters, mailing tubes, briefcases, and 24,600 sheets, hotels -

MR. MURPHY: Where there any tenders on that?

MR. CROSBIE: No tenders, No, No. No tenders. The contract used to go to this firm in Montreal every year. Now we believe that a Newfoundland printing firm should have a chance at this business, so this year we are making arrangements for the Newfoundland firms who can do this kind of work to bid on it or submit proposals or something of that nature, \$313,000 went on that last year, out of this province. It will go out of this province no more. It will be spent with our local printers this year.

In addition, Mr. Chairman, we have a film production. We have a library of twenty-one films. We make prints available to the National Film Board. They are on hunting and fishing, general scenic beauty, travel and holidays, sea birds and sailing. They had 15,319 screened in the U.S. last year, providing exposure of 678,000 viewers. We had 346 television screenings in the U.S., to an estimated audience of 10,131,000. Five hundred and sixty-three screenings in Europe for 35,000 people, 1,027 in Canada, a total audience of 53,000 people.

In addition the department has controlled responsibilities and so on, which I think we all know about. We have inspectors reporting on hotels, motels and hunting and fishing, camps, tourist boats, tuna boats and the like, some twenty employees. Ronald^s Reynolds - in case the honourable gentleman wants to know who is doing your advertising this year, you know, who are you giving that advertising to? The honourable member for Bell Island did not ask the question. I will ask it for him. I will pounce in. Who is getting your advertising money this year?

MR. NEARY: McLean.

MR. CROSBIE: There he is. He missed out on the chance. Answer, Ronalds Reynolds and Company. Why? Because they supported the Liberal Party and got the contract last year. That is why they are doing the advertising this year. Because you see, Mr. Chairman, you have to see that your contract is entered into a year before you do the work. So this year the work is being done by Ronalds Reynolds and Company, Limited. The approved advertising budget is, I think, \$200,000 - \$215,000 usually, altogether. This is for Canadian publications, etc. and so on.

Now last year, in addition to the advertising budget that was coming up this year, there was felt to be need for something called the Marketing Counselling Service. Ronalds Reynolds were paid \$31,451.50 for something called marketing counselling service. I was puzzled, Mr. Chairman, frankly quite puzzled as to

Mr. Crosbie.

why we needed this marketing counselling service. But knowing that there must be something behind it, I wrote them. They answered as to what this was. I asked about these invoices. "When we first became involved in the tourist programme we made it abundantly clear to the minister, Mr. John Nolan, that the advertising media budget was not large enough to generate sufficient funds for the agency, for the very heavy investment we would have to make during the first year of operation." The result, you need more money, you call this marketing counselling service. Planning, a long-term tourist programme for Newfoundland and Labrador would take many man hours and, therefore, they suggested how these man hours could be spent, familiarizing themselves with the tourist marketing problems, travelling throughout the province, visiting parks, outports, tourists attractions, counselling the minister. I do not know if they counselled him on those ads that used to be on television. All that activity lasted five months. It was from May to September. What a coincidence. It was from May to September last year, we had these advertising gentlemen down here. We paid \$31,000 for marketing consultants services. Only a dirty mind would think it had anything to do with the political campaign. I will not say anything about that. That was marketing counselling. It was \$18,134. I got information here if they want it, Mr. Chairman. It cost \$18,134. spot announcements on radio and television.

MR. ROWE (W.N.): The Premier better make his move tonight.

MR. CROSBIE: It was by the minister last year. It cost \$18,134 for those park ads. Remember those? Remember? That was to CJON and \$1,134 to Colonial Broadcasting, spot announcements. There was \$19,000 in spots last year. I can promise the members of the House, not one spot this year. The minister is not going to put out a spot. He is covered with a rash.

Mr. Crosbie.

He is covered with a rash looking at all this stuff. Let me see if there is anything else I can tell you. I gave the wrong figure on Reynolds. It was 35, 885 for marketing counselling. I said it was \$31,000. Anyway here is Goldfarb - a master plan, motivation tourist study and investigation of economic opportunities. So it goes. Is there any other information I can give you? Are there any questions?

MR. ROWE (W.N.): Mr. Chairman, that was great. I can see now why the Premier has forced the honourable minister out of the Portfolio of Economic Development. The honourable minister is so obsessed with the past, with past history, he should be, Sir, a professor of history at the university and write some theses on the past history of Newfoundland. He shows no interest or apparently no interest in future developments in tourism in the province. That was a very entertaining speech that we just heard. I am glad he sat down before some one rushed in and certified him. It was a very entertaining speech that he just gave. Perhaps he might just give us a hint you know, just a jot or a tittle, to use his own words, a hint as to what the direction of tourism is going to be in the future in the province. Is this the limit, this foolish little statement we heard the other day, delivered by the House Leader on behalf of the Premier, about hospitality homes around the province? Is that the limit of tourism in the province this year? Is that the sole direction of the provincial government's thinking in the matter? I mean, where are we going in tourist development? Does the honourable minister think that it warrants a vast or a large expenditure of money? Is it worth it in terms of financial returns to the province? We are all very interested in the past. I remind the honourable minister though that his fun is only going to last this year because next year the past is going to affect his own administration. Perhaps he should do himself a favour now and try to give the House and the people of Newfoundland just a jottle or a tittle or a hint of the future direction of tourism in the province.

MR. CROSBIE: I am touching on the present. Some of these bills are still coming in. The honourable member seems to be so touchy about these matters. I was there reading away or outlining a policy as to what we are doing and trying to achieve and the member is absolutely ignoring it. I am not going to go through all that again.

Mr. Chairman, we are, to be serious for a moment, quite interested in boosting the tourism programme here in Newfoundland. The first announcement of a new departure from policy was made in a statement before the House last Friday. If we are going to have visitors come to Newfoundland, they have to have some where to stay. One of the main problems we have now in the busy season is that there are not sufficient places for them to stay. The purpose of this survey is to find good, decent accommodations for people about the Province of Newfoundland, to find out who is willing to rent rooms, who is interested in renting rooms, what kinds of rooms they are, what they want to charge so that next year we will have a lot more accommodations available for tourists coming to Newfoundland. My own view, Mr. Chairman, is that apart from hunting and fishing and the outdoor activity, the greatest attraction Newfoundland has, as a tourist centre, is the scenery and in particular the scenery when you leave the Trans-Canada Highway, the surroundings, the environment, when you go to Fogo Island, Twillingate, the Great Northern Peninsula.

AN HON. MEMBER: What about Labrador.

MR. CROSBIE: I was coming to Labrador. I am just up the Northern Peninsula, and also Happy Valley, Labrador, the Coast of Labrador, I mean if we had boats that only took tourists in the summer on a cruise along the coast, you would have it full all summer. The problem would be, what would you do with it the rest of the year? These are our greatest attractions and if we are to attract more people here, before we do that we must have the accommodations for them and the facilities for them. Through this survey this summer, we hope to expand. Other than that, Labrador West, of course, is a great curiosity. I think that tourists should go there too. It is more

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scenic on the coast. Baccalieu Island is another story. Holiday Inn is seriously interested in expanding their hotel here in St. John's and perhaps one or two of the others. They have a very excellent occupancy rate now. Even in Clarenville I think the rate is sixty-seven per cent, over the year as a whole. Of course, in the summertime it is one hundred per cent. The possibilities are great here and I think this new survey will be of considerable help because there is nothing that leaves a tourist more dissatisfied than not being able to get a comfortable accommodation for the evening. I do not know if there is any more I can say.

MR. THOMS: I would just like to ask the minister one question if I may and without any interruption from the peanut gallery. May I ask that in the statement that was made last week by the House Leader, on behalf of the Premier, as far as tourist homes are concerned, will the government in any way, shape or form help finance any renovations that are needed in these homes? I am thinking of probably installing proper toilet facilities, showers, sitting rooms and one thing and another. Is there any policy along this line to give financial help?

MR. CROSBIE: There has been no policy developed yet. I mean the survey will show what the conditions are and so on. Mr. Chairman, if there appears to be a great need for the kind of facility the honourable gentleman suggests, then that would have to be considered. We would have to see what the survey shows first.

On motion 1511-01 carried.

On motion total subhead 1511, carried.

