



PROVINCE OF NEWFOUNDLAND

**THIRTY-SIXTH GENERAL ASSEMBLY
OF
NEWFOUNDLAND**

Volume 2

2nd Session

Number 25

VERBATIM REPORT

Tuesday, March 13, 1973

SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

I would like to welcome all strangers to the galleries today but I would especially like to welcome forty-six Grade VIII students from St. John Bosco School here in St. John's, with their teachers, Mr. P. Hogan and Mr. F. Hearn. On behalf of all honourable members I welcome you to the galleries, I trust that your visit is most informative and interesting.

PETITIONS

HON. H. R. V. EARLE (MINISTER OF PUBLIC WORKS AND SERVICES): Mr. Speaker, I beg leave to present a petition from the residents of Rencontre East. This petition is twofold, namely: for a highway connecting with the Burin Peninsula Highway from Rencontre East to the Burin Peninsula Highway. The second is for attention to the telephone system which is very bad in the area. Actually, of course, the section of the petition dealing with telephone communications should not come to this House, because communications of that nature are handled federally, and it is done through the CNT.

The road question which is asking for a connection to the main Burin Highway is a very extensive and costly job, if it could be done at all. I have an estimate that the complete road would cost something in the vicinity of \$12 million.

I can only present the petition and support it; in the light of the fact that this sort of a contract may be possible in years to come. I would ask that it be placed on the table of the House and referred to the minister to whom it relates.

MR. S.A. NEARY: It gives me great pleasure to support the petition, I am not quite sure if the member for the district agrees with the petition or not. He mentioned the cost there. But, Sir, I would say that this is a reasonable request that the people down in the honourable members district are trying to break the isolation. In view of the fact today, Sir, we heard that the unemployment figures in Newfoundland are 16.2 per cent, as of last month. the end of last month, this might be a good make-work

project, to put people to work building this road.

As far as the telephone system is concerned, Sir, I think the honourable minister indicated that this is outside of the jurisdiction of this House, but nevertheless I think the people down there are entitled to an adequate telephone system and I support the prayer of the petition.

On motion petition received.

ORDERS OF THE DAY.

MR. F. B. ROWE: Mr. Speaker, I would like to address a question to the Minister of Fisheries. In view of the fact that the fishermen on the Northwest Coast are anxious to get back to repairing their boats and gear for the spring fisheries, has the minister anything new to report with regards to negotiations with the federal government in providing assistance to these fishermen?

HON. R.L. CHEESEMAN: (MINISTER OF FISHERIES): Mr. Speaker, in answer to the honourable member for St. Barbe North, the position is that there has been some correspondence with Ottawa, that is still in the process, as indicated by the honourable Mr. Davis in the House, I think within the last couple of days. There may or may not have been some misunderstanding about the requests that went forward and the reply that came, so I wrote again in clarification of that. But I would hope that within a week the position will be clarified and there will be some definitely policy statement on it. We recognize the urgency of the need to do something about it.

MR. F. B. ROWE: A supplementary question, Mr. Speaker, in the negotiations which you are having with the federal government, does this only concern damage and loss of boats? Does it also cover loss of fishing gear itself?

MR. CHEESEMAN: The survey as such carried everything that was declared as loss, so it included everything that was declared as loss.

MR. P.S. THOMS: Mr. Speaker, I would like to direct a question to the Minister of Forestry and Agriculture. Could the minister inform this House if there are any moves within his department to keep the farmland in and around the St. John's Area as farmland so it will not be gobbled up

by land speculators?

HON. E. MAYNARD: (MINISTER OF AGRICULTURE AND FORESTS): I would rather take that question as notice, Mr. Speaker, and answer it in the way of a ministerial statement, at a future date.

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

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Head VII - SOCIAL SERVICES.

MR. NEARY: Mr. Chairman, before I make a few comments on Head VIII - Social Services may I point out, Sir, to people who are covering this honourable House for the first time that we are not bogged down on Head VIII, that we have only spent twenty minutes so far on Interim Supply - \$85,900,000. We have only spent about fifteen or twenty minutes on it so far, Sir. I think that this House is entitled to spend a half an hour or an hour or so discussing almost \$86 million. The Leader of the Opposition, when he opened the debate or was responding to the Minister of Finance, said that we were going to let this Interim Supply Bill go through rather quickly. Well, Sir, we intend to do that. There is no conflict between the Leader of the Opposition and myself on this. What the Leader of the Opposition meant was we would let it go through rather quickly after asking a few questions. That is what we intend to do, Sir.

I hope that I do not pick up the morning paper and see that we are bogged down on Interim Supply when we only spent about twenty minutes on it. So far, I would say a maximum of twenty minutes. We should be entitled to an hour at least, Mr. Chairman, when we are spending \$86 million of the taxpayers money.

Now, Mr. Chairman, yesterday I put a few questions to the Minister of Social Services, and I am glad to see him back in his seat after being battered and bruised this morning on the "Open Line Programme". I was on my way over to Bell Island and I tuned in to hear the honourable minister getting raked over the coals, getting a taste of his own medicine, Mr. Chairman.

AN HON. MEMBER: From his own constituents.

MR. NEARY: Getting a taste of his own medicine, and from his own constituents this time, Now he knows what it is like, Sir. Now the honourable minister knows what it is like.

MR. CHAIRMAN: Order, please! The honourable member for Bell Island will deal with Head VIII - Social Services.

MR. NEARY: What a display, Mr. Chairman, of contempt and arrogance, lack of respect for the opinion of the people.

MR. MURPHY: Oh, my!

MR. CHAIRMAN: Order, please!

MR. NEARY: Anyway, Mr. Chairman, I am glad to see the honourable minister back in his seat, though his nose may be bloodied a little bit.

MR. MURPHY: The honourable member is glad to see me back.

MR. NEARY: As a matter of fact, Mr. Chairman, some of the matters that I raised yesterday in this honourable House were matters that were brought up on the programme this morning which the honourable minister appeared on, by callers, by welfare recipients, by people who are employed and are earning a low income. I heard the honourable minister make one statement that I would certainly like to have it clarified, The honourable minister said that Ottawa, the Government of Canada has asked the province to

lay off, hold back, do not do anything until you hear from us. Sir, I would like to know if the honourable minister has that in writing. Was it an oral request? How was this message communicated to the government?

MR. MURPHY: Would you like that answered?

MR. NEARY: Yes, I would like to have that answered.

MR. MURPHY: Some ten days ago, my deputy minister and I held a meeting with Mr. Lalonde, Minister of Health and Welfare. We put forward several matters that are presently in the works with our government. They asked us if we would kindly refrain from introducing or mentioning any new projects because of the fact (I think I have made this statement on several occasions) that within the next few days or perhaps a couple of weeks, there will be a complete new picture of welfare services as such. They would like, before we start getting into our own, for us to hold discussions with other provinces and discuss the matter nationally rather than provincially. That is just the actual story. I do not know if the honourable member wants to make any other comment on that. I can get Mr. Lalonde on the phone and tonight, if he wants to -

MR. NEARY: I do not want to make any other comment on it apart from to say that social welfare programmes are the responsibility of the province. They come under the jurisdiction of the province.

MR. MURPHY: Hear! Hear!

MR. NEARY: If this great government that was going to be brought to the people -

MR. MURPHY: Hear! Hear!

MR. NEARY: If they want to continue the fuel allowance -

AN HON. MEMBER: Get to the point!

MR. NEARY: If they want to continue the fuel allowance beyond

Mr. Neary

the end of April, Sir, they can do it.

MR. MURPHY: Absolutely.

MR. NEARY: They can do it. They are not going to do it. We were told yesterday by the honourable minister.

MR. MURPHY: That is not true. The honourable minister did not say any such thing.

MR. NEARY: Well, Sir, I could not understand the answer that the honourable minister gave me.

MR. MURPHY: The honourable member cannot understand anyhow.

MR. NEARY: Well I will put the question to the honourable minister again. Will the fuel allowance be carried on beyond the end of April? Is there provision in the Interim Supply Bill, in Head VIII, Social Services? Is there provision here to carry on the fuel allowance up to the end of May which covers the period that the Minister of Finance is asking for Interim Supply?

MR. MURPHY: There will be a fuel allowance carried on until the end of May.

MR. NEARY: Will it be the ten extra dollars a month? Five of which was started by the previous administration and five put on by the new administration when they took over. Will it revert back to fifteen dollars after the end of April? Will it be twenty-five dollars up to the end of May which is the period that this Interim Supply Bill covers? Would the honourable minister answer that?

MR. MURPHY: Would the honourable member sit down so I can stand up?

MR. NEARY: Go ahead. Give me the answer.

MR. MURPHY: Mr. Chairman, this same question was asked me yesterday. My answer to it is in Hansard. I do not know why we should be compelled to have the same question. The honourable gentleman has referred to what someone said that this thing is being bogged down. Well if we are

Mr. Murphy

to listen to this gentleman, he has asked the same question three or four times - if that is not bogged down, I wonder what is. The answer is this: I am not in a position at this time to annunciate the policy of my government which will be brought down in the estimates and in the budget in a very short time. Basically, any more than that I cannot answer.

MR. NEARY: Well, Mr. Chairman, this Interim Supply Bill is asking this House to vote the Department of Social Services, \$6,675,000 which is two months' interim supply which will bring it up to the end of May. Now surely if the minister comes into this House and asks for \$6,675,000 then surely he must know whether or not the fuel allowance or the extra ten dollars a month fuel allowance is going to be carried on until the end of May or not?

MR. MURPHY: You are beating a dead horse.

MR. NEARY: I am not flogging a dead horse. I want the answer to this, Mr. Chairman. I am not asking the minister to tell us what the policy is going to be over the long haul, I want to know what it is going to be for the month of May.

AN HON. MEMBER: We do not know the weather yet.

MR. NEARY: Mr. Chairman, I am addressing my question to the Minister of Social Services, not the other crackies on the other side. The minister is refusing to give me the answer.

MR. MURPHY: To a point of order, Mr. Chairman, I cannot accept that I refuse to answer. I think I have answered to the best of my ability.

AN HON. MEMBER: (Inaudible).

MR. MURPHY: That is all right. I want to get down to the level of the opposition.

MR. CHAIRMAN: The minister's point is well-taken. The question has been answered on numerous occasions. The minister has given the answer

Mr. Chairman.

that he is prepared to give and if the honourable member persists in asking the question, I will have to rule him out of order.

MR. NEARY: Mr. Chairman, the minister is coming into this House and asking for \$6,675,000 and he does not know what he wants it for.

MR. MURPHY: Refuse it! Refuse it! If that is how the minister feels, refuse it! Tomorrow you will be saying that there is not enough bread on our tables; there is not enough to eat.

MR. ROBERTS: Mr. Chairman, to a point of order, if Your Honour is so tender on enforcing the rules, would Your Honour be good enough to ask the crackies to keep quiet and let my colleague speak?

MR. MURPHY: Oh, sit down!

MR. EVANS: (Inaudible).

MR. ROBERTS: That is exactly what I mean, Mr. Chairman. Would Your Honour be good enough to enforce the rules of the committee?

MR. CHAIRMAN: All honourable members have the right to be heard in silence; however, as I stated previously, provocative remarks from either side of the House are going to evoke provocative remarks from the other side to which they are directed. If the honourable member wishes to speak and to be heard in silence, he will have to tailor his remarks accordingly.

MR. ROBERTS: Mr. Chairman, with utter respect, that is utter foolishness. I never heard the like of it. My colleague has the right; if he has the floor, it is in order to say what he wishes. If the other honourable gentlemen opposite cannot control themselves, Sir, that is their problem. We have quite a job controlling ourselves from such gentlemen as the hon. member for St. John's Centre, but we do manage. It is a struggle.

MR. MURPHY: (Inaudible).

MR. ROBERTS: Do you see exactly what I mean, Your Honour - speaking to a point of order. The hon. gentleman from St. John's Centre cannot seem to accept the fact that he is bound by the rules of this House. Of all the arrogance! By God, I thought I saw arrogance when we were over there!

MR. MURPHY: Absolutely.

MR. ROBERTS: But far more now. My colleague has the right to be heard in silence, I submit, Sir. If he says anything that is out of order, I know Your Honour will not hesitate for a second to call him to order. The honourable member has the right to be heard in silence.

MR. CHAIRMAN: Before the honourable member resumes his place, I would like to direct a comment to the Leader of the Opposition whereby he has intimated that the ruling of the Chair was utter foolishness. That type of remark is not particularly in good taste in this House. The Chair was merely reflecting what transpires in a House where honourable members get involved in protracted debate with one another and there are recriminations and acrimonious debate. If honourable members are to involve themselves in such debate, they have to expect to reap what they sow.

MR. ROBERTS: Mr. Chairman, I did not say that Your Honour's ruling was utter foolishness. I said, "your Honour's reflections were utter foolishness."

AN HON. MEMBER: A rose of any other name is still a rose.

MR. ROBERTS: Foolishness by any other name is still foolishness.

MR. CHAIRMAN: Order!

MR. NEARY: So, Mr. Chairman, I can only assume, because I cannot get a definite yes or no, a simple yes or no answer from the minister, that the extra ten dollars a month, fuel allowance for the months of November, December, January, February, March and April will be discontinued after the end of April.

MR. HICKEY: To a point of order, Mr. Chairman. May I make a couple of observations?

MR. NEARY: State your point of order.

MR. HICKEY: Just hold on a second. Just take it easy boss! The Chairman is up there. I have sat, Mr. Chairman, and I have listened to the honourable gentleman -

MR. NEARY: Mr. Chairman, what is the point of order?

MR. HICKEY: He now tells the House that the fuel allowance will be decreased. The minister responsible made no statement of a change in policy with regard to the fuel allowance. The hon. member for Bell Island may, therefore, conclude that there will be no change in that policy until he announces such a change.

MR. NEARY: What is the point of order, Mr. Chairman?

MR. HICKEY: Now he got his answer, so let him get on with the next item.

MR. NEARY: Mr. Chairman, is that a point of order?

MR. CHAIRMAN: There is no point of order.

MR. NEARY: There is no point of order, the Chairman says.

Why does not the honourable member learn the rules of the House? Spend sometime in the House and learn the rules. The honourable member never did learn the rules. We found that out on two occasions. I can only assume, Mr. Chairman, that after the end of April that this ten dollars will be dropped.

