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SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

HON. G.R. OTTENHEIMER (MINISTER OF EDUCATION): Mr. Speaker, I wish to inform the legislature of the situation as it presently exists regarding the provision of heat in the school at Buchans. There are two school systems, Roman Catholic and the Integrated School System. A boiler has been installed to heat the Roman Catholic School, so far no heat is being provided for the two schools which are next to one another, for the Integrated School Board.

The Roman Catholic School at Buchans is a 300 pupil school and a boiler of sufficient capacity was found. The buildings of the Integrated School Board are designed for approximately 600 students and so far it has not been possible to get a boiler of sufficient capacity.

Now the superintendents of both school boards, they are Mr. Cull of the Integrated School Board and Mr. Southcott of the Roman Catholic School Board, have been meeting in an attempt to arrange a shift system whereby pupils in the schools under the jurisdiction of both boards could share the services of the one school. It has not been possible for them to work out such a shift system, the main difficulty as I understand it being that of housing approximately 900 pupils in a building designed for approximately 300.

Provision has however been made for the Grade XI students at the Integrated School who are preparing for public examinations to continue their studies in the Anglican Parish Hall. After it was learned that a shift system could not be worked out, a stationary engineer was sent to Stephenville to examine a boiler which have been located there and it was only approximately an hour ago that it was learned that this boiler is not in fact suitable.

I should point out as well that this morning I phoned Mr. Hart of the American Smelting and Refining Company Limited at Buchans to officially request him, as Minister of Education and on behalf of the government of the province, to permit union workers to provide heat for the schools without heat at Buchans. His position was that he would agree to the provision of heat in general or for additional premises as well, this I understand is unacceptable to the union. The point is he refused to allow workers to provide heat only for the schools concerned.

Obviously I do not wish to comment upon the point at issue in the labour dispute itself. I should however state that in refusing to allow workers to provide heat to the schools, company has in the government's opinion not acted in the best interests of the approximately 600 pupils concerned who in no way can be regarded as parties to the dispute.

The government are continuing to do everything in its power to provide heat for the schools and to minimize the amount of time during which the schools will be closed. This includes every possibility of locating other boilers. This I understand, although I do not know much about the technique involved, is not very easy because of the necessity of size, the necessity of their being in a certain state of repair and also investigating the possibility of purchase of boilers for the schools, this would run in the vicinity of approximately \$30,000. Inquiries are being made to see whether boilers which can be purchased are in fact suitable. So we are continuing in every way possible to provide heat for the schools and to keep to an absolute minimum the time which would be lost by the pupils.

MR. S.A. NEARY: Mr. Speaker, I wonder if I could ask the honourable minister a question before he takes his seat? I just want to make

sure that I am clear on this point. Did I understand the minister to say that the union were prepared to supply the technicians to operate the boiler but the company were not prepared to just provide heat for that one school, that they wanted to provide heat for the hospital and the two schools?

MR. OTTENHEIMER: No, no.

MR. NEARY: Just the two schools.

MR. OTTENHEIMER: What I learned from Mr. Hart was that heat is being provided now to one school and to the hospital. My request to him was, would he allow union workers to provide heat for the school without heat. His answer was no. He would consider providing heat in general by which he meant other areas.

MR. NEARY: He seems to be pretty small minded.

MR. OTTENHEIMER: But he refused to allow union members access to the premises to provide heat for the school. I make it quite specifically to him that I did not wish to get involved in the labour dispute or what he or the union regarded as essential services or anything at all but on a very specific point I was asking his concern and that was for provision of heat to the schools. The answer was a refusal.

HON. T. M. DOYLE: (MINISTER OF TOURISM): Mr. Speaker, I have a statement that I would like to make at this time. Several months ago when the well-known and respected Newfoundland Coasting Skipper, Captain Charlie Kane, announced his retirement from the coasting trade and offered his vessel the "Norma and Gladys" for sale. It occurred to me that of the many thousands of schooners that had existed in Newfoundland this vessel did seem to be the only remaining schooner symbolizing an era now past.

Following subsequent investigations by officials of the Historic Resources Division of my department, a decision was reached to approach the Secretariate Of National Museum Policy in the Department of The Secretary of State at Ottawa for assistance to purchase the "Norma and Gladys."

I am very pleased today to announce that our request of \$18,000 for this purchase ^{has} now been approved under The Secretary of State special grants funds. It is the intention of the Historic Resources Division in my department to restore and equip the "Norma and Gladys" as a fishing schooner with the lower decks set aside for travelling exhibits. We have been given to understand that further funding for this purpose will be made available to us under the National Museum Policy.

The "Norma and Gladys" was built in 1945 by that well known shipbuilder, the late Captain Henry Stone of Monroe, Trinity Bay. For six years he prosecuted the Labrador fishery and since 1951 she has been a welcome sight along the northeast coast of Newfoundland particularly in ports of the Great Northern Peninsula as far north as Cooks Harbour. In fact it can truthfully be said that both Captain Kane and the "Norma and Gladys" were always welcome visitors in just about every port on the northeast coast.

I am quite pleased that we have now been able to obtain vessel so that she may continue to ply the waters around Newfoundland, this time as a floating museum depicting our rich maritime history.

At the same time I am also pleased to announce that a sum of \$63,500 has been approved from the same source for a design report and preliminary drawings for a new Newfoundland museum and that our museum has now attained associate status which in effect qualifies us for the very type of funding I have outlined above.

We were also delighted to learn today that the Conception Bay Museum Association with headquarters at Harbour Grace has been granted an amount of \$31,000 for further restoration of the Court House in that community, a certain amount of work having already been done there by our own Public Works Department, and that the Trinity Historical Society has received an amount of \$2,000 towards their local projects.

From information officials of my Historic Resources Division have received, I am confident that we are finally beginning to make inroads into various federal funding agencies which were heretofore virtually untapped by this province.

Thank you.

NOTICE OF MOTIONS

MR. OTTENHEIMER: Mr. Speaker, I give notice that I shall on tomorrow ask leave to introduce a bill, "An Act To Amend The Memorial University Act."

HON. T. A. HICKMAN (MINISTER OF JUSTICE): Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, "An Act Further To Amend The Registration of Deeds Act."

ANSWERS TO QUESTIONS

HON. H. COLLINS (MINISTER OF MUNICIPAL AFFAIRS AND HOUSING): Mr. Speaker, I have the answer to Question no. 39 on the Order Paper dated February 26, in the name of the honourable member for St. Barbe North.

HON. C. W. DOODY (MINISTER OF INDUSTRIAL DEVELOPMENT): Mr. Speaker, the answer to Question No. 116, in the name of the honourable member for White Bay South, on the Order Paper of March 7, 1973.

ORDERS OF THE DAY

MR. NEARY: Mr. Speaker, there are a number of questions outstanding. The hon. Minister of Public Works and Services promised to get me some information on the Babb Construction. Did the honourable minister get the information?

