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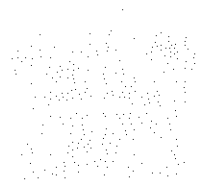
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SPEAKER: THE HONOURABLE JAMES M. RUSSELL



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The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order please!

HON. F.D. MOORES (PREMIER): Mr. Speaker, I would like to take this opportunity now, Sir, to make an announcement of some considerable importance to the province and I will start, it is a prepared text and it will be tabled in the House immediately following the announcement. I had hoped that copies would be available by this time for all members of the House but I will carry on with the announcement and hopefully distribute the copies after.

When this government assumed office just over a year ago one of the first responsibilities we took on was to do an inventory of recent heavy industrialization in the province to find out exactly what the condition of each of these major projects was. We quickly realized that some of the heavy industrialized projects that we inherited were in some instances debatable indeed as far as economic viability was concerned and others had agreements that were not in the best interest of the province.

Today I have two announcements to make and even though they are somewhat interrelated, I will deal with each separately and sum up the total effect of both announcements at the end of this statement. I am very happy and proud to be able to make these announcements at this time.

One of the projects initiated by the previous administration which we gave immediate attention to was the oil refinery under construction at Come by Chance, owned by Provincial Building Company Limited, a crown corporation, but managed by Newfoundland Refining Company, Limited; a subsidiary of Shaheen Natural Resources Incorporation, Limited. During the first months in office a cabinet committee with the Minister of Finance, Mr. Crosbie; the Minister of Justice, Mr. Hickman, and the Minister without Portfolio, Mr. Marshall, devoted much time to

ascertaining all of the facts with reference to that oil refinery project, to studying all agreements entered into in connection therewith and to acting on behalf of the government to ensure that the project was being carried out in accordance with all agreements entered into.

In the budget delivered May 31, 1972, a complete progress report was given on the Come by Chance Oil Refinery and, for the first time, the public of this province had full information as to the cost of the project, financing then arranged for the project, the additional costs in excess of the original \$160,000,000 which had to be met and the problems that had arisen in connection with that refinery.

The province pointed out then that it appeared likely that additional amounts of money would have to be arranged for Provincial Building Company, Limited in order to meet these additional costs and pointed out that the Newfoundland Refining Company, Limited must arrange this additional financing as part of its obligations under the master agreement.

The Government made its position clear to the Newfoundland Refining Company, Limited, in several meetings during 1972

and that company has arranged an additional \$15,000,000 loan for Provincial Building Company, Limited, in accordance with its obligations.

In reviewing the situation with regard to the first oil refinery, we felt without any doubt that there was far too much risk financially on the province's behalf for the benefits that the province stood to gain. For this reason, we commenced talks with Mr. Shaheen to see what, if any, changes could be made in the agreement regarding the oil refinery at Come By Chance.

When we assumed office, I would remind this House, the financing of the oil refinery at Come By Chance was as follows: In listing these figures I would use the current valuations that are accurate as of the time that we started these negotiations and have been changed because of such things as currency fluctuations etc. that have taken place since the time of the original signing. The E.C.G.D. Loan, Mr. Speaker, as I am sure most people know and as honourable members of this House know, is the Export Credit Guarantee Department of the British Government, at approximately \$120,000,000 loaned to the project. This amount was secured by a first mortgage and guaranteed by provincial crown corporations; namely, Provincial Building Company, Limited and Provincial Refining Company, Limited.

The Canadian Government, for its wharf agreement, has approximately \$21,000,000 involved, guaranteed by the provincial crown corporations; namely, Provincial Building Company, Limited and Provincial Refining Company Limited.

The Newfoundland Refining Company, Limited; Mr. Shaheen's company, had \$10,000,000 invested as equity. The Newfoundland Government loan was approximately \$30,000,000 and this amount was secured by a second mortgage, for a total cost of \$181,000,000.

Since that time a further \$15,000,000 was raised by the Shaheen Companies and also the cost of the wharf has escalated a further \$2,000,000 which brings the total present projected cost of the refinery to \$198,000,000. This meant in fact that the Newfoundland Government, either directly or through its crown corporations, had loaned or guaranteed \$188,000,000 of the \$198,000,000. Let us be clear here, Mr. Speaker, that the Government of Newfoundland had a practical and moral responsibility, if not a direct legal responsibility, for this total amount.

In addition to this moral or practical responsibility for this indebtedness, the previous administration had delivered letters to the English Export Credit Guarantee Department (E.C.G.D.) of the British Government, stating that the Government of Newfoundland would be responsible for the repayment of the indebtedness to E.C.G.D. in the event there would be any difficulty by the crown corporations. The effect of this was that the credit of the province was involved not merely for the sum of \$30,000,000 advanced by way of direct loan but for the amount of \$188,000,000.

This administration has taken the position that it must observe legal and binding agreements and arrangements entered into by the previous administration since to do otherwise would be to undermine completely any faith by any third parties in the binding effect of any agreements entered into with any administration of the Government of Newfoundland. We have observed these arrangements and the other contracting parties, in this particular case Newfoundland Refining Company, Limited and Shaheen Natural Resources Incorporated, have observed the agreements and obligations undertaken by them.

While in opposition, the Progressive Conservative Party thought and expressed the view that the arrangements made by the previous administration, on the oil refinery at Come By Chance, were not satisfactory and in the

best interests of this province because the Government of Newfoundland had entered into a very heavy obligation without sufficient return for the government of the province. This was and still is our view. Nevertheless, the Government of Newfoundland could not unilaterally or by its own actions force any change in binding agreements entered into by the previous administration.

Sometime ago Mr. John Shaheen of Shaheen Natural Resources Incorporated informed me that he had a further proposal to make regarding the Come By Chance Area. In order to do this, he would need assistance from the province and the co-operation of the province. This has given the government the opportunity not only to negotiate terms and conditions for Mr. Shaheen's proposal but also the opportunity to improve the terms and conditions governing the present oil refinery at Come By Chance. This, Mr. Speaker, we have done.

We, as a government, are fully aware that the name of Mr. Shaheen is one that has been used by both political parties, in recent years, throughout the province, and while there are those who would criticize us for entering into any agreement with Mr. Shaheen, we cannot for this reason alone turn down what we firmly believe to be a good, sound business proposition, and turn our backs on the welfare of this province for mere political reasons.

The proposal I am announcing today will demonstrate clearly that we are concerned with the sensible progress of our province and that we are convinced that it would be wrong, morally and

economically, to turn away this tremendous opportunity for any political reason at this time.

I cannot stress too clearly at this time, that this is not an agreement anything like the original one. It is a sound practical business deal, negotiated in a businesslike manner, for the benefit of our province.

I can now announce to the people of this province and the members of this honourable House that just over two weeks ago the Minister of Industrial Development, Mr. Doody; the Minister of Education, Mr. Ottenheimer; the Minister of Transportation and Communication, Doctor Farrell, and myself travelled to the United Kingdom where we had extensive negotiations with Mr. Shaheen and his associates, E.C.G.D. and various bankers. I might also say, Mr. Speaker, that negotiations had carried on here previously and also that negotiations have carried on here since. All groups, after lengthy negotiations, eventually reached a settlement. I am pleased to say that we have now E.C.G.D.'s assurance that they will approve the buying of the shares of the three crown corporations, by Newfoundland Refining Company, Limited, and the consequent release of the Newfoundland Government from obligations of some \$120 million. The wharf agreement with the Federal Government still has to be worked out, but putting that to one side for the moment the financial position of the present oil refinery at Come By Chance is as follows:

Loans and Guarantees by Shaheen companies namely: Newfoundland Refining Company, Limited, etc. \$135 million, which is secured by a first mortgage. Newfoundland Refining Company, Limited, \$10 million in equity. The Newfoundland Government Loan, \$30 million, secured by a second mortgage.

This means that the companies owned by Newfoundland Refining Company, Limited, Mr. Shaheen's company, will be liable for loans, guarantees and equity in the amount of some \$145 million and the Provincial Government

liable for a loan of \$30 million only. The wharf agreement still has to be finalized and hopefully it will be handled in a manner similar to the E.C.D.G. loan. However, until such arrangements have been concluded it would be wrong to make assumptions at this time. Negotiations will commence immediately and this honourable House will be informed as to the result. However, once again putting the wharf agreement to one side the new agreement helps the province's credit rating tremendously.

It now should be pointed out very clearly that Newfoundland has no further obligation with respect to the \$135 million worth of commitments through the crown corporations. That means from a credit point of view Newfoundland under this agreement is \$135 million better off and if the wharf agreement can be amended similarly the Newfoundland Government will be better off to the tune of \$158 million.

This first announcement regarding the present refinery at Come By Chance brings this project into attractive perspective as far as the province is concerned. The project will be run and in the hands of private enterprise. The government will be in its proper role of encouraging development with minimal financial risk.

I will now deal with Mr. Shaheen's second proposal. During the many talks over the months which we had, other possibilities were discussed regarding future developments at Come By Chance. The future for a petro chemical complex at this time is not bright because of the very depressed condition of the petro chemical industry generally throughout the world. However, the world energy crisis, especially in the United States, has opened up other possibilities for development in our province. One of these I will be mentioning later in this statement.

It has been the policy of this government from the beginning that our resources should be developed to the fullest. In this regard, deep water, ice-free ports are one of our greatest assets.

I can now announce that the Government of Newfoundland has entered into an agreement with the Shaheen interests, Shaheen Natural Resources

Incorporated, to provide for the establishment of a second oil refinery at Come By Chance to be owned by a company known as Newfoundland and Labrador Edison Company Limited, a subsidiary of Shaheen Natural Resources Incorporated. This oil refinery will be a 300,000 barrels per day refinery producing low sulphur fuel products. The crude oil for this oil refinery will come from the Middle East and North Africa. The refined product will be sold largely on the Eastern Seaboard of the United States. The cost of the entire project is estimated at \$308.5 million. This cost includes all construction and equipment costs, site preparation costs, customs duties, excise taxes and sales tax costs, all financing costs and working capital. The financing for the project is as follows:

The British Government through its Export Credit Guarantee Department loan \$190 million (in pound sterling and U.S. Dollars) to be secured by a first mortgage. The Government of Newfoundland loan \$78.5 million to be secured by a second mortgage. Shaheen Natural Resources Incorporated equity position of \$40 million.

This means that \$230 million will be invested and loaned by sources other than the Newfoundland Government and we will loan \$78.5 million. This new refinery will be

the largest in Canada by some 100,000 barrels per day and in fact one of the largest oil refineries in the world. It will be the largest single project ever on the island part of our province.

Before listing some of the major terms and conditions, I would now like to submit two sets of figures. One set being the first refinery before the new agreement and the second set being the two refineries combined as they affect the government of this province. The second set of figures leave out the amount for the wharf for the time being as far as fiscal responsibility is concerned:

The total loan or guarantee by the Newfoundland Government and its Crown Corporations in the first agreement, Mr. Speaker, the total loan or guarantee by the Government of this Province was \$188,000,000. Today for both refineries combined it is \$108.5 million, \$188 million as opposed to \$108.5 million. The equity by the Shaheen Companies in the first refinery is \$10,000,000, both refineries combined is \$50,000,000. Non-guaranteed loans by E.C.G.D. and others - there were no non-guaranteed loans in the first refinery, in the combination of the two refineries there are \$325,000,000 being put forward by E.C.G.D. without having the guarantee of the Newfoundland Government or any crown corporation. The wharf agreement to be determined is \$23 million for both refineries combined, which is a guarantee of the Provincial Government in the first refinery or its crown corporation.

The totals, Mr. Speaker, for the first refinery is \$198,000,000 for both refineries the investment in the Come by Chance Area is now \$506.5 million.

This illustrates very clearly that the province now has a position of much less risk than previously, while at the same time we have four times as large a project as was the initial conception for the oil refinery at Come by Chance. We have in fact some \$99.5 million less at risk than was previously the case and we now have oil refineries with a combined capacity of 400,000 barrels per day to be built. The agreement covering the second oil refinery will be brought before the House of Assembly for approval during this present session.

The carrying out of the arrangement mentioned subject to the Shaheen Organization meeting certain necessary conditions precedent.

The new refinery will take some thirty-six months to build. During that thirty-six month period, the peak employment for a considerable portion of that time will be 3,000 men. It is estimated that in excess of \$100,000,000 will be spent in Newfoundland during the construction period for the direct cost of local labour, materials and services and local contract work. It is hoped to commence the construction of the second oil refinery during this present summer. When the refinery is completed the number of people receiving permanent employment on the payroll of the oil refinery will be 620. The total amount of the payroll with respect to the 620 permanent employees will be approximately \$7,740,000 per year which, Mr. Speaker, as one can see is an average of \$12,000 per person on that job. This, together with the first refinery, means that over 1,000 highly skilled, highly paid people will be employed at the Come By Chance site and these wherever possible will be Newfoundlanders.

The principal terms and conditions of this agreement on this new oil refinery to be owned and operated by a privately owned company, Newfoundland and Labrador Edison Company Limited, while referred to as (Edison) are the following:

- (1) It is a condition precedent to the Government advancing any part of the government loan that Newfoundland Refining Company Limited purchase all of the shares of Provincial Building Company Limited and the other crown corporations connected with the first oil refinery with the consent of E.C.G.D. required under the first mortgage and with the consent of the Government of Canada as required under the Wharf Agreement so that the project from thenceforth will no longer involve crown corporations of the Government of Newfoundland and relieve the Government of Newfoundland from all legal, financial, business or other responsibility

to any person or authority whatsoever in respect of Provincial Building Company Limited, Provincial Holding Company Limited and Provincial Refining Company Limited. In other words, Mr. Speaker, the Government of Newfoundland is to be relieved of any responsibility whatsoever in connection with the indebtedness of those crown corporations totalling, at present, \$188,000,000 with the exception of the \$30,000,000 advanced directly by government loan secured by second mortgage. The credit of the province will therefore be relieved of indirect obligations totalling some \$ 158,000,000.