Now, Sir, I also asked the minister about the food rates. The minister told me that since the new administration took over, five dollars had been added to the food rates for adults in the family. There was no increase for the children. Well that is probably a true statement, Sir, but I ask the -

MR. MURPHY: Did I say that?

AN HON. MEMBER: No!

MR. NEARY: Yes. There was an increase of five dollars for each adult in the family, so the minister said.

MR. MURPHY: He is talking about food.

MR. NEARY: Food I am talking about.

MR. MURPHY: Yes, right.

MR. NEARY: I was unable to get a satisfactory answer from the minister, Mr. Chairman, on whether or not the new administration, the Tory Government, were going to increase the food rate for the period under which they are asking for Interim Supply?

I pointed out, Sir, that the cost of living had increased drastically in the last year or so and that the Government of Canada had recognized this fact by increasing the old age pension up to \$175 a month and I asked the minister if any consideration were being given to increasing the food rates. The minister could not give me a definite answer. Well, Sir, I can only

assume that the rates are going to remain the same, and the same thing with the clothing allowance, Sir. As a matter of fact I asked the minister to inform the House what the clothing allowance was for each adult and each child in a family on short-term assistance and long-term assistance. I do not think I got an answer to this question at all, Sir, and I am going to put the question to the minister again. I am merely asking, Mr. Chairman, what the present policy is. What is the clothing allowance for adults and children on short and long-term assistance? If it is a fact, Mr. Chairman, that children of families, below school age, and children depending on their families, above school age, are not entitled to any clothing allowance at all when on short-term assistance? Yet, Mr. Chairman, we hear the Premier announcing publicly that there is a saving of \$4 million in welfare this year, a saving of \$4 million. There is no such thing, Sir.

AN HON. MEMBER: Are you entitled to make a speech?

MR. NEARY: Yes, I am entitled to make a speech if I want to, and the hon. member can get up and make one if he wants to.

So I can only assume, Sir, that this policy is going to remain the same. That children, below school age, of families on short-term assistance and children above school age, of families on short-term assistance, will not be considered for clothing allowance and the same thing, Sir, with household maintenance. The hon. minister had a question put to him this morning, when he was being badgered on the "Open Line Programme", why people on short-term assistance did not get the household maintenance utilities allowance of \$25.00 a month. So I put this question as a matter of fact to the minister yesterday afternoon here in this hon. House, and I did not get an answer. I would like to know now, Mr. Chairman, if the government is considering, under the Interim Supply Bill, granting \$25.00 household maintenance allowance to families on short-term assistance. Perhaps the hon. Premier,

Mr. Chairman, could take some of that savings of \$4 million and pass it back to the welfare recipients.

AN HON. MEMBER: (Inaudible).

MR. NEARY: And the George McLean enquiry.

Now, Mr. Chairman, I come to probably the most important part of my remarks, which deal with statistics involving the number of cases and the number of people on short and long-term assistance at the end of February, 1973, I think it was. Was it the figure at the end of February, 1973, the minister gave me yesterday? Mr. Chairman, I wonder if the hon. minister could tell me if that figure he gave us yesterday was as of the end of February, 1973?

MR. MURPHY: As far as I know that was for the month of February, 1973, long-term and short-term.

MR. NEARY: Well, I thank the hon. minister for confirming that fact, that minute detail, Mr. Chairman. Now, Sir, the hon. minister tells us that as of the end of February, 1973, approximately 91,000 persons were receiving long and short-term social assistance from the Department of Social Services. According to my figures, Sir, that is about 9,000 persons more than received social assistance for about the same time last year, 9,000 more.

AN HON. MEMBER: 2,000 less.

MR. NEARY: No, Mr. Chairman, it is not 2,000 less, not according to the annual report of the Department of Social Services and Rehabilitation.

MR. MURPHY: Does the hon. member wish all the statistics month by month?

MR. NEARY: Mr. Chairman, I have the statistics here.

MR. MURPHY: Okay, read them off and we will check.

MR. NEARY: At the end of March, 1972, there were 34,874 persons -

MR. MURPHY: Cases, give us the cases?

MR. NEARY: No, 34,874 persons receiving short-term assistance and 48,039 persons receiving long-term assistance for a total of 82,913 persons.

That is according to the annual report of the Department of Social Services and Rehabilitation. In other words there are 9,000 more persons receiving social assistance this year than for the same period last year.

MR. MURPHY: Hogwash!

MR. NEARY: It is not hogwash, Mr. Chairman. The hon. minister gave me the figures and there is the annual report of the department, the hon. minister has one and he can check it.

AN HON. MEMBER: 500 families off welfare this year.

MR. NEARY: 500 families, my big toe! There are no 500 families off welfare, Mr. Chairman.

AN HON. MEMBER: 8,000 last January.

MR. NEARY: There are 9,000 more -

AN HON. MEMBER: Nearly 8,000 last January.

MR. NEARY: Mr. Chairman, I am talking about the same period last year according to this report, 9,000 more persons receiving social assistance than at the same time last year and yet, Mr. Chairman, we hear the hon. Premier going around the province boasting of the fact that the government has saved \$4 million in social assistance. So I would like for the hon. the Premier to tell us how that money was saved or I would like for the hon. minister to tell us how the government managed to save \$4 million, how the Tory administration saved \$4 million, Mr. Chairman, when we have children who cannot get a clothing allowances, when we have families on short-term assistance who cannot get household maintenance allowances, when we have families in this province who cannot get enough food to put on their table, we have the fuel allowance being cut back after the end of April. Yet the Premier tells us that the government saved \$4 million in welfare. Well, Sir, before we pass this vote I want to know how they saved it.

We have heard the hon. minister's predecessor tell us that he appointed a political appointee that saved the government a half

a million dollars.

MR. MURPHY: Bully for him!

MR. NEARY: Well, Sir, I want to find out. I hope it is true. I want to find out if it is true, Mr. Chairman.

MR. HICKEY: A point of order, Mr. Chairman. I at no time inside or outside this House admitted making any political appointment. The hon. gentleman is taking about himself. Do not judge everyone by himself.

MR. NEARY: Mr. Chairman, if the hon. minister cannot stand the heat, Sir, let him get out of the kitchen. Go outside and cool off. Sir, I am stating facts here, Mr. Chairman, and I know it hurts. When the hon. minister was down in Bermuda spending the tax payers money, he should have been checking on these things and not feeding the hon. Premier the wrong information and then the hon. Premier goes out and announces it to the whole world as being factual when in actual fact, Sir, he is - If I were the hon. Premier I would check the information that was being fed to me.

MR. HICKEY: A point of order, Mr. Chairman, make the hon. gentleman withdraw that statement.

MR. NEARY: Withdraw what statement, Mr. Chairman?

MR. HICKEY: I have not fed the hon. the Premier anything but facts and when I was in Bermuda spending the tax payers money, I was there on government business. If the hon. gentleman wants a one hour description of my trip to Bermuda, he shall have it, something he should have done a long time ago. Now put up or shut up!

MR. CHAIRMAN: With respect to the hon. member's point of order, there will be ample time in debate on this head for the hon. member to answer any points of debate that the member for Bell Island will bring up. At the present time I do not see that there is any point of order.

MR. NEARY: Thank you, Mr. Chairman. The hon. minister is probably still smarting under having to pay back the money for the car he used.

Well, Sir, we are told by the hon. the Premier that there was a saving of \$4 million and I want to find out where that saving actually occurred, under what heading? I would also like for the hon. minister, Sir, if he choose to speak in this debate, to tell us about the investigating service that his predecessor set up, this CIA, to go out snooping on welfare recipients. I would like to find out, Sir, if that has been set up and how long it has been functioning. Who is in charge of it? What they hope to accomplish? Investigating services, Sir, undermining the welfare officers. This is all it does, Sir, snooping on

the poor people of this province because the minister over reacted to criticism that some welfare recipients were lazy and would not take jobs. So the minister over-reacted and set up his own C.I.A. to snoop on the poor people of this province.

I do not know if they have gone as far as they went in England there last year, Sir, to go down peeping through the keyholes -

AN HON. MEMBER: Inaudible.

MR. NEARY: Well the honourable minister got a good colleague to work on that, I can tell you.

AN HON. MEMBER: You better believe it.

MR. NEARY: Sir, about this investigating service, I would like to know where their offices are located? How many people are actually involved in this security arrangement, going around the province snooping on the welfare recipients? I would also like to know, Mr. Chairman, while the honourable minister is on his feet, if he would tell us about this employment agency, so called, that the minister's predecessor set up. It was supposed to have created five hundred jobs and save \$.5 million.

"Worth his weight in gold," we heard here in the House one day and yet while we are hearing that statement being made, Mr. Chairman, we discover that the case load as of the end of February is up by 9,000 persons, and yet the government is claiming credit for creating 500 jobs. Sir, if welfare recipients got 500 jobs, it is no thanks to the provincial government, Sir. the jobs were created by Ottawa, under the LIP programme.

We heard today, Mr. Speaker, that the unemployment figure in Newfoundland is 16.2 per cent, astounding, a staggering figure, Sir.

MR. MURPHY: 18,000 jobs created, tell the whole story not half of it.

MR. NEARY: Unemployment in this province, the staggering figure of 16.2 per cent, Sir, I will make a categorical statement here and now in this honourable House -

MR. MURPHY: That is something.

MR. NEARY: That the figure would be 23.2 per cent if it were not for Uncle Ottawa, if it were not for the training and retraining programmes -

MR. MURPHY: It might be 100 per cent.

MR. NEARY: And over 6,000 jobs created in Newfoundland by the local initiatives programme.

MR. MURPHY: Tremendous.

MR. NEARY: 8,000 jobs in all, if you call on-the-job training, and training and retraining, jobs, 8,000, Sir. We hear the honourable Premier going around the province again boasting of the fact that the rural development programme is catching on, \$2 million spent on rural development to create jobs, so far we have not been able to determine where the jobs were created. We have a list. These jobs would have been there anyway, seasonal employment the most of them, just give-away programmes.

MR. MURPHY: Inaudible.

MR. NEARY: Seasonal employment and you know, Mr. Speaker, while we are talking about that, the situation in Newfoundland in the last three or four or five years has changed completely, it has reversed itself. Unemployment does not reach its peak in the wintertime anymore in Newfoundland.

MR. MOORES: No, in July.

MR. NEARY: That is right. The honourable Premier is right. That is a fact, Mr. Chairman. When the students come pouring out of the College of Trades and Technology and the vocational schools and the university and people are off unemployment insurance, and the LIP programmes are over and the training and retraining programmes are over,

Sir, that is where unemployment hits its peak here in Newfoundland.

MR. MURPHY: Thousands of kids out of kindergarten.

MR. NEARY: I tremble, Sir, I tremble to think what is going to happen this spring in Newfoundland. No wonder the Premier panicked and went off in a huff to get this second oil refinery under way. No wonder, there is nothing on the horizon for our people this year, no employment opportunities to look forward to and I doubt very much, Mr. Chairman, if there will be very much employment on that second oil refinery this year, maybe on the first one. No development of the Lower Churchill, the Upper Churchill is just about finished, phasing down. The Linerboard Mill is finished. The first oil refinery starting up this year, phase down of construction workers.

All the other projects are grinding to a halt, grinding to a halt and yet we have thousands and thousands of young men and women coming out of the vocational schools and the College of Trades and Technology and the university this year, Sir, entering the labour market and will not be able to find work. As a matter of fact, Mr. Chairman, today even those who have jobs, even those who are employed are in deadly fear that automation will take their jobs away from them.

MR. MURPHY: God help us, he has been talking about it for ten years.

MR. NEARY: I would say this, Mr. Chairman, that the only real answer to this problem and the only alternative to welfare which is a clumsy way of looking after people who are in need, whether they be sick or unemployed through no fault of their own, the only way to look after these people is through the guaranteed annual income.

MR. MURPHY: Another novel idea.

MR. NEARY: Do not worry, when I was minister I did something about it.

MR. MURPHY: That is what you did.

MR. NEARY: I put the proposal to Ottawa and as a matter of fact, Mr. Chairman, I am very proud to say that at the last Liberal Convention held in Ottawa about two and one half years ago, the guaranteed annual income principle was unanimously accepted by that convention and when we have the convention this fall in Ottawa, Sir, you will probably hear more about the guaranteed annual income. We have heard quite a bit about it in the last few years.

Unfortunately, those who are talking and thinking about the guaranteed annual income have not been able to communicate their message to the masses of the people. This has been the problem with the guaranteed annual income, Sir, not the cost.

Governments, especially Tory Governments, the Tory Party, are afraid of the backlash but we have to face it, Mr. Chairman, the only alternative, in my opinion, to welfare, is the guaranteed annual income. The guaranteed annual income, Sir, is not just another name for welfare either. The guaranteed annual income is designed to give people a decent living, if that is possible, to give people who are unemployed and people who are sick and people who are living on fixed incomes, to give them a fair share of the gross national product, that we are told last year hit a record high in Canada.

We had to do that, Mr. Chairman. We had to put money in the hands of the consumers, so that they can go out and buy all the goods that are pouring off the assembly lines at a record rate.

Mr. Chairman, if we do not put purchasing power in the hands of the consumers, our whole distribution system will become

constipated. The goods will be left in the warehouses, Sir, and not only will we have a recession but we will have mass layoffs. So, I would say, Sir, that the guaranteed annual income over the long haul would cost us less than all the other welfare measures that we already have in force.

One day I had a discussion with my colleague, the member for White Bay South, about this, and we both agreed that if all the social welfare programmes were put under one umbrella, just have one programme, that it would cost the government of Canada much less than all the programmes that we have going at the present time.

So, Mr. Chairman, I cannot help saying and I am glad I had the opportunity to raise this matter in the House, about this 16.2 per cent unemployment in Newfoundland. This is a failure, Mr. Chairman, on the part of the Tory Government, to carry out promises that they made in this province in two provincial elections, October 1971 and March 1972. It is a failure to fulfill their promises, Sir, and I would say that it is a good thing that we have Ottawa pouring the money in here - \$11 million so far this year for LIP projects and on the job training.

It is a good thing, Sir, that Ottawa came to our rescue or we would have been up now another seven percentage points. So, I hope that I do not hear the honourable Premier or any of his ministers going around this province boasting about saving \$4,000,000 on welfare and about all the jobs they are creating under the rural development authority. What a farce!