MR. EARLE: Mr. Speaker, I anticipated that the question would have been put on the Order Paper today. I am not exactly sure of the nature of the question but if the honourable member will give me exactly what he wants to know, I shall get it for him.

MR. NEARY: The value of the contracts and what work was actually carried out.

MR. EARLE: I will get the answers.

MR. NEARY: The Minister of Finance was going to get me some information on the Linerboard logging operation in Goose Bay in connection with a wildcat strike that took place down there yesterday.

MR. CROSBIE: Mr. Speaker, I do not think it would be described as a wildcat strike. Two employees were laid off on Friday at Goose Bay from the warehouse division of the company. There was a reduction in the work force, the Stores and Warehouse Division. Yesterday some of the employees in the warehouse division walked out, presumably because they wanted to have these employees reinstated. They are not members of the union. They are not members of the collective bargaining unit and some of them have now returned to work and some have still not returned to work but it is not a wildcat strike. As the honourable gentleman, Mr. Speaker, realizes from our discussion of last week, and as we all realize, everything possible must be done to make the operation more efficient in Labrador and to save costs. This is a move in that direction.

MR. NEARY: Mr. Speaker, I would like to direct a question to the Minister of Manpower and Industrial Relations. Can the minister confirm or deny that the chief executive officer of the Labour Relations Board has resigned to

take up new duties? If so, what action has been taken to fill his position?

MR. DAWE: That is confirmed, the normal course of action.

MR. NEARY: Normal course of action?

MR. DAWE: What do you usually do when a vacancy occurs?

MR. NEARY: I presume the job would be advertised and the other civil servants would get a crack at it.

Mr. Speaker, another question for the Minister of Manpower and Industrial Relations. Did the minister meet with the steelworkers executive from Wabush today?

MR. DAWE: Yes.

MR. NEARY: A supplementary question, Mr. Speaker, Would the minister care to give the House a report of the meeting?

MR. DAWE: No.

MR. NEARY: We are really getting information today, Sir.

Mr. Speaker, a question for the honourable the Premier and this is a rather urgent matter. Will the Premier inform the House if the government have made representation to the Government of Canada to extend the benefit period for several thousand fishermen whose benefits have expired or are due to expire this month in connection with fishermen's unemployment insurance?

MR. MOORES (PREMIER): The answer is no, Mr. Speaker.

MR. ROBERTS: You have not?

MR. NEARY: Shame! Shame!

MR. ROBERTS: A further question for the Minister of Industrial Relations. Did he not make a release saying that he had made such representations?

MR. MOORES: I understood, Mr. Speaker, that the question was directed to me. Had I made recommendations the answer was no.

MR. THOMS: The government - -

MR. MOORES: The Minister of Manpower and Industrial Relations.

MR. NEARY: Mr. Speaker, have the government made any representation to the Department of Transport to have ice-breaking services provided on the Northeast Coast so that fishermen may get their long-liners out to a patch of seals that is with a few miles of shore? The honourable Premier I am asking, Mr. Speaker, and when I want the flunkies to answer I will ask them.

MR. MOORES: That is all right, Mr. Speaker, my assistant will answer, who happens to have followed through on this matter and speaking of flunkies, one who knows one better probably than anyone else...

MR. NEARY: Oh come on answer the question, give us the information.

MR. MOORES: The question will be answered by someone who...

MR. PECKFORD: Mr. Speaker, I have been following through on the business of the icebreaking on the Northeast Coast since the last of December with Mr. Marchand and his assistant flunky in Ottawa, because when you wire the Minister of Transport you get his flunkies to answer his correspondence, those many, numerous, thousands, myriad flunkies that they have in Ottawa.

On February 27, I wired the member for Grand Falls - White Bay - Labrador, Mr. Rompkey, requesting and at the same time corresponding telegram to the Minister of Transport requesting additional icebreaking facilities to be made available to the fishermen and other people on the Northeast Coast, right from Bonavista all the way through to Cape John including LaScie which is on the other side of Cape John. That was February 27. On February 29, two days later, I had a reply back from Mr. Marchand. Yesterday I got a reply back from the member for Grand Falls - White Bay - Labrador in the form of a letter, saying that he had brought the matter to the attention of the Minister of Transport in the House of Commons. I have about three or four other telegrams that I sent both to Mr. Marchand and to Mr. Rompkey in my files that the honourable member could look at if he wishes. I have also sent all the requests on the Northeast Coast that I was aware of to Captain Leach here in St. John's, and to Mr. George. I think it totals four

letters over the period from February 15, up to the present day. I was talking to the Department of Transport officials this morning and they informed me that the "Sir Humphrey Gilbert" is presently in the Hamilton Sound Area going to Change Islands with some oil - forty barrels of oil and some food supplies. Captain Leach informed me at that time that they are in the process of trying to get the "McDonald" as well as the "Sir Humphrey Gilbert" to go to the Northeast Coast. A long-range forecast for the Northeast Coast for the next three days, for Wednesday, Thursday and Friday, is southerly winds. If this occurs the ice will move off sufficiently to allow either the "McDonald" or the "Gilbert" one or the other to go on into the Little Bay Islands, Nipper's Harbour, LaScie Area, and the other one would go into Botwood to help the ships there. That is the latest status concerning the icebreaking facilities as far as I know, as of ten-fifteen or ten-thirty this morning.

MR. MOORES: If the "Sir John A. McDonald" gets in...

MR. PECKFORD: Right. That is as far as I know. I called the Department of Transport at about twelve-thirty or twelve-thirty-five and I could not get Mr. George on the phone at that time to find out what had happened since nine-thirty.

MR. NEARY: I hope the longliners will be in the fat, Sir, in the next day or so.

Now, Mr. Speaker, a question for the honourable the Premier. In view of the fact that the government have not made representation to the government of Canada to have the benefit period for fishermen extended, will the Premier indicate whether or not the provincial government is going to provide special assistance to fishermen whose unemployment insurance benefits have expired and who otherwise will be forced to go on welfare if they do not get some kind of special allowances or assistance from either the provincial government or the federal government.

MR. MOORES: Mr. Speaker, this is not a matter of building materials this is a matter of assistance to people who require it. Any fishermen

who through necessity requires assistance, of course, it is the policy of this government to provide it.

MR. NEARY: A supplementary question, Mr. Speaker. Is the honourable Premier referring to welfare or will there be special assistance to take care of the fishermen?

MR. MOORES: I really, Mr. Speaker, do not see any great differential if it is a case of need.

MR. NEARY: In other words, Mr. Speaker, the government is satisfied to let these fishermen go on welfare.

SOME HON. MEMBERS: (Inaudible)

MR. NEARY: Mr. Speaker, I would like to direct another question to the honourable...

AN HON. MEMBER: Order! Order!