MR. CROSBIE: Mr. Chairman, 1512-03-01, Economic Development, General Investigation, I want to give the accurate figures for last year. Under 01, General Investigation, actually it was \$536,000 spent. Under 02, Promotion, there was \$501,000 spent. I think the House should have some of the amounts that were spent and show what some of these things can cost.

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Mr. Crosbie.

Mr. Chairman, the studies done on the Marystown Shipyard alone last year and this is in connection with whether you could have a giant expansion down there to build large tankers, the studies alone cost \$272,370,18

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MR CROSBIE: I will give members a list of them.

\$272,370.00. and that is A. & P. Appledore International Limited. they were retained to do a study. Next is the Marystown Shipyards \$40,000. H.C. Acres Limited, they were paid \$135,088, and then another firm called Knudsen and Johnson, \$10,700. A firm of E.C. Frankel Incorporated got \$10,710, then a firm of Camat International Transportation Consultations Limited were paid \$30,367, and another firm whose name I will not mention got \$36,504. Total - \$272,370.00, to carry out these studies.

Mr. Chairman, it seems to be a pretty stiff price to pay for all these studies. Perhaps it was all necessary, I do not know. We also paid, by the way, \$202,000 to T.E. McLoughlin Development Associates Limited, for industrial promotion, prospectus and phophatizing services, I guess, on behalf of the province, for Economic Development. \$110,000 to Cam Ure as financial advisory service, DREE applications and so on. But that had nothing to do with Marystown. Marystown was \$272,000. Let us see now what all these studies were for.

Appledore, for example, was retained to undertake an evaluation and study of the proposed extension and enlargement of the Marystown Shipyards. That was Appledore of London, England. Acres Consulting Services, Limited were retained to conduct a feasibility study of phase (I) of the proposed Marystown Shipyard Development. The cost of the study was not to exceed \$60,000, Well, it went up to \$110,000. I think that was the figure. No, \$135,000. The minute of council said; "Not to exceed \$60,000."

Then there was a site investigation to be carried out on the site. Soil sampling, rock coring, diamond drilling. This is under the supervision of Acres and there was a drilling contractor engaged. That cost \$36,504. and that was Crosbie Services, Limited. I did not want to mention it, because I thought the honourable member opposite might leer at me.

SOME HON. MEMBERS: (Inaudible)

MR. CROSBIE: No, that was another one, high country. We missed it.

E.G. Frankel Incorporated of Cambridge Massachusetts, they were retained to undertake an evaluation and study of the proposed extension and enlargement of the Marystown Shipyards, for a fee of \$18,000 U.S. and they were eventually paid \$19,710 U.S. That was not too bad. Altogether, under this vote last year, far in excess of what was provided for in the estimates, because the estimates originally only provided for about one-third of the sum, All of these studies were carried out.

The Corner Brook Ski Club got \$35,000 last year under this vote, somehow or other. I do not know how it happened. Protect to repair and preserve the Marble Mountain ski area, August 6, 1971, \$35,000. Reynolds - Reynolds I have mentioned. Yeer Ure, Cam Ure and so on. D.D. Dick Consulting Engineering. All of these things were paid. Martin Goldfarb. These were all paid out of these two votes here, promotion and investigation. This year, Mr. Chairman, as I said in my opening remarks, we have terminated the contracts of Cam Ure and T.E. McLoughlin because, the Department of Economic Development, the personnel there are going to do these things themselves. When the Development Corporation is set up, that is what they are - these are the functions they will perform, what Cam Ure and McLoughlin were formerly doing. This will be a lot cheaper for us and I think we have the people that can do them. We may need another three or four people, but with the people we have now we can get a good start on it. It will be a lot cheaper and I think a lot more beneficial for the province.

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: That is the chap over on Bell Island. There may be a few studies that will have to be done this year, but you see the amount asked for in both votes is \$375,000, which we think will be

enough this year, rather than the \$1 million spent last year.

On motion, 1512-0301, carried.

MR. WOODWARD: Mr. Chairman, I would like to ask the minister if he would give us a list of the airstrips that are going to be constructed. The location and cost of each airstrip. If there is to be any Federal participation in these particular plans and will those strips be constructed this year?

MR. CROSBIE: The amount asked for in the estimates this year is \$601,000. The airstrip construction programme, Mr. Chairman, was started last year. That is, building landing strips about the province. The last government originally had the idea to provide fourteen landing strips in Newfoundland and Labrador. Preliminary studies reveal that the amount was inadequate. I think it was \$562,000 provided originally, and through special warrants a further \$960,000 was produced. \$960,000, that is one and a-half times what was asked for in the estimates. Altogether, the total allocated was \$1,360,000.

Project Management and Design Limited were retained to supervise the engineering and construction of these sites, based on a design fee of cost plus seven percent for services rendered.

AN NON-MEMBER: Tendered?

MR. CROSBIE: No, no tenders. No, no, you would not want to delay things. They in turn sublet the engineering design and layout to Techmont who undertook to provide field investigations, preparations of contour maps and quantity surveys for \$16,000 per 2,000 foot runway. Project Management and design Limited controlled specifications, issued private tenders and recommended the firm to whom the tenders should be awarded. In all instances the lowest bidder was recommended. I never noticed that. I never checked to see if the lowest bidder got it, although they were recommended each time.

MR. W.N.FOWE: More than likely they did.

MR. CROSBIE: Yes, more than likely. Anyway, the Department of

Economic Development controlled the priorities of site construction, provided liaison with government agencies, assisted in expiditing financial matters and secured funds. They also held discussions with Ministry of Transport officials. The Director of Air Services contributed continuously with advice.

Last year, the four strips that were started or contracts awarded were; Bonavista (the contractor was Gid Sacrey) that is well underway there now. Bonavista will be finished this year. That strip went in the minister's blueberries.

MR. WOODWARD: Is that the patch?

MR. CROSBIE: Right in the blueberry patch.

AN HON. MEMBER: \$800,000 worth of blueberries gone up the river.

MR. CROSBIE: It is enough to make you cry.

AN HON. MEMBER: No blueberry pie this year.

AN HON. MEMBER: The people out there could get money...

AN HON. MEMBER: (Inaudible)

AN HON. MEMBER: No, pick them.

MR. CROSBIE: The House will not be over in time to pick them.

Winterland is twenty-five percent constructed. The contractor is C.C.M. Construction. There is going to be federal assistance on that, of \$135,000.

MR. WOODWARD: What is the total cost of the airstrip ?

MR. CROSBIE: The contract is for \$389,860. There will probably be extras and so on, but that is the contract.

AN HON. MEMBER: Is that paid?

MR. CROSBIE: Is that paid? I do not know. Where is my assistant? Is that paid, Mr. Assistant?

AN HON. MEMBER: A voice in the wind.

MR. WOODWARD: I suggest the honourable minister should get his officials to give him the proper information.

MR. CROSBIE: We will get the answer to that in a moment. Springdale

is another airstrip under construction. The contractor is Gid Sacrey. Federal aid, nil. The runway is 2,000 feet. The runway at Winterland is 3,000 feet and Bonavista is 2,000 feet. Port au Choix is one hundred and ten percent completed.

AN HON. MEMBER: One hundred and ten percent?

MR. W.N. ROWE: There is not much left to do then?

MR. CROSBIE: We do not fool around. If we are going to complete it, by George! we complete it.

MR. WOODWARD: I am sure the Minister of Labour will like that.

MR. CROSBIE: For Winterland to be paved, there would have to be another contract awarded. The additional cost to pave it will be \$180,000. If the honourable minister wants to go out with his begging cup and see if he can get \$180,000. It is not included in the present contract.

Port au Choix is \$215,689. Now these are the four started last year. Three sites were surveyed and tenders called but were not awarded. They were Fogo, the lowest apparently was \$506,000. Baie Verte, \$258,000, and St. Alban's \$155,000. They were not proceeded with last year. Then there were sites investigated, but construction deferred for a number of reasons. They were Harbour Breton, Channel-Port aux Basques, Wesleyville and Grand Falls.

Then there were certain sites in Labrador that I imagine the honourable gentleman is interested in, that were referred to the Minister of Transport for inclusion in their remote airstrip programme. These were Cartwright, Makkovik, Mary's Harbour and Nain. As far as this year's activities are concerned, we intend to complete the four strips that I have mentioned,

MR. CROSBIE that were commenced last year and we have some money in the estimates to hopefully press forward with the programme in Labrador, which would have to be done with the Department of Transport.