While all this is going on, Sir, while we have record unemployment in Newfoundland, no jobs (our people cannot find employment), we have the Minister of Social Services setting up an investigating service to force people out to look for jobs that are not there. Not only is the honourable minister doing it but we have the Unemployment Insurance Commission doing it to, Sir. I know examples where they have taken away benefits from people or they have delayed their benefits, Sir, because of red tape in the Unemployment Insurance Commission or because of some sloppy office procedure that they have of digging up regulations that have been dormant for years, saying to people - I have had a lot of dealings with this, Sir, I know what I am talking about - "You have to go out and bring us in three letters from employers stating that you are looking for a job." We have not had to do it for years but because of the back lash that we had in the last federal election, when the criticism was flying around, the people up in Ontario were saying, "Oh, down in the Maritimes they are too lazy to go to work!"

We heard the fish trades out saying, "Oh, all kinds of jobs down in the fish plants." Nonsense, Sir. Over in Nova Scotia we heard some sawmill operators saying, "Oh, they are going begging in the -

MR. MURPHY: Do we have to listen to this travelogue?

MR. NEARY: Yes, they have to listen to it, Mr. Chairman.

MR. MURPHY: Are we going into a travelogue now? We are entering Nova Scotia. What is next? We have been in Ottawa for some time.

MR. NEARY: Sit down and listen to a good speech. Sit down and listen to a good Liberal speech.

MR. MURPHY: I am on a point of order.

MR. CHAIRMAN: If both honourable members will resume their seats, I will deal with the point of order.

The point of order, of course, is well taken. The honourable member from Bell Island has covered the territory quite well and re-covered it on many occasions.

The honourable minister has raised the point of order. The member from Bell Island may persist in making the same points again in different ways if he wish. However, it would be appreciated if he would make what new points he has to make rather than going over the old remarks.

MR. NEARY: Mr. Chairman, I appreciate your ruling but this is the very first time in this honourable House that I mentioned about this new procedure that the Unemployment Insurance Commission had brought in. There are a number of other points that I made this afternoon, Sir. It is the first time that I have mentioned them in this honourable House. If the honourable minister does not like it, let him go out and sip his coffee, out in the common room, because that is all they are any good for anyway.

So, Sir, the Unemployment Insurance Commission are also putting the blocks to people who are unemployed. "Go out and find jobs," they say. You know, Mr. Chairman, there are taxpayers and there are people in this province who really believe, because they have been brainwashed, they have been conned into it, that most welfare recipients are too lazy to go to work, that they would not go to work if they had a job staring them in the face. Sir, this is not true. The honourable minister found that out to his dismay this morning when he got hot under the collar with some callers.

The honourable minister can put the gears to the welfare recipients by setting up his little investigating agency, Sir.

MR. MURPHY: I certainly hope, Mr. Chairman, that this gentleman is not referring to me as setting up an underground movement of any kind. I will ask him to retract that.

MR. NEARY: Mr. Chairman, I did not say the honourable minister was -

MR. MURPHY: Who did you say?

MR. NEARY: The honourable minister is not listening to what I am saying, Sir. He is dreaming. He is still smarting under the criticism of that programme this morning, Sir. Relax! Life is too short! We are going to be here for several more months yet. Let us take an hour or so to talk about unemployment in this province. When the honourable Minister of Finance was over here, standing almost in the same place that I am standing today, he talked about unemployment insurance and welfare on Interim Supply and talked about it for hours and hours. Now, the honourable minister is over there and I am over here.

AN HONOURABLE MEMBER: And that is where you are going to remain.

MR. NEARY: Oh, there he is. Finally we got him to open up. Well, we will see. We will be here for another two years, Sir, that is all, and then we will be back over there again.

You cannot force people to go to work, Sir, when the jobs are not there.

MR. MURPHY: Well, now that is a profound statement too.

MR. NEARY: All this bellyaching about welfare recipients being too lazy to go to work is not true. The honourable minister can say what he like, it is just not true. The only way that we can get rid of this image of welfare is to bring in an alternative, Sir, which is the guaranteed annual income. I think that is the only way that we will be able to adequately look after our people in the future. Sir, I could go on for another hour but, as I indicated in the beginning, we intend to let the minister put his Interim Supply Bill through rather quickly, to give us some answers on Mr. McLean. Some departments have not reported yet. We will be expecting to get these answers this afternoon. Unless the honourable minister or somebody on the other side provoke me, Sir, that is all I have to say at this particular time.

MR. MURPHY: What was the question? Just one or two short remarks, if I may.

First off in the gentleman's own remarks about himself, I am asking the Premier to declare his birth date a national holiday so we can erect a monument to him. He has originated so many novel

ideas in Canada, I do not know but the Prime Minister might go along with it.

With reference to his breakdown of , how do we say,\$4,000,000: The statement by the honourable member was there were 9,000 people more receiving assistance last year than there were the year before. Right? We increased the rates,beginning in April,some twenty per cent over existing Liberal rates. There were 9,000 more people received increases in pretty well everything. Still we saved \$4,000,000. What a government! That is what I can say. I would like to congratulate the Premier on the tremendous job that he is doing. Nobody suffered. We gave everybody more. We fed 9,000 more people. It was like the loaves and the fishes. We did a tremendous job.

Now, to get back to the actual facts,and I have them here. Unfortunately,I did not have time to prepare copies. I will get these. To get back to the actual facts on long term assistance,which remain pretty static because these are people who are on long-term,due to a disability or sickness or something like this. I will just give these figures.

1971-1972 was 15,773 for the month of April.(I am going to read all of these now. So, anybody who wants to lay back for a while is perfectly free to do so) I am talking about cases because this is the way the records are kept in cases, the number of cases. There might be twelve children in one family, one in another but the payment is made to the parents of the families, not to the children themselves. So, it is the number of cases.

1972-1973 there were 16,017. May,15,848. The following year 16,023. June, 15, 879, the following year 16,029. In July(we started to get our work at this time) there were 15,910, our year was 15,904; August was 15,946, the following,15,863. September, 15,942, our year 15,865. October, 15,960, our year 15,888. November, 15,943, our year 15,853. December, 15,977, our year 15,779. January, 15,991, when the Tories were in,these terrible people, there was a drop to 15,710. February, last year,15,992, February, this year, 15,643.

Now, that is the long term which remains fairly static because of conditions, I say, where people just cannot work.

Now, here is the revelation; the first figure that I read will be the year when the Liberals were in power and the second will be the year we were in power.

In April of 1971-1972 the number of short term or able bodied was 10,185, our year; the following year was 8,396, a drop of something like 1800 just in our first month .

In May, 9,526 -

8,651, another nine hundred in the difference. These people came off assistance, we did not shoot them, we put them to work. July 9,591 - 7,195; August 9,983 - 7,777; September 1971-1972, the Liberal year, this great year, 10,202; the terrible Tory year following, in October, 8,093. Over 2,000 people had been removed from the welfare role and put in gainful employment whether it came from Ottawa, Hong Kong, Shanghai, wherever it was, they were working. We are not particular where the jobs come from so long as the people are earning good, clean money to look after their families. That is our one object.

November 10,82

MR. NEARY: (Inaudible)

MR. MURPHY: Will the honourable member hear me out please. He spoke for an hour and a-half about nothing, I am trying to give him some facts. November 10,827; the following year 8,917; December 12,502 the following year 9,485; January 1972, 12,200 - January 1973 9,398 which means 2,802 people were removed from the welfare roles. I could give you all the costs, but I think this is sufficient. I hope to get this taken off and give it to the press and everything else. As I say, it was just done for me before lunch today. These are the actual facts and perhaps there is a little something to this. This may prove why this government saved \$4 million on welfare.

The honourable member I hope has listened to all this. I guess he has noted them all and we will take note of all the tremendous things he has been talking about, like the guaranteed wage. We never heard of it before, the first day was here in this House - the guaranteed wage and many other things. As I say, we are looking after these people; we are not making huge headlines with the Welfare Department. basically, we are in there for the one purpose; the purpose of need, to help people. There are no T.V. extravaganzas, no great big investigations or anything else, the people are quite happy.

MR. NEARY: You were on open-line this morning.

MR. MURPHY: I was on open-line this morning, two people phoned me who

disagreed with the job we were doing and thirty-seven were complimentary, thought I was doing a wonderful job. As a matter of fact, I thought I might today ask to have a holiday declared here in the House because I was such a tremendous individual. But I am humble as it is and I will just say this, that my name has yet to appear in glaring headlines, I have not yet been investigated, I am trying to do the best job I can to keep this low-key, just help the people out, and basically that is our aim.

Before I sit down, Sir, I would like to again pay tribute to my colleague and, as I said the other day, who went in there and took over a department that was - it was surprising that Public Health has not gone in there before and fumigated the place after the mess that was left by the member for Bell Island.

That is it, Mr. Chairman, these are the actual facts. I feel I have done my best to answer the questions, although I read in one paper today that I refused to answer any questions. I refused to answer no questions. I can only answer questions to the best of my ability, within the limits of my portfolio. I cannot project at this time anything about what our department will be doing for the year beginning April 1. I am very happy, and perhaps the honourable member might have missed this; we had no supplementary supply this year. We kept well within our budget and I am sure that this helped us to a great degree to help an awful lot of other people in other projects that need to be done in this government.

Mr. Chairman, I will just say that is all that I have to say for the present and I do not think there is anything else must crop up, because if the honourable member keeps speaking any longer, I am sure that his own colleagues will bring a petition into the House to have him removed. Thank you very much!

MR. NEARY: Mr. Chairman, that was awfully witty and funny.

MR. MURPHY: Ha, ha! Did you enjoy it?

MR. NEARY: The honourable member thinks social assistance and unemployment

is funny. Well, Sir, I have to say this to the honourable minister: in his remarks, his few snide remarks that he made, snide remarks about calling in the Department of Health in that department, I will say that that is a gross insult, Sir, to the staff of that department.

MR. MURPHY: No Siree!

MR. NEARY: I did a job in that department, Mr. Chairman, that it is taking two of them to do now.

MR. MURPHY: That is right! That is right!

MR. NEARY: We have a minister issuing cheques, we have a Minister of Social Services doling out cheques and we have a Minister of Recreation and Rehabilitation. It takes two of them, Sir, to do the work that I did in that department. Two, costing the taxpayers of this province twice as much.

MR. MURPHY: To save \$4 million it is costing us -

MR. NEARY: And, Sir, I will say this, I will say this, that I passed over to my successor one of the most smoothly run departments of government, one of the most smooth running, Sir.

MR. MURPHY: That would win a prize.

MR. NEARY: I passed it over to him, after carrying out over a three-year period, Sir, some of the greatest reforms...

AN HON. MEMBER: "Repairs special."

MR. NEARY: I am going to deal with repairs now. Mr. Chairman, you might recall that I said if I were provoked I would carry on a discussion well. I am going to talk about repairs too this afternoon, supposing I have to stay here until six o'clock this evening.

Sir, I passed over to my successor a very smooth running department with a good staff. I think it is a gross insult to the staff of that department to hear the snide remarks that are being made by the minister who issues cheques.

MR. MURPHY: The staff are perfect. This is the happiest time they ever were.

MR. NEARY: "The minister of cheques."

MR. MURPHY: "The minister of cheques," that is the stuff.

MR. NEARY: It taken two of them to run the job that I was doing, Sir.

I would say that that was a great compliment to me.

MR. MURPHY: No doubt about it.

MR. NEARY: Now, Sir, in the last session of this House, some unsubstantiated charges were made by the former Minister of Social Services and Rehabilitation.

MR. HICKEY: We are doing all right.

MR. NEARY: Unsubstantiated charges, Sir, of graft and corruption and under-the-table deals. I said at that time in this House that I was innocent, Sir.

MR. MORCAN: Is it proven yet?

MR. NEARY: No, nor have I been proven guilty.

AN HON. MEMBER: Not yet.

MR. NEARY: That is why, Sir, that is why the Chair should not tolerate the snide remarks from honourable ministers who are supposed to be representing the Crown.

MR. MURPHY: Hear! Hear!

MR. NEARY: Supposed to be, Sir, that is about all.

MR. MURPHY: Representing the Crown?

MR. NEARY: I can tell this honourable House this afternoon, that hearing has been underway now for some time and I am still innocent even though the Minister of Finance waltzed in here one year ago with his budget making reference to the poor little welfare recipients over on Bell Island who got a few dollars to repair their roofs that were leaking, to repair their windows that were not wind-proof, to put sills under the house, because the house was collapsing.

MR. CROSBIE: Mr. Chairman, to a Point of Order. It is unheard of for the House to debate a matter which is under judicial enquiry, as the honourable gentleman is doing. I therefore suggest that this should be ruled out of order.

MR. NEARY: Mr. Chairman, the reason that I am debating this this afternoon is because of the snide remarks that were made by the two ministers on that side and the honourable Minister of Finance who did not ask for a judicial enquiry into Newfoundland Leaseback nor the million dollars that was paid to DOMAC out of the linerboard mill, or the E.P.A. \$12 million loan. No judicial enquiry into that,

but the poor little welfare recipients, not George McLean scandal

AN HON. MEMBER: Is that not scandalous.

MR. CROSBY: On a point of order, these remarks are irrelevant, scandalous, I am not going to call the gentleman down because he has no honour and no decency and therefore I would not ask him to retract but these remarks are entirely out of order.

MR. NEARY: Mr. Chairman, the honourable minister's credibility is so -

MR. CHAIRMAN: If the honourable member would retain his seat, The earlier point of order brought out by the Minister of Finance is being researched at the present time as to whether the matter of the enquiry, since it is before the courts, whether it may be a topic for discussion in this House. The remarks made subsequent to that by the member for Bell Island are definitely out of order and have no relationship whatsoever to the Head VIII, Social Services, so they are accordingly ruled out of order.

MR. NEARY: Mr. Chairman, am I entitled to discuss the provision of building materials to welfare recipients on Bell Island to repair their poor, old, broken-down houses, without making reference to the enquiry.

MR. CROSBY: That subject is under investigation by a judicial enquiry and therefore cannot be discussed here.

AN HON. MEMBER: By a royal commission.

MR. CROSBY: By a royal commission, yes.

MR. ROBERTS: To that point of order, Mr. Chairman, the matters referred to are being looked into by a royal commission and the commissioner happens to be one of Her Majesty's puisne judges, but that does not make it a judicial enquiry. There is no case before Her Majesty's courts of which I am aware. It is quite out of order, as I understand the rules, to refer to a matter that is before the

MR. ROBERTS: courts, if there were an action before the courts, be it criminal or be it civil, it would be clearly out of order, but all that has happened, is that the matter is before a royal commission. A royal commission has been appointed to look into certain matters, not into allegations made in this House, I might say, but made into certain matter.