MR. NEARY: Oh, keep quiet, "Long John!" We finally got a job for him. We will make him skipper of that boat the Minister of Tourism just bought. "Long John."

MR. SPEAKER: Order please!

MR. NEARY: Mr. Speaker, I would like to ask the Premier if Mr. Martin, Eric Martin, the government representative at Come by Chance, the defeated Tory Candidate, is still sitting in on or participating in any of the negotiations that may be taking place between the parties at Come by Chance?

MR. MOORES: As far as I know, Mr. Speaker, he is the only member of management who is not involved and the only member of the union who is not on strike.

MR. NEARY: Still an observer. A supplementary question, could the honourable the Premier tell us if talks are going on today concerning the strike at the oil refinery at Come by Chance?

MR. MOORES: I have said so, Mr. Speaker.

MR. NEARY: Mr. Speaker, a question to the Minister of Manpower and Industrial Relations. Due to the numerous complaints that I have been

getting from employers, unions and Chambers of Commerce concerning the inactivity of the Apprenticeship Board, would the minister inform the House when the Apprenticeship Board last met.

MR. DAWE: I do not know the exact date off-hand. I think it was back in December, if I am not mistaken. It may have been earlier.

MR. NEARY: A supplementary question, Mr. Speaker, According to the regulations laid down for the Apprenticeship Board, is the minister aware that they are supposed to meet monthly or more often if necessary?

MR. DAWE: He is aware of it.

MR. NEARY: Why are they not meeting?

MR. DAWE: The "white paper" has suggested, as everybody knows, the elimination of the Apprenticeship Board. The Apprenticeship Board has not met since sometime last fall, sometime between October and December I think it was. However, this is not impeding the natural process of the apprentices, the certifications and applications and so on. The thirty-nine sub-committees are still meeting and are still functioning the same as they always have done and they are reporting now to the department.

MR. NEARY: Mr. Speaker, white paper, brown paper, tissue paper does not make any difference, the board is supposed to meet once a month and the work is delayed. What I would like to know is...

SOME HON. MEMBERS: (Inaudible)

MR. SPEAKER: Order please! The honourable member has asked many

questions and has asked them quite well, however he is not to be permitted to engage in debate nor to preface any question with a long debate.

MR. NEARY: A supplementary question to the Minister of Manpower and Industrial Relations, Sir. Is the reason that the board is not meeting because the minister has given instructions to the board not to meet?

HON. W.G. DAVE (MINISTER OF MANPOWER AND INDUSTRIAL RELATIONS): The board itself has not been dissolved and it was supposed to be reappointed in January and they just were not reappointed. But the board members are still there and are still available to be called upon and everything is functioning quite normally.

MR. NEARY: Oh, nonsense.

MR. GILLETT: Mr. Speaker, a question to the hon. Minister of Fisheries. I wonder if the minister is aware of a breakdown in communications among the government, the salt fish trades and the Salt Fish Corporation.

HON. R.L. CHEESEMAN (MINISTER OF FISHERIES): Mr. Speaker, I do not know but I am aware of a breakdown. I am aware of the fact that we have over the past several months, that is the government through the Department of Fisheries, held meetings with the processing aspect of the salt fish trade to endeavour to identify the problem areas that were projecting as far as their dealings with the Canadian Salt Fish Corporation were concerned and that we also held meetings with the Canadian Salt Fish Corporation in respect of these problems. The problems were identified and the two parties were negotiating for seventy-three contracts and I am not aware of any breakdown as such from that point on. In fact my understanding was that the negotiations regarding the seventy-three contracts were proceeding quite satisfactorily.

MR. NEARY: Mr. Speaker, in view of the fact that the minister responsible for pollution is not in his seat in the House I would like

to direct a question to the hon. the Premier. Would the hon. the Premier give the House a report on a very serious phosphorous spill in Long Harbour that flowed out in Placentia Bay on Sunday night?

MR. F.D. MOORES (PREMIER): The fact is, Mr. Speaker, I understand the minister is testing the site today and -

MR. NEARY: It is about time for him. He did not know anything about it -

MR. MOORES: No, Mr. Speaker, I mean if he were really going to stick to pollution he would stay and listen to the member for Bell Island. But the fact remains is that he is down investigating it. It is a serious matter and we will do what we can as a government and I understand those people involved are doing what they can as well. It is a serious situation and we are doing the best we can with it.

MR. ROWE (F.B.): Mr. Speaker, in view of the statement made by the Minister of Education concerning the heating facilities in the school in Buchans and it seems as if the minister has done everything he can for the heating down in that area, can the Minister of Manpower and Industrial Relations indicate what he is doing about the situation in Buchans in order to get the strike settled or in order to get the heating systems going in the school once again.

HON. W.G. DAWE (MINISTER OF MANPOWER AND INDUSTRIAL RELATIONS): I understand that they are meeting down here today. I was in touch with both union and management yesterday and offered the services of a conciliation officer. Both agreed it was a good idea but they wanted to wait and see what the outcome of today's meeting is.

MR. ROWE (F.B.): A supplementary question. There is no indication, of course, as to when this thing will be settled in that case?

MR. DAWE: Not yet.

MR. ROWE (F.B.): Mr. Speaker, a question to the Minister of Education.

Probably somebody can make him aware of the fact that a question is being asked. In view of the question, Mr. Speaker, that I asked a week ago concerning the possibility that some school boards will have less teachers this coming year than they had this year teaching under the board and there were reports that the minister was going to make a ministerial statement on this, does the minister have anything new to report on the situation regarding the numbers of teachers to be employed by the various school boards in the province?

HON. G.R. OTTENHEIMER(MINISTER OF EDUCATION): No, Mr. Speaker, only in general to say that I certainly do not foresee any large change, due to natural decrease in the school population, not in reorganization or in school closing and people being bussed somewhere else but I do not anticipate that there will be any significant change. Specifically with respect to a ministerial statement I shall be making it within the next few days but allow me to assure the hon. gentlemen that I certainly do not see any significant change, due to a natural and small decrease not due to a reorganization of school services.

MR. ROWE(F.B.): Mr. Speaker, a supplementary question. Probably the minister could define what he means by a significant change and we might be satisfied on this side of the House. What are the limits of a significant change?

MR. OTTENHEIMER: Mr. Speaker, I think it would not serve any useful purpose for me to define significant but I think the hon. gentleman knows in general what I mean. I do not think my definition of significant would offer any great elucidation and I do not wish to compete with Webster or any of these chaps.

ORDERS OF THE DAY:

On motion of the Honourable the Minister of Municipal Affairs and Housing, a bill, "An Act Further to Amend the St John's (Metropolitan Area) Act," read a first time, ordered read a second time on tomorrow:

Motion: Second Reading of a Bill, "An Act to Ratify, Confirm and Adopt An Agreement Made Between Newfoundland & Labrador Edison Company Limited With Shaheen Natural Resources Company, Inc. As Intervenor And To Make Provision Respecting Other Matters Concerned With The Agreement:

MR SPEAKER: The debate was adjourned. I believe when we broke off last evening the Leader of the Opposition was speaking.