- (2) Edison must submit evidence satisfactory to the government that Edison has the sum of \$40,000,000 U.S. to go into the project as a required equity.
- (3) Edison must submit proof that it has obtained an irrevocable commitment for the principal loan of \$190,000,000, which would be secured by a first mortgage, which would be obtained from E.C.G.D. or whatever source they find for that principal loan.
- (4) That Edison has contracts for the sale of not less than 60% of the annual production of the refinery for average periods of five years, and that Edison has contracts for the purchase of not less than 60% of the crude oil requirements for the

MR. MOORES: operation of the plant for a period of not less than five years.

(5) That the government has the right to appoint independent advisers who shall have confirmed to the government that the project is technically and economically feasible.

(6) Edison will require approximately 1,177 acres of unoccupied crown lands at or near Come By Chance and will pay to the government for that land a sum of \$1 million. The government will not be granting lands free of charge as in the original oil refinery agreement, but is to be paid the sum of \$1 million for the land or nearly \$1,000 per acre.

(7) Edison is to pay all provincial taxes, including the social security assessment tax or sales tax with reference to the construction of the project, which will not be, as the first oil refinery was, exempt from the payment of S.S.A. tax. The government will therefore receive during the construction period an estimated amount between \$12 million and \$14 million for provincial S.S.A. tax.

(8) Edison is to pay the full industrial power rate for electrical power and will not receive any subsidized power or rate for power for the project, any subsidization. If in the future any other user of electrical power engaged in an industry competitive with Edison was granted any such power rate incentive, then Edison would be entitled then to the same rate.

(9) Under the original oil refinery arrangements, Newfoundland Refining Company Limited surrendered its right to receive from the Government of Newfoundland, electric power at the subsidized rate of 2.5 mills per kilowatt hour in exchange for a grant to them of the right to supply the Newfoundland and Labrador Power Commission with all its requirements of oil up to 5,500 barrels of fuel per day. Newfoundland Refining Company Limited has now agreed to surrender this concession so that the Newfoundland and Labrador Power Commission will be under no such obligation in the future.

(10) If the Government of Canada agree to the transfer of the shares in the provincial crown corporations to Newfoundland Refining Company Limited and to the use of the wharf at Come By Chance by Edison as well as by these companies and thus to the fact that the Government of Newfoundland will be involved no longer in any obligation in connection with the wharf, then it is Edison's intention to provide an addition to the wharf at a cost of some \$10 million which is provided for in the financing outlined previously. Edison agrees to make the wharf available to any other parties at normal user rates in accordance with terms expressed in the agreement. If the Government of Canada refuse to consent to the transfer of these shares of the crown corporations to Newfoundland Refining Company Limited, so that the Government of Newfoundland has no obligation whatsoever with respect to the wharf, then Edison and the Government of Newfoundland will arrange to take over the wharf from the Government of Canada, with payment for the cost of the wharf to be made through user charges paid by Edison.

(11) The government will have the right of inspection on the site at all times, the right to inspect and approve the construction contract and other arrangements, the right to have two directors on the board of directors at Edison and other normal safeguards and protection.

(12) Edison is to be responsible to raise any capital funds required over and above \$308.5 million. The first mortgage loan of E.C.G.D. is to be repaid within seven years from the commencement of operation of the refinery with the provincial second mortgage loan of \$78.5 million to be repaid over the following eight years or within a maximum period of fifteen years. It will be a condition of the mortgage agreements that if Edison generates a sufficient cash flow in excess of that required to meet the interest and principal repayments required under the mortgages and in excess of certain agreed limits then

Edison will have to make mandatory prepayments of principal and interest upon both the first and second mortgages. It is thus entirely possible and likely that the second mortgage loan of the Government of Newfoundland will be repaid within a period of ten rather than fifteen years.

(13) The Government of Newfoundland is to receive, in addition to all normal taxes, including sales taxes and corporation taxes, two royalties. The first royalty is a royalty of five per cent of the gross profits attributable to the project. In the old agreement, Mr. Speaker, the five per cent gross profit was paid after a twenty-eight per cent management fee. In this case it is to be paid after the normal deductions before gross profits. This royalty of five per cent of the gross profits is to commence at the time when the first E.C.G.D. mortgage loan is repaid or in the eighth year following commencement of operation of the oil refinery. However, as I have stated previously, if the E.C.G.D. first mortgage loan is prepaid which is likely prior to the eighth year, then this five per cent royalty commences at that time. This royalty is to be paid to the Government of Newfoundland in perpetuity. The second royalty fee is a fee of five per cent of the net profits attributable to the project, which fee is to be paid commencing upon repayment of the E.C.G.D. loan and repayment of the Newfoundland Government loan. This royalty is to be paid until a total of \$10 million has been paid thereunder at which time this royalty ceases. It is presently calculated that the five per cent royalty of the gross profits will mean approximately \$4 million a year in revenue to the province. It has been further calculated that the provincial corporation tax, or the corporation tax that the province derives from the federal income tax, corporation tax, will bring in an additional \$11 million per year for a total of \$15 million per year of revenue in taxes and royalties. This does not include the income

from S. S. A. during the construction period of some \$12 million to \$ 14 million which I have mentioned previously nor the land at \$1 million which will be bought nor the five per cent of royalties after tax, these are just the figures I mentioned here, \$15 million on five per cent of the gross and normal income tax or corporation tax revenue.

(14) Edison must, in procuring of materials, equipment and labour and in selecting sub-contractors, give or cause to be given preference, where feasible and economic to do so, to material and equipment originating, manufactured or distributed and serviced in this province and to sub-contractors located in this province and prior opportunity of employment to qualified workmen whose usual places of residence is in this province. Edison has also agreed that Newfoundland workmen will be trained at the first oil refinery when in operation so that they will be available for the skilled jobs and managerial jobs at the second oil refinery when it goes on stream.

(15) Edison shall pay user rates for water. In other words, there will not be any government subsidy on water, but rather the water that is supplied will be at a rate that will be profitable to this province.

(16) Edison must comply with all laws, regulations and orders of Canada and this province with respect to pollution control facilities.

In summary the English Export Credit Guarantee Department E. C. G. D. has agreed to the transfer of the shares held by the government in Provincial Building Company Limited, Provincial Refining Company Limited, and Provincial Holding Company Limited to Newfoundland Refining Company Limited and that E. C. G. D. release the Government of Newfoundland from any liability or responsibility to them in connection with the indebtedness and financing of the original agreement. However, it should be pointed out here, that the benefits of the first

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agreement such as royalties, etc. will still be made to the Province of Newfoundland. Negotiations have commenced with the Government of Canada to see if similar arrangements can be made with respect to the wharf agreement entered into between the Government of Canada and the Provincial Crown Corporations. The preliminary discussions that have been held do not indicate that this will be a major problem.

I have mentioned previously some of the major advantages of this agreement, include the fact that the Province of Newfoundland is now to be relieved of any responsibility or liability in connection with the indebtedness of the original oil refinery totalling some \$158 million. The liability in connection with the second oil refinery will be the amount advanced by way of a direct government loan of \$78.5 million to be secured by a second mortgage. These two combined will be very beneficial with respect to the credit rating of this province. The province will receive \$1 million for the land to be conveyed to Edison. The province will be receiving during construction an amount of approximately \$12 million to \$14 million in provincial S.S.A. tax.

The province is to receive the full industrial rate for power supplied to the oil refinery. The province is relieved of the obligation to purchase oil products for the Newfoundland and Labrador Power Commission from Newfoundland Refining Company Limited. In the eighth year following the completion of construction, assuming the E.C.G.D. mortgage is not prepaid before that time, we estimate that the province will receive from the five per cent royalty on gross profits approximately \$4 million and from the provincial share of corporation tax, which will start from two to four years depending on what happens in Ottawa, Mr. Speaker, approximately \$11 million per year. Construction of the project will employ some 3,000 persons for most of the construction period of thirty-six months.

In short, the government through this agreement has accomplished a total revamping of the terms of the original oil refinery agreement at Come by Chance while securing an additional oil refinery three times as large as the original under vastly improved terms and conditions.

There are a great many other conditions and points in the agreement that will be dealt with when the necessary legislation comes before this honourable House. However, I would like to mention a few major influences that this particular development will have on our province. First of all it must be pointed out that any heavy industrialized projects or any heavy industrial developments even such as one of this nature, will not be at the cost of rural development priorities that this government has. The rural development authority is still going full speed ahead and rural development will still be the first priority of this government. However, it is essential that we take advantage of all our resources and this is an example of one of the resources we have -- deep water, ice-free ports where an industry can be attracted -- a very much larger industry than had previously located here at much less risk to the province. In other words, we have

now a complex that will produce 400,000 barrels of fuel per day at less risk than the single 100,000 barrel per day refinery.

It has been mentioned previously in the terms of the agreement, but I want to reemphasize and make it very clear at this time that the ecology of the area will be protected. The highest environmental standards will be required and adhered to.

In the actual permanent job category, once this stage of the complex has been completed, there will be in excess of 1,000 highly skilled, highly paid employees at Come by Chance, using the normal ratio of four to one in service industries supporting employees who are directly employed. This will mean that some 4,000 people will be directly affected. Once again, using the normal number of four persons per family, this will mean that the Come by Chance complex will support a town in excess of 16,000 people.

The last point I wish to mention in this statement is one that I referred to earlier and that is the energy crisis in the United States. This is becoming extremely severe and one which is recognized throughout the world today. A great many industries in the United States depend on energy for production and are now very concerned about where this energy is going to come from in the future. While the petro chemical potential for the Come by Chance Area is not bright at the moment it is entirely possible and feasible that industries that depend heavily on energy, if they are now located in areas where they may or may not get this energy, are very likely to move to areas where energy is available. Come by Chance now has the potential to attract the sort of industry that depends on energy and particularly on fossil fuel for its ensured future operations.

I would close once again by saying to the members of this honourable House that this, Mr. Speaker, is a very proud moment for me. The project announced will have immense benefits for our province.

It is a deal that took a lot of hard work. It is a deal which took a lot of putting together and I would like at this time to thank Mr. Shaheen and his colleagues for the way in which they negotiated, the British bankers and the British Government for their co-operation and confidence in getting the proposal underway and particularly to my colleagues who were involved in the recent negotiations for the tremendous effort they put forth. All the cabinet were involved, Mr. Speaker, but particularly the Minister of Education, the Minister of Transport, the Minister of Industrial Development, the Minister of Finance and possibly I have missed one or two others.

I would ask for the support of all members of this honourable House for this particular proposal.

I am most happy today that the people of Newfoundland will be the ones who will really benefit.

MR. E.M. ROBERTS (LEADER OF THE OPPOSITION): Well, Mr. Speaker, I propose to make only a few very brief comments on what is a most major announcement by the Premier and one which would require a great deal of study before a detailed comment is made. I would, however, like permission to make a few brief comments if I may.

First of all, Mr. Speaker, let me say quite categorically that my colleagues and I welcome this announcement. We welcome any announcement that will benefit the people of our province and if this one will do that as it appears it will then of course we shall welcome it and we shall support it. Having said that let me say that the thought which comes to my mind on hearing the Premier's statement, Sir, is that the more things change the more they are the same. The happiest man in the world today when he hears this announcement, indeed I would not be surprised if he have not already heard it, will be my former leader, the former Premier of this Province, the honourable J.R. Smallwood, because this is Joey Smallwood's dream come true. This really is Joey

Smallwood's dream come true, phase one.

Mr. Speaker, all that this announcement proves is that the concept of the original Come by Chance deal was right and that the opposition at that time were wrong because if that deal had been stopped then it would have been the Premier of Nova Scotia who had made that announcement today.

MR. MURPHY: Hear! Hear!

MR. ROBERTS: Now, Mr. Speaker, the Premier was heard in silence and may I ask the same courtesy from the hon. gentleman from St. John's Centre as he seems to be the only one who has been discourteous over this.

Now, Mr. Speaker, I would also say that this arrangement, this deal, this contract, whatever one wishes to call it, obviously will have to be debated in detail. The very fact that it has been entered into by the government shows that the original deal was sound. It shows also that it is much easier to build when the foundation has been laid. I do not often get the opportunity to pay tribute to Joey Smallwood but this is one time when he deserves full tribute and he shall get it from me and I trust from every member of this House. The deal itself, Sir, we will have to negotiate in detail. Six hundred jobs for \$78 million investment, pretty fair. That is by my calculations \$1 million a job, no \$120,000 a job. The arrangement itself, Sir, is basically the same as the previous one. The strength of the previous one was -

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Of course, it was improved and the one now in effect, Mr. Speaker, was improved substantially over the one originally negotiated. Of course it was and the next deal for the next refinery will be better still and so it should be. The deal is essentially the same as the previous one, Sir. The strength of the original deal

was shown by the fact that the people who put up the money, the E.C.G.D. people or the banks guaranteed by the E.C.G.D. people who in turn were guaranteed by the crown corporations, at least of \$120 million worth or whatever it was, it was in round figures \$120 million. The figure was stated in pounds, sterling, in U.S. dollars and in Canadian dollars. Obviously there is considerable fluctuations in currency. There have been revaluations since then.

The original deal was sound, Sir, and the proof of that is that is the fact that the people who put up the senior money, the British banks, the Kleinwort-Benson Syndicate have now agreed to take only the security of the deal, only the security of the first mortgage of the project as their security. Mr. Speaker, that is all they had to begin with. The mere fact that the crown corporations are now being sold with the full blessing apparently of E.C.G.D. merely confirms, establishes beyond any doubt the wisdom and the faith of

Mr. Smallwood and the men who put that deal into effect.