Now the Department of Transport will assist, I think it is \$100,000 a strip. Their maximum is that they will make a grant of up to \$100,000 a landing strip and, of course, their programme is that it has to be a remote air strip, a remote location that needs an air strip and in Labrador we hope that, we have been talking to them and we are hoping that they will proceed with that programme. Where their maximum grant is not sufficient, then we will have to make up the balance.

The situation at the moment is, Cartwright, a tentative site has been selected and transport officials will investigate it when the ground is free of snow. Well that should be about now I imagine or pretty soon. Makkovik, no surveys have been conducted yet, that will have to be done. Mary's Harbour, a site survey has been conducted and a tentative site selected for the Department of Transport to inspect when the ground is free of snow. Nain - a new site has been selected however the high cost of construction appears to be a drawback to early construction here. Apparently in Nain, the site selected would be very expensive.

So this year the vote we ask for is \$389,000 to complete construction. \$202,000 for project management, \$8,600 runway lighting. That includes money for these investigations in Labrador and hopefully we will be able to get the federal government to go along on their remote air strip programme.

I hope I have answered the member's question.

MR. CROSBIE: (1512-04-05) Mr. Chairman, I think I know that honourable members are anxious for all explanations they can get and that is there is a study to which we are contributing, going on in the Atlantic Region

MR. CROSBIE on freight subsidies and this province is making a contribution of \$5,000 towards the cost of this study which is being done for the Atlantic Provinces. This is why it was not in last year and I presume it will only be in one time.

MR. CROSBIE: What one are you on now, Mr. Chairman.

MR. CHAIRMAN: 1512-05-03.

MR. CROSBIE: Oh my heavens, you have not passed all those!

1512-05-01, could I just say a few words here. That is a lot of money you know. It is \$44,500,000.

MR. ROWE: I am sorry, Mr. Chairman, I understood that we were going to discuss the Burgeo thing under Fisheries, and it slipped my mind there were other amounts in there besides the Burgeo.

But \$40,000,000 is statutory anyway. It does not have to be voted.

MR. CROSBIE: Right. It does not all have to be voted. You see we have to vote \$4,000,000 of it, I think it is. Anyway, this is interesting. I want to say a few words on this. I like to share what I find.

What is the matter? They do not want information. What is the trouble?

I just want to say a few words, do not get mad. Now (05-01) Mr. Chairman, you will see Newfoundland Industrial Development Corporation - \$90,800,000 was spent last year. Now \$15,000,000 of that was advanced to Javelin which has since been repaid. You see that is how Javelin got \$15,000,000 last year, through N.I.B.C. That has since been repaid by the government, and \$2,375,210 was advanced to National Sea Products. I think the House should have some information on that. Then there are a couple of other items here.

Now this year's vote is \$44,500,000. \$40,000,000 of that is for advances to Labrador Linerboard, \$2,600,000 to Burgeo Fish Industries, which we will debate on the Fishery estimates, and \$1,900,000 to National

MR. CROSBIE: Sea Products Limited, that makes a total of \$44,500,000, so I was puzzled about all this money to National Sea Products. There is another vote, last year's vote up above, for the \$1,900,000. Let me explain the deal now, I want to explain this deal just so we will all understand it.

Last year's \$1,900,000 was payment of subsidy at fifteen per cent on the construction of six trawlers to service the fresh fish plant on the Southside, St. John's, that was owned by Ross Steers. This fifteen per cent was paid to bring subsidy payments up to fifty per cent, the amount previously paid by the federal government but now reduced to thirty-five per cent. The federal government used to give a fifty per cent subsidy on vessels built in Canada. They reduced it to thirty-five per cent and the province agreed to make up the fifteen per cent.

The House will remember that National Sea Products, Limited agreed to buy the old Ross Steers fresh fish plant in St. John's Harbour. As part of the deal, they want six trawlers to fish out of that plant. Newfoundland has agreed to pay the fifteen per cent subsidies on all six of those trawlers although only two of them are going to be built here in Newfoundland. That is the two now under construction at Marystown Shipyard. Now in addition to that, altogether we are going to advance, in addition to the fifteen per cent subsidy we are also going to loan National Sea Products forty per cent of the cost of the six trawlers. So we have the loan on this money.

The six trawlers are going to cost \$12,282,818. We are going to loan forty per cent of that through N.I.B.C. In addition we have to pay the shipyard at Marystown, and we have to make another payment there of \$448,000 because of the difference in cost in having the two trawlers built in Marystown as compared to Nova Scotia. I will go into that in more detail in a moment. Some of these things are quite puzzling.

For six trawlers, two are being built at Marystown, the price at Marystown was \$4,545,000. Others have been built at Pictou, Nova Scotia. The price there was \$4,097,000, the difference was \$448,000 so the Newfoundland

MR. CROSBIE: Government agreed to pay this difference to have two of them done in Marystown. So we are paying fifteen per cent subsidy on the six trawlers, four of which are built outside Newfoundland. We are paying the Marystown Shipyard \$448,000 in addition to that, to make up the difference in price between the bid at Marystown as compared with Pictou, Nova Scotia, and in addition we are lending forty per cent of the cost of the six trawlers to National Sea Products. A good deal for National Sea Products says you. "Yes", says I. It sounds like a good deal for them. Now what else?

National Sea Products Limited agreed to buy the fresh fish plant in St. John's from Ross Steers, price \$1,700,000, how was it financed? Mortgaged by National Sea Products to N.I.B.C., so that the Newfoundland Government loaned National Sea Products \$1,700,000 to buy the fish plant on the south side of St. John's, from Ross Steers. It is a lot of money.

Do not carry it yet. Let us have a further look. Let us study the matter a little closer. Let us get into the guts of the thing.
Six trawlers -

AN HON. MEMBER: Our Minister of Mines is going to sleep.

MR. CROSBIE: I do not care who is going to sleep. I am going to put into the public record what this deal was. It is like so darn many deals that we come across in this province.

Now six trawlers - two are being built in Marystown now, that is wonderful. What about the other four? What is to happen to the other four? Well four are being built on the Mainland so we were told that National Sea Products were going to have four built in Newfoundland in the future, to replace the four it had built up in the Maritimes, using our money, our fifteen per cent, our forty per cent loan, and the rest of it. So what is the agreement?

MR. CROSBIE: National Sea Products agrees that as it requires new vessels to be constructed in the future, to serve any of its Canadian plants, other than the fresh fish plant and the fish meal plant that is on the southside, it shall have four such vessels constructed at Marystown, Newfoundland, if National is satisfied that the price and quality of workmanship at Marystown, Newfoundland are competitive

MR. CROSBIE: with other Canadian shipyards and that such trawlers will be delivered within a reasonable time, measured by the standards of the Canadian Shipbuilding Industry. That is what National had to agree to, to get our fifteen percent subsidy and our forty percent loan to build four trawlers up on the mainland. Now what have they agreed to? They have agreed to exactly nothing. It shall have four such vessels constructed at Marystown, if National is satisfied. That is who has to be satisfied. But the price and quality of workmanship in Marystown are competitive with other Canadian shipyards and that the trawlers will be delivered within a reasonable time, measured by the standard of the Canadian Shipbuilding Industry. Now, Mr. Chairman, that is not good enough. That agreement is not good enough, not nearly good enough, but I have no doubt that National Sea Products, Limited, who are a fine company, will see that we have another four trawlers built down in Marystown. We will not be able to force them with a clause like that. That has escape hatches in it bigger than the cargo hatches on one of those giant tankers. But I certainly hope that they will have four other trawlers built.

So what is all of this costing us? The cost of the subsidy alone; the six trawlers are going to cost \$12, 282,000, National Sea Products pays ten percent that is \$1.2 million, rough figures, the federal subsidy is thirty-five percent, that is \$4.2 million, the Newfoundland subsidy is fifteen percent, that is \$1.8 million and the loan from Newfoundland Industrial Development Corporation is forty percent, \$4,913,000. So that we will have a total in it, in loans and grants, of over half of it. In addition, we financed the acquisition of the Ross Steers Fish Plant from Ross Steers and National Sea Products.

Well if those other four trawlers are built here in Newfoundland, the four that they are going to have built in the future, they cannot

MR. CROSBIE: build the present four here, they are being built on the mainland, perhaps this is a good deal. I certainly hope they will be built here and I know that National Sea will do their best to do it.