HON. E. ROBERTS: (LEADER OF THE OPPOSITION): Thank you, Mr. Speaker. When the House closed last night, Sir, I had made a few preliminary remarks dealing with the bill. As I understand it and perhaps to refresh - I am sure Your Honour's memory needs no refreshing - but to refresh my own recollection, we had agreed in the House that we would debate in effect two bills at second reading at the same time, this bill which we can call the major agreement for the second refinery and bill - I forget the number - I think it is bill(76)). Anyway, the bill that ratifies a supplemental agreement entered into by the government on one hand and the Shaheen companies on the other hand with respect to the first refinery.

I was making the point, Mr. Speaker, to recapitulate, that the government's case with respect to the second refinery very curiously is not founded upon the second refinery deal itself. We will come in a minute or so to look at the second refinery, the deal which is set forth in the bill before us and the information that has been given us. The government's case is not founded on that. You would think that it would be. It is not. They are very insistent in saying and in maintaining that the refinery deal, the second refinery deal does not stand by itself. Now, they have not put it that way. I have put a statement in the negative and they have put it in the positive. They have said that it stands as part and parcel of a deal respecting the first refinery. In other words, the second refinery deal in their view apparently cannot stand alone.

With respect to the first refinery, they claim that the

government are obligated for \$188 millions. The statement the Premier made on February 26th, I believe it was, said specifically - and I am quoting from page (3) of that statement - "In addition to the moral or practical responsibility for the indebtedness the previous Liberal Administration had delivered letters to the ECGD stating that the Government of Newfoundland would be responsible for the repayment of the indebtedness to ECGD in the event there would be any difficulty by the crowned corporations."

Now, to comment on that, Sir. That is, to put it bluntly, untrue. It is a

terminological inexactitude. I am aware of no such letter. There may be many letters which I am not aware of but I am aware of what has been read in the House and what the Premier has referred to. I would invite him to table any letter in which the Government of Newfoundland said that they would be responsible for the repayment of the indebtedness to ECGD in the event that there would be any difficulty by the crown corporations. I would like to see that letter tabled. I will say that there is no letter. There is no such letter. There is a letter apparently from Mr. Smallwood. It has not been tabled. I do not have a copy of it but apparently there is a letter signed by Mr. Smallwood, as Premier. I believe the Premier read it yesterday, saying that it would be the policy of the administration. That is one thing, Sir. That is a long way away from a flat statement that the Government of Newfoundland would be responsible for the repayment of the indebtedness to ECGD in the event that there would be any difficulty for the crown corporations. That statement, Sir, I believe is incorrect, untrue, misleading and false.

"The effect of this (the Premier's statement went on Mr. Speaker) was that the credit of the province was involved not merely for the sum of \$30 million advanced by way of direct loan but for the amount of \$188 million." Now, Sir, that also is untrue, false, misleading and incorrect. It just is not so. The government yesterday and last night confirmed what we have been saying and no minister, no member on the other side, can deny this or again say it any way, that the obligation of the Government of Newfoundland with respect to the first refinery is \$30 million. That is the legal obligation. That is common ground. Nobody can argue against that. Nobody can counter that. That is true.- the only obligation.

There is, however, a second side to it. That second side is that the government are the shareholders of this corporation and

by that I mean the crown corporations which are after all the mortgagors in this operation. The Premier, to put it mildly, is confused. He thinks the crown corporations have guaranteed it. They have not guaranteed it. Provincial Building Company Limited and Provincial Refining Company Limited have borrowed the money. They went to the lenders and borrowed the money. I happened to be in office, Sir. I signed, I believe, those mortgages, as an officer of the company. We were acting as ministers. The government certainly were involved. The corporations in law are separate and complete. In fact they were creatures of the government. There was never any doubt about that. The British took as security for their loan, the British Banks and the British Government, which have guaranteed the repayment of the loan, accepted this and went along with it, a mortgage, a first mortgage to the refinery at Come-by-Chance. As well I believe they have assignments of the crude oil purchase contracts and of the sales contracts. Again that is a normal proceeding in this type of situation. It is comparable to the mill at Hawke's Bay. The government there took as security not just a mortgage, but also an assignment of the timber rights. There is no good having a great big expensive plant unless one has the material to put through it and the sales contracts to sell the product.

The government, Sir, have misled this House and I submit have attempted to mislead the people of Newfoundland in this respect. Legally the position is clear. Then we come to the question of what is the practical effect. We heard very eloquent speeches from the Minister of Economic Development and from the Minister of Finance. We may hear from some other ministers on the other side. We shall doubtless hear from the Premier in closing the debate. The gist of what they had to say on this point was that the government would have to honour those obligations, that if the crown corporations got in trouble, the government would have to step in and make good. They were oh so eloquent! We were told that we would never again borrow another nickel. We were told that the name of this province in the money markets

of the world would be ruined for ever and a day.

Mr. Speaker, nobody on this side has said that the government of this province, as a matter of policy, may not choose to step in and cure any defaults. It is our submission and I think the facts bear this out that the probability of that, the province's risk is every bit as great now or will be after these crown corporations are sold to Mr. Shaheen, it will be every bit as great then as it was a year ago or was the day before these agreements were consummated.

Consider the situation, Mr. Speaker. In respect of the first refinery, the government will have at risk - we, the government, we, the people, through the government, have lent this refinery \$30 million. It is at risk. It is secured not by the first mortgage but by the second mortgage. The first mortgage will be \$120 million, plus whatever additional amount Mr. Shaheen has to raise. It is up to \$15 million. The Minister of Finance told us last night that there was \$6 million, that is \$21 million so there will be \$140 million for the first mortgage standing ahead of our security. The Government of Canada have a third mortgage. It is in respect of the wharf. It ranks behind our security. We have \$30 million riding out there, Mr. Speaker, and there will be about \$140 million apparently from what we are told standing on the first mortgage. What happens if the first mortgage defaults, Sir? If that is to happen, if that ever happens, the government of this province will be faced squarely and fairly with the issue of what exactly their commitment is. Legally it is clear. Legally they can wash their hands of it. They can laugh at it and walk away from it. What will they do in fact? I do not know. I will tell you what they will do. They will take a decision as to whether or not they should do it. They will not decide automatically to do it. I would like to hear any minister on the other side now stand

and say that they will cure that default. They may or may not. They will have to consider what the default is, whether the default is irretrievable, whether it is a one-shot default or whether it will go on, whether it will be repeated; they will have to consider what employment if any will be lost as a result of all this. That is what will happen. But there is \$30 million at risk.

So, Mr. Speaker, the situation with the first refinery is no different and will be no different after this second supplemental agreement is approved than it was before.