A detailed comment, Mr. Speaker, we will reserve until we see the bill and until we see the arrangements. I hope there will be no changes from what has been said here. I would like to add our congratulations to Mr. Shaheen and his associates. He has been vilified in this House, vilified, slandered, treated in an altogether contemptible and disgusting way...

MR. NEARY: Will the Minister of Finance -

MR. ROBERTS: No, we will deal with him later. Mr. Shaheen today must be a proud man. I congratulate the Premier on having the courage and the faith to deal with Mr. Shaheen, I realize it would have been easy not to, it would have been very easy not to.

AN HON. MEMBER: It took a strong stomach.

MR. ROBERTS: No, it did not take any stomach to deal with Mr. Shaheen, Mr. Shaheen is an honourable gentleman, he is a pretty shrewd promoter, a pretty shrewd bargainer and why not? If he can benefit Newfoundland as he has, then we should deal with him. I congratulate the Premier on having the vision and the fortitude to do it, it would have been easy I suspect not to deal with him. it would have been very easy to spurn him and cast him aside and listen to the "nay" sayers we heard before.

Mr. Speaker, I do thank the House for allowing me to make these few comments. The deal, I do not know if it is a good one or a bad one, we will have to analyze that. I welcome the news and let me again say that I believe that this day, when the news percolates to the south and it will if it has not already, Mr. Smallwood, Joey Smallwood will be the happiest man in - certainly in Newfoundland and the happiest of all Newfoundlanders, wherever we all are today. I think he has every reason to be happy and to be proud. It is easier to follow, Mr. Speaker, as the Premier will find, it is easier to follow in the footsteps of the pioneers who have gone before. Joey was the pioneer on this one. Thank you.

MR. SPEAKER: Before we continue with the other business I would like

to welcome all visitors to the galleries today, but particularly I would like to welcome an exchange group of students from the A.P. Lowe Elementary School of Labrador City with their teacher Mr. R.E. Coates, and their host group from Fox Trap with Mrs. Yvonne Thurlow. I especially welcome you here and trust that your visit is most interesting.

ORDERS OF THE DAY:

MR. NEARY: Mr. Speaker, I asked the honourable the Acting Premier I think it was on Friday to get me some information regarding an executive jet that took the Premier to Montreal on Friday or Saturday I think it was. I since have found out the information, Mr. Speaker, so the honourable Minister of Justice, Acting Premier at the time, need not get the information.

I must say, Mr. Speaker, that I am awfully glad that the Premier is back in his seat today and was able to make that statement because, he had a pretty narrow brush with death, in my opinion. When the plane did get down in Bathurst I think it was, one engine was out completely...

MR. SPEAKER: Order! I think the honourable member is being carried away, this is a speech and not a question.

MR. MOORES: Mr. Speaker, I am only sorry that Mr. Shaheen was not on the plane.

MR. SPEAKER: Are there any other questions? The honourable member for Labrador South.

MR. M. MARTIN: I would like to direct a question to the Premier. I wonder if he could tell me, regarding the task force from the Premier's Office which visited Coastal Labrador last summer, if he could tell me first of all whether this task force has reported and whether the reports will be taken into consideration in compiling the estimates for the forth-coming budget?

MR. MOORES: Mr. Speaker, I can tell the honourable member for

Labrador South, that the report has been filed. I think there were four or five departments involved at the time and certainly the suggestions made by the various departments at that time are being taken into consideration for this forth-coming year, yes.

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

MR. CHAIRMAN: Order!

Head XVIII, Supply and Services, carried.

Head XX, Community and Social Development \$100.00

HON. J.C.CROSBIE (MINISTER OF FINANCE): Mr. Chairman, this is a special warrant for one hundred dollars which was required to open a new subhead, Rural Development Authority.

October 1972 by Minute-of-Council, government approved the establishment of an organization to be known as the Rural Development Authority. At the same time, government authorized that \$1 million be made available to the authority by opening this new subhead and by transferring funds from savings available in other subheads of the Department of Community and Social Development. The two subheads are Rural Development, Subhead 200508 where \$500,000 was transferred. There was an amount of \$1,500,000 provided in that subhead by the House last May, \$500,000 of that was transferred and of course this is Rural Development.

Household resettlement, subhead 200608 - \$500,000 was transferred from household resettlement. The total amount in the estimates for that this year was approved last May \$1,425,000.00. The honourable the Leader of the Opposition got the wrong figure the other day, the amount in the estimates was \$1,425,000.00 - \$500,000 of that was transferred to a new Subhead, Rural Authority.

Those funds were available because resettlement decelerated in the current financial year and because programular "Arda" could not be developed at the point of implementation in the present year to use up all the vote under Rural Development.

The creation of this Authority is the government's initial step in its programme to encourage development in rural areas. To date \$808,000 has been spent, 236 loans have been approved and I believe there has been quite a bit of publicity about that, the kind of loans.

As the House knows, this has created approximately 1,035 jobs to date. There are now additional applications which are being evaluated and if the members of the committee want further information the minister responsible, the member for Trinity South and the Minister of Industrial Development, who is on the authority, will be only too glad I am sure to provide that information.

MR. W.N. ROWE: Mr. Chairman, I thank the honourable Minister of Finance for his information. What minister is now going to be responsible for any questions?

AN HON. MEMBER: Rural Development?

MR. W.N. ROWE: The honourable member for Trinity South is what now? Is he Minister without Portfolio at the moment?

AN HON. MEMBER: Minister of Community and Social Development.

MR. W.N. ROWE: Minister of Community and Social Development, fine. As I say, Mr. Chairman, I thank the honourable Minister of Finance for giving us the figures. Earlier announcements had been to the effect that \$1 million had been used up under the Rural Development Authority and that they were into their second \$1 million. I think I am correct in assuming from what the Minister of Finance had to say that only \$800,000 has been spent to date, is that correct?

MR. DOODY: The honourable member is correct, both honourable members are correct. The amount that has actually been spent is less than \$900,000, the amount that has actually been committed and various loans is slightly over one million and a-half dollars. This money has not actually found its way into the hands of the people who applied for loans for various reasons, unavailability of tractors or sawmill equipment or what have you. The procedure is as I understand it, that after the

material is available the invoice for it comes to the department rather than put the money in the hands of the applicant himself, so that the invoices for the equipment or what have you that you have

been distributed so the amount of money spent is less than the million dollar mark but the amount of money that is committed is little over one million and a-half.

MR. W. N. ROWE: I thank the honourable minister, Mr. Chairman. This is the first opportunity that we have had to look at the rural development authority since its inception. I think it was set up or the Premier announced during a public statement over VOCM some four or five months ago that it would be set up. There are one or two questions which naturally arise and I do hope that the minister concerned, whatever minister is going to take responsibility for answering to the committee this afternoon, has some information available. There are, I think, three or four questions on the Orders of the Day in respect of the Rural Development Authority. I hope that the ministers have had their officials dig up some information for the committee today. It is a very interesting point. It is a novel approach to the question of rural development. Before, I think under the previous administration, the cabinet itself would deal with applications which were made to various departments.

What would happen, of course, if someone applied for a loan or a grant under some programme which was not in existence or under a nonexisting programme, what would happen, of course, is that if it were thought sensible by the officials, it would gradually find its way to treasury board and to cabinet and the government itself by order-in-council would end up approving of a loan or a guarantee, in the ordinary case, a guaranteed loan by the government.

I am wonder if the minister concerned would be good enough to table in the House a form copy of the type of agreement which these people enter into? I would assume that what happens is that they are given a guarantee by the authority, which would be a guarantee by the government, which they can take to the bank and get their money, get their loan from a

Mr. W. N. Rowe

bank or some other lending institution. I would like to know whether the person or company which borrows the money or partnership or firm which borrows the money is required to sign its own name to the notes so that in case the thing goes broke, the government when called upon to meet its guarantee, it can in turn go back to the owners in order to recoup any losses which the government might have suffered? This, of course, to us was always a salutary type of thing because it meant that the owner himself was on the hook and no matter how benigning the government might be afterwards, looking at all the circumstances, the owner of the business realized all the way through the piece that he was on the hook and that if the government were called upon to meet its guarantee his own property or the property's assets, in the case of an incorporated company, would be on the hook and that they could be taken in satisfaction of the government's guarantee, the amount paid out under the government's guarantee. That is one point. I wonder if one of the ministers concerned could table the form of agreement which was entered into between the Rural Development Authority and the person concerned or the applicant?

Secondly, Mr. Chairman, unfortunately the matter of jobs and how many jobs are made available under such a programme is a matter of opinion and should be scrutinized by other parties as well as the government itself. The government makes a statement, a thousand jobs have been created by the rural development authority. Fifteen hundred jobs have been created by the rural development authority. That is an easy statement to make. It may be a little more difficult to substantiate. In fact I would like to see, the committee I am sure, certainly this side of the House and the public at large would like to see a list of the types of jobs which have been created by the rural development authority. I would like to see a list of those jobs; how many in the various categories.

It is a difficult job but I think it can be supplied by the officials. We have thousand of officials to find out information for the government, what people presently have jobs now as a result of the rural development authority grants, what they were doing immediately previous to that. I mean, were they unemployed? Were they taken off welfare? Were they taken of unemployment insurance? Have they gone from one job to another? I think that kind of information is very pertinent to the committee in deciding whether 1,500 jobs were in fact, on an objective basis not a partisan basis but an objective basis, whether 1,500 jobs were in fact created.

Thirdly, Mr. Chairman, and I think this is an infinitely reasonable request, public money is being used. Would the minister responsible table in the House a list of recipients of the grants, showing in each case the amount of money that was given to each and every recipient? Am I incorrect in understanding - these are all grants. Are there loans involved too?

MR. DOODY: They are mostly loans.

MR. W.N. ROWE: There are loans. Okay, very good. In that case I would like to see and this committee would like to see I am sure, certainly this side of the House would like to see a list of the loans which have been made to various people, into what categories of business each of the recipients would fall. I would imagine most of these are sawmill operators and that type of thing. I would like to see that kind of information, just to see who is getting it, Mr. Chairman. I do not think there should be any thought at all about any invasion of privacy. People have the benefit of publicly guaranteed loans or public grants. They should not be ashamed to have that fact held up to scrutiny and held up to the light of day. These one, two or three requests that I have made to the minister responsible. One or two spring to mind but I will sit down

now, Sir, and hopefully the minister will be able to give us that information or certainly undertake to get us that information without any delay.

MR. REID: Mr. Chairman, it was only this morning that I was asked so many questions and at the time I did not have the necessary information. We are getting it ready and it will be tabled here in the House. We fully intended to get a list of all the people (we certainly had this in mind) to pass around to all the members of the House of Assembly, who received, how much and what they received it for. You asked about the number of people who have been employed. We depend a tremendous lot on the people that we have out in the field. I have travelled around Newfoundland, not as much as I would have liked since becoming minister, but I am going to travel a little more. I have gone out with the deputy and inspected the various people that we have in the field. I felt very confident that these people were doing a good job. We visited several jobs - they already had a loan of money. We visited various places that had applications in. I thought that they were doing a marvelous job. It appears now by the dollars that we are spending at the present time, we are going to get a terrific impact from it, because of the number of dollars that we are spending. The people who are getting most of these loans are people who have a very small business. They are employing extra people. We can only go by the fieldmen and the information that we receive in the communities. We usually check probably with the bank manager or various people, finance people and if we think that they are a half-decent risk or if they have been workers and have proven themselves to a certain extent, by all means we think that we should help them.

Now most of these people have been helped with various equipment that they could not afford before. This equipment, we are protecting it,

Mr. Reid.

We have the first mortgage on this equipment. We found out as well that in a great many cases now we were told that a number of people would be employed on various jobs. We have also checked back since these jobs and since we gave these loans and these jobs were supposed to start - we checked back and in some cases there were more employed than was stated they were going to employ. Now in some cases there is a possibility that there may not be certain jobs, that there will be employed as many as promised. We are going ,from now on, to be checking back with the various people that we have made these loans to. We are going to make regular checks all over the island and down through Newfoundland. I have been asked by some of the opposition and by some of our own members here where are we situated? Are we situated in the right place? Are our people placed around the island most convenient for the various people to make their loans or to even be familiar with or even get back to headquarters. This is something we are looking into at the present time to make sure that we have covered Newfoundland and Labrador and made it as convenient as possible for every person so we can give a loan and help those who are qualified. We will make sure ,regardless

what district they come from? I will assure you that I will do my utmost to see that the information that you are looking for we will get it as soon as possible.

MR. NEARY: Mr. Chairman, if the honourable minister does not have the list I believe the Minister of Industrial Development has a list and before we discuss these estimates or supplementary supply intelligently Sir, I think we should have a copy of the list. We have to know what we are talking about. So perhaps the honourable Minister of Industrial Development can have it xeroxed and send a copy over to us.

In the meantime, Sir, while I am on my feet and the honourable minister can think about this while I am talking here, there had been rumours flying around, Sir, that a large number of these applications have gone via the route of the ordinary chartered banks and have been rejected, have gone to the Industrial Bank and have been rejected, tried various other sources including the finance companies and were rejected. So they detected a little bit of a milch cow here in the Rural Development Authority. So they came to see the honourable member for Grand Falls when he was minister. He lashed out about \$1 million, give away. The Minister of Community and Social Development, the member for Trinity South, is not quite so generous. He has only lashed out I think \$300,000 or \$400,000 since he has been there. Sir, I would like to know if this is true?

AN HON. MEMBER: Inaudible.

MR. NEARY: Hold on now. Take it easy. Mr. Chairman, I hope that we hear of someone taking to the air tomorrow and saying that the heckling is starting from this side, I hope everybody is observing where the heckling is starting from.