What happened to the rest of the premises? I just heard today, I have not got the figures yet, another tremendous business deal, that we are actually renting the old salt fish plant over on the other side of the harbour, the other part of the Ross Steers combination, the salt fish plant which was built separately. That the Government of Newfoundland are leasing that to the Salt Fish Corporation. Yes, I am glad the minister remembered and the rental we are getting is less than the interest we are paying on the loan that put the place up, so that we are having a loss. We are having a loss on the salt fish plant that we had no responsibility for before, it was the responsibility of Ross Steers. They were liable for it. They were responsible for the principal and interest but the last government of the province had, before we came into office, reversed that, took over the salt fish plant, is responsible for the principal and the interest and they are now renting it to the Salt Fish Corporation at a rental that is less than the interest we have to pay on the building; another tremendous piece of business.

AN HON. MEMBER: Mr. Chairman, then they talked about Burgeo....

MR. CROSBIE: Yes, then they pipe up about Burgeo -

AN HON. MEMBER: What is the rest of the story?

MR. CROSBIE: The rest of the story? I have not even started to tell the story that could be told. Well let us get the other half from the member. We never heard any part of the truth from the member when he was in the government, not one part. Not a-half truth, not one millimetre of the truth.

Now is there anything else here?

AN HON. MEMBER: Not a jot nor a tittle.

MR. CROSBIE: Not a tittle. Not a jot.

MR. NEARY: The honourable minister should not go home

MR. CROSBIE: The honourable gentleman should not go home, or he should go home.

Now I think that is all I had on that vote there - NIDC. Well provincial building, that is the balance of the \$30 million, that \$1,746,000. The Development Corporation, that is \$500,000, as a contribution towards equities for the development corporation to invest in equity and \$250,000 calculated to be our share of the operating costs of the development corporation this year.

On motion total subheads 1512 through 1513 carried.

MR. CROSBIE: Subhead 1514 - Mr. Chairman, before this carries it needs some explanation, that is the fact that this year, under this heading here, we have to pay out \$7,237,000 under the Industrial Incentives Act (Current Account). In other words, this is a subsidy we are paying for ERCO and the rest of them. I think that deserves a few words. I have notes on my notes.

Mr. Chairman, a lot of it is - really a sharpe man. On this particular vote here, Mr. Chairman, - there is a little buzzing in my ear, I do not know what it is. I think it is an irritation from Bell Island.

Now, Mr. Chairman, this vote \$7,237,000. Now what this is for is that the last government, I am sorry to talk about the past, I know that the members opposite do not like it. They hate the past. The last twenty-three years, they want to forget it. They do not want to be reminded about it. They despise mention of the past, but if I can just explain this item, I will only touch briefly on their past. But I have to, to explain the item.

Now in the past, not many years ago, the Liberal Administration at the time, imbued with the great philosophy "develop or perish" decided we should perish and entered into a contract with the Electric Reduction Company of Canada, Limited, to sell them power at

MR. CROSBIE: two and a-half mills a kilowatt-hour. The agreement was for twenty-five years - they have an agreement for twenty-five years. I notice the first payment here is April 1, 1969. It was signed, I believe it was entered into in 1966.

AN HONOURABLE MEMBER: Is the honourable minister responsible?

MR CROSBIE: Oh! sharp! Poignant question! "Is the honourable minister responsible?" Oh! they are on a good spot there. They think they got him pinned, his back to the wall. No, the honourable minister was not in the cabinet then, so we can brush that one aside. Now could I get back to the facts?

The agreement was entered into. The power now, Mr. Chairman, that is being delivered to ERCO at two and a-half mills cost us, they have a high demand factor, it cost us I believe six mills to seven mills. Where is my other buddy? He disappeared. Yes it costs six and a-half to seven mills, The cost would be higher except this is a high load factor, the power that ERCO gets. So in 1969 -1970 we had to subsidize the Power Commission \$3 million for the power it sold to ERCO. In 1970-1971, \$3, 700,000. In 1971-1972, \$3,600,000 and our estimate this year, that it will cost us \$4 million for that arrangement. That will be the difference between two and a-half mills on what it cost the Power Commission to produce and sell the power. Well, I do not know, there are 450 odd jobs down there I guess, at ERCO.

Now this is a very expensive subsidy, If this continues for another twenty years, we are paying another \$80 million in this power subsidy alone. But the merits and demerits of that, there is no point going into it now. Obviously, it is not anything anyone would do again. I certainly hope not. The rest of this figure is an amount of \$400,000, which is the difference between the rate of which we are selling power to Price Newfoundland Pulp and Paper, Limited and what it is costing the Power Commission. That difference this year will be \$400,000. That is a contract entered into three or four years ago. Another \$400,000

MR. CROSBIE: the difference between the cost of the power to the Power Commission and what we have to sell it to Bowaters for, under an agreement entered into with Bowaters some years ago. That will cost us \$400,000. An even more striking and amazing, I cannot tell you, Mr. Chairman, I was just dumbfounded, bamboozled when I saw this one. Under a contract entered into between the Power Commission and Newfoundland Light and Power Company Limited, where the Power Commission sells power to the Newfoundland Light, I think it was entered into in 1969, it is going to cost us this year \$2,300,000 that is a difference between the cost under the contract of delivering power to Newfoundland Light by the Power Commission and what it costs the Power Commission. So the subsidy this year is \$2,300,000, it costs us \$1,700,000 last year and in 1970-1971 it cost \$1,900,000. I have never heard a word said in this House.

This is a contract where the Power Commission agreed to supply power to Newfoundland Light. The general contract to supply power. the rate is -

MR. MURPHY: We are not making any money on it, we are losing.

MR. CROSBIE: No, no we are losing. The Power Commission, we have to make up the difference to the Power Commission.

AN HON. MEMBER: A big turnover.

MR. CROSBIE: It cannot, if the average cost of power to the Power Commission rises, if it increases more next year, then the subsidy would have to increase next year. The contract is a ten year contract.

So, in the last year, the House, not knowing it, voted \$1,700,000 for this purpose. The year before \$1.9 million, not a word of explanation to the House. Not a word, not a syllable as to what this was for. This year we had to ask for \$2.300,000 because of its contract entered into. In 1965, the contract was entered into, and became effective in 1967.

Finally, the last item here, the Newfoundland Steel Company, Limited, \$100,000. That is what we are subsidizing the difference between the cost to the Power Commission and the cost for which power is being sold to Newfoundland Steel. Altogether \$7,237,000.

Now, Mr. Chairman, you can understand how bitter it is to discover - here we are subsidizing these industries here in Newfoundland and Newfoundland Light & Power for \$7,200,000, when from the Upper Churchill the seven million horsepower, the five and a-quarter million kilowatt hours of energy is going to be produced in the Upper Churchill is going to result in a net loss in revenue to this Province, not even something to meet these deficits. When we look at the next item \$6 million, item XV, payment to the Power Commission, \$6 million. This is the cost, Mr. Chairman, to the Power Commission of having a facility that is not - of having power capacity which is not sold, for which there are no customers. That is what the \$6 million represents.

Basically it represents the interest and carrying charges on the steam plant at Holyrood. The steam plant at Holyrood can produce 400,000 horsepower. It is the cost of surplus generating capacity which is available to potential customers as a part of the government's economic development plan, and as a spinning reserve to meet the electrical requirements of a system in the province.

In other words this \$6 million is costing the people of the province this year, because the steam plant at Holyrood is built before time. Not the power commission's fault. The power commission

was told by the people then in power, primarily the former Premier, that in 1970 you will have this you will have that and you will have an oil refinery, you will have three mills, you will have an aluminium mill, you will have this, that, and all of this has to have power. Therefore we must have 400,000 horsepower of power in 1970. Orders and instructions were given to build this steam plant at Holyrood. It was built. Capital cost was quite high, \$50 million. It was built at Holyrood and now we have this power available which we do not need except perhaps some time in the winter when we have a peaking period. It is not being used at the moment. But because it is there, the interest and carrying charges are \$6 million a year. We have no customers at the moment for that power. It is going to cost the people of the province \$6 million this year because of poor planning.