The Premier's statements have been shown to be false. The Premier's statements in that respect just are not true.

MR. CROSBIE: Twaddle.

MR. ROBERTS: I am sorry. Did the honourable gentleman say something?

MR. CROSBIE: Twaddle.

MR. ROBERTS: If the minister wants to call them twaddle that is fine but I do not want to enter into a debate between the Minister of Finance and the Premier. I watch him on CJON when he gives his opinion on Stephenville and the Premier gives a different opinion. I have discovered that the Minister of Finance has elastic opinions. His opinions are being subverted. He says one thing now and then he changes, another.

MR. CROSBIE: Do not get all upset.

MR. ROBERTS.: I am just trying to make the point that the Minister of Finance is not the man or quite the man we thought he was. We have seen a new Minister of Finance during this last few days, a man who has been humiliated publicly by himself, the lowest form of self-abasement.

AN HON. MEMBER: Wait for the budget.

MR. ROBERTS: I would love to see the budget. I am afraid we are in for another "Black Friday." The people of Newfoundland will get

the shaft again. It will be worse except for John Turner's \$24 million.

MR. CROSBIE: : He had enough nerve to cross the House on his convictions.

MR. ROBERTS: To cross the House on this convictions.

MR. ROWE (W.N.): He did not have enough nerve to ---

MR. ROBERTS: Back and forth; back and forth - it is his convictions that have changed, not his crossing the House.

MR. CROSBIE: That is right, Sir, convictions are important.

MR. ROBERTS: They certainly are. We are trying to find out what the honourable gentleman's principles are. It turns out that they have changed too.

Now, Mr. Speaker, I agree some people cannot learn.

The Minister of Finance cannot learn.

MR. CROSBIE: (Inaudible).

MR. ROBERTS: I quite agree, Mr. Speaker, that the honourable gentleman says that. I quite agree with that and I find it very interesting that his opinions are sacrosanct. If anybody dares to offer a different opinion - let the honourable gentleman go back to thinking of his days of glory, past and to come.

MR. CROSBIE: I withdraw it, Mr. Speaker.

MR. ROBERTS: Mr. Speaker, I do not care if the honourable gentleman withdraws it or not -

MR CROSBIE: He has been talking for ten minutes on it - I withdraw.

MR ROBERTS: Mr. Speaker, I could not care less if the honourable gentleman withdraws or undraws or updraws or downdraws - he can do whatever he wants. He can sketch instead of draw, if he feels like it. He really can. I think we saw yesterday, when the honourable gentleman spoke in this debate, as complete and as utter a self-abasement by a man as I have ever seen in politics. My colleague quoted some words that he had said and the honourable gentleman said that he had

said them and he stood by them.

MR. ROWE (W.N.): He turned green though.

MR. ROBERTS: He turned more than green. He turned-coat.

MR. CROSBIE: The honourable gentleman is a complete saint.

MR. ROBERTS: Now, Mr. Speaker, my days of sycophancy are behind me. The honourable gentleman's days are with him now.

MR. CROSBIE: Those, they are still ahead of you. The House Leader, the hon. member for Bell Island - sycophant - the hon. member for Twillingate, St. Barbe North -

MR. NEARY: The Minister of Finance.

MR. ROBERTS: The situation with respect to the second refinery and the government's obligation is exactly the same, Mr. Speaker. No, it is not. I am sorry. It is a little worse. We have \$30 million at risk in the first refinery out of a total project cost of, we are told, \$205 million. That is about fifteen per cent. My mathematics are not quite - it is about fifteen per cent. In the second refinery, we have \$80 million at risk out of a project cost of \$308.5 million at present. We have no idea of what it will be. That is what they say it will be. This is the same group of men that said Stephenville would be \$160 million. It is now up to \$220 million.

Now, Sir, the \$80 million will be at risk. It will be secured by a second mortgage. Any additional money that goes in will be secured by the first mortgage. The first mortgage will be with the British Banks, guaranteed by ECGD. We will be sitting on our second mortgage with \$80 million

MR. ROBERTS: What happens if the first mortgage goes wrong, Sir? Why the same thing that will happen if the first mortgage goes wrong at the other mill. The government will either have to step in and cure the default or lose \$80 million. If the default is not cured, the people who hold the security, the mortgagees in England will realize their security, they will sell it at auction. They will follow through on the normal procedures. They will sell it at auction and if there is anything left after they get out their price, what is left is ours to go against our \$80 million. I shudder to think what would happen to the fire sale in those circumstances.

The government are asking us to assume a larger risk in dollars and a larger risk proportionately. We are taking twenty-five per cent of the risk with respect to the second refinery. We have apparently about fifteen per cent of the risk for the first refinery. True Mr. Shaheen is absorbing a little more of the risk although I will have some words about his risk. I am quite taken aback by the Premier's statement that Mr. Shaheen or his company will make \$40 million a year after servicing. They pay taxes on that, that is roughly fifty per cent, that leaves him \$20 million a year. No wonder they were willing to put up \$40 million equity, that is only two years earning and they will have their equity out.

MR. MOORES: After fifteen years.

MR. ROBERTS: After fifteen years it will earn \$40 million a year, but it will earn \$40 million a year before that, it will have to go to pay the debt, sinfully profitable.

MR. MOORES: Are you against the profits?

MR. ROBERTS: I am not against profits, but I would like to see some of them come to the province.

MR. EVANS: Inaudible.

MR. ROBERTS: Mr. Speaker, the gentleman from Burgeo once again is ahead of us. There is just no keeping up with him. That is

what it comes to having an IQ three steps above the genius range. The ability to penetrate unerringly far before any of us mere mortals can get there. Well I will have to ask him, Mr. Speaker, to bear with us, to bear with us as we plod patiently along our way and maybe someday we will be granted access to that State of Nirvana. I shall have to ask him, Mr. Speaker, to bear with us as we plod patiently along our way and maybe some day we will be granted access to that State of Nirvana that he habitually inhabits.

Now the point is, Mr. Speaker, and I think it is a valid point and I think it is an important point, all banter aside, the people of this province are being asked to assume in fact the only obligation we have in respect of the first refinery is \$30 million, that is in, that is there, whatever obligation that gives us in fact. We are being asked in fact to assume a far greater obligation in dollars or proportionately in the second refinery. That is precisely the situation.

I say that the government have tried to mislead the people of this province as to what obligations we would have. In law the matter is clear. My colleague stated it very effectively yesterday. He is quite right. In fact whatever obligation there is in the first refinery, is there in the second refinery, because it is the obligation that goes with having your money in second, with having your money the second to come out if anything happens, with being subordinated, subordinated security. \$80 million, I rounded it at \$80, it is \$78.5 million, but one fourth of the cost as opposed to under one sixth of the cost in respect of the first refinery. That is one point.