The fact the commission is a judge, I submit, does not in itself make it a judicial enquiry. It may or may not be out of order to refer to the work of a royal commission, Your Honour is taking advice and I do not know the answer so I will await Your Honour's ruling. It is not a judicial enquiry at this stage.

MR. HICKEY: Speaking to that point of order, the matter now being heard is being heard under either a judicial enquiry or a public enquiry and I have been called to order in this honourable House and I agree that I should have been for even touching on that subject.

The reason it came up this afternoon was because the honourable gentleman raised it again.

MR. CHAIRMAN: As I stated before, this matter is being researched by the clerks of the House and if the honourable member has other points to make, it would be preferred that he make them and the Chair will rule on the other matter subsequently.

MR. NEARY: Yes, Mr. Chairman, I have a few other points that I want to make. I realize, Mr. Chairman, that this is a matter that will be debated probably at great length in this House in the foreseeable future when the report of Judge Mifflin is made public. But, Sir, there was a statement made in this honourable House in the last session by the honourable Minister of Social Services and Rehabilitation, at that time, that ninety per cent of the money that was spent on building material on Bell Island went into pockets -

MR. CROSBY: Mr. Chairman, this is a scandal. You have said that you will make a ruling when this matter is researched.

Now that cannot be debated while -

MR. NEARY: Is this a point of order, Mr. Chairman.

MR. CROSBY: This is a point of order. There has been no ruling made and the honourable gentleman is now trying to refer once again to the subject. This is out of order until the Chairman makes a ruling and I suggest that we move on to the Head, Rehabilitation and Recreation and come back when the Chairman is ready to make a ruling.

MR. NEARY: No we will not. Well what was the ruling, Mr. Chairman?

MR. CHAIRMAN: The ruling was that if the honourable member had other points to make, that he would make them but would not refer to this particular point as it relates to the enquiry or whatever type of body is looking after this investigation into the Bell Island affairs, and if the honourable member has other points to make, to make them. The matter is a rather important matter and is being researched and the Chair will give a ruling in due course.

The honourable member is not going to be permitted to make further references to the two cases which are presently being investigated.

MR. NEARY: I assume, Mr. Chairman, from your ruling that no honourable member of this House is permitted in future to make reference to that enquiry in this honourable House until the enquiry is over, is that Your Honour's ruling?

MR. CHAIRMAN: The Chair is ruling that no further discussion on this matter will be permitted until a ruling is made.

MR. NEARY: All right, Mr. Chairman, we will deal with that matter later. We will have more to say about that. We will have somebody's scalp before that is over.

MR. CROSBIE: Mr. Chairman, I would like to make a few remarks.

MR. NEARY: No, I am not finished my remarks. Sit down, bully boy.

MR. CROSBIE: Will the honourable gentleman get on with his remarks so somebody else can participate?

MR. NEARY: Sit down, bully boy, I am not finished yet.

AN HON. MEMBER: That is out of order.

MR. NEARY: Mr. Chairman, I asked the honourable minister earlier about the clothing allowance, for children below school age, of families on short term assistance and children above school age, who are dependent on their families, if there was any provision in the interim supply bill to grant a clothing allowance to these children or to the adults, for that matter, of families on short term assistance? The minister has not given me an answer to that question.

Now, Sir, the figures that I quoted earlier - 91,000 persons on social assistance, carried in a story in today's "Evening Telegram" eighteen per cent of the population on welfare during February. In here, Sir, this story, it stated that approximately 91,000 persons were on social assistance as of the end of February. I did not make the figure up, Sir, I did not make it up, the minister -

MR. MURPHY: Do not make an issue out of it.

MR. NEARY: The Minister of Social Services gave us that figure and I was relating in my remarks, Sir, I was relating that figure of 91,000 to what the figure was at the end of March one year ago and the honourable minister can check my figures if he wants to.

MR. MURPHY: I certainly will.

MR. NEARY: Maybe the report is wrong. Maybe the minister who signed this report should not have signed it, the annual report of the department, where it says, "number of persons on short term assistance - 34,874."

MR. MURPHY: 34,874.

MR. NEARY: 34,874. "Number of cases - 8,747." Does the honourable minister have the figures there? Are these correct figures?

MR. MURPHY: Wait now I have been reading them so much, they are worn out.

MR. NEARY: I have it here on page 89 of the annual report.

MR. MURPHY: No, I do not want that. The member has that. I am looking for my figures on the number of cases - more documents missing.

MR. NEARY: Mr. Chairman, I am waiting for the honourable minister to get the figures, to get the accurate figures.

MR. MURPHY: I know the member must have a lot more things to discuss, Just carry on, I will find them in a minute.

MR. NEARY: Well, I will carry on and make my point, Sir, rather that delay the committee. The total cases at the end of March 1972 were 8,747 (this is short-term assistance), number of persons - 34,874; long term 16,008 - 48,039 persons, and if you add the two of these up, Mr. Chairman, add them up, mathematics was not one of my strong subjects in school but my calculation show that it comes to a total of 82,913 persons - 82,913.

MR. MURPHY: I am not denying it.

MR. NEARY: The honourable minister is not denying it but he denied it a few minutes ago.

MR. MURPHY: I denied nothing.

MR. NEARY: The minister told us that this year there are 91,000 persons on welfare, 91,000 as opposed to 82,913 a year ago, or almost 9,000 persons more. Now the honourable minister is agreeing with me.

MR. MURPHY: I am not agreeing with you.

MR. NEARY: Almost 9,000 persons more.

MR. MURPHY: I am just nodding my head, it has become a force of habit.

MR. MURPHY: Sure what do you want me to do, get up and fight with you?

MR. NEARY: Yet we are told, Mr. Chairman, we are told by the honourable the Premier that the cost that they saved was \$4 million.

MR. MURPHY: Yes.

MR. NEARY: Four million dollars. Yes, welfare is up. I ask the minister to explain to me under what subheads they saved this \$4 million? Now will the honourable minister tell me, was it saved under the food allowance, clothing allowance, household maintenance? Building material seems to be the pet subject of the honourable the Minister of Finance. We will deal with DOMAC when we get to that too, Sir, when we get to the Linerboard Mill. Will the honourable minister please explain to this committee where this saving took place?

MR. MURPHY: Tell us.

MR. NEARY: Yes, tell us.

MR. MURPHY: Because of the hundreds of short-term cases that came off welfare and went working. What do I have to do with the honourable member? Do I have to send him back to kindergarten and bring him right on up through the whole thing again? Am I speaking in baby talk? Is it plain enough that if we had many thousands of cases saved each month - for example, let us take one month, April, we saved 1800 between 1971, 1972, 1973, 1800 cases left. What is the average monthly payment to a family? What would the average be on short term?

MR. ROBERTS: One hundred and fifty dollars a month?

MR. MURPHY: Seventy dollars a month. One hundred and fifty or two hundred dollars. Well say it is \$200 a month, there is \$36,000 we save in that month.

MR. NEARY: You save that month, then you use it up in the next month.

MR. MURPHY: Why? Not on short-term -

MR. NEARY: Because according to the figures the honourable minister gave me, you are up this year.

MR. MURPHY: Because there was a huge birth rate in the long term assistance. The cases decreased, the number of people increased. It is based on cases.

I may be all wet, but if the honourable member wants to dispute the facts that are given to me by the officials, I do not make these things up I get them from the records. So as I say, either we are miracle workers, we have 9,000 more, as the minister said, we increased our rates approximately twenty percent over the year before, and still we saved \$4 million. A tremendous job I would say. Now the minister is looking for an explanation. Does he want the recipe?

MR. NEARY: Yes, tell us what subheads did you save it on?

MR. MURPHY: Oh come on, what subheads? I will do a complete report if the member wants it? If he just wants to be nasty -

MR. NEARY: I want a complete report. I do because this is a very important matter.

MR. MURPHY: It is very important, okay.

MR. NEARY: It is very important.

MR. MURPHY: Well we will do this. No sweat. All I will do is give the actual figures here, I will take off a copy and give it to the honourable member so as he can read it, and he is the expert on welfare. He has told us that himself. I would not believe it from anybody else. But the member himself tells us he has been one of the best. I have to believe him because I cannot call him a liar in this House, it is not parliamentary to do it. So I will accept his word that he is the expert on welfare. He was in there three years and I will say this, that nobody in history even did such a job in the Department of Social Services as the member for Bell Island did - I will guarantee you that.

MR. NEARY: Mr. Chairman, I heard the honourable minister tell a caller this morning on the "Open Line Programme" that he was not the expert on welfare, that he did not know very much about it, he has only been there a few months. Well, Sir, that has been confirmed here this afternoon because he does not know anything about it.

MR. MURPHY: Please,

MR. NEARY: Does not know anything about that.

MR. MURPHY: Please.

MR. NEARY: I want to repeat the point that I made, Sir.

MR. MURPHY: Repeat it.

MR. NEARY: Now the honourable minister agrees with me. That as compared to one year ago the number of people on social assistance is up by 9,000 and I think this is scandalous. It just goes to show how this administration has failed to carry out the promises they made in two provincial elections in this province.

MR. MURPHY: Make a motion and we will get it over with. We will support it unanimously. Terrible.

MR. NEARY: But for Ottawa, Sir. poor Uncle Ottawa pouring in \$11 million, over 6,000 jobs created in Newfoundland under the LIP Programme, the unemployment figure today, Sir, would be up closer to twenty-six per cent.

MR. MURPHY: So what!

MR. NEARY: We can thank our lucky stars that we have John Turner, who was criticized so heavily by the Minister of Finance here a couple of weeks ago. Thank your lucky stars that we have Uncle Ottawa, and in addition to that we have \$24 million coming in here, a bonanza, a windfall. Sir, here we have a government that cannot even see fit to increase the food allowances.

MR. MURPHY: Who said we cannot?

MR. NEARY: The honourable minister said they could not.

MR. MURPHY: The honourable minister said no such a thing. The honourable member assumed that.

MR. NEARY: The cost of living, Sir, is sky-high, the cost of living is gone sky-high in this province. The cost of furnace oil and stove oil, gone sky-high.

MR. MURPHY: Terrible, it is gone up two cents.

MR. NEARY: No consideration whatsoever been given to increasing the food rates and the fuel rates and the clothing rates for the poor old welfare recipients. But hire them on, Sir, hire them on over there as fast as you can, \$20,000 a year, \$15,000 a year, flunkies, stooges, standing room only in Confederation Building, you might have to put up a new building, build

a new House of Assembly.

MR. MURPHY: He complains about unemployment, then he complains about us giving people jobs.

MR. NEARY: I am relating the extravagance of this Tory Government to the poor old welfare recipients who does not get any consideration at all.

MR. MURPHY: I cannot let that remark go, Sir, we increased the rates, and that is an absolute falsehood.

MR. NEARY: Ha, sit down! Sit down!

MR. MURPHY: It is not true. It is not true. If you want to check the record, we increased pretty well every area since we came on the scene, Mr. Chairman.

MR. NEARY: Mr. Chairman, will you ask the honourable minister to take his seat, Sir? I was rather interested in a statement the honourable Premier made, I am not sure if he repeated a statement recently in Corner Brook, but he made this statement some time ago that this government was going to completely reform the social welfare programmes in this province. The honourable Premier said, "If the Government of Canada do not go along with our proposal" he said, "we will go on our own." Is that what the honourable Premier said some time ago? I am not sure if he repeated it in Corner Brook, Mr. Chairman, the other day. But if Ottawa does not go along with the government's proposal to reform social welfare programmes in this province, I got the impression from what the honourable Premier said, that the province would go along on its own.

AN HON. MEMBER: Inaudible.

MR. NEARY: Nonsense! The honourable the Premier said it. I was rather interested in what he had to say. But now the honourable member says it is not true. Well, I am glad it is not true, Sir, because I would not want to see this poor, little, old province, stuck out here in the middle of the Atlantic, try to pay for social welfare programmes on their own. Unless we hit oil or gas off the Grand Banks or off the coast here,

Newfoundland will never be able to foot the bill.

Sir, I would also like to know from the minister, we have heard so much recently about a proposal being put up to Ottawa, a proposal with built-in incentives, so we are told, to encourage people to go to work. The Premier has talked about it lately, the minister has talked about it and the former minister has talked about it. I know all about it because for the first time in this province here we had incentives for people to go to work, they were brought in by the previous Liberal Administration, \$30.00 a month, free, to earn it free, \$60.00 if you were married. The first time it was ever done to my knowledge in this province. Now the administration are copying what we did, and rightly so. They are talking about increasing the incentives, and rightly so. It should be done. The guaranteed annual income that I spoke about before, Sir, has a motivator built into it whereby, and this will encourage people to go to work, a motivator built in whereby people will be paid; fifty per cent of what they earn they could keep it. Now we hear about this great incentive programme. Well I would like to know more about it. Will the honourable minister tell us about that? Could we have a copy of it?

MR. MURPHY: What?

MR. NEARY: This proposal that — Mr. Chairman, look, is he still smatting under that programme this morning?

MR. MURPHY: I am really lashed to pieces. Look at my back.

MR. NEARY: He has cut the ribbons. He cut the ribbon, Sir. Would the honourable minister, is he prepared to table this proposal?

MR. MURPHY: How can you stand it over there boys, at all?

MR. NEARY: Will he tell us what the proposal is all about?

MR. MURPHY: Absolutely not, giving away trade secrets. Absolutely not.

MR. NEARY: Mr. Chairman, I would be interested in seeing that proposal because I doubt very much if there is any such proposal, if there be, it is probably too ridiculous to talk about.

MR. MURPHY: Now the member has lost his chance. I picked him as the proper one to administer that programme. Now he has lost his chance.

MR. CROSBIE: Mr. Chairman, the sum is too much for anyone to bear, but this is something that you will put up with in public life.

This is the bill for Interim Supply, Mr. Chairman, and all it asks is the authority of the House to carry on the government for April and May until the detailed estimates can be approved by the government. When the detailed estimates come before the House, there is debate on every item and the government's programme for the following year is outlined in it. All this asks for some money on account, so that short-term assistance can be paid in April, so that long-term assistance can be paid in April, so that salaries of civil servants can be paid in April, so that the teachers can be paid in April. Normally the practice of the last government was to leave this until the last day of March, the last several days of March, at which time of course the Opposition would have no choice but to go along and pass it, otherwise these people would not be paid.