When Labrador linerboard comes on and the oil refinery, next year or the end of this year, we should have a sale for seventy or eighty thousand. Those two, together with growth on the island, natural growth, should mean that by 1977 or 1978 this surplus power capacity will all be used. We know it is going to be used some day but we do not need to build it years ahead of its time so it is costing us \$6 million a year. By 1977 or 1978, with the linerboard mill and the oil refinery and normal load growth in the island, this 400,000 horsepower will be used. But the point is, Mr. Chairman, this word "Planning", which honourable gentleman opposite scoff at, they think it is crazy and so on, Just a little better planning would mean that the expenditure, the \$6 million this year, what we spent last year and what it will cost us next year and the year after, until 1977 or 1978, would have been saved the people of this province.

Now, in the meantime, hopefully perhaps some other enterprise will be attracted here that can use a lot of this power. But it is not cheap power. It is not cheap power. Power that is going to cost at least seven or eight mills, the very minimum, so it is not cheap

power. We could get by without it, certainly, I am not asking the expert. I am the expert. Why would the honourable gentleman doubt me? You could not get by without having an auxiliary plant to produce some power. For example a little piffing plant to give you twenty-five or fifty thousand horsepower. Anyway I do not want to argue with the honourable gentleman, he is being so genial, so friendly and nice. The member for Bonavista North is in the same mood.

On motion total subhead 1514 carried.

On motion total subhead 1515 carried.

On motion total subhead 1516 carried.

Subhead 1519.

MR. CROSBIE: On 1519, Marystown Shipyard. I should say a few words on that I think, just to explain the present situation. The situation there, Mr. Chairman, is that last year the former government, of fond memory, took over the operation from the people who are operating it. The Marystown Shipyard, Mr. Chairman, the situation is as the House will remember that last year the Liberal Government terminated their arrangement with Canadian Vickers and they purchased the shares of the company that was operating the shipyard at Marystown. I think they paid \$240,000 to get back these shares. The government then entered into an agreement with a company then called Gander Shipping Enterprises which is now called Marystown Shipping Enterprises, Limited. It is owned and controlled by an Israeli firm Maritime Fruit Packers or Pan Maritime or some name like that. They are now operating the shipyard, under that agreement. The agreement is most unsatisfactory, most one-sided. The operating company has no obligation. The government of Newfoundland has to provide the working capital. The government of Newfoundland has to pay them all their expenses, out-of-pocket expenses. They are

to share in the profits, fifty-fifty. We are to pay them a management fee of up to \$100,000 a year and so on. Now when all this was entered into, of course there was tremendous talk, it was going to be a magnificent expansion at Marystown and the shipyard. They were going to build supertankers there, the country rang with talk of supertankers that they were going to have in Marystown, built, and a vastly expanded shipyard, all through this Israeli company.

As I mentioned earlier tonight, Mr. Chairman, that \$272,000 that was spent on studies, the Government of Newfoundland paid for all these studies of this projected expansion of the shipyard. Now there are two trawlers being built at Marystown now, for National Sea Products, Limited. The one excellent thing that the company did, the Israeli company, Marystown Shipping Enterprises, Limited, was that they got Mr. John Rennie as the manager of the yard at Marystown. That gentleman has done an excellent job there. He is doing a good job with the two trawlers that are under construction.

We understand from National Sea that they are very satisfied with the way they are being built and I think that they are being built very quickly. They are certainly on schedule if not ahead of schedule. They are doing an excellent job. Mr. Rennie is doing a good job and we are certainly very pleased with him, as I think the people of Marystown are, and the morale in the shipyard is good and from that point of view that is satisfactory.

Now the question arises, Mr. Chairman, as to further work for the yard. Now last year when the Liberal Administration was in power there was great talk about Azgad Fisheries going to have eight trawlers built down at Marystown. Azgad Fisheries were associated with Pan-Maritime Limited the same Israeli company. That I am afraid to say has fallen through. We were informed by the company concerned, Azgad Fisheries, Limited or the parent company, that there will be no eight trawlers constructed at Marystown for Azgad Fisheries Limited despite all the talk that we heard last year that they were going to have eight built first and then another eight built after that. That is not so, it is not happening. As a matter of fact, Mr. Chairman, the arrangements discussed for that to be done were so fantastic it takes your breath away.

The arrangement was going to be this, the Federal Government would give a thirty-five per-cent subsidy, the Provincial Government would give a fifteen per-cent subsidy on the cost of the trawlers and then the Provincial Government would give a forty per-cent loan for the balance of fifty per-cent and Azgad would put up the ten per-cent, the ten per-cent down or you would think that they were going to put that up. No, Sir. No such thing. No what was seriously suggested and accepted was that Azgad would get a commission of ten per-cent for having the trawler built in the shipyard at Marystown and that commission of ten per-cent would represent ten per-cent that Azgad

was going to put in as part of the hundred per-cent. I am quite serious. This was the arrangement and then in addition the Government of Newfoundland was going to pay the difference for the shipyard of what it would cost if they had the ship built up in Nova Scotia as compared to what it would cost to have it built in Marystown. That was seriously proposed.

In any event, it is like Alice in Wonderland. I can assure you. In any event we are informed by the Israeli company that they are not going to have eight trawlers built here or the additional eight. That has fallen through.

Now what is the position on the proposed super-tanker expansion? Well as far as we can discover, Mr. Chairman, that had no prospect last year of going ahead and it has no prospect this year of going ahead because the company has not met the conditions that were set down by the Government of Canada as to what would be required to have this giant expansion. I believe the Israelis proposed that they would take the production of this expanded yard that they would buy the super-tankers and so on but for five years they would buy the production. They were not going to put any equity into it or no significant amount but they would agree to buy the production for five years and I believe the Government of Canada or some agency thereof said no, they should agree to buy them or they should take the production, guarantee to take all the vessels built for ten years or they should put more equity into the project and so on. In any event that has never been proceeded with and it does not appear very likely that it ever will be proceeded with.

So the whole purpose of having this Israeli company go in and manage the shipyard at Marystown is gone. They are not going to have any trawlers built there and they are not going to promote or do anything to promote this expansion so they can build giant tankers there. But they still have a management contract on the shipyard at Marystown and

that is where we are now.

So we now have a shipyard, Mr. Chairman, with a manager who is a good man at looking after the construction of ships. What we have to do now is to decide whether we go ahead with the Israelies or whether they leave so the crown Corporation can take it over and run it. We have to get some further business for the yard as it will not be coming from this Israeli company and therefore the government itself will have to try and arrange further business for the yard. What we should have is two more trawlers soon to be produced when the present two are finished. Mr. Rannie is satisfied that the yard will be able to produce trawlers when the workmen have the proper training and experience and so on, that there is an excellent chance that we will be able to produce trawlers there at the competitive rate with trawlers in the Maritime Provinces. So that is the present situation at the yard.

We certainly have no intention, Mr. Chairman, of letting the yard cease. We intend to support that yard at Marystown and we are going to do everything possible to see it gets further business. If the present operating company does not get the business we will find the business for it but the yard certainly will not be abandoned.

Now there is \$500,000 in for the operating losses this year of the Marystown Shipyard. The actual amount last year was \$550,000 although it was not in the estimates. The estimates only showed \$350,000. Just a run down for the honourable gentleman. The following operating losses have been paid to Newfoundland Marine Works since 1967: 1967-1968 - \$563,000; 1968-1969 - \$1,010,000; 1969-1970 - \$576,000; 1970-1971 - \$405,000; 1971-1972 - \$550,000. To date the people of Newfoundland have paid \$3,106,000 to meet operating losses for the shipyard at Marystown in addition to the capital cost of the land, shipyard, machinery and equipment, \$13,470,000 the capital cost. There are

289 people employed there at the present date.

So, Mr. Chairman, last year Vickers were expelled from the shipyard at Marystown and another agreement entered into with the Israeli company on the basis of great projected developments that did not materialize. As I said the agreement is one of the most one-sided that I have ever seen and we are now discussing with them what the next step is. We have ask them to tell us how they propose to get business for the yard and they have ask us to tell them how they are going to get business for the yard. We feel that if they have a management contract and as we are paying their expenses and the management fee and so on they should complete their obligation of getting business for the yard. In the meantime,if they cannot or will not get business for the yard,we intend to bend every effort to see that we do,because the construction of the present two trawlers has been carried out in a very satisfactory manner. The client is satisfied with the two trawlers and the way it is going and we want to see that continue.

On motion, sub-head 1519, carried.