So when we come to compare the two deals, let us remember that, Mr. Speaker, because these geniuses at negotiations that we have on the other side, did not manage to do that much better a deal when all was said and done. To begin with, our risk is

greater. We are at risk for twenty-five per cent of the project cost and it is under a sixth in respect of the other project.

The crown corporations carry with them no risk in law, no obligation in law.

MR. MOORES: No risk at all.

MR. ROBERTS: There is no risk at all, I agree.

MR. MOORES: Practically, morally or legally.

MR. ROBERTS: No, my colleague said it and I agree with him.

MR. MOORES: Practically, morally or legally.

MR. ROBERTS: No, there is no risk in the fact they are a crown corporation and that is what my colleague said and I agree with him. The fact that the government own any more -

MR. MOORES: He said legally, morally and practically.

MR. ROBERTS: The fact that they are owned by the crown carries with it no obligation. The Premier can say whatever he want. He will say whatever he want, but it carries with it no obligation. They can hammer at that all they want. They can all get up and wring their hands about the credit of the province, do anything they want. It carries with it, as far as I know, nothing in law. I am sure it carries nothing in law and I am of the opinion quite firmly it carries no other obligation with it. None.

Now, we may have, because we hold the second mortgage, we may have a practical obligation. Of course we may. The same as if one puts up a house and gets a first mortgage and goes and gets a second mortgage. The gentleman who gives you the second mortgage will have a practical obligation. But that has nothing to do with crown corporations.

MR. WM. ROWE: It is in its own interest.

MR. ROBERTS: Sure it is in our interest, it is \$30 million and we have a greater obligation in respect of the second mortgage. I know the financial people may say this and may say that, but the British Government, which approved all of these transactions and the banks which lent the money which put up the cash, put it

on the table, knew full well what they were doing.

Our law in Newfoundland is essentially the same as theirs in England on the point. Even if it were not, they have extremely able Newfoundland counsel who I have no doubt gave them advice and I have no doubt it was sound advice. They knew what they were getting into. They knew. Further they asked for a guarantee at one stage and we said no. The Government of Canada asked for a guarantee by the government and again we said no.

The officials who sat down, Mr. Mcaulay and Mr. Dustan, were sent to Ottawa to negotiate. The Ottawa officials on the other side began by saying, "Well, of course we want your government's guarantee. You are here representing a crown corporation. We want your government's guarantee." Mr. Dustan and Mr. Mcaulay got up to go and said: "There is no point talking anymore because we have instructions. We are not going to guarantee this obligation as a government and if you are firm on that point, Mr. Ottawa, the thing stands and dies right there." Ottawa said, "Well, sit down, we will go on without talk of the guarantees. We will go on."

There is no guarantee. The government are not party to that agreement. They are not an intervenor, they are not a guarantor or anything else, they happen merely to be the shareholders of a company. To show you how little that is worth, everybody concerned except the Government of Canada, who apparently have not been approached as yet, everybody concerned have agreed to let the shares be sold. They were to be sold anyway. They were under sentence of death. The government's holding of those shares would be only until the debts were paid off. Why? To give the government control over a refinery in which we had \$30 million. Here we are giving \$80 million to a crowd of men who happen to be honourable men, we are giving them \$80 million and have little control over it.

Here at Come By Chance we built the refinery, the government of this province, the Provincial Building Company Limited, I do not know who the directors are now. I assume possibly the Minister of Justice, the Minister of Finance, the Minister without Portfolio, are the directors of Provincial Building Company Limited now. They are building the refinery. They are the owners or the shareholders of it, we, the government.

I happened to be a director and a shareholder while I was a minister. When I left office there were twenty of them I was a director - and Vince McCarthy came in and said, "Here, sign your resignation," and of course I did. But in this other deal it is not the government, Sir. The government are merely serving as bankers. The government are merely putting in \$80 million, or \$78.5 million. It will go higher, mark my words it will go higher. The government will be back for more, wait and see. The Premier looks at me quizzically. The government will be back here looking for more money before this is over for this project. We shall see, asking for authority for more money, more money will be needed to complete it. They will have to give more assistance, in money or guarantees or something, wait and see.

But in any event, on this one we are just giving \$80 million so that is quite a comparison between the two deals. In one we were building it, had the control, the contracts were signed with a crown corporation, the crown retained not just Mr. Shaheen's company to supervise it, we hired a company to supervise Mr. Shaheen, a company called Jacobs Engineering Limited, in California, well know, reputable, very high standing in the industry and completely third party. The Shaheen people agreed to that, not gladly but they agreed to it, they had no choice. They agreed to it because they realized they might not be considered to be at arms length, since they were going to operate the refinery as well as supervise the building of it.

I hope here the government retain, I do not care if it is Jacobs, there may be better firms, but I hope they retain some firm to act for them, to watch our \$80 million and to make sure we are getting a refinery.

Mr. Shaheen and his associates are honourable men. We have the Premier's word for it and I am quite happy to subscribe to that. I have always found them to be honourable men. The Minister of Finance has not but I have. They are tough bargainers. They (what was it?) they would take the pennies off a dead man's eyes. They are tough bargainers.

They are very tough bargainers. They are shrewd and they are skillful and they are out to make a dollar, not out to do Newfoundland any favours but out to make a dollar. That happens to be the so-called capitalist ethic. That is the way the game is played.

Now let us look at some other points between the two deals, Mr. Speaker. Let us compare the two. First of all in each case let it be recorded that the Shaheen companies are interveners only. I can remember the Minister of Finance when he was on this side of the House being oh so eloquent, so completely eloquent that the Shaheen company should guarantee the performance. They would not then and they did not. They have not now and I assume because they would not. In any event when one reads the act one finds that they appear as interveners and not as guarantors. If this thing gets into trouble, Mr. Speaker, Shaheen Natural Resources other than what share capital it may have in Newfoundland and Labrador Edison Company Limited, other than what share capital that company may have in it Shaheen Natural Resources has no obligation of any sort legal, practical, moral or anything else. They may if their interest so dictates, they may step in and cure a default but they do not have to. They are in exactly the same position, Sir, as the Government of this Province would be. They are the shareholders and that is all.

The social security assessment, the seven per cent, the new deal is an improvement. It will be paid by the project. It was not paid in the first instance. That was the policy of the government at that time. It has changed since and I welcome it. It is not quite as good as the Premier would have us believe. That seven per cent will be built into the cost of the project which means we have had to lend them that much more to begin with. It also means their capital cost allowances will be that much greater, their depreciation, and since approximately one-fourth of the corporation tax paid by a

company in this province comes to the province, one-fourth of that seven per cent or nearly two per cent we will not get back, We are costing ourselves money. But it is an improvement and it should be regarded as such.