I spoke with the Leader of the Opposition about it this year.

he assured me there would be no harangue on it, that there would be no filibuster, that there would be some questions and discussion on it and yet here we see today nothing but a bare-faced political harangue. If the hon. gentleman opposite were really concerned about the unemployed or if he were really concerned about those people on short-term relief or any of the rest of it, you would not mind so much; but you know that he has no concern for them at all and all he is doing is making a political speech.

At the end of January, I do not have the figures for the end of February, but at the end of January this year the heads of families and/or single persons in receipt of short-term basic social assistance, at December this , 1972, was 8,682 and the same month last year it was 11,633. That is just one of the reasons why short-term assistance is down. He asked the hon. minister what subhead. What tripe. What nonsense. The subhead is short-term assistance and the amount paid out in short-term assistance this year is less than it was last year, \$4 million less and as the hon. minister said, he did not have to ask for supplementary supply because of that.

Now what about Uncle Ottawa. The hon. gentleman opposite is praising Uncle Ottawa. Why should we praise Uncle Ottawa when the unemployment rate in Newfoundland last month was eighteen per cent and this month is sixteen per cent and it is the Government of Canada at Ottawa has the primary responsibility for monetary policy and financial policy in this country and it has the resources to combat it? Not this little province which has next to nil resources, which has no flexibility, which has a job to get a hand on a dollar, why should we praise Ottawa when the unemployment here is eighteen per cent? We should be assaulting Ottawa when the unemployment here is eighteen per cent. I do not go to Ottawa to kiss the hon. John Turner, any part of him. He is only giving us what we are due.

This \$24 million in tax equalization that the hon. gentlemen opposite are so fond of crying about and howling about this year, is only part of what they are paying the seven have-not provinces in Canada. Should we get down on our knees to worm over that? Not on your life, we should not, as it is not enough. In the last five years, five years ago the average unemployment rate in Newfoundland was eight per cent a year and last year it was twelve per cent and the year before that it was eleven point something per cent. The unemployment rate in Newfoundland, on the average, for a year has gone from eight per cent four or five years ago to twelve, despite tax equalization and despite DREE and despite all the talk you hear about overcoming regional economic expansion and that disadvantaged provinces are being assisted and the like. The policies are not successful.

Why should we act as paupers and beggars to Ottawa? Not likely. We are not going to. We do not have to. They control the Bank of Canada. Well, what is the difference between them and us? The difference is they can print money. They have the Bank of Canada, and we cannot print money down here. What is another difference? That their income tax reforms up in Ottawa, the new income tax that they brought in, that started the end of 1971, has given them twice the revenue they estimated, twice that tax reform, so that they have taken from the people of Canada a tremendously increased amount of money more than they anticipated or expected, so that their deficit last year was only half of what they forecast. Now what are they doing with the money?

It is the provinces that have the responsibilities in education and health and welfare and water and sewerage and municipalities, the real responsibilities, the high priorities, with the cost increasing every year, and it is the provinces that have the most inflexible tax resources.

We only have our little share of the income tax. We do not have any indirect taxes. We only have the provincial sales tax. Our

tax resources are very limited, what we can get on our own here in this province or any of the others. Ottawa has the flexible resources. They can get the money but they do not have the constitutional responsibilities for these things that cost so much. Well, are they offering to turn over some of these tax resources to the provinces? No, for political reasons they want to hold on to that revenue and instead of transferring responsibilities or transferring tax sources, so we can stand on our feet, they want to keep us in hock to them. They want to be the big Uncle Ottawa while we are in Newfoundland and Nova Scotia and New Brunswick and PEI and the other, Quebec, we are to be kept indebted to them so that we dare express our own opinions, we might lose some money next year. Well, we are not worried about that. We are not going up hat in hand to Ottawa.

If the unemployment insurance rate here is eighteen per cent, look to Ottawa. What can this little government do? Look what we had to borrow last year to barely keep moving. Look what we will have to borrow in the year ahead. We do not have any Bank of Canada here to print the money for us and we are spending every cent we can to keep the island going forward and to do roads and construct hospitals and schools and the rest, and the hon. gentlemen across know it as they were in the government for the last three years. They know our position; so do not talk to me about generous Ottawa. Ottawa wants to hold on to all that money and to give us a little dapple next year of \$24 million. Why? Because it is a ploy in federal-provincial relations. Give the have-not provinces a bit more money and hopefully they will keep quiet, when Ottawa faces Ontario and Quebec this year and discusses post-secondary education and health costs and the rest of it. Well, we are not interested in that and we are not grateful for it. We think it is only what we are due and not what we really are due. It is not what we want.

You talk of overcoming regional disparity. What is Ottawa's position on gas and oil? It is the four Atlantic Provinces that have

those resources off our shores and Quebec, five of the have-not provinces. Yet, instead of offering to turn over ninety per cent of the revenue or some amount like that to us, to let us stand on our own feet, they are fighting up there to keep all they can for themselves. One policy is inconsistent with the other.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: I am answering the hon. gentleman and his talk of unemployment and his talk of Uncle Ottawa and how we should be grateful to Ottawa for this, that and the other thing. I say we should thank Ottawa for eighteen per cent unemployment and sixteen per cent this month. That is what we should thank them for, do not look to the Government of Newfoundland. The hon. gentleman talks about the winter employment programme and the LIP programme, these great programmes from Ottawa. The winter employment programme, that is \$12 million Ottawa lends to us and we have to pay it back to Ottawa. That is how generous the winter employment programme is and they will forgive us the interest on the labour costs, on the labour part, one hundred per cent during the winter and fifty per cent during the rest of the year, but the rest of the money has to be repaid to Ottawa. It is a loan to the province. The province pays it back. That is great, generous Uncle Ottawa, overcoming winter unemployment of eighteen per cent in Newfoundland, by lending us \$12 million which we pay back to them. We are the debtor. They are the creditor. It is not a grant. They are not making it available to us for nothing. They are loaning it to us and that is the great, generous John Turner and Uncle Ottawa and the great, generous Liberal Government at Ottawa. Junk! They are not generous. If they stepped over a nickel, you know what would happen to their posterior, it would snap at it.

They do things for their own political good. Do not talk to me about generous Uncle Ottawa and the generous winter employment

programme and the generous this and the generous that. Generosity is not in their nature. They have the same failing as most politicians, they want to keep the power in their own hands. That is why, if the hon. gentleman wants to talk about unemployment he should look to Uncle Ottawa and talk to Uncle Ottawa and talk to Uncle Don and talk to Uncle John and talk to Uncle Pierre and all the rest of them up there about unemployment. Because if he thinks that this provincial government of Newfoundland can overcome unemployment in Newfoundland, he is crazy. It cannot and it does not matter if the government is NDP, Liberal, P.C., we can only do so much but we cannot overcome it. Only Uncle Ottawa can overcome it and hon. gentlemen opposite well know that, and to hear the hon. cynic get up with all the guff that he gets up with and talk about the figures and those on relief and not on relief. There is one thing that Ottawa did that helped last year, and that is that they increased the unemployment insurance and changed the regulations there. That brought more money into the province last year, to the people of the province.

So, Mr. Chairman, let us just get our sights set right. If we have high short-term relief and if we have high unemployment this government can only do so much about it. Unfortunately that is not too much, and the last government could not do much about it and only Uncle Ottawa has the financial resources to do much about it, and Uncle Ottawa is playing his own game up in Ottawa.

Mr. Chairman, that is a little bit off the subject of social services but just as much on the subject as the hon. gentleman was, and there will be lots of time to debate this in the

Budget Speech or any other speech.

AN HON. MEMBER: Stopped - stopped.

MR. CROSBIE: I do not care if it stops or not. If the honourable member wants to carry on, that is up to him. I move that the vote carry.

MR. ROBERTS: Mr. Chairman, it is not necessary to move that the vote carry, the vote has been put. I assume the same leeway will be extended to us as we extended to the honourable gentleman, as he has touched on a couple of very important points.

First of all, let me say that I am somewhat taken aback to hear the honourable gentleman speak and I do hope the Premier will say a few words in this debate, because I want to know whether what the honourable said was the policy of this administration.

MR. CROSBIE: If it is not, I can...

MR. ROBERTS: Mr. Chairman, I heard with considerable interest and a great deal of patience the honourable gentleman. Would he be good enough to extend me the same courtesy. He seems to feel that the rules apply to everybody except him.

MR. CROSBIE: Do not start by whining.

MR. ROBERTS: Mr. Chairman, the honourable gentleman who has been called a 'bully' is once again showing his bullying tendencies. Let him be quiet, let him listen, maybe he can even learn. He would not admit that, but maybe he can.

First of all I would like to know whether a statement made by the gentleman, the Finance Minister, represents the policy of this administration. I would be very surprised if it does, because the honourable gentleman said, and I believe I am quoting him accurately, that the Government of this Province cannot overcome unemployment. I have quoted him accurately. It may surprise him to know that I do not disagree with that. I am quite aware of the constitutional setup, I think all honourable gentlemen are, Sir. The monetary policy is the responsibility of the central government, the federal government.

Fiscal policy is shared jointly. I suppose it is shared more than jointly because the municipalities have a certain degree of right in the fiscal field. They have the power to levy taxes. True it is subject to provincial legislation and in most cases the provincial administrative control, as in Newfoundland, where no council can strike a tax rate and have it effective until and unless it is approved by the Minister of Municipal Affairs.

The minister was very eloquent, very eloquent. It all sounded so familiar - I have never in my life heard so much galling and utter hypocrisy as the honourable gentleman just got off. I sat in this House the last three or four years and listened to the honourable gentleman, sometimes with interest sometimes not with interest, sometimes with impatience, sometimes not with impatience, sometimes even with understating. When he was on this side, Sir, he sat here night and day lashing, attacking personally, politically, every way he could think of, as low and as high as he could go, the men who were then in the Government of this Province. I was one of those men. Some of what the honourable gentleman said was correct. Whether or not it was correct, the people of Newfoundland listened to it. It influenced greatly the people of Newfoundland, and that is fair enough again.

There is no quarrel from anybody on this side, Mr. Speaker, with the results of any election. The people of Newfoundland decide whom they wish to be their members in this House and whom they wish to be their government, and there is no quarrel from us.

The honourable gentleman stood up, time and time again, and made it out that the Government of this Province was somehow doing something wrong. Now that he is in the government, we are hearing the same tired old excuses dragged out. We hear how he is so big, going to Ottawa, "Big Brave John", he gets on his airplane, goes up to Ottawa. Mr. Chairman, his argument was completely and utterly fallacious. Equalization is not any gift from Ottawa, it is the only thing the honourable gentleman has asked for, and I submit, the honourable the

Finance Minister was about the most surprised person in Newfoundland when he realized that Mr. Turner, the Finance Minister, at Ottawa, had proposed and subsequently the House of Commons have approved a change in the equalization formula which has the effect of giving this province \$24 million extra this year. We are going to go from \$159 million, in round figures, to \$173 million. \$149 million, I am sorry, \$149 million is what we would have gotten if the existing formula had stayed in effect. The \$173 million is what it is estimated that the Government of Canada will pay to us this coming year on the new formula.

Equalization is not something we should boast about. Equalization is a form of guaranteed income, it is a form of social assistance. Because, what the Government of Canada say is; "Here is what tax rates, standard tax rates, produce by way of revenues from the taxpayers of this province, or the taxpayers of this country, times the number of people in each province. If a province does not get that much, then we will make it up," and they do make it up. All they did a fortnight ago or whenever Mr. Turner brought in his budget speech was to say that they will take another factor into account. What factor? The factor that in most provinces substantial revenues are raised through property taxation, for educational purposes. That is not the case in Newfoundland. We do not have a great deal of that type of taxation, mainly, I suspect, because we do not have the tax base to support it.

The honourable gentleman stands up, He stood up on budget night and said he condemned John Turner. Then the next morning he woke up and he discovered he had an extra \$24 million, which saved him from a whopping, whopping tax increase. I am rather pleased about that, I do not think anybody in Newfoundland has any desire to pay more taxes. Now he stands up and blackguards Ottawa. I am not here to defend Ottawa, they are quite capable of speaking for themselves, but I am not prepared to stand in this House, sit in this committee and hear a Minister of the Crown, first of all, give up a confession of defeat, I

have never heard a speech like it. He has been in office a little more than a year and the problems have overwhelmed him, the problems that we could not solve, admittedly, no hesitation at all in admitting that we could not solve those problems. But admitting it now, he is overwhelmed, he cannot hack it, he cannot take it, he loses his temper, blows off, gets off with a vicious personal attack on my colleagues questioning his motives.

Your honour, we have drawn Your Honour's attention to it, the rules say quite clearly; "No member may attack another member's motives." The honourable gentleman, the Minister of Finance, who wraps himself in his hair shirt, stood here and attacked my colleague's motives. He can attack my colleague's actions, but his motives are a different question. He stands and I hope the Premier will stand, be it for a short time or a long time, I want to know whether this administration have given up - they have been in office a year, fourteen months. The Minister of Finance stands and he says; "We cannot lick unemployment." In effect, what he is saying is they have given up. I do not think for a moment they have. I expect fully that the Premier will stand and say that they have not given up, that they are working night and day. They made a deal with John Shaheen to try and produce employment in this province and while not debating the merits of that deal, there will be ample opportunity for that, that is the sort of thing that has to be done.

The honourable gentleman from St. John's West, the Minister of Finance, finds that hard to take. He stood here time and time again in this House on every vote, and if he wants to talk about an alleged filibuster, he is the one to talk. Personally he consumed more pages of Hansard than any dozen gentlemen on either side, over the years, now he is getting a little tender skinned. He came to me, outside the chamber, and asked if we were prepared to allow this bill to go through quickly and we said: "Of course we shall; we will have the main debate," I stood here in this committee and said it. It did not mean we are going to let it go without debate, of course not.

When the member for St. John's Centre and the member for Bell Island react and act upon each other, each of them has a very forceful style of presenting his arguments and each provokes the other, I find no complaint with that. We cannot debate in this committee, what is the point of having the committee? Let it be understood that there is no sweetheart deal, I stood and said in the committee what the understanding was. The honourable gentleman, the Minister of Finance, does nothing at all to speed understandings, by intemperate and malicious personal attacks upon other gentlemen.