MR. THOMS: Mr. Chairman, I notice that there is quite a reduction here in this development programme for this year of something like \$530,000. Apparently there'are not going to be very many new parks started this year,If you just could possibly allow \$60,000 per park you can only run into six parks. Maybe this is a good indication, maybe it is a good sign, maybe the previous administration

have built all the necessary parks that we need. But I do not think so. Within my district there was one park started last year, down in Indian Bay, First Pond, and to this date, as far as I know, there has been no developments this year so far. I was just wondering if the minister could give us a breakdown of this \$291,000 and if he could tell us whether this park is being continued this year or not. To date there is no activity there whatsoever.

MR. CROSBIE: I will try and do that. I have some miscellaneous information on the way. To get into your question, the 229 personnel involved in the general operation and maintenance of provincial parks there are 16 at headquarters; 8 regional officials; 10 park officers, Grade II; 31, Grade I; 41 assistant park officers, seasonally employed, and 123 park attendants. We apparently have forty-four parks altogether. There are seventy-seven miles of roads contained within those parks. There are also disinfectants, park structures and so on, all kinds of equipment, uniforms, surveys. Under 05, Improvements to Existing Parks, 1520-03-05, there is a programme of improvements this year. This includes expanding camp sites and picnic areas in existing parks, digging of wells, construction of new fire places, tables and privies, extension to park cabins. That is going to go on in LaManche, Cochrane Pond, Butterpot, Gushue's Pond, Northern Bay Sands, Jack's Pond, Frenchman's Cove, Lockston Path, Square Pond, David Smallwood, (storage shed) Windmill Bight, Jonathan's Pond, Notre Dame, Beothuck, Catamaran, Indian River, Flatwater Pond, Squire's Memorial, River of Ponds, Blue Ponds, Barachois, Mummichog, John T. Cheeseman. We have an amount in for land to purchase some more land at LaManche Park, Cheeseman Park, Mummichog and Black Bank Beach.

AN HON. MEMBER: Where is Mummichog?

MR. CROSBIE: It is up in Labrador.

AN HON. MEMBER: What part of Labrador?

MR. CROSBIE: I think it is near "Chogamoo." Where is my man? My man is gone again. I will have to enquire where that is. Is my official here? Where is Mummichog? It is not in Labrador at all. It is near

Mr. Crosbie.

St. George's. Do not go now. You may have to save me from more greivous errors. It is near St. George's, apparently. But to get back to your question now, the member for Bonavista North, additional parks: Last year there was \$800,000 spent and that was to develop eighteen additional parks. After investigation some ten projects were undertaken, the sites were surveyed, land acquired and so on. Each park contains parking sites, picnic areas, parking lots, beach areas with swimming and boat launch as well as a park administration cabin. Now the sites selected for development were Chance Cove, in the Ferryland District. The road there is eighty per cent completed and the park clearing has commenced. Park Point, in St. John's South, where there are to be ski slopes and trails. Park Point it is called. It is down in the Goulds. Backside Pond in Trinity South is to open July 1. Fitzgerald Pond, Placentia East, is completed and is to open July 1. There is an additional grant there from ARDA. It has cost \$116,000. Freshwater Pond in Burin, the picnic area will open this summer. Holyrood Pond, St. Mary's, the beach and picnic area are under construction. It is hoped to open it in the late summer. Blomedown near Lark Harbour is going to open July 1. Pistolet Bay, White Bay North, is under construction and should open late summer. Pinware in Labrador South is under construction. We hope it will open in the late summer. Dooley Lake in Labrador West is going to open this summer. Now that is the ten that were started last year. The money provided is only sufficient

to complete these unfinished parks from last year. There is no money provided to construct new. There are eight other proposed sites looked at last year but not developed, for various reasons. None of them are in the honourable gentleman's district.

The position on parks is that we are going to take at least this year to digest what we have. As the honourable gentleman knows, there were a lot of parks started last year, ten of them.

There is another serious problem in the province. There are so many communities that started parks and they have started them under LIP programmes and winter works programmes. They have been started all around the province. We are getting a tremendous number of parks. Mr. Chairman, and the danger is that the people that do the parks under these other programmes, are going to look to us to take them over and operate them. We just do not have the money to operate all those additional parks in addition to our own forty-four. This is one of the dangers of these LIP programmes and so on and so forth, when they are uncoordinated.

In any event, to answer the member's question, the amount here is to finish the ten parks started last year.

MR. ROBERTS: Mr. Chairman, after the great issues of principle, I have a very minor question that a number of my constituents have asked me to raise. I doubt if the minister would have the information. Maybe he could get it either now or a little later. It is about the Pistolet Bay Park. The word that I have is that of the ten men who have been employed there, four have been given lay-off notices and they say they have been given no reason. They have asked me if I would find out, so I ask the minister. In addition, I am told that within the past week or two, two young students have been taken on and that, if there is any error, makes the error all the worse in the eyes of the people, that men with families and so forth are being laid off.

I wonder if the minister, in between his other excesses and enthusiasms, could find out what the situation is. Perhaps outside the House I could let him have the names of some of the people involved. The people concerned are concerned. The park at Pistolet Bay in reality has become a little like the road down on the Northern Peninsula. When that road was built, the surveyors got out, Your Honour, between each community, and marked off the number of miles in each community. If it were twenty miles from community 'A' to community 'B' on that coast, when the road got ten miles from community 'A' all the men from community 'A' were laid off and all the men from community 'B' were carried on for the other ten miles.

At one stage, I had a suggestion put to me by some people that they thought everybody should get a crack at the work. When they did a little mathematics, it worked out that everybody got seventeen hours, so the suggestion was not proceeded with. The problem there is that these men are concerned. The minister I know has noted it and we will take it from there, if he could let me have the information a little later.

MR. CROSBIE (First part inaudible) winter works programme to March 31, and that the two taken on now were the regular two that come on every summer.

MR. ROBERTS: Mr. Chairman, I wonder if the minister could go back to the source of his information. I have no doubt that the information is correct, but it seems absurd to lay off men who need the job, since they are married. It is too late in the season now to go fishing. They have lost their chance to get ready for the fishery, it is the end of June. The two students doubtless need the jobs, but I do not think they would need them as much as the men who have been laid off. We could have a look at it from that aspect.

MR. THOMS: Mr. Chairman, apparently the minister evaded my question somewhat. Between the David Smallwood Park which is in Middle Brook and the park which is in Lumsden, you have a vast stretch of land there, where there is no Provincial Park.

MR. CROSBIE: Indian Bay.

MR. THOMS: Indian Bay is the site that has been chosen and there was some money spent there last year. Is it the plan of the minister to continue on this development or to forget it altogether?

MR. CROSBIE: Actually, Mr. Chairman, I think what the honourable gentleman is referring to is a winter works programme or a local community - I think the council of Indian Bay started a park there last year and had a winter works grant or some kind of grant for it. It was never a provincial thing. There has never been, as far as I know, any provincial monies spent there, unless an agent went down last year during that hectic time - we all know about last summer. There might have been an Indian or two escape down there with a cheque, but otherwise, it is not part of the provincial programme. I think what work was done there was done under a winter works grant or something like that. But if the honourable gentleman wants me to look into the question of whether anything can be done or what the status of it is now, or whether we could take it over, I will certainly do that for him.

MR. THOMS: Mr. Chairman,

Just for the information of the minister, there was a winter works programme carried out, as a matter of fact there were two carried out in that area, One was on a town park in the Town of Parsons Point itself, but previous to that, before this, there was a park started in First Indian Bay Pond. I think it was started through the Indian Bay Development Association. An amount of money came from some source, where I do not know. But some of the people have been inquiring whether this park will continue or not.

MR. CROSBIE: Apparently they were assisted on that through the Department of Community and Social Development, with some grants. Anyway we will certainly have a look at it.

Motion total subhead 1520, carried.

Motion Block Provision, Canada Pension Plan, carried.

Motion Block Provision, Unemployment Insurance, carried.

Motion total Heading XV, Economic Development, carried.