So, Sir, I would like for the honourable minister to tell us whether this is true or not, whether people are getting loans who have tried a number of other sources for these loans. I am like my colleague here, the member for White Bay South, I would like to know what investigations are carried out before the loan is made, what the terms of the agreement for

repaying those loans are. There are a lot of unanswered questions about this whole matter, Mr. Chairman. But before we proceed any further I think we have to have the list.

MR. DOODY: Mr. Chairman, I am attempting valiantly to answer these questions between the honourable member's speeches. I have a list here which brings us to February 19. I had every intention of making that one available. I do not know if the honourable member wants this or if he would prefer to wait until the - there have been at least two maybe three meetings since that time in which the board of trustees decide whether or not in their opinion these applications are worthy of being favourably received.

Now before I get into that, Mr. Chairman, could you ask please himself to control himself for a few moments?

MR. NEARY: Inaudible.

MR. DOODY: You will get the list, not only you but the honourable members on the other side of the House will get the list. Everybody is going to get the list. We are going to have lots of lists.

Now first of all the question the honourable member for White Bay South posed as to the various forms which were used, the promisory notes, chattel mortgages and so on, I have asked for some of these to be sent up so that they can be tabled for the examination of the people who are interested in it. The numbers of jobs that have been created and I will agree that creation is a rather poor word to use, I prefer to leave creation to the Deity and to those people who were in power before. We will get on to try and provide jobs for people out in rural Newfoundland. I have heard already it has been referred to as the great pork barrel, the give-a-way, the handout -

AN HON. MEMBER: Inaudible.

MR. DOODY: Mr. Chairman, this is a very strange way indeed for people to refer to rural Newfoundland. We have \$1.5 million so far committed to helping get the people in rural Newfoundland back again and interested

in what goes on in their communities.

We have been talking about the great Tory Party and its love for the cities and the towns and whom do we find condemning this Rural Development Authority, the scheme we have, but the great saviour across the way, the protector of the common man. Now we got a pork barrel. We traded over 1,000 jobs - something less than \$1,500 a job.

The honourable member for Bell Island was long enough associated with the Department of Welfare, as it once was, to know how much it costs to keep a family fed and clothed and housed during a year in this province of ours. To have taken people off welfare, to have given them jobs, to have taught them some self-respect, some decency and some life that is worth living in this province of ours, at \$1,500 each is not something that I would be willing to talk about in terms of handout or pork barrel. I would call it rural development of the very best kind.

I am not interested, Your Honour, I am not interested in their inferences of pork barrelism, they know far more about that than we do. They have been in there a great deal longer and they made a great fetish of it for a great many years. I am more concerned with the fact that there were fifty-six jobs created in Bonavista North (that is the term that is here, it is not mine) thirty-six in Bonavista South. Is that patronage, Your Honour? Bell Island is not mentioned at all.

Now is it possible that the member for Bell Island has not informed his constituents that this great scheme is afoot, that the chances are the people can come here in this building and ask; "Is there some way that I can be assisted to the tune of \$10,000, creating jobs for myself and my family?" Or is he far more concerned, Your Honour, with lashing out welfare payments on that island?

MR. MURPHY: Building supplies is his speciality.

MR. NEARY: At least they have a clear conscience over there.

MR. DOODY: They do. Yes, indeed they do.

We have quite a few districts here which, you know, we will make this information available to the House.

MR. ROWE, W: Would the honourable minister mind if I asked a question?

MR. DOODY: No, not at all, Sir.

MR. ROWE, W.N. What is on the list? Is it a list of the people who received money? Or is it just a list of -

MR. DOODY: Hold it. Hold it.

MR. ROWE, W.N. Okay.

MR. DOODY: By job categories, excuse me. Job categories, assistance requested, the amount of the loan secured by the five year terms due payable when payments are due, to whom it is passed out. This one is not done by districts because it was done by these people who are concerned with people. This one is done by district and in answer to the question by the honourable patronage.

Now where was I? Yes, field officers. I cannot relax, this is very important to me. I am very fond of rural Newfoundland. I have not had an opportunity to live there, unfortunately, I believe that these people have as much right to as much chance to live in decency as the people in this area.

AN HON. MEMBER: Inaudible.

MR. DOODY: I am telling you the facts of life, Sir, if you would just give me a few moments.

AN HON. MEMBER: Inaudible.

MR. DOODY: That is right.

Now the field officers, we went through this building here to the various departments and we received recommendations as to whom we felt or they felt to be the most interested, capable, dedicated men we could find to go out into rural Newfoundland and talk to people who had ideas. For too long they have been writing in letters looking for assistance, talking to bureaucrats and what they wanted never did filter down to their levels because there is no secret, Mr. Chairman,

that there are many people in this province who have a great deal of difficulty in communicating to the higher echelons of the public servants or business people or anybody else who have an advantage in education.

Though we have found those people who can go out and talk to people in communities and find out what their ideas are and what they would like to do, how they can be helped and assisted in making a life for themselves, a life of decency and respect. We have done this. As I say so far we are very proud and happy to say that we have well over 1,000 of these people now working, now proud of themselves. They are in the woods, cutting logs, pulp wood transport, shipbuilding, specialized paper manufacturing, sawmilling, boatbuilding, more sawmilling, food processing, cannery, cooperage, cattle farming, shoe repair, greenhouses. The honourable member is familiar with greenhouses. Many of his friends on Bell Island, Your Honour, have greenhouses. Handicrafts and pottery, sawmilling, lumber production.

MR. NEARY: Who put them there?

MR. DOODY: The people of Newfoundland put them there. Fish processing, sawmilling, commercial cleaning, pulp wood harvesting and on it goes.

Thank you.

Now these are the sort of things, Your Honour, that we were able to communicate with people about and to provide assistance for and to get going. It is quite possible that some of these things might flop, Your Honour. Some of them might collapse and we might lose a \$10,000 investment in a person. That is a small price to try to get a person in Newfoundland a decent living and a way of life that we have been used to.

MR. MURPHY: I will buy that.

MR. DOODY: This is the way we are operating. The honourable minister here who is responsible for the welfare department now can tell you what a difference it is when he can refer people who come in desperation to the Rural Development Authority to see if there is a way that they

can be assisted, to assist themselves. This is the sort of thing that we have been trying to do. I am not one bit ashamed of it, as a matter of fact the people in this government are very, very proud of it.

It was mentioned a little while ago, Mr. Chairman - have they been asked about other sources of finance? Or it was intimated that they had been turned away from the banks and various financial institutions. That is absolutely correct. We make it absolutely certain that they have checked with banks and have been turned away. We make certain that they have checked the finance companies and have been

turned away because if there are other sources of finances available, this government is not in competition with banks or finance companies. We are interested only in trying to salvage people. As long as we are here, Your Honour, this is exactly the course that we are going to take.

This information that I have here, as I say, is a preliminary list that deserves to be checked. I have not had a chance to do so. I will willingly table it now. The honourable minister has a more comprehensive and up to date list which he will provide in answer to the questions that were asked by the member, for the honourable Leader of the Opposition, I think.

Now, we will see what we have in here. There might be some other good surprises. Oh, look at this! Bureaucracy is at work, Your Honour, promissory notes, chattel mortgages. We are getting back to the old system. Application for assistance, rural development authorities, resume of history, intended projects, itemized list of project costs, drawing of sketch of proposed projects, date when you expect to start, number of people who will be helped and employed (all to be checked out by field officers), Board of Trustees Recommendation, check request and so on. I will table all this. We would be only too happy to answer any more questions and if anybody over there feel that this government should not help the people in rural Newfoundland, well that is their decision but we will have to stick with ours.

MR. W. ROWE: Mr. Chairman, let us assure the honourable minister nobody is, nobody, especially nobody on this side is interested in not helping the people of rural Newfoundland. I do not know what the honourable minister had in mind. He got a little carried away there, a little emotional. It seemed that he set up a straw man to knock down.

Everybody, Sir, in this House is interested in helping rural Newfoundland. As a matter of fact, the former administration was accused perhaps of going too far in that direction and perhaps doing some things which might have been ill-advised, not taking enough

precaution. How many times have I heard members on the other side of the House and members of the general public talking about how the people of Newfoundland are starting to grow accustomed to a give-away programme. Nobody is interested in not helping the people of Newfoundland. Certainly one of the prime functions of this House of Assembly should be to help the people stand on their own two feet in various places around this province.

Once that statement is made - and the honourable minister got quite emotional about it - once that statement is made let us not try to drag a red herring across what we are trying to do this afternoon. I am interested only in seeing what is going on in the Rural Development Authority. To date I have heard three things.

- (1) A Rural Development Authority is set up.
- (2) Nearly fifteen hundred new jobs created.
- (3) We are into our second million dollars.

Now, we would be derelict in our duty, Mr. Chairman, if we did not ask a few questions as to how this thing is operating, who is getting the money, what kind of securities are the government taking in return for lashing out the money and a number of other questions as well. How many, by the way, are on the field staff of the Rural Development Authority? Does the honourable minister know?

MR. CHAIRMAN: For the information of the honourable members, it is not the custom of the House to table matters during committee but we will undertake to receive them at the table to be tabled when the speaker is in the chair.

HONOURABLE MEMBER: Just trying to be helpful, Mr. Chairman.

MR. W. ROWE: A copy, Mr. Chairman, of whatever the honourable minister has and is willing to give to us relating to the Rural Development Authority. Now, laying it on the table of the House is not of much use at the moment to members of the House. I hoped that perhaps copies could be given to us but we can get copies and there will be other opportunities to look at it. It is an interesting

field, Mr. Chairman, that we just want to get some information on. The honourable minister does not have to get up in quavering voice and, you know, give us the song and dance, an emotional song and dance.

Who is on the Rural Development Authority, Mr. Chairman? May I ask who is on the Rural Development Authority?

MR. DOODY: There are three members of the government and three private citizens, individuals. The names: the Minister of Fisheries, the Minister of Industrial Development and the Minister of Rural Development. The three private citizens are Mr. Lloyd Archibald, Mr. Albert Meade and Mr. Christopher Pratt. Mr. Evans is the chairman or at least he is a fine gentleman. They all are living in Rural Newfoundland, Harbour Grace, the head of Bay D'Espoir and St. Mary's Bay.

MR. W. ROWE: Nobody from the West Coast, is there? Well, let me ask this question and I hope the honourable minister does not take it as an insult on what he is trying to do or anything. Is there any intention on the part of the Rural Development Authority to enlarge the members of the board in order to have some experts to advise from all parts of the province? Nobody from Labrador is there? Nobody from the West Coast?

MR. DOODY: Mr. Chairman, there is no intention on the part of the government to enlarge the members on the board, no. We probably will enlarge the board by adding people from other sections of the province. As everybody knows, this is a new concept, a new idea and is fulfilled as it goes along.

We did think about and worked at getting somebody from the West Coast and from Labrador and from Northern Newfoundland but the transportation problems are the thing. We must have meetings once a week to look at these things. The people who are in these positions are not able to wait around for a long while to get approval or to be told that these things do not fit the standard. So, we have to do with what we can. So, we have people from Eastern Newfoundland for now. If a way can be found to get people from other parts of the province into these meetings and at the same time keep the thing moving, then we will certainly

do it.

MR. RIED: I may add, we have field workers all down the coast and they bring their information back to the board and they usually report to headquarters in Corner Brook and Grand Falls and then back here to St John's, regular field workers out there all the time.

MR. DOODY: I do not want to mislead anybody on this. These three civilian people are paid only their per diem travelling pay and of course, their out of pocket expenses. They get thirty-five dollars a meeting, I think the standard rate for all these government boards now. They are all thirty-five dollars and fifty dollars for the chairman. In this case the chairman is the minister so he gets, of course, no stipend. The three members of government, of course, serve for free and the others -

MR. W. ROWE: Now, a couple of other questions. I was interested to hear the honourable Minister of Community and Social Development make some reference to the fact that earlier in the programme, I believe, I may not be quoting him correctly so I hope he will correct my misapprehension but he said something to the effect that earlier in the programme the government discovered that the numbers of jobs as reported by the recipient of loans or grants, often did not measure up or come up to the number of actual jobs. Is that correct? Go ahead.

MR. RIED: I said that what I did notice by checking back this last month was that we had a lot more on certain jobs than were anticipated when we started and I did say then that there is a possibility we will find some people we gave loans to that may not have as many. I did have a feeling when I travelled the country and especially when I see the timber in the various areas now there is certainly a great possibility that we have more people employed than the different business people said they were going to employ.

MR. W. ROWE: I see. So, is there any continuing process whereby these people report on the number of people employed by the various companies?

MR. RIED: Mr. Chairman, yes. We have field men going now back and forth checking regularly to see if they are actually doing the job and how many people are on the job.

MR. W. ROWE: The Rural Development Authority has not been in operation very long and naturally we would not expect many or any defaults probably by this time. Can the honourable minister tell me whether there has been complaints made by banks or lending institutions or anybody concerning which the government might have guaranteed money or if a loan is made directly to the recipient by the government, by the Rural Development Authority, is the government having any difficulty in collecting the installments due on these loans up to date?

MR. RIED: Mr. Chairman, we have not had any complaints from any banks or any finance companies. Actually, our loans are not due back yet. This only started a few months ago and there is no loan due back. In fact you can get twelve months before you start paying back your loan. Unless it is cash that we give, some working collateral, then immediately after material is sold we are supposed to get our money back.

MR. FRED ROWE: Mr. Chairman, I hesitate to address a question to the Minister of Economic Development and Industrial Development because of

MR. F. ROWE: what kind of an emotional outburst I am likely to get, but in the administration of this Rural Development Authority, I think we can find a great deal of inequities from one region of the province to the other. This is not necessarily the fault of the authority or the department concerned, to give you an example, there is a great deal of emphasis placed on the whole business of logging and saw mill operations with respect to rural development, to take one example that I am aware of to quite an extent, the Castor River Basin Area, in St. Barbe North, and I am sure there are many other provincial districts or parts of districts in exactly the same position, we have a number of experienced loggers in that area and they simply cannot get into the woods to set up private saw mill operations or logging operations because of the concessions to the paper company, Bowaters I think in this case, and probably the same things exists with respect to the other company.