I do not propose to deal with all the points he brought up. He rather shocked me; I never thought I would hear him. I figured that he would take on the problems of this province with some courage and some faith. Instead, we get a confession of defeat and defeatism of the worst sort. I did not think I would hear that from the honourable gentleman. I have never pretended that the problems of this province can be solved easily, never, nor did any of the honourable gentlemen who ever sat there. Mr. Smallwood when he was Premier, never pretended

Mr. Roberts.

the problems of this province could be solved easily, but he did not give up. I agree he did not solve them. Certainly, he did not solve them.

AN HON. MEMBER: He did not give up.

MR. ROBERTS: The honourable gentleman can say what he wants about that. Maybe he gave up too soon. But at least he never stood in the House and admitted defeat - defeatism of the worst sort.

MR. CROSBIE: (Inaudible).

MR. ROBERTS: I heard what the honourable gentleman said. I heard what he said, Mr. Chairman. I have no doubt that I shall hear it again, again and again.

MR. MORGAN: Mr. Chairman, point of order. Being a rookie member of the House of Assembly, I would like to question one thing. We are presently debating Item VII, Interim Supply, dealing with Social Services. I fail to see the relevance of the speeches of the hon. Leader of the Opposition to this point. I think we should stay relevant and discuss Social Services only.

MR. ROBERTS: Mr. Chairman, to a point of order. My remarks have the same relevancy to the head on which we are as do the remarks of the hon. Finance Minister. We are talking about unemployment. Unemployment in this province is directly related to social assistance, as a number of honourable gentlemen on the other side stated quite clear.

MR. CHAIRMAN: The point of order by the member for Bonavista South is correct. However, there is great latitude given in debate in the House and it is quite true that the hon. Minister of Finance did make a very lengthy speech that did not particularly relate to Head VIII, Social Services. It is generally conceded that the Leader of the Opposition is to be permitted to reply to this, to a point of that speech. However, both honourable members, technically speaking, are completely out of order.

MR. ROBERTS: Mr. Chairman, as I was saying before the gentleman from Bonavinta South decided that the rules that applied to his side did not apply to the other or vice versa, the policy adumbrated by the hon. Minister of Finance struck me as a policy of defeatism. I have never in my life heard a senior minister (the gentleman is a senior minister. He is one of the leaders of the government) confess quite so candidly, quite so shockingly his inability to deal with the problems which face this province. I do not believe it is the policy of the administration. The Premier (I saw him making a few notes there) will doubtless speak. He shall certainly be given, on this side, every courtesy and latitude. I hope he will just say flatly that that is not the policy and that the administration will do what they can to tackle the problems of this province, particularly the problem of unemployment. They will do what they can. They do not expect to achieve everything but they will work as hard as they can and do what they believe is best. In due course the people shall judge. That I can understand. That is a reasonable policy. It is the policy that we followed. We were slandered, vilified and abused by the Minister of Finance for it. There was no complaining, no whining, we sat and took it and eventually the people made their decision. So be it! In due course, the people shall rule again.

Now to come back to the social assistance vote. I think it has been fairly thoroughly debated. I think the points which emerge are that the number of people receiving short-term assistance in this province has decreased. The reason why it is decreased, I submit, there are two reasons; first of all the money which the Government of Canada have put into this province, through the LIP Programme, the local initiative's project, which has provided jobs for about 6,000 people - these are federal government figures. I see no reason to quarrel with them. I cite them from today's issue of the "Evening Telegram." It is about 6,000 people and it is a total cost of about \$11.5 million. The other

reason why welfare votes are lower, the total amount on welfare is lower is that the unemployment insurance regulations have been changed. If we want some figures, it may be of interest to the committee to know that in December, 1971, there were 15,225 claimants receiving unemployment insurance benefits in this province. In December, 1972, the comparable figure, Sir, was 23,413, an increase of approximately 8,200, a percentage increase of fifty-four per cent. The figures were even more startling in August, 1972, as opposed to August, 1971. They went from 10,400 in 1971 to 24,700 in August, 1972, an increase of 14,400; 140 per cent increase. In October, 1971, there were 13,800 people receiving unemployment insurance benefits in this province. In October, 1972, there were 27,400 people receiving unemployment insurance benefits, an increase of about 98.5 per cent. If the figures have dropped for short-term assistance (short-term assistance is a court of last resort, Mr. Chairman. Short-term assistance is where a man must turn for aid when he has no other alternative, when he has no cash and no income. It is the court of last resort.) we should welcome it. Let us not delude ourselves into thinking that it is any achievement of any government. It may be partially an achievement of the Government of Canada, through the LIP Programme, because if those 6,000 people were not working at LIP Projects, every one of them would either be on social assistance or would be there by the time the ice goes in the spring and the fishery begins again. Those 6,000 jobs are saving the Province of Newfoundland the welfare assistance, either now or in a few weeks or months.

The real reason that social assistance is down is, of course, the unemployment insurance is up dramatically. When the Minister of Finance gets up and condemns Ottawa for doing nothing, he should at least give them credit for what they are doing. When the various gentlemen in the administration, the spokesmen for it, claim that they are doing so much,

the rural development authority - the 500 people taken off social assistance because jobs were found for the wage earners in those families. I would like to know, by the way, how many of them were LIP Projects. How many of them were permanent jobs. I would like to know how many of the ARDA jobs were permanent. There will be ample opportunity to debate those. They should be honest about it and tell the full story. The fact that social assistance is down does not mean that we have had a particularly good year in Newfoundland. The unemployment rate is still horribly high. Sixteen per cent is much too high. I agree completely with the Minister of Finance that it is much too high.

Let me say two other things at this juncture anyway. First of all the Premier, on the opening day of this session, cited some statistics to show that this was a reasonably good year, the year past in Newfoundland. These figures were correct. There is no argument there. I think the conclusion was a correct one. It has been a reasonably good year. He, of course, neglected to point out the reason that it had been a good year was the dramatic increase in unemployment insurance, the dramatic increase in LIP Projects which, after all, began last year. This is the second year that that programme has been in force. I think that fact should be recorded. Again we will be stating it time and time again. It is an important fact. Secondly, let me say that the debate on this bill will obviously go on as long as any honourable member wishes to speak on it. But intemperate outbursts by the hon. Minister of Finance, who is unable to control himself, unable to take any criticism, he is the only one on that side. The Premier can take it. The Minister of Education can take it. He sits there quite patiently. He may be fuming inside, the Premier may be fuming inside; they sit and take it. They realize that it is part of the parliamentary process, just as we sit and take it and at times we fume inside. Let the Minister of Finance learn to take it; the debate will go much more quickly.

My colleague, the member for Bell Island, had a few questions. He had some difficulty in having them understood by the gentlemen opposite.

That I submit is not the fault of my colleague. He had some great difficulty in getting answers but he succeeded in getting some information. There are a number of other questions we intend to ask. How quickly the debate will go, will depend on the attitude of the ministry.

Mr. Chairman, the Minister of Finance gets up and glosses over. Oh, it is a mere little payment 'on account, sort of a token, the soup is on, a little pin money to keep her going. Well, he has not explained it with any satisfaction, why the estimates are going to be delayed so much. Restructuring does not impress me. That is a matter of shuffling a few subheads from one place to another.

Also, he sort of glossed over the fact that we are being asked to approve the expenditure of \$86,000,000, in blank. We do not know if there are any new programmes in this. We do not know if there are any new levels of expenditure. We can do some rough arithmetic to multiply by six each subhead and get some comparison with last year. The ministers have not come in and said whether there are any new programmes in this, whether there are any new policies. That is why we have to ask. It is a reasonable question to ask, I submit, and certainly we are going to go on asking them.

Now, let me just draw to a close by saying that I do hope the Premier says a few words. The Minister of Finance has raised a very important point. I do not believe for a minute that even the administration we now have has given up on this province, but if one leaves the Minister of Finance's remarks unchallenged and uncorrected, that is the impression he gave. Maybe the Finance Minister will say a few words. If so, that is well and good, but I should like to hear from the Premier, after all he is leader of the government.

MR. CROSBIE: I do not want to speak to any further great length on this but I do want to correct the impression that the Leader of the Opposition is trying to give. Of course, we always have to listen to his little homilies on behavior and the rest of it, but we are getting used to that. He is the sole repository of all function in this House. Well, the honourable gentleman is completely twisting and misrepresenting and deceiving the House on what I said, as any honourable gentleman here who listened heard. I have given no counsel of despair. I do believe this, Mr. Chairman, I do not believe in attempting to fool the people

of Newfoundland. I believe in facing the facts and I believe in the truth. The truth and the facts are as I stated them, that this province, this Provincial Government of Newfoundland, by itself cannot overcome the unemployment problems of this province and there is not a Provincial Government that can do it, perhaps with the exception of Alberta. I do not think that even Ontario can do likewise. It is only the federal government that can do it. That is the statement I made. It was no counsel of despair, it was a statement of the facts. If we were prepared to give up or if I were, I would not be here; but I do not believe that the people of Newfoundland should be fooled. There is no government of this province, formed by any party or a government formed of eighteen of the best men in Canada today or in the world, who can overcome the problem of unemployment in Newfoundland, with the resources that this province has. It cannot be done. It can only be done, if it can ever be done, with the help of the government of Canada. That is the point that I made and these are the people who must be looked to if the problem is ever to be overcome.

The honourable gentleman, when he tries to pretend that I said anything different, is deceiving the House and is telling an untruth.

MR. ROBERTS: Before the Premier speaks; The honourable gentleman is obviously angry and has gone a bit too far. He is not allowed to say, as I understand the rules, that I told an untruth. He may debate. That is fine, but I suggest the honourable gentleman should be asked to withdraw the remark, if the rules are as I understand them.

MR. CROSBIE: I will say that he did not deliberately tell an untruth. He unconsciously told an untruth because apparently he did not hear me properly.

MR. ROBERTS: Mr. Chairman, one cannot tell an untruth unconsciously. The word truth implies an element of mens rea. If the honourable gentleman says that I made a statement that was untrue, let him stand behind it. If not, let him withdraw it. I heard quite clearly what he said on his first¹ intervention in the debate in the committee and quite clearly what he said on his second intervention and quite clearly

what he said on his third intervention. He can debate. That is fine but he is not allowed by the rules to say that people are making untrue statements.

MR. CROSBIE: Mr. Chairman, we know very well this gentleman knows the rules. Several weeks ago he called the leader of the House, here on the government side, a liar. He called him a liar five or six times, put on a disgraceful exhibition and refused to withdraw it. I say, and I stick by it one hundred per cent, that the honourable gentleman whether consciously or unconsciously - and I will give him the benefit of the doubt, I will say unconsciously - has told an untruth. I never said that this province should give up. I never counselled despair. I said that this province cannot by itself, this government or any government of Newfoundland, beat the unemployment problem. That is what I said and not what the honourable gentleman -

MR. ROBERTS: To a point of order. If the honourable minister is -

MR. CROSBIE: I certainly do not withdraw it and I will not.

MR. ROBERTS: He is now telling untruths again. I did call the honourable House Leader a liar. I think that he was lying, as a matter of fact, but I did withdraw the statement. If Your Honour wishes to refer to Hansard, he will find that upon the request of the speaker I withdrew the statement, as I was required to do.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Well, I am quite willing to get into it again. I have had the pleasure of speaking with my father since, and my father has some strong views on that as well.

Mr. Chairman, if the honourable gentleman wish to debate the point, I am happy but I would consider it a closed incident. If he wish to reopen it, I would be indeed happy to but, as I come back to the point, I do not really care what the honourable the Minister of Finance says in debate. That is fine. I shall say what I believe, subject to the rules. He shall say what he believes, subject to the rules. The rules do have something to say - I think Your Honour probably has some citations there now about members calling other members liars and uttering untruths. We can

make statements to the effect that an honourable gentleman's statement is not correct but let the honourable Minister of Finance be man to abide by the rules.

MR. CHAIRMAN: To that point of order, it is unparliamentary, unacceptable for one member to charge another with uttering a deliberate falsehood. In the opinion of the Chair, the Minister of Finance has explained what he did say and while he may have cloaked it in semantics nevertheless the Chair rules that he did not accuse the Leader of the Opposition with uttering a deliberate falsehood.

MR. MOORES: I will speak very briefly on this subject as it has been so broadened since we started here this afternoon. It is very understandable, Sir, why the Leader of the Opposition has not understood what the Minister of Finance had to say. If he had been in the House for all of the time when the honourable member for Bell Island was speaking, I am sure he would have been more confused than he is at the present time because the particular speech that the member from Bell Island gave is a total waste of time for this honourable House.

To get back to the point at hand: First, Sir, the minister of Finance did not say that we were admitting defeat. He was saying that this province has a very serious problem. It is to me almost amusing to see the opposition debating Ottawa, leaning on Ottawa politically. Because there is a Liberal Government in Ottawa they automatically assume that they have been adopted, which is not necessarily the case even by the more stalwarts in the Liberal Party in Ottawa. What was said by the Minister of Finance, as I understood it, Mr. Chairman, is that the control of most of our fiscal policies and monetary policies are controlled by Ottawa. The fact is that we as a province should not always be going, cap in hand, to Ottawa, that we should be prepared to stand on our own, that we should be prepared to take a stand that may not be always totally agreeable to Ottawa.

We have gone through a long number of years when we have had the government of Canada syndrome. Maybe that is why we have never

really made any progress on our own, because of the cap in hand attitude of the previous administration.

Mr. Speaker, we are today theoretically supposed to be talking about Interim Supply. Interim Supply, as has been explained, is for the months of April and May, to ensure that the civil servants are paid, that the bills of the government are met and so on. The debate on what the government policy is can be well done in estimates.

Here we have today the honourable member from Bell Island speaking for an hour, speaking absolutely unadulterated political garbage, personalities being handied back and forth across the House, by both sides, but particularly by yourself. Here we are, Mr. Speaker, dealing in personalities when we as a representative of the people are supposed to be getting a job done. We have a lot of important legislation to get through this House. I hope there are members on both sides but particularly the member from Bell Island who realize that maybe the legislation and the interests of the people comes even before himself on stage or what political marks he can gain. Mr. Speaker, I move that we adjourn this debate.

MR. ROBERTS: Mr. Chairman, that the committee would rise, is surely the motion that the Premier meant to make.

Mr. Chairman, a motion that the Committee rise; is it debatable? It is not debatable. Well then since this -

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: I am sorry. I am going to ask of the Chairman

one of the rights that a member has. If I may be permitted, if the Chairman will take a vote on it please, in the committee, because we do not think the committee should rise. It is just a form of closure that is all.