MR. MOORES: (Heading III, Executive Council, 301-01) Mr. Chairman, regarding the first vote on the Executive Council, my remarks are going to be comparatively brief anyway, but unless there is any particular question, I would rather save them for the Premier's Office itself. If there are any questions on 301 or 302 -

MR. ROBERTS: Mr. Chairman, there is no need for any discussion of the Lieutenant-Governor's Establishment, and it by tradition goes so very quickly. One brief question, Captain Shea has retired as Private Secretary to his Honour. I believe Mr. Roderick Guzwell has been appointed and is the Private Secretary. I am wondering, is Captain Shea entitled to receive a pension. He should, in my view. He was there for twenty odd years, he has run into some bad health but -

MR. MOORES: Mr. Speaker, yes, that was looked after and he got an ex gratia award as well. I do not know the exact amount now, but I could find out for you.

MR. ROBERTS: I do not want to know the amount, but he will be receiving an annual pension. I raised it earlier. Thank you.

On motion total subhead 301, carried.

MR. MOORES: (302-01) Mr. Chairman, I would just like to say a word of explanation, that the \$150,000 shown here is basically to cover the expenses of the last election. One point should be made, that some of the poll clerks and returning officers around the province have not been paid as yet. The reason for that is that it is necessary for these estimates to get through, and as soon as the estimates are, these back dues from the government to these people will be paid.

MR. ROWE (WM.): Mr. Chairman, that is interesting, I must say. I meant to rise and ask the Premier about this because I have had two or three inquiries myself. Was interim supply not sufficient to look after this? Or if not, Sir, surely the officials in the Department of Finance, who were preparing interim supply, do not have their heads so buried in the sand that they did not realize that there were a couple of elections going on in the past five or six, eight months. Why would they have left out such a vital amount of money? Because there is a tremendous amount of disappointment around the province I know and it is hard enough to get good, qualified people to go into these offices, as everybody is aware, hard to get good qualified people and I am afraid that this particular experience of the small amount of money necessary to be paid to the DRO's, the Deputy Returning Officers, the delay in sending this out to them will probably cause a great number of them to relinquish the post in the future.

I hope not but I know there is a lot of disappointment, Sir,

I wondering, why was such a colossal error, a colossal error to the people concerned, why was such a colossal error made, why was it not included in interim supply?

MR MOORES:

Mr. Chairman, unquestionably it should have been included in interim supply so that these debts could be paid. However, the House opened very shortly after the election of March 24. I would assume that the electoral office itself had not gotten its final tabulations together. It was an oversight. It will be paid as soon as the estimates get through.

MR. ROBERTS: Mr. Chairman, the Premier says it was an oversight and there is not much more can be said. I have heard, I suppose from fifty or sixty deputy returning officers, because they tried every where else. I through officials got the same explanation the Premier has given us. It is surprising that in an interim supply bill of nearly \$100 million the government could not have played the countervailing savings business and got \$150,000. I suppose what it is and the important thing is that the people will be paid. I have yet to know in which districts the election officials have been paid and also on what basis they were chosen. I would also wonder if the Premier might say a word with respect to the training of election officials. We have had the incidents in Labrador South, no culpability on any official, no suggestion of anything improper but the fact remains that eleven (I think the court found eleven) electors voted improperly, voted by proxy. It was not a question of voting twice. It was a question, as I understand the evidence given in the court, of the father being home sick and everybody knew he was home sick and the father had not voted so the deputy returning officer, in perfect good faith, said, "well we will let you cast a vote for father." I know of one place in my district where if one inquired there may have been a ballot box carried around to Aunt Sally or Aunt Becky, over in the other end of the cove, and everybody knew that Aunt Sally or Aunt Becky could not get out to vote. She wanted to vote and so when the poll was about closed, by agreement among all the people in the community, they took the ballot box, I suspect, around to Aunt Sally or Aunt Becky. I have not made any inquiries on the point because one vote in White Bay North, I suppose, would not matter. Nonetheless, we have had the Labrador South situation. We also had the Sally's Cove situation last fall where again there was no culpability, nothing corrupt nor improper. It was just a lack of familiarity with the act, the

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lack of awareness of the procedures to be followed. So the suggestion has been made that perhaps we might arrange to train election officials. We now have a year, two or three before we have another general election in this province or four, up to five. I can tell the Minister of Justice even the relevant sections because last fall while he was researching frantically I was researching equally frantically. I often wonder what would happen if a mandamus application had been made. It might have been very interesting. However, we do have a number of years before there will be a general election in this province, in the normal run of events. We may have an opportunity now to do some training. I wonder if the Premier has (I do not imagine he has given it a great deal of thought) something to say on it now. If not, would he undertake to have it looked into with a view to seeing what can be done.

MR. MOORES: Mr. Chairman, to answer the first question of the hon. Leader of the Opposition; the districts that were paid for were on the order, the receipt of returns, from the deputy returning officers around the province.

MR. ROBERTS: How many were paid?

MR. MOORES: Approximately two-thirds of them. Regarding the schools for the training of the officials in the polling booth, I do not think there is any question that it would seem that this is an absolute necessity before there is another provincial election, with these errors that were made. As the hon. Leader of the Opposition says, in good faith there still remains that the Labrador South situation in particular throws a very vivid light on the fact that a great deal of misunderstanding of the balloting system still leaves a lot to be desired.

MR. ROBERTS: Well the St. Barbe South thing lead to some interesting complications.

MR. MOORES: Yes.

MR. MOORES: But without question there will be schools conducted, it will be the policy of the government to have schools conducted for the officials, in the schools, before the next election.

MR. ROBERTS: MR. Chairman, further to that, I am glad the Premier has made the assurance and, of course, we will let it rest for a bit now. Has Magistrate Strong retired as Chief Electoral Officer? There was some suggestion publicly - there was some suggestion publicly, from him I believe, that once the March election was over and clued up he intended to retire, to submit his resignation to council. Has he actually so done and if so, has a new appointment been made?

MR. MOORES: The Minister of Justice informs me that when he accepted the post on this occasion, that as soon as this election work was clued up he would be retiring from that position. As yet he has not.

MR. ROBERTS: Is it the intention of the ministry, Mr. Chairman, assuming the magistrate, as he will, no doubt, carries through with his resignation, will there be a full-time appointment or will it be the practice of the past few years? I think, Mr. Nehemiah Short was the Chief Electoral Officer but I think he had other duties in the service. then Magistrate Oldford briefly, before his various forays into other fields, and then Magistrate Strong, of course, has, I think, been hearing at the Traffic Court, when he is not. For the last year he has been almost steadily on the election but before that he held and may still hold the position of magistrate at the Traffic Court. Is it the intention to carry on, in effect, a part-time appointment?

MR. MOORES: At the present time, Mr. Chairman, it has been I think Magistrate Trickett was a full-time appointment at one time. It is a full-time classification. It is a full-time job but it seems, with the system we have, it is somewhat ridiculous that a full-time returning officer be appointed at \$17,500 a year when in essence the only real work he has to do is approaching an election.

MR. ROBERTS: That would be one year out of four.

MR. MOORES: Admittedly when an election is approaching and after there is a great deal of work to be done in that office, probably a great deal more than the salary justifies. But it would seem that probably the most logical thing to do would be look for a part-time electoral officer, with the understanding that he becomes full-time at the time of the election.

This is not government policy. It has not even been discussed in any great detail but this has been the case, Magistrate Trickett was full-time, he retired because of ill health. Magistrate Oldford was acting and then I think Magistrate Strong took it on part-time, with an additional amount paid to his magistrate's salary because -
MR. ROBERTS: And has certainly no intention of staying as full-time Chief Electoral Officer but intends to return to the Bench.

MR. MOORES: Yes.

MR. NEARY: Mr. Chairman, it has always been a matter of concern to me that people in hospital during an election cannot exercise their franchise because they are away from home, they are sick in hospital. Now that we have plenty of time ahead before the next election, I wonder if the honourable Premier would issue instructions to the new electoral officer, whoever he may be to research this matter, to look into the possibility of granting the right, to people in hospital, in the next election to vote.

MR. ROBERTS: Yes, like the Sanatorium.

MR. NEARY: That is right.

I think this would be a very worthwhile project Mr. Chairman. I would like for the honourable Premier to comment on that if he would.

MR. MOORES: Mr. Chairman, last fall I think a great deal of progress was made on a suggestion, I think by this party, that was taken up by the government of the day, which was most appreciated, of putting polling booths at Memorial University and the various vocational schools so on, around the province.

Certainly any person who is living in the province should have the right to vote. This includes hospitals or anywhere else. Certainly any institution with any significant number of people, those people should have a right to vote. I do not think there is any question about that.