Now I was in conversation with the honourable minister there sometime last year, with the view of seeing if we could not have some sort of an exchange of land concessions so that the woods in these areas can be opened to the citizens of these fifteen or twenty communities, for example in the Castor River Basin Area. I wonder if the minister could inform the committee as to whether or not there has been any progress in the negotiations with the paper company in this regard.

MR. DOODY: That is a little bit off the topic but I do not mind answering it -

AN HON. MEMBER: Inaudible.

MR. DOODY: That is right and very much so. These people up there were very concerned at the time and they still are. We spent a lot of time negotiating with the company trying to get a timber

MR. DOODY: exchange. I think the honourable present Minister of Forestry and Agriculture took it up where I left off. I cannot honestly say that we made any progress with them though, We would get a committment to the extent that if these people come in and see us and renegotiate it, we will talk to them and see what we can arrange, and then these people, your people, will go through the same difficulty and the same rigmarole and back again. It is still, as far as I know it is still up in the air. We have been offering them rights in exchange and we have been offering them just about anything to try to get the people in the area you speak of an opportunity to cut saw logs but unfortunately the concession is not ours to give, it is by law the property of several paper companies. We are just hung up on their decision.

MR. F. ROWE: The whole situation is in a complete state of chaos up there at the present time. The people keep hearing that they are going to supply wood to the linerboard mill and then to the Hawkes Bay thing and then they hear about this rural development by saw mill operations and it is in that context that I appreciate some Minister of the Crown informing the people in the Brig Bay, Plum Point Area and this sort of thing, what is going on in this regard.

Another question, Mr. Chairman, has the Minister of Rural Development been asked to submit a list of the field officers throughout the province? I cannot quite remember. Fine, thank you.

MR. NEARY: Mr. Chairman, I rose to ask a few innocent questions of the Minister of Community and Social Development but I brought on an attack from the Minister of Industrial Development that I think needs to be straightened out for the sake of the record.

Sir, I have forgotten more about rural development than the honourable minister knows in his little finger. Since when, Mr. Chairman, did Sir Christopher Pratt become an outport man. He is a corner boy, Sir, and that is all he will ever be. Of course he is living

MR. NEARY: down the Riverhead of St. Mary's but he is a St. John's man, Sir, born of a well-to-do family. The minister can say what he like about the members of the authority but the man is a corner boy and that is it. So my colleague, the member for White Bay South, was quite justified in asking that question. We got the answer we were looking for, Sir, and this is precisely the kind of thing that we are trying to safeguard against when we are asking these questions of the minister. Obviously the Minister of Community and Social Development cannot answer the questions so the Minister of Industrial Development is coming to the rescue and attacking us. We are against rural development. We are against welfare. We are against welfare recipients, he says. Well, Sir, what I would like to know is how much of this \$1.5 million has sifted through to the welfare recipients. I would venture a bet, Sir, that not one penny of it, not a penny has gotten through to a welfare recipient despite what the honourable minister says.

Sir, we want to know, believe me this is a new programme, I have nothing against it. If the government want to experiment with \$10 million I could not care less if it does any good, if it is going to accomplish what the Minister of Industrial Development says that it should accomplish. If you come into the Department of Welfare, you are looking for welfare and have a family of five children, the Minister of Social Assistance says, "no boy I cannot give you any more, you have to live on \$1500 a year, but go over and see the Minister of Community and Social Development, he will arrange for you to get a \$10,000 loan, go out and start a little industry for yourself." Great I would say, that is what the minister implied.

AN HON. MEMBER: That is a bit exaggerated.

MR. NEARY: That is not a bit exaggerated. That is what the minister said. Sir, I would like to know how many of these jobs are permanent

MR. NEARY: jobs. I would like to know how many of these jobs would not have been there this winter anyway. They would have been because they are seasonal workers.

So what is happening, Mr. Chairman, in a good many cases, that all the owner is doing, all the operator is doing is substituting capital that he is getting out of the taxpayers of this province for money that he would have to use himself.

AN HON. MEMBER: Where did you get this information?

MR. MURPHY: That is his dirty, vicious lie, that is where he got that. This is despicable, sit down.

MR. WM. ROWE: Mr. Chairman, I am speaking to a Point of Order, if the honourable minister from Malawi will permit?

MR. MURPHY: Listen to -

MR. WM. ROWE: Mr. Chairman, is Your Honour going to maintain order in the committee? I rise on a Point of Order, Mr. Chairman, in order to state that in recent days Your Honour has asked that members be allowed to be heard in silence and I ask the same privilege for my honourable colleague, the same privilege which has been extended on innumerable occasions to the other side of the House.

MR. CHAIRMAN: The Point of Order is well taken, the honourable member for Bell Island has the right to be heard in silence.

MR. MURPHY: To that Point of Order, Sir, may the member stick to the point and not try to lambaste people or anything else, let him stick to the point. We are used to relevant debate in this House.

MR. CHAIRMAN: Again, I repeat the ruling, the honourable member has the right to be heard in silence.

MR. NEARY: Mr. Chairman, I want the galleries to observe that there is no way that we are going to be provoked on this side of the House to barking back. We want to get a little dignity restored to this House.

MR. NEARY: What I was saying, Mr. Chairman, is that a lot of these operators have detected a milch cow so now they are coming to the rural development authority and they are saying, "give me \$10,000, you would have had to use it anyway!" In a lot of cases, Sir, they are just employing their sons, not welfare recipients as the honourable minister implied. The jobs would have been there anyway, Mr. Chairman. These are seasonal workers, the jobs would have been there. What I am afraid of, Sir, and I have nothing against this rural development programme, believe me, nothing at all, as a matter of fact, I could teach some of the crowd on that side a few things about rural development. Come over on Bell Island and look at the green houses. The honourable minister saw the green houses we built and the honourable minister saw the mushrooms -

AN HON. MEMBER: I was down in the mine.

MR. NEARY: Even though the people would not let him go down in his own mine, but I authorized him to go down and look at the mushrooms, Sir. We have our green houses over there. Three green houses last year produced over nine tons of tomatoes. This year there will be five or six green houses in operation that will produce about 15,000 pounds of tomatoes, Sir, which is a fair contribution to the economy in this part of the province.

We have done a few other things over there. We have developed, not with any help from any rural authority, under the LIP programme we have developed some tourist attractions over there and we are doing other work, put in some infrastructure and so forth. The honourable minister knows this because he was over in the October and March elections trying to defeat me. He did his best. He did not get very far, Sir.

The honourable Minister of Provincial Affairs was over. I dare him to go back to Bell Island today. They are gunning for him over there.

MR. CHAIRMAN: I think the honourable member is being carried a little bit away from the point here now.

MR. NEARY: Yes I agree, Mr. Chairman, but what I am saying is this, that I am all for a rural development authority providing that the money gets through to the proper people and is not just for political patronage and is not used by any member of the government side of the House for their own gains.

AN. HON. MEMBER: What do you mean by that, now finish that statement.

MR. NEARY: If, I said, it is used in the proper way

and it gets through to the proper people and not used by any member of the House for political patronage or for his own gains.

MR. DOODY: Are you inferring anything?

MR. NEARY: No, Mr. Chairman, I am not inferring but if there is anybody over there that the hat fits, they can wear it, Sir. So this is all we are concerned about, Sir. We want to make sure that it does not develop into a racket. I would like to know where the minister is getting the information on these jobs, Sir. Is he accepting the word of these field staff? Is he feeding the information to the Premier and then the Premier is feeding it out, this propaganda, via Information Newfoundland? These are the questions we want answered, Sir, and I would like for the minister to get up and clarify some of these points that I have raised.

MR. REID: Mr. Chairman, if he ever sits down I might. The point is it is all right to try to impress the gallery, his own words he used there first when he started, try to impress the gallery or someone else about the equipment and the money that we were spending and how we were spending it on various equipment which these people would have still already operated. A lot of our people throughout Newfoundland this year would have never had their mills working and would have never been in the woods this year because these were mills who could not afford to operate any longer, a few years ago, and a lot of these mills now are back operating and they wanted a few dollars, a thousand dollars, two thousand, up to ten thousand dollars and these people this year would never be able to employ these people only for those dollars that we had available. What is wrong if a man goes in the woods and takes his son if he is on welfare or if he is on unemployment? What is wrong with it if we help to build a mill and he can survive and keep on going years longer? What is wrong if we do invest some money in a plane or a better saw or a better mill

and he employs seven or eight or nine? That man is going to be existing the next ten, fifteen or twenty years because of the help that we gave him. This is what we are doing. I am not afraid to stand up here, I am not ashamed of one application that went through. While I was sitting there at the meetings I was never ashamed and I will assure you that the people who were sitting there we did not know who they were in a great many cases and we had to go by the information that we received. We did investigate and for sure the minister or deputy minister or any of our people can never go all over Newfoundland and visit all the applications so we have to have so much faith in the people that are in the field.

These people in the field were already employed, ninety per cent of them, before ever we came in power. Now I would not doubt but ninety per cent of these people were good, strong liberals before we got here. I would not be a bit surprised over that but I will assure you when the applications are going through the House, I am not concerned whether they are Liberal, N.D.P., Independent or what have you. I would just as soon sit on that board and look at a number, everyone coming as a number would be quite sufficient to me and I think all of us sitting on that board feel that way.

Now if there is any better way, a more honest way to do it, well by all means we will have to get our man from Bell Island to do it. That is all I know.

Before I sit, Mr. Chairman, I had all the information here this afternoon that I could give. The minister here was more familiar with this before I started. I wanted to keep this information because I do not have copies for everyone. I will give them every copy that we have, every member of the House of Assembly and I will assure you before I sit down that every member over there make sure they get the applications in to us. Do not blame us if they do not get the

number of applications through in their districts. Some of these districts have the highest, remember that too and I will assure you while I sit here or on the other chair, I will certainly make sure that those applications go through and it will not be because of political reasons either.

MR. WINSOR: Mr. Chairman, I believe what the hon. minister has just said. I believe he has a sincere desire to help the less fortunate people in this province to obtain employment, and to bring in partisan politics I think is stooping a little low. We are all concerned and interested -

AN HON. MEMBER: (Inaudible).

MR. WINSOR: Well, it is being done and to the detriment I think of the people who are involved because if John Jones out in Timbuctu wants a loan of \$10,000 to start some small industry -

AN HON. MEMBER: Is he a Newfoundland?

MR. WINSOR: Absolutely he is a Newfoundland and I would say a man who is deserving of it or a man who is in need of it, but if that man is going to have to undergo the shame of being labeled as a Tory or a P.C. or N.D.P. or a Liberal or whatever we may have, it is not going to help him. It is going to embarrass him. So I think the programme should work out fairly well once the hon. minister gets his feet on the ground and can carry out the programme at least satisfactory to him.

But I was a bit surprised in the hon. Minister, across the way there, of Industrial Development trying to impress upon the House that we on this side of the House were against rural development. That is not so. I do not know whether the hon. minister intended to leave that impression but certainly it left the impression with me that we here were against rural development and we are not. We are all

in favour of anything that is going to improve the standard of living to many people of this province.

Now, Sir, having said that I would like to ask the hon. minister or ministers, whichever chooses to answer the question: What are the rules and regulations laid down for a person to qualify for such a loan? I heard where one man had to mortgage his house before the bank or the rural development would approve of that loan. Would the minister confirm whether that is true or not? Just before the minister rises now, what are the requirements for a loan? Does the applicant have to be in business or was he in business or is he trying to start a new business and does it apply to contractor to cut wood for the Price Pulp and Paper Mill or the Bowaters Mill? Those are the sort of things I would like to get answered. Where are your field officers located? I think that is being tabled. If it is tabled, we will get it in due course.

But, Sir, there are a lot of unanswered questions yet and perhaps the minister might take a little time and go over the whole programme and give us an explanation of just what is involved. Is he carrying out a publicity propaganda more or less or feeding the information to the public so that they will know who to contact, where to apply and what, if any, answers or requirements are necessary if he has to go to the bank or if he has to go to the mortgage company? Those are things that I would like to see answered to my satisfaction. Perhaps the minister -

AN HON. MEMBER: (Inaudible).

MR. WINSOR: Well, it is the member's job but a minister of the crown, you know you have a great publicity department down there now and you should feed out the information not the member. The member will always be at the focus point because people have a way of always coming to their member whichever side of the House he may be on. But does the minister have an information bureau set up so that the public will

know what is going on, how to apply and what is involved.

MR. REID: Mr. Chairman, in answer to the member for Fogo, I know. not since I sat on the board was there anyone turned down because of not proper bank (What was it you said?)

MR. WINSOR: He had to mortgage his house.

MR. REID: Mortgage his house, that is right. No I have not seen one application since I have been there. If a man never had a dollar in the bank if a man has proven himself, tried to stay off welfare and sometimes got on welfare this man through the years have proven himself to a certain extent, we have had our field men go in to the community, check with him, discuss it with the different business people or probably his clergyman

... or some prominent people there. They brought the information in. They must also have certain areas where they can operate, what they are looking for, money for mills, for cannery, for carpenter shop or something like that. Well most of these people have something. We have helped people who are sick, who got down and out and sick and were good working people before. We have helped these people. They knew where they could go and get probably some machinery. Now we will purchase the machinery, they do not purchase the machinery. We will mortgage the machinery. Then they will go in and get machinery and put it together and then they will start their mill. We have also helped people who were cutting pulp wood and logs. We are helping these people. Probably a power saw, probably a J-5 or some other piece of equipment. We have helped cannery fellows trying to get ahead, want a few more dollars to employ seven, eight or nine people. We have helped carpenter shops and different things that were just rhymed there now. In fact I have a list here, I can give you a list. We are going to pass over a list to you. I think the honourable Minister of Industrial Development went over a lot of that.