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

On motion report received and adopted.

On motion committee ordered to sit again on tomorrow.

On motion of the honourable Minister of Finance, A Bill, "An Act Respecting Conflict Of Interest In Matters Of Public Concern," read a first time, ordered read a second time on tomorrow.

On motion of the honourable Minister of Labrador Affairs, A Bill, "An Act To Amend The Adoption Of Children Act, 1972," read a first time, ordered read a second time on tomorrow.

Second Reading of a Bill, "An Act To Ratify, Confirm And Adopt An Indenture Made Between The Government, Newfoundland Forest Products Limited, Bowaters Canadian Corporation Limited, Bowaters Newfoundland Limited And Lundrigans Limited And An Agreement Between Government And Bowaters Newfoundland Limited And To Make Provision Respecting Matters Connected Therewith."

MR. MAYNARD: Mr. Speaker, I have great pleasure in moving second reading of this bill, from two points of view. Number one, because the forest industry aspect of the matter and secondly, as the M.H.A. for the district concerned.

This bill is to confirm the agreement worked out between government and Newfoundland Forest Products Limited or the principals making up Newfoundland Forest Products Limited in relation to the operation of their mill at Hawkes Bay and as well some agreement on their mill at Stephenville.

The agreement was signed by government or between the government

and the company, on January 16, 1973 and I might say, immediately after that the company started their operations at Hawkes Bay, started getting things on the way. It took a great deal of time, Mr. Speaker, to work out this agreement we have here and there are a number of reasons for it.

We had hoped many times, and I am sure the company had hoped many times as well, that an agreement could be reached and we would be able to get the thing cleared up and get the operation going, but it was a very difficult set of negotiations. I was in on all the meetings where we negotiated the agreement. They were very difficult because the company had certain things in mind and quite obviously as a company they wanted to get the best deal possible from their own point of view, you cannot really fault them for that.

From a government point of view, we wanted to ensure two or three things. Number one - we wanted to get the jobs made available to the people there, by having the operation start. At the same time we had to do everything possible to protect the public funds that were going in there to be loaned to the company and make sure these public funds were used in such a way that there would be continuation of the operation for some considerable time. In other words, we did not want to make a loan to a company and find out that they go ahead and start up, two or three months later the whole thing is closed up and they are out again.

One of the most contentious issues throughout the whole set of negotiations was the insistence by government that we have some assurance that there would be a continuing operation at Hawkes Bay. I believe by the agreement that we have here now, as a matter of fact, I feel sure by the agreement that we have here now that we have ensured that that operation will continue for some time, or if that operation does not continue as such, then

certainly an operation will continue in the Hawkes Bay Area, their wood will be utilized and people will continue working whether it is for a sawmill or whether it is for some other purpose.

There is a separate agreement to the one reached with Newfoundland Forest Products Limited. You can find it - schedule "d", it is an agreement that was worked out between government and Bowaters, quite apart from the main agreement, whereby Bowaters agree to do certain things in the event of the closedown of the mill; and that in itself ensures a continuity of work in the area and the jobs will be ensured. If we were in the position that we had some control over the timber limits, needless to say there would not be any point in our entering into an agreement with Bowaters, Newfoundland Forest Products or any other company but in that particular area, they do have complete control of the timber, all the merchantable timber in the area, with the exception of a couple of small pieces of crown land where there may be fifteen to twenty thousands chords, but certainly nothing significant to run a mill on.

However, we have to face that fact - you are dealing with a company who controls the raw material. They are really holding the high card because it is very difficult to run an operation unless you have the access to the raw material. But as I say, there were numerous meetings, much correspondence, exchanges by telephone,

letters and so on and so forth, We finally reached an agreement which we think is a good one. I am going to let the Minister of Finance outline the actual detailed financial sections of the agreement, the mortgage and the repayment clauses and so on and so forth.

In regards to the Stephenville mill, they have agreed that they will have that mill in operation within eighteen months and I think that is in the agreement within eighteen months at Stephenville or some other location in the province or they will sell the mill to other interests who may want to operate it. Eighteen months may seem like a long time but the company says that they would have to assess the possible operation at Stephenville after Hawkes Bay started up and it was going for a while and they see what the markets are like. A big part of it would be watching the new equipment they are going to install in Hawkes Bay and see how well it works, then they would make a decision on the Stephenville mill. We are hoping that they will make a decision to operate it or relocate it to some other place where it can be operated, long before that, but however we will wait that long if the company figure it will take that long.

The woods operation at Hawkes Bay, as I said, started very soon after the agreement was signed. It started on the 29th of January and the agreement was signed on the 16th of January and the saw mill started up a couple of weeks later, started production. Right now the mill is still on a single-shift basis and they will be for some time, into the early summer. Possibly they may get into the double shift basis after their new equipment is installed - Right now they are operating with the same equipment that they had there since the mill was built. They are installing new equipment and that was part of the agreement signed with Newfoundland Forest Products, that they would install new equipment as per the Mason Report, the people who did the feasibility study, after the mill closed down, in the fall of

1971 or in the spring of 1971.

Right now they have fifty-two men employed in the mill and they have about thirty-five to forty men in the woods operation. They have upped their production from zero start to the vicinity of 45,000 board feet per day. So it would appear from that that the operation is going very well. Of course the mill has a much greater capacity than that but I do not feel that they will be going up to anything close to the 70,000 per day capacity until they install their new equipment. I understand, in relation to the equipment, that some of it is already shipped from the factory. When the equipment is installed and they get a much smoother operation there, they will be on a two shift basis and the approximate employment figure, and this is approximate because no-one can tell exactly how many, but the approximate employment figure would be a hundred men per shift, which would be about 200 men and, as I say, they are hopeful of going on a double shift in early summer.

They will have some problems with shipping, with getting the finished product out of there. There is a very short shipping season in Hawkes Bay, one of the places that freeze up very quickly, very early in the winter and is frozen up very late in the spring. We have agreed that we will use our best influence with the Government of Canada to have the shipping season opened up either by using ice breakers or whatever. Right now they are shipping by road, which is a relatively expensive method, and of course with the price of lumber that it is today, I suppose it does not cause too much hardship.

However it is going to take them some time, some months to get the whole thing ironed out. We are very, very optimistic that this time the operation will go, but we do have a back up agreement with Bowaters to ensure that there is employment in the area, that the woods potential there is utilized if the mill does not go. I will not bother going into any of the specifics of the mortgage. I will

leave that to the financial wizards.

No doubt the hon. members on the other side will be asking various questions about this. I think we can answer most of the questions or at least we will try. I have a fairly thick pile there of all the negotiations and various agreements that were drawn up, withdrawn and torn up and put back into shape again and clauses changed, and I can go through the whole works but I do not think that is necessary. It is enough to say that the thing is on the go. We are happy that we were able to sign the agreement even though we were frustrated beyond belief for the time that it took in working out the agreement, but we think that the time that was taken was well spent because we now have an agreement that the province can live with and it is an agreement that ensures that continuity, and this was the big factor, making sure that those 200 jobs were going to be around for a long while, at least while the province had an investment in it.

MR. ROWE (F.B.): Mr. Speaker, before the hon. Minister of Finance, he is not in his seat anyway, Sir. I would like to ask a few questions with respect to the boundries of the woods operation and also the employment opportunities relating to this mill. I am looking at the map here and I am trying to figure whether or not -

AN HON. MEMBER: If you have a map there, it is the wrong one.

MR. ROWE (F.B.): Yes, it does not look quite right to me for some reason or another. The question I have to ask, Mr. Speaker, is whether or not the boundries of the woods operation are going to the Castor River Basin there. I am looking at the map on page what would be forty-three and it seems to me that the boundries, I take it that the heavy lines represent the boundries of the woods operation and this does go into the Castor River Basin Area.

MR. MAYNARD: Yes, this is the territory that was assigned to Newfoundland

Forest Products by Bowaters.

MR. ROWE(F.B.): By Bowaters, yes.

MR. MAYNARD: It goes into the Castor River Basin.

MR. ROWE(F.B.): The other area outside of that still is a concession belonging to Bowaters with the exception of how many acres of crown land did you say?

MR. MAYNARD: Oh, I was talking about crown land in the Hawkes Bay Area more specifically. There is some crown timber in the Castor Area.

MR. ROWE(F.B.): Yes, of course, Mr. Speaker, what I am asking here is what effect this would have on the possibility of the people in around the Castor River Area and Plum Point and Bird Cove of starting up private sawmill operations. In other words, are most of the woods still tied up in one way or the other, either by this agreement or by the Bowaters Company? The other question I would like to ask - there are now something like forty-five people employed in the woods, I understand, and fifty-two people employed in the plant, and the future in the plant is on two shifts of approximately two hundred people, two hundred people in the plant. He did not mention the figure for the future as far as the woods operation is concerned.

MR. MAYNARD: No that is just 200 people.

MR. ROWE(F.B.): That is 200 in the plant and in the woods operation. Mr. Speaker, during the summer when it looked as if this agreement might be signed, I sent a telegram to the hon. the Premier asking him if he would give consideration to giving employment up and down the Northwest Coast, in both the plant and the woods operation, and I was wondering if the minister could indicate to the House where these people are coming from who are employed in the plant and in the woods operation. In other words, what I am really asking - are the people in St. Barbe North getting a fair opportunity to gain employment in this whole operation?

March 13, 1973

Tape 590

JM - 5

MR. SPEAKER: Maybe the hon. minister should take note of these because if he speak again now he closes the debate, and maybe when he is summing up he could give you the answers.

I thought the honourable gentlemen would not want to hear any more today.

Now, Mr. Speaker, the hon. Minister of Forestry and Agriculture has outlined in general terms the situation at St. Barbe and, therefore, I presume all I need do is to point out some of the features of the agreement that might be of interest. It should be noted that the loan, at least not at the present time, is not \$2 million. The loan at the moment is \$1,750,000, which was advanced to the Newfoundland Forest Products Limited on January 15 or 16. Of \$1,750,000, Bowaters Canadian Limited and Lundrigans Limited have guaranteed repayment of \$400,000 - \$200,000 each. The reason why that was a condition we would not go beyond was that \$400,000 of the \$1,750,000 is being used to repay a bank loan which Newfoundland Forest had, which had been guaranteed by Bowaters and Lundrigans. One of the reasons for the long negotiations was that the province took the position that we were not going to advance any monies that would reduce any obligation that Bowaters or Lundrigans themselves had in connection with the project and that any money we advanced had to be used to get the operation going again, not to reduce the losses. Bowaters and Lundrigans had already suffered. Of course, they have suffered considerable losses, Mr. Speaker. I remember the figures. They have \$1,600,000 invested in it by way of equity and loans and advances. They are, Bowaters and Lundrigans, owed considerable monies by Newfoundland Forest Products themselves, in several hundreds of thousands of dollars each.

In addition they have made certain guarantees in connection with the project. They took the position that they would only reactivate the mill at Hawke's Bay if they were not obliged themselves to put any more money in it. We took the position that we would only advance monies for this to be reactivated so long as their liabilities did not decrease.

I think that that was certainly a reasonable position to take.

Of the \$1,750,000, we are guaranteed of \$400,000 by Bowaters and Lundrigans. Our risk really is \$1,350,000. The agreement provides that if Newfoundland Forest Products feel it needs an additional \$250,000, they can call on the government to advance it, but that additional \$250,000, repayment of that to the government must be guaranteed by Bowaters and Lundrigans. If we do have to advance the other \$250,000 that will be guaranteed. We will have a guarantee for that also. The total guarantee then of the \$2 million would be \$650,000. In addition, as the minister mentioned, we have a first mortgage on the mill and all the equipment at Hawke's Bay. We have the right - of course, the all important thing up there are the timber limits. Without the timber you cannot operate a sawmill. That was quite a bone of contention for a long time.

Newfoundland Forest entered into a timber agreement with Bowaters. The timber limits are owned by Bowaters and the interest of Newfoundland Forest in that timber agreement is mortgaged to the government. If we have to foreclose, we can replace Newfoundland Forest under the timber agreement and cut timber there.

Now as negotiations came to an end, another problem arose because Bowaters, in the event that there was a foreclosure, were worried that we would use their timber and perhaps for some other purpose other than the use of a sawmill at Hawke's Bay or in that area, that we might take the timber and sell it to Labrador Linerboard or whatever. The final hitch that arose, last December, when the negotiations almost collapsed, was the position Bowaters took that they could not have this interest in the timber mortgaged, that we must agree that if there were a foreclosure, that we cut timber from the timber limits that could only be used in the sawmill at Hawke's Bay. We could not accept that because presumably

March 13, 1973

Tape no. 591

Page 3

if the project failed in the future, it would be because the mill at Hawke's Bay is not viable. If the mill at Hawke's Bay were not viable, if Bowaters and Lundrigans cannot operate it

1906

and make it at least break even, it is likely that it would not be much use in somebody else operating it. If we were not operating the mill at Hawkes Bay, what good would the timber be? Since the amendment is for foreclosure, we would be owed money, we wanted the right to cut the timber and use it elsewhere either in sawmills in the Hawkes Bay Area or elsewhere or for sale in the province. That was afterwards resolved by the agreement that is attached to the mortgage. The timber agreement itself, between Newfoundland Forest and Bowaters, is attached to Schedule B. The agreement between Bowaters and the government is Schedule D, covering what would happen in the event of a default and we have to go in, under the timber agreement. That provides first that we cut timber for use in the sawmill at Hawkes Bay or secondly for disposal to any sawmill or lumber preparation plant in the area of Hawkes Bay. If we could not use it for that purpose, Bowaters would have the option to cut the timber themselves and pay us for it, or if they did not do that, we could cut the timber and sell it and Bowaters would have the chance to buy the timber themselves at the best price we could get. So that compromise is represented in the agreement that is attached to Schedule D.

The interest rate of the loan is eight and three-quarter per cent which is calculated at a-half per cent about the interest rate the province is paying for money. It is costing us roughly eight and one-quarter per cent to borrow. For the interest rate on the loan is a-half per cent higher than that, it is eight and three-quarters per cent. We made them a concession on the time for payment of interest. They do not have to pay their first installment of interest until the end of December 1973. I am sorry, the first payment is the last day of September 1973, the second payment the last day of December 1973 and then six monthly intervals. They do not have to make a payment on capital until the last day of December 1974. This is to give them a chance to get the operation going again. Then they have thirteen years to repay the capital. So it is a fifteen year loan or agreement altogether.