MR. MURPHY: Mr. Chairman, I would just like a word, that is with regard to people who were left off the voters' list. There were two sections in my district, something like ninety-five or a hundred people. I discovered it after we received the voters' list, after nomination. But I requested, why not go down and give these people the same right as anybody else, just take and fill them in, it was two sides of one street, this was absolutely refused. Why should they go up and have to swear when they were made available? This is the point I am making on the thing. I do not mind one or two people but you get a complete section of a street that is completely left out.

While we are on voting, I recall a little instance. The honourable member was talking about what has happened in Sally's Cove. I was in a little place in Mr. Collins's by-election. I was there and I introduced myself to the lady at the table. The phone rang. She called this gentleman over, he went over to pick up a voter. She said, "you know, we pick the voters up here." I said, "that is

wonderful, who sponsors this, the Lions or the Kinsmen?" She did not answer me, so a guy called out and said; "that is the Liberal agent." A liberal agent sat at the table with the returning officer at the time. So we do not know what went on over the past twenty-three years.

MR. ROBERTS: Mr. Chairman, I do not know what the honourable gentleman is getting at. It is quite legal for parties to have agents in the polls. I can cite him cases where the returning officers have campaigned for the Tory Party within the last two elections, hey! So what? Yea! They are smart, Mr. Chairman, they did not vote for the Tory Party, of course. But there are all sorts of things happening in elections. I have one community in White Bay North which had fourteen people on the voters' list, we had a hundred and fifty-six percent turn-out, because eighteen people voted, quite legally, in that community.

It is quite common all over. I think Labrador North has a district with more voters than were on the voters' list because of transient population, 104 per cent. The last time that happened was in the Confederation Referendum, I think Ferryland District got over 100 per cent. Strange things happened in the Confederation Referendum. But you know there is nothing wrong with agents in the booths. Federally ones in the federal were even allowed to appoint the numerators, provincially I am not sure if there are numerators but they are not appointed by the party.

On motion total subhead 302 carried.

Subhead 303:

MR. MOORES: Mr. Chairman, the substantial increase in the Premier's Office for this year is based on primarily two things. Before getting into the detail of that, I would like to make a few general remarks that will be comparatively brief but I think should be made at this time. I do not plan to make a major policy statement from the government at this time. I would rather wait until the budget debate continues, at which time I plan to be outlining in general the government's position regarding the various departments and regarding the policy that we hope to adhere to for the coming year.

There are two areas which I think are justified in being talked about very briefly and this particularly applies to the area of productivity and planning. As the House knows, the Productivity Committee was set up under the chairmanship of Mr. Jim Channing, a very able and qualified civil servant, as I think all members would agree. The terms of reference really of that committee were to study the administration management of the government, to study the function of the senior civil service and to basically do a talent inventory of what is available to government today, in our province, and also to make recommendations to effectively increase the efficiency of government functions generally.

The other committee that was set up was a committee on planning. The primary responsibility of that committee, as has been outlined before, was to act as technical assistants to the Cabinet Planning Committee that has been much talked about in the House. At this time I might say that there is no disagreement between the Minister of Finance and Economic Development and myself, as has been purported. The Minister of Finance is resigning his Portfolio of Economic Development for a very good reason. They are both very heavy portfolios and take a terrific load. It was not the intention of myself to double up portfolios, if it could be avoided. If one remembers last January 18, we had twenty-one members, which not

Mr. Moores

only meant that portfolios had to be doubled up but at that time they had to be awarded fairly quickly whilst the people were here to award them to.

MR. ROBERTS: The hon. Premier has had four months.

MR. MOORES: Yes but then when I got to it, as the honourable members knows, some of them were moving pretty rapidly the other way.

MR. ROBERTS: The honourable gentleman should not turn his back on -

MR. MOORES: I do not mind turning my back on the ones that were here. I am awfully glad I saw the backs of the ones that arrived over there.

MR. ROBERTS: George -

MR. MOORES: No George is not involved in these lines, fortunately.

This planning committee, Mr. Chairman, is to study the long-term and short-term objectives of the province's development, to initiate alternate policy studies for the accomplishment of the objectives that have been set down by the Cabinet Planning Committee and to draw up basically a multi-year programme.

Now the only way a planning committee - planning is, as I think the hon. member for White Bay South said not too long ago, a word that really does not mean a great deal unless it is effective. If the Planning and Productivity Programme that we have as a government is not effective, then there is no question whatsoever that we will not last as a government because we will not have achieved our objectives as a government.

With regard to that, we have been in touch, after the trip to Ottawa, with first of all the Department of Regional and Economic Expansion. I have on several occasions been in contact with Mr. Marchand. He has had his deputy minister down here. The federal department have

agreed that in those areas where planning will be carried out for the provincial members that are appointed, they will put counter-seniority people from the federal government. I think this is crucial for our future development so that we can jointly plan where we are going. So that when the time comes where it has to be financed, we as a province and we as a country, together with the federal government, can jointly do the job that has to be done. Whether we like it or whether we do not, Ottawa is the only source that I can see where the amount of money that will be required to get this province back on its feet will come from in the immediate future. Hopefully, some day, with offshore oil discoveries or

MR. MOORES: what have you, maybe some day then we will be able to carry the load ourselves.

This was one point that was mentioned today that I would like to make awfully clear, this business of equalization payments. It was mentioned that by doing certain things we would have our equalization payments reduced from Ottawa. Oh, I do not necessarily think that is a bad thing. The sooner we can become independent, the less we can take in the way of equalization from Canada, the better citizens we will be in the Canadian context, the more independent and basically healthy as a province we will become.

Now, Mr. Chairman, regarding the salaries that are shown under the Premier's office, the two major increases in that vote are for the Information Services. The Information Services has been established at a cost in salaries of approximately \$40,000. With regard to the additional \$40,000, that is basically the executive staff and secretarial staff that is required to put the programme we have into effect. I make no claims to be able to do as my predecessor did in making instant decisions and almost hopefully instant solutions that did not work out, I do not believe. Well, I have to have a supporting staff, because I will be as good as the people that I have around me. Equally the Corner Brook office has been expanded to three people, from one.

Now there are also a few other items in here that are carry-overs from previously and that is Miss Duff and Mr. Batten and Mr. Colbourne, Mr. Batten and Mr. Colbourne, whose term of office expires at the end of June and Miss Duff, who has returned here -

AN HONOURABLE MEMBER: She is a permanent civil servant.

MR. MOORES: Yes, she is a permanent civil servant, but she is still on this particular payroll and will be, I would imagine, working for one of the ministers in the not too distant future. She is a very

MR. MOORES: capable woman and has returned and I would -

AN HON. MEMBER: She is totally competent.

MR. MOORES: Totally competent.

Basically these are the salary differences, I am sure the honourable members opposite have some questions to ask regarding the information services and other things. I will let them carry on.

MR. ROBERTS: Mr. Chairman, it is eleven o'clock. The only thing that I would ask - we will be back at it tomorrow, I would assume. Would the Premier ask and have for us tomorrow, perhaps, a list of the various people on his staff, when I say "his staff," carried in this vote, the list in the salary appendix, I am not concerned with stenographers and what have you, but I am concerned with employment officers and executive assistants, you know, the senior appointments.

MR. MOORES: Do you want them rather quickly?

MR. ROBERTS: Well it is eleven o'clock, I mean if we want to continue on with the House, I am game, but if not, because we are going to be a few minutes on it tomorrow.

MR. MARSHALL: Why do we not finish this?

MR. ROBERTS: Because we will not finish it tonight, It is that simple, unless we want to sit until midnight, one o'clock or two o'clock

MR. MARSHALL: I think we will rise the committee.

MR. ROBERTS: I gather the committee has been raised.

On motion, that the committee rise, report having passed certain estimates of expenditure under the following headings;

XV - Economic Development, all items.

III- Executive Council, items 301 and 302, and ask leave to sit again, Mr. Speaker returned to the Chair.

On motion report received and adopted.

On motion committee ordered to sit again on tomorrow.

MR. MARSHALL: Mr. Speaker, I move that the House at its rising

June 27, 1972

Tape no. 1048

PK 3

Mr. Marshall

adjourn until 3:00 P.M., Wednesday and that this House do now adjourn.

MR. SPEAKER: This House stands adjourned until tomorrow Wednesday at
3:00 PM.