You do not have to have money but you must be a bit ambitious and improve yourself to a certain extent, I would say.

MR. WINSOR: In substance what you are saying is that a man does not have to have security as long as he is proven energetic, a hardworking man and interested in getting ahead. He does not have to have any security.

MR. REID: That is right.

MR. DOODY: Excuse me, I do not want to prolong this but you mentioned the standard which was used in deciding whether or not a loan would be approved or not. The minister's statement about the person being the main criterion, but also one of the things we do not do in assisting them, and this should be made public too, that we do not get involved in loans for additions or extensions or building of grocery stores or dry good stores or this sort of thing which would be in competition with some other business in the community or in the series of communities.

We try as much as possible to talk in terms of rural development, sawmills, boatbuilding, handicrafts and this sort of thing - farming to a lesser extent because there is a farm loan board. There is a grey area in between there somewhere that is pretty hard sometimes to make a distinction and to this extent, you know, we are open to suggestions to help, anything that can be done to make this Rural Development Authority actually to be of assistance to the people in Newfoundland as the prime and most important factor that we have going for us.

MR. GILLET: Mr. Chairman, before the motion is put, I think I would like to speak very briefly on this as well. I think the rural development is a good institution and I commend the government for setting it up. I do think that we are not naive enough to think that it will not be taken advantage of because it will. There are cases I know and I have lived in rural Newfoundland all my life, there are cases where you do have energetic men and men who might possibly be able to make a go of something if they had some financial assistance as well as managerial assistance and advice of one kind or another.

I do not agree with the theory that it should emanate and come from the member for the district. Therein I think would, not a partisan approach perhaps, but there could be a considerable amount of jealousy. Now I would not say that if a member knows of some person who is interested in something and would like to start this something, I think it is his duty to mention to this man that there is a possibility that he might get assistance and that he should apply for it. But I think the advertising of this development should come from the government.

Again I say I commend the government for it. I think you do find these isolated cases. Sometimes I am a bit skeptical when the local bank turned a man down. the finance company turned him down and he comes to say to me personally, I always say, "look, I am not in that business because usually the bank or the finance companies, the finance companies in particular, they

do a pretty thorough investigation. It could be a prejudice reply they get from their investigation, nevertheless I think that type of a person is the type of person that you must try and assist in a different way if you can but not to help him in his possible dishonesty. I know that too. Pure dishonesty, these cases you will have, there is no doubt about it. And as the honourable minister has said, if it does cost a few thousand dollars, if the government have to pay that to learn, why we just have to accept it.

I know that in the cases of sawmills we have several small sawmills for instance in my area, in my district. But what we need actually is a larger one or they need assistance. But I would like to get back to the question that has been raised by my honourable friend from St. Barbe North, that is the concession that have been given to the paper mills in years gone by. These lands are tied up. They are not doing anybody any good. I think that in some way this government should try and persuade the paper companies to either relax their hold on these timber areas for a while, for x-number of years, if they are willing to exchange.

But I felt that I should get into this debate for a few moments because I do come from a rural area. I know what men are faced with, good men who need a little assistance and I can only, as I say, commend the government, whereas at the same time I think that they have to be very cautious. I am referring now to the deliberations by my friend here and colleague, the member for White Bay South. The former administration have been accused and I think rightly so, to a degree, for making handouts too easy to come by. This I think is something that this administration, any administration which follows it, is going to have to watch very carefully. If we are going to have to make Newfoundland what we want it to be, we have to try and help people, as it has already been said here, to help themselves.

So I think, Mr. Chairman, this is a very commendable development that the government have set up and I look forward to seeing it work

all over the province and naturally and particularly in my district.

MR. REID: Mr. Chairman, I would like to say that I agree there with the member for Fogo stating, certainly the government should certainly get it across to the public. Right now we are certainly willing to get it across. The point is the department is only barely getting set up right now, getting finalized. In fact the deputy minister today was with the CBC, I am suppose to go on television probably sometime the latter part of the week or next week in order to get the message across as much as possible and we are going to use the papers as much as possible. In the meantime, we are certainly going to have to depend on the different members all here in the House to get it across to the general public.

MR. AYLWARD: Before this item carries, I do not want again to prolong the debate, but I do represent a rural district and I think the point mentioned by the honourable member for Fogo is a very, very good point that is that the people who are interested in this type of application be made aware of all the facts and that I do not know probably how best to go about it. Even if a brochure of some type were prepared and sufficient copies made available to interested parties so they would know exactly what is covered and what is not, I think it should be a clear and concise statement of who would be likely to receive favourable consideration if an application were made. Certainly this brochure could outline in general terms at least the type of industry that had some hope of obtaining a loan.

I feel myself that this government

came to power on a commitment to do something for the rural areas of Newfoundland. This appears to me to be one of the best steps that this government has taken since it took office.

I am very pleased myself to see the honourable member for Trinity South, Minister of Rural Development. I think in that honourable member we have a man who himself has been very successful in business and he should have some practical knowledge of the difficulties which the ordinary Newfoundlander encounters when he is trying to promote a business venture. This honourable gentleman has practical experience which should be of great benefit to the government and to the authority who is administering this particular aspect of rural development.

Mr. Chairman, in Newfoundland we have, to date, a large number of individuals who I feel, if financial assistance were made available to them could certainly bring employment into their areas and also provide probably a good basic business for themselves. I think that today with all the red tape of government and all the requirements that people have to comply with, with different authorities and commissions and everything else, that the small businessman in Newfoundland needs probably some help in the field of expert advice on what difficulties he can expect to encounter. I would like to see this authority provide some type of advice and direction to people making application for loans in this direction as well.

Again I do not want to prolong it, I would like to compliment the minister himself. I hope that it will not be relegated to just a question of what political stripe an applicant has, his loan should never depend upon that. I feel that with the board that has been mentioned and with the constitution of that authority, we can look for some great growth in that field.

MR. G.M. WILSON: Mr. Chairman, I would like to rise to speak on this because, looking around the House over here, probably the honourable members may figure that I am on the sinners' bench because I happen to

be the only lumberdealer probably here among you in the government. I support this to the fullest. I have no intention of looking for anything out of rural development, I do not want anything out of rural development and I never did.

I will tell honourable members that I am interested in rural development for my district. I can assure you now, right here in this honourable House, if I had had approved rural development this winter in my district and others as well, there would have been great achievement. In my district last winter if you wanted to get out on the road to buy a stick to make a prong handle you could not get it. I can assure you in my area, with the rural development there is a quarter of a million feet of lumber cut this year. I can assure you right here and now that there are men in my district, who have been on welfare for years, out in the woods cutting timber this winter. I am sure that if rural development has done nothing else but get people out and get them off welfare and put them into a standard of life and give them their independence, they are after doing something. Therefore, I have great pleasure in standing up for this government and what they have done for rural development.

It is only for the party concerned whether he belongs on the opposite side of the House or on this side, to seek for it, get into it and try to do something, not criticize the ones who are trying to do something, get out and do something themselves. I can assure you, if the honourable member for Bell Island was so anxious to sell his scrap iron, he would have had it sold before the steel mill was closed.

MR. F.B. ROWE: Mr. Chairman, in reading one of the daily newspapers I came across an article on rural development, a press conference supposedly held in Montreal in which there is a quote from the honourable the Premier. It says; " We have spent some \$2 million to create these 1,500 jobs and we will be lucky to even get half that

back."

Now, Sir, I think this is a serious error in judgement on the Premier's part here. The previous administration was often accused of give-away programmes, handing out loans to various sectors of our province with no intention of ever collecting these loans back - the payments back on these loans. What I am really concerned about here is that we are going to have almost one hundred percent of the people who received these loans reneging on the paying back of these loans, simply because there is an admission on the part of the Premier, at this point in the game, that they will be lucky to get half of this back.

Now if this is a misunderstanding on my part, I would like it clarified, because if I have a misunderstanding, I am sure that many people in Newfoundland have the same misunderstanding. The impression that I get is that these are loans, we do not expect to recover half of them so we are going to have the hundred percent reneging. I would like to have some explanation if I could, Mr. Chairman.

MR. BARRY: I read the same article and the impression that I got and the understanding that I have is that the government would be lucky if when you speak of getting back, in terms of getting back in jobs or getting back in revenue, if it cost say twice as much per job or in fact if you look at it in terms of other projects, if it costs five times as much per job or ten times as much per job, it might still be worthwhile. I do not know where the break-even point is, Mr. Chairman, but I think that this Rural Development Authority, this idea is one well worth giving a try.

I am not speaking as a member of the government, I was not a member of the government when the project was conceived and I cannot say and I do not know if anybody can say what the end result is going to be. It is a new concept and the immediate results look very good. Only time will tell how many permanent jobs will remain. I am prepared to say that for the expenditure of, it is a lot of money in

one sense but comparative and relative to other areas where government money has to be spent, this is really a minor investment with a very great potential for beneficial returns to the province.

On this basis, when you look at the potential for rural Newfoundland, I think that this project is one that deserves a chance, one that can be monitored and should be monitored as it proceeds, but to date all I can say is that everything that I have seen about this is good.

MR. F.B. ROWE: Mr. Chairman, I was concerned about whether the impression left with the recipients of the goods to be received from the Rural Development Authority are left with the impression that in half of the cases or in fifty percent of the cases, the government do not expect to recover back the payment of the loans. In other words, what the honourable minister is saying is that this sounds very much like something that we have heard before with a little bit of a change; rural development or perish.

MR. BARRY: No, no. This impression may have come up again today with some when the question was asked whether there was any security. It was tied in with the previous question as to whether there was a mortgage on somebody's house. From the documents that have been tabled here today, as I understand it, collateral mortgages are obtained on the equipment that is involved and there are promissory notes of paying from the applicants

Now, these are enforceable legal documents and you know, it is ridiculous to say that the government is proceeding on the basis that the loans are not intended to be paid.

MR. MARTIN: I have a few very brief words to say on this. I do not think that we should begrudge the time that we spend here this afternoon in debating this particular topic. Perhaps outside of some irrelevant material that has been introduced, it has been a worthwhile discussion.

I do not envy the honourable minister his job in having to contain this department and I say "contain" quite deliberately. The remarks that I have to make I think are relevant to every member sitting here today because whether you know it or not, Sir, I think you know what is happening downstairs in your department, because I mentioned it briefly the other day in private. I think the rest of the honourable members here present should also know. It does not just apply to this department but this department in particular because first of all, as we have heard from my colleagues here on this side, as they have pointed out the inherent dangers in this kind of a programme, you have potentially the department with the greatest potential, I think, in the whole government. I commend the government for having set up the Rural Development Authority. I think it is a very good piece of machinery, potentially. What is happening and maybe it is only a by-product of restructuring, is that morale in this department in particular has slipped very badly.

Now civil servants are by nature I suppose empire builders and I know that in that department from the earliest days they were empire building. I was not employed down there at one point. I think we are seeing too many of the people in the top levels of the civil service in that department bringing personalities into it too much. What we are seeing is a lot of the very good aspects of the Rural Development Authority being left by the wayside.

I would just like to introduce that, Sir, because if we are going to debate spending in a department such as yours, I do not think

the spending should be left too much to people in the civil service who want to further their own ends.

MR. W. ROWE: Mr. Chairman, I will be very brief. I do not think that I join with the sentiments of the member for Labrador South. I do not think any time spent on this important topic can be considered wasted by this honourable House and I do not pay any attention whatsoever to members yelling out "carried," "carried" and they themselves do not have any contribution to make to this debate.

I know that the honourable Minister of Community and Social Development is exceedingly well intentioned and sincere about what he is trying to do down there. I have heard this from a variety of sources and I draw that conclusion from his remarks in the House, in the committee today. I would however, Sir, suggest to him that he not resent any criticism from this side of the House on the programme. It is a new programme, one which may fall or sink or swim as time goes on. It is a new type of venture, not a new concept really but a new organization, a new sort of formal approach to the idea of helping Rural Newfoundlanders develop their own resources. He should not resent any comments which we might have to make by way of constructive or destructive criticism for that matter.

Now, I have one or two comments that I would like to make and I do not want answers on them now. I merely give the minister notice that when the main estimates are debated in the House we will talk about these matters a little bit more. I hope by that time he will be in a position to give some further assurances and reassurances to the House on the matters. For example, the number of jobs I notice in this heading here on the piece of paper which I have had a look at for the first time this afternoon, new jobs created or assisted. I would appreciate it if when the main estimates come before the House in a month or two from now perhaps, if the minister could give us some further breakdown on that as to how many jobs, for example, in each of the various industries or firms or persons which have been helped by the

Rural Development Authority, how many jobs have been created or assisted in respect of each. Perhaps he can even go further and get his officials to tell us how many people have come off welfare or relief or short-term social assistance as a direct result of the innovation of this programme. It would be interesting information for the House to have and good information for the government as a whole to have. So, I would appreciate it if the honourable minister were to have his officials dig into that aspect of it a little more.

On the question of field staff, I notice that in looking at this document for the first time this afternoon, I notice that contrary to an impression which I received when the Premier first announced this several months ago, I notice that the field staff, by and large are the old field staff for the Department of Community and Social Development. There may be one or two additions to it but I do not think. There may not be even any enlargement of the field staff which existed in the Department of Community and Social Development when I had the honour to be the minister there, although the very distinct impression I received from the Premier's announcement was that there was going to be a great widening and decentralization of the field services activities in the department. That is the impression that I received, without having the statement of the Premier in front of me.

Now, I notice also, Mr. Chairman, that there are ten industrial development officers of the Rural Development Authority and three of the field services division which are thirteen. I believe that I have counted it correctly. This seems to me to be a very small number of field officers. We had that same feeling when I was the Minister of Community and Social Development, that we did not have enough field officers to take care of existing programmes.