The points of the agreement other than that on the guarantee, I have mentioned. The very important feature of it is that both Newfoundland Forest, Bowaters and Lundrigans have covenanted that they will not use any of the money that we advanced or any of the funds of Newfoundland Forest to repay any indebtedness owed to Bowaters or Lundrigans now, until after the government loan is repaid. So until they repay this \$1,750,000, Newfoundland Forest cannot repay to Bowaters what they owe them or Lundrigans what they owe them or make any payments at all to them for any of the amount that is owed in the past, that includes amounts on accounts receivable, amounts owing for stumpage and all of the monies that are involved which Newfoundland Forests are indebted to them for.

They have to observe of course the terms of the timber agreement. If Newfoundland Forest did not observe the terms of timber agreements, then Bowaters has to give us notice so that we would have a month to correct any defaults and can be sure that we have the right to the timber up there in case there is any problem in the future.

The government have agreed in Article 6(ii) that over the next fifteen years there will have been spent \$400,000 on forest access roads in the area. This was an agreement they had already with the previous administration. Considerable funds have been spent, actually there has already been spent on access roads up there 1969-1970 \$254,000, 1970-1971 \$119,000, 1971-1972, \$21,000 that is

\$386,000 to date, but the government is obliged, over the next fifteen years, to spend at least \$400,000 on forest access roads through this timber. It is laid down that the government has to consent to where the access roads go and to their proper maintenance and the rest of it. We are not obliged in any one year to spend in excess of \$100,000 on access roads. They are obliged to take prudent measures to prevent the outbreak of fire in the timber lands, to use their best endeavours to stop plant diseases.

The House should also notice, Mr. Speaker, that there is no S.S.A. tax exemption. There was an agreement entered into between Newfoundland Forests and the last administration May 31, 1969, it is signed by Mr. Smallwood, in which the company had very generous concessions, one of which was that they would have to pay no S.S.A. tax. The agreement was never ratified by the House of Assembly, and there was work there. The mill was built and of course, accounts were owing for S.S.A. tax but there had never been an agreement authorized by legislation. It was not brought before the House, as I understand it from the records, because, certain members of the last administration did not agree with the agreement that had been signed by Mr. Smallwood. In any event, it never came before the House for ratification.

In this agreement we have agreed that they have an S.S.A. exemption up to the end of 1971 because they had gone ahead in the first place on a promise that they would be S.S.A. tax exempt. From the end of 1971 onwards, they are not exempt from S.S.A. tax. It is the governments' policy now that we will not grant S.S.A. tax exemptions. The province cannot afford them, the cost of them is unknown, you cannot know how much it is going to cost you when you give an exemption like that. Rather than give an S.S.A. tax exemption, if the industry needs assistance we prefer to give it in the form of a direct grant, so we know exactly what the grant is and how much it is going to cost.

Because we have taken away their S.S.A. tax exemption, you will notice in article (7), paragraph (6) that we have agreed to advance them \$25,000 towards the cost of new equipment and machinery for the

mill. The Mason Report, which was a report done by consultants, recommended certain machinery and equipment they should buy for the mill. The cost of that is somewhere in excess I think of \$300,000. We have agreed that if they buy this machinery, we will give them a grant towards that, up to \$25,000. We pay them the grant when they submit proof that they have purchased the equipment and machinery. We further agreed, in paragraph (7) of that clause, that if they introduce a two-shift operation and increase the work force by not less than fifty percent, if they do that in the future we will be prepared to make another cash grant of seven percent of the purchase price or rental of any additional logging equipment or machinery they might need because of the extra shift, up to \$25,000.

If they go into a second shift and the labour force goes up by more than fifty percent we would be obliged to make a further grant. In addition, in paragraph (8) of that clause, Mr. Speaker, the government has agreed to give them fifteen annual payments of \$28,000 each to assist the operation of the mill. The reason for that is another change in government policy from that of the previous administration. The previous administration entered into agreements whereby companies received electric power, it did not matter if it was electric power, where they received power at subsidized rates. That is a practice that we think is extremely harmful. It has involved the Newfoundland and Labrador Power Commission in a position where it is going to cost - it cost last year some \$13 million because of power subsidy agreements entered into in the past. As the House knows, \$4 million is the estimate of the amount required for ERCO.

We do not believe that we can afford to subsidize the supply of power to industry. It is another cost that is very difficult to quantify, you do not know what it is going to cost you in the future. We do not know today what the average cost of the production of power will be in this province in five or ten years time. We know what it is today in general, but you cannot know what it will be in the future.

If you agree to supply power at less than cost, you just cannot forecast what that will cost the province in the future.

AN HON. MEMBER: Is that a function...

MP, CROSBIE: It is a function of interest payments, it is a function of the cost of bunker sea oil. For example; who a year ago would know that bunker sea oil was going to be -

I do not know if it is doubled but it is certainly up seventy-five cents or one dollars a barrel in the last few months. John Shaheen knew I guess, yes.

So under the previous agreement, the Liberal Administration, there had been a power subsidy agreed upon. They were not to be charged any more than seven mills per kilowatt hour for power. We told Bowaters and Lundrigans that we would not agree to any subsidization of power. So they therefore have to pay the hydro rates, the industrial hydro rate for power at the mill, which will mean that their power bill will be two or three times what it was before.

Now to compensate them for that, we had agreed to a grant of \$28,000 a year. So in any event we know that is roughly, I think, what the subsidy was costing two or three years ago. So we know that we have this obligation for the next fifteen years, it is a definite amount and it expires at the end of fifteen years. You will notice that they have to operate the mill for at least eight months in any year to receive that grant. If they operate it for less than eight months their grant is reduced. I think it is a seasonal operation and they would not be normally operating for twelve months a year there. But they have to operate for at least eight months or lose this grant or part of it.

The honourable minister has mentioned Article 8 which relates to the Stephenville Mill. They have eighteen months to try and get that going again. I think the problem there was the lack of wood supply for the mill. They did not have an adequate supply of saw logs and so on for the mill and plus that it contains a lot of secondhand equipment. Whether they will be able to restart the Stephenville Mill at Stephenville or not, we do not know. They have eighteen months to do that or else they have to sell or lease the mill and the proceeds are then turned over to the government.

I think those are the basic points of the agreement. It took a considerable time to negotiate because we were starting from the beginning. Just to set the record straight, I think it should be mentioned that the order-in-council that was given to the company in October of 1971 was not an unconditional commitment, as it should not have been, as far as that

is concerned. They received an order-in-council where they were promised a loan of \$2 million under certain conditions. I have a copy of it here, if I can find it. Yes, on October 5, 1971, the mill closed in July 1971. Mr. Kostaszek was appointed on September 15, 1971, to do a feasibility study of the mill for the government, and he reported on January 1972. On October 5, 1971 the Liberal Administration passed an order-in-council, ordered that the proposal, that the Government of Newfoundland guarantee on behalf of Newfoundland Forest Products Limited, the payment of interest and repayment of principal in respect of a loan in an amount not exceeding \$2 million to be raised by the said company to enable it to reactivate its operations at Hawkes Bay and Stephenville, in both places. . It is hereby approved on condition that (a) security to the satisfaction of the government must be provided by the company in respect of the said loan. So they had to give security to the satisfaction of the government and (b), the company and some employees must reach agreement acceptable to the government, designed to increase the productivity of its operations in both areas, ordered that the Deputy Minister of Finance and the Department of Justice negotiate the terms and conditions of an appropriate agreement with the company in this regard, subject to further consideration by committee of council in due course.

So that order-in-council or promise of the Liberal Administration in October 1971 was not unconditional. And of course, the negotiations that were carried on, really from June 1972 until January, were the negotiations to establish what the conditions would be. Now the Stephenville Mill is still not being reopened, despite the advance of \$1,750,000. We have security to the satisfaction of the

MR. CROSBIE: government. They have reached an agreement with their employees which seems to be designed to increase productivity and this is the agreement that has been reached. But the promise they had from the last administration was not unconditional although the company in approaching us and in the negotiations used to take the position that they were promised this and if there were any negotiations at all or any terms or conditions, this was back sliding on what had been promised, which was not the case.

So I think that in essence is it. There is not much point in going into the whole history of negotiations. I can only assure the House, Mr. Speaker, that they were very rugged and hotly contested.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: I will tell the honourable gentleman a few things when it become relevant. Negotiations came to an impasse at least four or five times, the last time in December 1972, when we had thought everything was agreed when it was impeded by the situation on the timber limits. That was finally overcome by a compromise, in January, and now it is underway.

So we feel that all in all, the two companies involved, Bowaters and Lundrigans, have a very considerable investment in this project, certainly enough to make them want it to be a success, because they have no opportunity of being repaid any of the loans or advances they have made to it, or their accounts payable unless it is a success. This will certainly motivate them to see that it is operated successfully this time. If it is not operated successfully, we will have the right to take it over and attempt to do better with it or find someone else who can.

MR. CROSBIE: I should say, I do not know if the honourable minister mentioned it, we have the right to have two directors on the board of Newfoundland Forest Products.

AN HON. MEMBER: John Murphy.

MR. CROSBIE: The two directors are not Curtis and Dawe. The two directors are Roland Martin, who is Assistant Deputy Minister of Finance, and Mr. Leonard Martin, Q.C. of Corner Brook.

AN HON. MEMBER: No relation.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: That is about right, but we feel that with his experience he should be able to keep a close eye on the -

MR. WM. ROWE: Will he get a director's fee?

MR. CROSBIE: There would be no director's fee for Roland Martin, because if he got any he would have to come to the government. I doubt that, whether they will get any director's fee.

I would think that we will probably pay him on a time basis, if there is much time involved, but nothing has been agreed. We have not made him an offer that he could not refuse or anything like that.

AN HON. MEMBER: Is it in a nutshell

MR. CROSBIE: The honourable gentleman is right. It is in a nutshell, not a nutbeem.

If there were any pay, we have a uniform policy of payment for all these meetings. A chairman gets \$50 a meeting and the members get \$35, so there will be something in that range, if there is any pay.

I think that covers it in essence, Mr. Speaker. It is an agreement that is spread over the province and better than the last one, and it will not cost the province as much. There is one other item, we have to spend some money on a pump up in Hawkes Bay to make sure that water gets pumped to the mill and there has to be some money spent on water and sewerage up there to complete

MR. CROSBIE: the system. I think apart from that, that is the only obligations we have under it.

MR. WM. ROWE: Mr. Speaker, we do not have much, certainly for my own part I do not have much to say on this particular bill. It is a reasonable arrangement, a normal type of arrangement to take some security back in respect of guaranteeing a loan of nearly \$2 million to the company. It is a reasonable thing and we can see why it took a year or so from the time this administration took office to negotiate the agreement and to get it into effect, I think almost a year to the day - January 16, 1972 I believe it was signed, this administration took office January 18, 1971. I lost a year there somewhere.

So that is reasonable, Mr. Speaker. We have no quarrel with that. What is interesting is the honourable Minister of Finance's statement that negotiations started in June of

1972, there might have been some preliminary talks beforehand, because that equates with what we were saying earlier in this House, when supplementary supply was brought into the House. Although this agreement is reasonable, sensible, the direction I believe that a number of us in the former administration were tending towards under the order-in-council mentioned by the Minister of Finance, although this is all very reasonable, what is unreasonable and indefensible and totally irresponsible is the statement made by the present leader of the administration, Mr. Speaker, two days before the March election, that Bowaters had informed him apparently that the agreement would be signed and the mill in operation within a month or shortly thereafter, within a month of that time, that election in March. That is what is irresponsible for a leader of a party, especially a leader of a party which then formed the administration of the province, Mr. Speaker. I have no desire to belabour that point. Just let me reiterate it once more. There is and was a certain amount of callousness and hypocrisy on the part of the administration as represented by the present Premier to have made that kind of a statement, to build up hopes in the middle of an election campaign, to build up hopes that men would be going to work almost immediately, within a month or so or thereafter, only to find that when the election was over with, either the government's priorities had changed sharply or that what the Premier had said on that occasion had no substance in fact or truth.

We do not quarrel with the fact that it took upwards of a year, well say six months or so, to negotiate that agreement. Certainly when you have two strong parties negotiating on matters where they have their own vested interest and one of the parties may well have thought that certain things were promised to them beforehand, even though they were not contained on paper or orders-in-council, we can see why it took six months or so. The only quarrel that we have, Sir, is that at the time that the Premier made those statements in the Hawke's Bay Area, he knew

or ought to have known that it was impossible to get this mill reactivated within a month, two months or even six months. He should have known that. It is not a defence for the Minister of Forestry now, as he might do today or tomorrow, whenever he gets a chance to close the debate, for him to stand up and say that the Premier was only saying what the manager of Bowaters had told him. If the Premier were only saying what the manager of Bowaters had told him, he was shameful and neglectful in not doing a little homework on his own and for him to carry on, Sir, and to build up men's hopes and have men, women and their families waiting for another full year before finally going to work in that plant, well eight months or nine months before going to work in that plant, is to us, Sir, a travesty of the administration in the affairs of this province. That point should be made and it should be recorded.

We do not mind, Mr. Speaker, a certain puffery or statements made in the heat of campaigning, when the great debate is on, when both parties, three or four parties have gone to the country in order to try to get support of the electorate. There is a certain amount of puffery expected, a certain amount of grandiose, if not promising grandiose embellishment of the facts, that sort of thing is expected. The electorate hopefully read between the lines and come to some sense; they come to the truth which lies naturally somewhere in between. When a statement of pure fact is made by a leader of an administration, Mr. Speaker, as to something which should be within his purview and within his jurisdiction and it turns out to be flatly wrong, false, not to attribute any gross motives to the Premier, but it turns out to be false, patently false and false in such a manner that could have been discovered easily by the Premier, then the necessary inferences follow, either malice aforethought or tremendous neglect on the part of the leader of the administration. That is all I have to say, Mr. Speaker. I will sit down now so that the House Leader can move the adjournment of the House. That point should be recorded and I felt duty bound today to reiterate

the point which we had already made when supplementary supply went through the House.

MR. MARSHALL: Mr. Speaker, I move the adjournment of the debate and I move that the House at its rising do adjourn until tomorrow Wednesday at 3:00 P.M., and that the House do now adjourn.

On motion the House adjourned until tomorrow Wednesday at 3:00 P.M.