The power subsidy, there was none in the first agreement and there is none in the second agreement. Let us just read another letter into the record, Mr. Speaker. We have a lot of letters going around this time. If one looks at the act as amended one will find that there is a clause in it, section 3(a) of the principal agreement of 1968 as amended which says that the government will pay a power subsidy equivalent to the difference in price between what the project has to pay for their power and 2.5 mills per kilowatt hour. However, at the same time a letter was written to the Government of Newfoundland and Labrador, Confederation Building, St. John's, "Dear Sirs: This letter will serve to confirm our understandings with respect to paragraph (a) of clause 3 of the agreement, dated January 23, 1968, as amended. (1) Provincial Refining Company Limited hereby waives its right under said paragraph (a) of clause 3 of the agreement to receive an amount equal to the excess, if any, over the amount of 2.5 mills per kilowatt hour actually paid by it to the Newfoundland and Labrador Power Commission for electrical power to operate the plant."

In other words the Shaheen companies, not voluntarily as it was part of the price, gave up their right to receive power. That was signed, in behalf of Provincial Refining Company Limited, by Leslie R. Curtis, who was a director representing the government; by Mr. Homer White, the same Mr. Homer White who is involved now with the second refinery, of course; in the presence of Vincent P. McCarthy, witness, Mr. McCarthy was and is Deputy Minister of Justice, and by Newfoundland Refining Company Limited, the Shaheen Company, by

Otto Lessing, General Lessing who was then with the firm, and again by Mr. White, both of them as directors, witnessed by Jerrett Gillies with the firm of, I do not know what it is called now, Nixon, Mudge and Rose it used to be but Mr. Nixon has gone on to greater things so the firm, I guess, is Mudge, Rose, Guthrie and Alexander, in New York. He is a solicitor with that firm and they act for the Shaheen Companies. It is signed on behalf of the Government of Newfoundland and accepted by Joseph R. Smallwood who had some connection with the government at that point, Sir, some leading connection.

So there was no power subsidy at all and there is none in respect of the first agreement. Further, and here the Minister of Finance misled the House last night, there was no obligation at all on the part of the Power Commission to buy fuel from the Shaheen Companies, no binding obligation. In paragraph (2) the government undertook to cause the Power Commission to buy such oil as they may need at competitive prices. Paragraph (3) gives a method of determining prices and paragraph (4) said that while the price to be paid for the residual fuel oil to be sold by Provincial, that is the Provincial Building, to the Power Commission shall be as mutually agreed upon, in the event that no such mutual agreement can be reached, the Power Commission shall have the right to negotiate with any other supplier for the purchase of its requirements of residual oil, which we have agreed to furnish to it under the fuel supply contract, at such more favourable prices as it can obtain.

In other words, Sir, to say that Mr. Shaheen's company was given the right, and Mr. Shaheen's company by the way was not, it was the government's crown corporation, Provincial Refining, to say that that corporation was given the right to sell the fuel and that the

Power Commission had to buy it is misleading, incorrect, false and wrong. They said that they would buy it at a competitive price and if the price were not mutually agreed between the Power Commission on one hand and the Provincial Refining on the other then there was no sale and no purchase. So again on the two deals they are precisely the same. There is no power subsidy in either one.

Corporation taxes, there was a lot of chatter on that, Mr. Speaker, and I suggest there is no difference between the two deals at all. The present refinery at Come by Chance is entitled to one hundred per cent recapture of their capital cost allowance. What that means of course, Sir, as Your Honour is intimately familiar, is that their taxes have been deferred until all their capital cost is used up. This is the same sort of thing as the Government of Canada are now doing with respect to quick write-offs on manufacturing and processing industries. The budget of 1971, which has not yet been made into law presumably, will be in Ottawa shortly. They are entitled to recapture all of their capital costs, \$200 odd million it will be and they can write off against their income and when that is gone it is gone and then they pay taxes.

That is a change from the original deal, Mr. Speaker, the deal of 1968 which I voted for in this House and the Minister of Finance either voted for or did not vote against. He was not heard to vote against it. He objected to one clause, the so-called bridge financing, the interim financing. He did not vote against the deal as a whole, the arrangement as a whole. He now tells us he was nauseated by it. I think I have quoted his word correctly, absolutely nauseated by it, and yet he did not vote against it. It is amazing how things change with the passage of time. Nauseated against it and he spoke against one part of it, and I give him credit for that. He left the cabinet on one part of it, he and Mr. Clyde Wells. They thought somebody else might accompany them but in any event nobody did. They

spoke and voted against that clause in committee. They tried to amend it. They put an amendment in and the amendment was voted down. But now he tells me he was nauseated by the whole business. It is funny he did not say so then, awfully strange.

MR. CROSBIE: (Inaudible).

MR. ROBERTS: Of course there are lots of letters. I am talking about what was said -

MR. CROSBIE: (Inaudible).

MR. ROBERTS: Mr. Speaker, if the hon. gentleman will allow me. I realize it is a strain on him but if he will just struggle on and allow me.

MR. CROSBIE: (Inaudible).

MR. ROBERTS: Mr. Speaker, if the hon. gentleman will allow me or will Your Honour perhaps take whatever steps are appropriate.

AN HON. MEMBER: Put him out of the House.

MR. ROBERTS: No, I do not want to put him out of the House. The only reason why I do not want to put the guy out is because the elections will do it.

MR. CROSBIE: Cry baby! Just carry on.

MR. ROBERTS: Mr. Speaker, will Your Honour choose to call order?

MR. SPEAKER: Order!

MR. ROBERTS: Thank you! Your Honour calls order very well. The Minister of Finance has a tender skin these days, Sir, very tender. As I was saying he told us he was nauseated at the time by he certainly kept that to himself. He fought down his nausea and the words that came out were not nauseating.

Anyway on the corporation taxes, Sir, the Government of Canada changed the ground rules and that was fine. That was there law and they have changed it and as a result the first refinery whether it is a crown corporation or not, it makes no difference because it is under option of sale, the crown corporation will continue to pay taxes in the same way as any business does

They will take their depreciation and what is left after depreciation. It may be in a given year or it may not be until the seventh or eighth year. I think the latter is the case. They will then begin paying taxes. You cannot use up depreciation twice, Mr. Speaker. Once you have taken your capital costs allowances, you have taken them. If you take them all in the first seven or eight years of your project which you pretty well have to do to pay it off quickly, then you cannot take them later. It means all of your income then, all of your operating profits are subject to tax.

The second one; we have no idea whether there will be quick capital recapture or not. I suspect that is up to the Government of Canada, the Income Tax Act and their authorities but in any event, if there is, the most there can be is quick depreciation. It will not change the fact. The deal is the same. The two deals stand side by side on that point, Sir. The Government of Newfoundland will get their full taxes. The Government of Canada will get their full taxes. The only difference may be that the Government of Newfoundland and the Government of Canada may have to wait but then they will get all the more once they have waited.