With the position now of the new Rural Development Authority, it seems to me that a great deal more field workers are necessary around this

province. I know what a difficult situation it is for forty-two members to adequately represent their district in this and other problems which might arise but for thirteen field officers to hope to adequately deal with Newfoundland and Labrador, it seems to me to be stretching the bounds of possibility completely and I think that the honourable minister would be well-advised to increase the field staff. I hope that when the main estimates come through the House we will see a significant increase in the number of field staff in the Province of Newfoundland and Labrador.

I also notice, Sir, from looking at this list what I would consider to be an undue centralization of the activities of the field staff especially in respect of the Rural Development Authority where you will get sawmill operators in various fairly remote communities of the province. I notice three are stationed in Gander, one in Clarenville, one in St. Catherine's, four in Corner Brook and then we have St. Anthony, Grand Bank and in Marystown and La Scie and Grand Falls. I would like to see some of these that are now stationed in these larger areas, Gander and Corner Brook, perhaps if they were to be resident in other regions of the province it might serve a useful purpose. I throw that out for the honourable ministers consideration. Perhaps if greater numbers of field workers were to be resident in the various areas, small compact areas which they have to deal with, perhaps designed along the lines of a new redistribution of electoral districts, that might be helpful from the point of view of people who are going to receive benefits under this programme.

I also notice, as I mentioned earlier, and the honourable member for Labrador South is painfully aware of this, I notice that there is apparently no field worker on the Coast of Labrador, on that very long coast.

The Department of Community and Social Development used to avail of the services of various field workers of the Department of Labrador Affairs.

Now, with the phasing out of that department i do not know what the field workers are going to be doing . Perhaps they are going to be joining other departments but perhaps the honourable minister should give a great deal of consideration to having actual resident field workers, two or three or four on the Coast of Labrador, in Labrador North and Labrador South in order to make certain that people in that area which has been considered to be neglected over the years, the people in that area can have direct access to a responsible officer of the Rural Development Authority.

Finally, Sir, as far as the members of the authority are concerned, I do hope that the minister responsible, the member for Trinity South, will reconsider the non-political members of that authority. Not that there is anything particularly wrong with the present members personality. I know one or two of them quite well. I do not see anything wrong with them personally but their places of residency seem to me to be a bit lopsided. Perhaps there should be more on the authority from other areas of the province, certainly one from Labrador. The cost of flying in members of this authority for weekly or monthly meetings should not I think be considered a waste or a loss of money because I think it is good to have the advise, for the minister and the political heads of the departments to have the advise of various people from all over the Province of Newfoundland and Labrador. Perhaps even an increase in the number of the non-political members of the authorities would be in order as well. I throw these things out for the minister, not even to have any comment at the present time or certainly not to get any answers at the present time but for his consideration and I would like to hear him on it again when the main estimates come before this House. This is a very important topic. We all have a vested interest in it. We are

Mr. W. N. Rowe

all interested in seeing rural development succeed in this province. and I am sure that we will have an even longer debate when the main estimates come before the House. This is one of the most important items of government business in this province.

On motion, Head XX, Community and Social Development, carried.

On motion, \$7,686,120, total, carried.

Motion that the committee rise and report having passed the Resolution and recommend that a bill be brought in to give effect to the same, carried.

On motion report received and adopted,

On motion Resolution read a first time. On motion Resolution read a second time.

On motion, a bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March One Thousand Nine Hundred And Seventy-Three And For Other Purposes Relating To The Public Service," read a first time, ordered read a second time now.

On motion, a bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March One Thousand Nine Hundred And Seventy-Three And For Other Purposes Relating To The Public Service," read a second time, ordered read a third time now.

On motion, a bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March One Thousand Nine Hundred And Seventy-Three And For Other Purposes Relating To The Public Service," read a third time, ordered passed and title be as on the Order Paper.

Motion second reading of a bill, "An Act Respecting Persons In An Intoxicated Condition in Public Places."

MR. ROBERTS: Mr. Speaker, when the debate on second reading adjourned, a week or so ago, I was speaking. I think I have made all the points that I wished to make. I can repeat them very briefly. I feel that this act is good in spirit. It is well intentioned. I do think it is open to the very real possibility of serious abuse. I am not sure that it has built into it, adequate safeguards for the liberty of the subject. This ability of a peace officer or a municipal peace officer, within his municipality, to arrest a person, no matter what name is put on it, it is an arrest, taking an individual into custody and holding him is an arrest - later in the bill, again part of the principle of the bill, Sir, that said peace officer is protected as long as he acts in good faith, protected against any action for false arrest or any of the civil actions which might arise, which normally lie if an individual goes around arresting another individual. I think that that is a dangerous principle. I think it is something that the minister should look at. He may well have had the opportunity in the past week to look at it. I hope he does not get stubborn and say the bill goes through as it is. I have offered my suggestions in a constructive and friendly manner. I think the bill is a good one. As I said in the earlier debate, these victimless crimes, so called, in my view should not be crimes.

If an individual gets drunk and really harms nobody but himself, then I do not think that that is a crime. The man has a problem, it may be a medical problem, it may be a psychiatric problem. It may be a social problem but whatever it is, I do not think it is criminal. If he assaults an individual or breaks and enters or causes a disturbance in a public place, these are all different matters with the Criminal Code of Canada, a matter with which we are not the least bit concerned here because we have no competence in the Criminal Code. The Criminal Code provides

adequate sanction for that sort of conduct. All we are talking of here is a situation where a person gets drunk, becomes intoxicated according to the words of the draftsman, gets drunk and falls about in a place to which the public have access and is taken into custody for his own protection. That is sound. What is not sound, in my view, is the too wide discretionary power granted to the arresting officer, be he a police officer or be he a peace officer (there is a difference). I think they are too wide.

The other point which I made is that I do not think a person should be allowed to be held further in custody on the certificate of merely a duly qualified medical practitioner. I recall vividly bringing into this House, to the minister, the new Mental Health Act. I do not believe it is yet in force. It is on the books. It is subject to proclamation. I was quite roundly condemned by a number of gentlemen, including the member for St. John's East, and I believe the member for Burin, both of whom were in opposition at the time, roundly condemned. On reflection I agreed with their point that one should not be committed even for an interim period. If the honourable gentlemen remember the Mental Health Act as it was originally drafted; one could be held only for a couple of days on the certificate of one practitioner. Here we have a man being able to be held, in theory, indefinitely until or unless a habeas corpus may, and a habeas corpus might not apply here because if a person is properly held under terms of legislation, habeas corpus just does not apply. There is authority to hold the subject, Sir. No judge will entertain a writ of habeas corpus. He will hear it. Of course, he will. He will hear it at any time. He will hear it in the middle of the night. He is unable to act, if the person is properly held according to legislation. Here we have the certificate of a duly qualified medical

Mr. Roberts.

practitioner, a person could be arrested and held in custody, according to this, indefinitely and until such time in the opinion of that practitioner

he has recovered the capacity, in effect, to look after himself. I think the liberties of the subject are something with which we must tread very gingerly. There is a very remote possibility that anybody would ever be arrested under this clause and held for too long a time but the possibility is there. There is no need for that possibility to be there. I think the purpose of the legislation could be achieved in full measure without that quite offensive clause.

That was the point I made earlier, Sir, and I make it again. I hope very much that when the minister speaks to close this debate, perhaps other hon. members will join in and they would be welcome of course, but I hope that when he speaks to close the debate he will not be stubborn about it. I hope he will just say, "Well, we copied the legislation from other jurisdictions and it is much the same, indeed possibly a little better but it is still not good enough." We will pass it at second reading and we will let it stand until the minister can bring in some amendments. I think amendments can be worked out which would remove this danger and which would give us a good piece of legislation. But that is up to the minister. If he wants it will be done and if not the bill will be forced through because there is no way that eight can outvote thirty-two.

Just to conclude, Sir, I think it is basically a good piece of legislation and if these offensive and objectionable features can be removed I think we will have a good piece, one which will benefit our people.

MR. NEARY: Mr. Speaker, my colleague, the Leader of the Opposition, pretty well covered all the points that I wanted to raise under this legislation. But there is one unanswered question in my mind and I would like the minister to clarify this when he closes the debate. First of all, Sir, I would like to say that I would prefer to see the government bringing in a piece of legislation that would be a little more positive than this, that would have a tendency to provide a cure to the disease of alcoholism. For some time a number of organizations in Newfoundland have been advocating a place, a hostel or whatever you want to call it for alcoholics. After all, Sir, alcohol is the biggest source of revenue this province has but these organizations do not seem to be able to make too much headway in doing something positive for the alcoholics and this certainly does not help

the situation any, Sir.

But that is not what I am worried about, I just mentioned that in passing. What really worries me is this and this is a reactionary piece of legislation, Mr. Speaker, once this act is passed will it give the authority for instance to the security staff over at Memorial University to - The minister nods his head and says no. Well I want his assurance, Sir, when he closes the debate that this will not happen because it could very easily happen. Then another question that is bothering me, Sir, when we talk here about intoxicated, does that mean just from spirits alone? Will intoxication in this context also mean a person who is taking drugs and if so, Mr. Speaker, how would the arresting officer know? If he is inexperienced, not trained, unqualified, how would he know whether a person is intoxicated or whether he has had drugs?

These are the two questions that seem to be unanswered, Sir, and I would like for the hon. minister when he is closing the debate to tell us categorically that the security staff at Memorial University will not be given the powers of a member of the Newfoundland Constabulary in this case or whether intoxication in this particular meaning of the act includes those who have taken drugs. I think, Sir, that this thing is wide open for mistakes, maybe honest mistakes. A person who is not qualified could very easily get the impression that somebody who is on drugs has been drinking and throw him in jail overnight, "forty-eight hours or less," it says here, and something serious could happen to that person, Sir, if he is not treated by a doctor.

So I would like for the hon. minister to assure me that if this bill is passed that these sort of things are not going to happen.

MR. ROWE (W.N.): Mr. Speaker, unless you want to go sort of alternately, I would like to have a word or two to say about this bill. I must say, Sir, that I share the sentiments as expressed last day and today by the hon. Leader of the Opposition on some of the dangers inherent in

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this bill. Now perhaps if the bill is passed as it exists now in its present form nothing will ever happen. We will never have occasion to see the liberty of the subject infringed upon, we will never have

MR. WM. ROWE: I have occasion to see anybody suffer as a result of this bill going through the House and passing into law.

But surely the duties of the members of this House and certainly the duty of the opposition is to point out to the House and to the public dangers no matter how remote they might be, dangers of people's personal liberty being frittered away by the desire of the government to have a nice piece of legislation similiar even to legislation passed by Manitoba and New Brunswick.

I understand from the honourable Minister of Justice for example that this bill already has one or two safeguards in it more than these other two bills, Manitoba and New Brunswick which went through their respective houses. Like the Leader of the Opposition I do not think that this goes far enough. I think without being accused of merely bringing attention to a particular section of the bill, I think that I can site what I would consider to be the principle of this bill without, as I say, the Speaker drawing me to order and saying that it should be done in committee, because I think the principle is contained in section (4) clause (4) of the bill as it is presently before the House.

Where a person is taken into custody under section (3), the person having custody of him shall release him on his recovering sufficient capacity to remove himself without danger to himself or others and without causing a nuisance, That is okay. Or (b) if an application is make sooner by a member of his family or any person of the full age of majority who appears to be suitable and capable of taking charge of the person into the charge of that applicant.

Now any person of the full age of majority would seem to be a strange type of section to me, Mr. Speaker. Perhaps the minister would have some further comment on it. If we are going to allow police officers and jailers to release a person to just any person who

MR. WM. ROWE: comes up and happens to look suitable to the police officer or jailer, as the case might be, I think there might be a danger there. That is not the danger I am going to refer to but it seems to me that perhaps that "any person of the full age of majority" could be defined with just a little more particularity.

Nothing spring to mind at the moment, but by the time this comes up before committee in a day or two, I am sure that the honourable Minister of Justice in conference with his officials can come up with a more adequate definition as to who should receive the custody of a man or woman who is being released from jail or custody under this section.

But the real objectionable part of the bill, Sir, comes in the proviso to that section which I have already quoted, provided however that a person shall not remain in custody under the provisions of paragraph (a) longer than forty-eight hours, unless at least two peace officers, not including the person having such custody, or a magistrate or a duly qualified medical practitioner shall view his condition and certify in writing that in their or his opinion, as the case may be, he had not recovered the capacity referred to in that paragraph but he shall thereafter be released immediately upon his recovering such capacity, presumably again unless the written objection of one of these people is put into the person having custody of the person in jail or wherever he might be.

Now also I would refer back to section (2) which is the defining section. It defines peace officer - any member of the Constabulary of Newfoundland, any member of the R.C.M.P., with respect to the area over which his authority extends, any municipal policeman, Mr. Chairman. Now I have all kinds of respect for the Newfoundland Constabulary, I have already voiced my opinion on that matter in this House, every respect in the world for the Newfoundland Constabulary and the individual members thereof. I have

MR. WM. ROWE: every respect for the R.C.M.P. and the individual members thereof. I do not have a similiar respect, because I do not know what municipal peace officers are going to be like all over the coast of Newfoundland and Labrador in the various towns that we have. I would submit, Sir, that this is a pretty wide power to give to any two peace officers which might, you know I just do not know what type of man, what type of individuals municipalities are going to be employing in the future.

So, Sir, I think that the main objection comes there in the "at least two peace officers" and perhaps it even comes with regard to the magistrate because the magistrate would be acting on advice, I suppose, tendered to him by members of the Constabulary or police force in any event, even though he views the condition of the person in custody.

So, I would submit, Sir, again without having sat down and drafted out any amendment to this, I would submit for the honourable minister's consideration that perhaps

he himself or one of his colleagues it would have to be, bring in an amendment when this comes to committee, perhaps he can give some indication of it now, getting rid of this provision or in its present form and perhaps substituting therefor two qualified medical practitioners as is the case I believe in the Mental Health Act which my hon. colleague brought into this House when he was Minister of Health. At that time, as he said, the power was contained in the bill to give one qualified medical practitioner the right to have a man certified I suppose, committed to the Mental Hospital for a couple of days until the superintendent or some such person in the hospital had a chance to look at him. At that time every member of the House, including myself and including some of the then minister's own colleagues, said that this is too wide a power to give to any one man. Who knows what any one man might do under stress or in certain circumstances? So I think, Sir, that we should probably wipe out the reference to the magistrate, wipe out the reference to two peace officers and put in "perhaps two duly qualified medical practitioners." This might be expensive, this might be inconvenient even to the medical profession in Newfoundland but I think it is a small price to pay when we are trying to safeguard the liberty of individuals. Let us never forget what individuals we are talking about, Mr. Speaker. We are talking generally speaking about certain poor, pathetic cases that every practicing lawyer has seen come up before magistrates court and get fined a small amount of money or committed to jail for being publicly drunk.

MR. ROBERTS: Some of them have 150 convictions.

MR. ROWE (W.N.): That is right. Every Monday of the week or whenever these things come up the same poor, pathetic individuals by and large come up and receive the full force of the law. It is not a very heavy penalty but as the law presently exists, hopefully it will be superseded

by this bill, these poor, pathetic individuals come up and are treated as criminals rather than as medical cases. I think that this principle of treating them as medical cases, which I believe is the sum and substance of this bill, should be carried right through the whole principle of the bill. If a person is going to be detained, deprived of his liberty because he is a drunk, because he is an alcoholic, because his intoxicated condition has not improved or because he needs other medical attention, surely that is what we are talking about, medical attention, that if he is going to be detained any further that two qualified medical practitioners perhaps should be the ones who certify in writing that such person should in fact be detained further.

I am in complete accord with my hon. friend, the Leader of the Opposition. I think the bill is a good one in substance and I think if this principle is carried through to its logical conclusion, treating these people whom we are all talking about rather delicately as medical cases, then I think perhaps the amendment which I have suggested, perhaps polished up a little bit by the minister's officials, would be acceptable to this hon. House.

MR. WELLS: Mr. Speaker, I have listened with some interest to what has been said about this bill and I have given it some thought since it was last before this House. I think we all agree that the principle is good to stop treating the ordinary person who is drunk in a public place to stop treating it as a crime and start treating it another way. Now in practice what happens now under the present legislation is that a person is taken into custody here in St. John's, actually outside St. John's and possibly Corner Brook, but certainly outside St. John's there are very few such arrests for being drunk in a public place. Most of them occur in St. John's and the person is brought up before the magistrate in the morning and the charge is drunk in a public place. The policeman goes in the box and says, "I picked up so and so in such and such a place, he was drunk Your Honour," and His Honour says,

"Fined \$2.00." or if there is a previous record, "fined \$10.00 or \$5.00," whatever it might be and the person goes away. In many cases the person is not even kept in custody until he gets before the court and the clerk in the magistrates court says, "Released on bond."

So it is not that serious what happens now really but I still think this is a good thing and I think they should be taken into custody for their own protection because you get a man falling around down on Duckworth Street or Water Street and I think out of common decency you would at least take him in a warm place until he has had a chance to sleep it off. Now this business about his recovering capacity, fine. When he has recovered capacity you let him go and I think that is good. If the application is made sooner by a member of his family or a person of full age of majority, (which is what now? Nineteen) he lets the person go and that is all there is too it.

Now as I view these second parts or clauses of this section, the forty-eight hours is a safeguard. It is not a weapon, it is not a sword that says you shall

put them in for forty-eight hours. It is simply a safeguard that if all else fails he shall be kept in for longer than forty-eight hours. Now you have to look at the motivation that exists for example in the police station in connection with the people who are drunk. People who are drunk and brought in, the motivation of all the police concerned and the guard there is obviously to get the man out as soon as possible. What in the dickens, Mr. Speaker, would they want to keep a person who is drunk and sobered up longer than the minimum time which they can get rid of him. If there were a question of keeping him for twenty-four hours or forty-eight hours, they would soon fill every cell was there. If someone came in arrested for break and entry or rape or murder or something, they have no place to put them. So the motivation on the guards or police officers is to get them out at the earliest possible, and there is no possible motivation that I can see for them to want to keep them in longer than the minimum time in which they can let them go.

But the bill I think very wisely says, okay, we recognize that but whatever the situation you shall not keep them longer than forty-eight hours unless two police officers or a magistrate or a duly qualified medical practitioner says that you shall. So this forty-eight hours is nothing more nor less as I see it than a safeguard. It says, we know, but implicitly we know you are going to get them out of there as soon as you can. This is what happens, what else possibly, for what possible reason we should keep a person who has sobered up there longer than the minimum time that you could. If he is sick or not well or does not come to himself or obviously sick, I mean the guard goes in and he looks along the wall of cells and he says to the sergeant in charge that there is something wrong. "Look, there is something wrong with that fellow in cell No. 4." So the sergeant would say, "well, look get a doctor" the police have access to medical practitioners who go down there and care for people. So that if he did not appear to be coming around, they

would have a doctor within five or six hours. Certainly if he were picked up any time in the evening or night and he was not all right by nine or ten in the morning, when they want him out of there, they would get a doctor to see to him. But this safeguard exists that whatever, he shall not stay longer than forty-eight hours unless the thing is looked into by these people who are sent for.

AN HON. MEMBER: Inaudible.

MR. WELLS: What?

AN HON. MEMBER: Inaudible.

MR. WELLS: It may well. Policemen, they are not doctors, but they have a good idea, you know, whether a person is drunk or there is something else wrong with him.

AN HON. MEMBER: Peace officers.

MR. WELLS: Yes, peace officers with the police men.

AN HON. MEMBER: Inaudible.

MR. WELLS: Police officers are more than policemen, but municipal police. Let us face it now, we are talking about St. John's really.

AN HON. MEMBER: No. No. No.

MR. WELLS: Oh, no, this applies to all of Newfoundland. But if you had spent any time in magistrates court around the province you will find the charges of common drunkenness outside of St. John's by and large they are as rare as hens teeth. They just do not seem to come before the courts and I have appeared in a good many courts all around this province in the mornings and have heard the start off of matters and there are no drunks called, it seems to me except possibly a few in Corner Brook and in St. John's, the urban cities.

So really what we have here is a little safeguard that although we know that they are going to be released in a matter of hours anyway and the motivation of the police, if they can get them out so as not to clog up the system, this little safeguard is here that they shall not be there longer than forty-eight hours. So quite honestly, Mr. Speaker, you can

speaking for days and hours about the liberty of the subject. There are cases under the Criminal Code, I wish the Criminal Code in some respects came under the jurisdiction of this House so that we could talk about it. There are lots of areas of law reform that I would love to have a go at. Perhaps I will in the Throne Speech Debate before it is over. But this is not serious. This is not really interfering with the liberty of the subject, this is a safeguard so that even whatever comes to pass you cannot keep the person there too long. I think you must in this recognize the motivation to get him out, to get him out and keep him out from clogging the system. That is what would be done in ninety-nine per cent of the cases as quickly as possible in the other percentage the common sense of the police officers involved, if he did not come to himself in the morning they would get a doctor anyway.

I appreciate all about the liberty of the subject. But here I think we are barking up an unnecessary tree. This should be regarded I think as a safeguard rather than something which could tie up and imprison the individual in the dreadful jail down there. This I do not think is the point of this at all and this is not the way in which it would work.

MR. MARTIN: May I just make a point please. I had not meant to speak on this until we came into committee, but I have listened with great interest to the points made by my friend the honourable member for White Bay North. I think he has a valid point

I agree in principle with what the hon. gentleman from St. John's South says as well but there is an area here that we cannot discard lightly as being a matter of motivation of the people in the police office concerned. We have to look at all of the probabilities. We are talking about in subparagraph (c), the proviso in section (4), at least two peace officers not including the person having such custody. While this merely is a proviso section I think the hon. Minister of Justice might well take a closer look at this and see since it is a proviso section whether or not as the hon. member for White Bay North has suggested that it should be changed to two qualified medical practitioners because the number of times that this thing is going to have to be put into use are so few anyway that we may just as well have a good safeguard in there for that time when it becomes necessary to protect the liberty of the individual.

MR. SPEAKER: If the hon. member speaks he closes the debate.

MR. HICKMAN: Mr. Speaker, first may I thank hon. members for their contribution to this debate. It is the kind of debate on legislation that I suggest makes being a member of this House worthwhile. I am all for debates that make good points without any acrimony, without any vindictiveness, without any personalities brought into it, it is what the House of Assembly is all about, as I see it, Mr. Speaker.

Firstly let me very briefly review the laws that exist in Canada today on this type of legislation. When this act was approved by government and prior to it being introduced in this House we have the benefit of reviewing similar legislation in two provinces namely New Brunswick and Manitoba. This gave us an opportunity, Mr. Speaker, to improve on the legislation that exist in these two provinces. In both these provinces they give a peace officer the same rights as we give in this piece of legislation here and I see nothing dangerous about that particular section.

Then they went on simply to say that whenever a peace officer finds a person in a public place or a place where the public has access, in an intoxicated condition, he may take him into custody. It is government's opinion that this legislation that is before this House should be more restrictive and in that it is provided that it has to be something more than the subjective opinion of a police officer because there is a yardstick laid out. He has to be in such a condition of intoxication as to endanger himself, to endanger others or to cause a nuisance. That, Mr. Speaker, is certainly an improvement on the legislation in the other jurisdictions.

May I draw, Mr. Speaker, the House's attention to the mandatory provision of clause (4) which says that when a person taken into custody under the previous section that the person having custody of him shall release him upon his recovering sufficient capacity etc. Now, Mr. Speaker, the clause that seems to be causing hon. members some concern is the second part of clause (4). It is put in there, it is an improvement over existing legislation in these other two jurisdictions but that does not mean that if we can improve it further we should not, but it is put in there, as the hon. the member for St. John's South says, as a safeguard. I cannot think of too many situations when it will arise that this will ever need to be used. To say what it was safeguarding is the possibility of you get a poor fellow in there who is not intoxicated, not drunk, for just a few hours, and can sober up but who because of the illness of alcoholicism even at the end of two days may not be in a position where he should be released. There it was decided that

MR. HICKMAN: regardless of his condition, regardless of whether he could have caused danger to the public or danger to himself, that he shall not be kept there longer than forty-eight hours unless these provisos, these protective provisos are availed of.

The difference between this bill and the bill that the honourable Leader of the Opposition referred to, is that in the Mental Health Bill, you need two medical practitioners in order to get a man in to receive treatment, here you need one to get him out and that is quite a different principle, Mr. Speaker, from the one in the other bill. On that particular clause, I am not hard and fast on it, I would certainly have no hesitancy in having my officials look at it once again to see if we can find a practical solution. I do not like at all the provision in the Manitoba bill which provides that at the expiration of twenty-four hours, a man should be released. This is a pretty dangerous provision. Because it means that not matter what his condition is, no matter whether he requires treatment or not, no matter whether he should go to the kind of institution that the honourable member for Bell Island refers to, he shall be released. That is bad. That is bad legislation.

MR. NEARY: He should be sobered up after twenty-four hours.

MR. HICKMAN: No, but it may be illness.

Mr. Speaker, I thank the honourable members. I am very much taken with the comments of the honourable members for St. John's South, who is a criminal lawyer of great renown and who appears as counsel for the accused on so many occasions, in his approval of the principle of this bill.

Mr. Speaker, the simple fact is that this is far from being a reactionary piece of legislation. This is a forward looking piece of legislation, a very humane bill, a very humane piece of legislation, a very christian piece of legislation, the reverse of reactionary and one that I submit and hope will have the approbation of all

MR. HICKMAN: honourable members of this House.

MR. WM. ROWE: Mr. Speaker, may I ask him a question just before he concludes his speech, would he consider perhaps merely adding the fourth last line of section (4) perhaps if he put in there "certify to the Minister of Justice in writing," that would take care of it, because as it is there now I mean "certify in writing" it seem to be rather meaningless.

Would the minister not agree then if it were: "Certify in writing to the Minister of Justice," then at least the Minister of Justice would know how long a certain person is being held from time to time.

MR. HICKMAN: I have no objection to that amendment. I do not know again what the practical effect would be if some poor fellow say in Labrador City -

MR. WM. ROWE: That is why I ask now, you can check it out with your officials.

MR. HICKMAN: So long as it does not mean that he has to await a reply from me, but more if the honourable Member for White Bay South means for the record, for my information, fine. The honourable member for Bell Island said there was a question I did not answer, this is one with reference -

AN HON. MEMBER: Inaudible.

MR. HICKMAN: No, Mr. Speaker, as of today, there is no legislation in course that would confer upon the security officers at Memorial University the authority of peace officers.

MR. ROBERTS: Authority of peace officers.

MR. HICKMAN: If it should ever be decided as a matter of policy, that principle would have to be debated here first. I move second reading.

On motion a Bill, "An Act Respecting Persons In An Intoxicated Condition In Public Places," read a second time, ordered referred to a Committee of the Whole House on tomorrow.

MR. MARSHALL: Mr. Speaker, it is almost six o'clock so I do move that the House at its rising do adjourn until tomorrow, Tuesday at 3:00 in the afternoon and that this House be now adjourned.

MR. SPEAKER: It is moved and seconded that the House do now adjourn until tomorrow, Tuesday at 3:00 o'clock, those in favour "aye" those against "nay", carried.

I do now leave the Chair until 3:00 o'clock tomorrow.

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