Land has definite improvement, Sir, one million times as good. The land which the administration of which I was part, the Smallwood Administration, sold to the refinery was sold for one dollar. The land which the present administration proposes to sell to the refinery will be sold for \$1,000,000. That is a significant improvement. It is \$999,000 worth of improvement. It should be noted.

Now, Sir, we come to sales fee. There is a sales fee in each case of five point one per cent of the gross. No change. Same magic figure. In one case it is paid directly to Shaheen because Shaheen was operating it, Newfoundland Refining was operating it.

In the second deal, of course, it is a hundred per cent. He gets to keep everything and that is a fact, Mr. Speaker, that people have overlooked. It is worth looking at. This refinery, Sir, would have made profits. The first refinery would have made profits according to the feasibility studies. The shareholders would have been entitled to those profits and the shareholders up until the time it was sold were the Government of Newfoundland and they would have gotten those profits, Sir, as dividends. Now, of course we are giving any possibility of profits over to Mr. Shaheen.

So, when the Premier boasts of how it is so great for this province to have sold the project now instead of when the debt is paid, which was the original one, he may take that into account as well. There was a possibility, a very real probability of profits. That of course is now gone. Any profits that accrue will accrue to the account of the shareholders, namely Mr. Shaheen or Shaheen Natural Resources or whoever is to buy it.

Now, Mr. Speaker, will the Premier table the feasibility studies for the first refinery and the second? He might not have the second. Will he table them for the first?

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: They are. They are down in the files.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Oh, now there we go again. The same Minister of Finance -

MR. CROSBIE: The honourable gentleman was not allowed to look at them.

MR. ROBERTS: I have them. The honourable gentleman smote us (Once again he has changed his tune) hip and thigh for not tabling them.

MR. MOORES: If you had them, why did you not table them?

MR. ROBERTS: Because the same reason the honourable gentleman gave and if the Premier choose to give that reason, I will not disagree with him.

Feasibility studies; I have seen two by UOP and by Jacobs.

AN HONOURABLE MEMBER: Mr. Jacobs will not table his.

MR. ROBERTS: Yes, that is right but I have seen the UOP one.

AN HONOURABLE MEMBER: It was not a feasibility study.

MR ROBERTS: Yes it was.

MR CROSBIE: Not at all, it was a confirmation of it.

MR ROBERTS: They lent their opinion because UOP might not have been at arms length, because UOP and PROCON, I am not sure of the corporate relationship but they are related as corporations - one owns the other or something like that. PROCON are the contractors, UOP here was given the feasibility study, and the government of the day felt that was a little too close, so they brought in a very antagonistic firm, equally competent, Jacobs Engineering, who looked at the UOP study very thoroughly and said; "We confirm it." That was tabled. I have a copy of it. The other one is in the files, a big, thick, blue one. A blue cover on it, very - the UOP one.

MR. HICKMAN: I do not disagree with you. I recall the first three -

MR. ROBERTS: Well, the honourable gentleman cannot disagree with me because what I am saying is correct.

Now, Mr. Speaker, let us look at the two deals in terms of repayment. The first one is the deal that the refinery now going up had to repay the first mortgage in seven or eight years. The second one would be repaid in seven years. Exactly the same.

In the first deal our mortgage, the second mortgage the province holds was subordinated and it would not be paid until the first mortgage had been retired. I think there was an option on the provincial building to pay it if they generated enough profits.

In the second one the legislation is silent, says the Governor-in-Council may approve such terms as they wish. We may never know about those terms. There is no obligation anywhere in the bill to table the information. I am surprised. Maybe the government will allow it to be put in at committee stage.

On the repayment terms, they are the same deal. They say the

British are putting up more money but they are going to get it back in the same time, same deal for the same reasons and for the same security, a first mortgage, no guarantees, a first mortgage only. The only difference is the government are on the hook for more, twenty-five per cent as opposed to fifteen.

Now, let us look at the royalties. In each case, Mr. Speaker, the Government of the Province had sort of a price for the concessions they are giving. In each case the Government of the Province are entitled to two royalties, a five per cent of the gross as defined and then five per cent of the net as defined. In each case, Sir, the five per cent of the gross begins after the first mortgage is paid in the seventh or eighth year. So, the government then will get five per cent for - the same deal. There may be more dollars. We are risking much more. We are risking many more dollars absolutely as well as relatively. So, no improvement there. The deal that these geniuses negotiated is exactly the same, five per cent of the gross. We are told that Mr. Shaheen will be grossing \$40,000,000 per year after the capital cost is repaid. We will be getting two and he will be getting thirty-eight less the tax and the tax will be of the order of \$20,000,000 at the present tax rates.

AN HONOURABLE MEMBER: Seventeen.

MR. ROBERTS: How do we get - including the taxes. All right, we get the tax anyway. I am speaking of the point of the negotiated deal.

MR. MOORES: Yes but see are you talking about Newfoundland gets -

MR. ROBERTS: No, no. I am talking about what we get on the gross royalty. On the gross royalty we get \$2,000,000 by the Premier's figure yesterday.

MR. MOORES: \$4,000,000 on the gross, \$2,000,000 on the net.

MR. ROBERTS: The gross is how much then? The gross is \$80,000,000 per year?

MR. MOORES: The gross is \$4,000,000 after taxes are excluded.

MR. ROBERTS: Our take then under that five per cent of the gross is

\$4,000,000 per year. In other words, the plant will gross \$80,000,000 a year after -

MR. MOORES: Before expenses.

MR. ROBERTS: No, no. That is not the way gross is defined in here, my friend. The gross is defined after operating expenses are taken out. The same word for word as the one Peat, Marwick wrote for us in the first deal.

MR. MOORES: Before taxes.

MR. ROBERTS: Yes but after operating expenses.

MR. MOORES: Before financial charges.

MR. ROBERTS: No. It includes interest but not capital cost, not recaptured depreciation.

AN HONOURABLE MEMBER: Just the gross profits.

MR. ROBERTS: Just the gross profits. Right. Just the gross profits attributed to the project means the gross profits arising out of sales of petroleum products manufactured by the plant complying of course with generally accepted Canadian Accounting Principles and as shown in the account less, if not already deducted, reasonable interests in respect of money being borrowed, sales cost of five point one per cent and the reasonable expenses of operating the plant and reasonable general and administrative expenses. That is the gross. We get five per cent of that figure. The reasonable expenses of operating the plant and reasonable general and administrative expenses. That would include buying the oil and paying the men.

AN HONOURABLE MEMBER: And the overhead.

MR. ROBERTS: Yes, sure. That is what I said. So, I think after all that the Shaheen company has \$80,000,000 left. That is what the Premier is saying. Am I right? After Mr. Shaheen takes whatever they get for selling the oil, the product in any given year, after your fifteen, After they pay interest in respect of monies necessarily borrowed, sales cost of five point one per cent and the reasonable

expenses of operating the plant which would include paying for the oil that comes in and paying for the men who work the plant and all that sort of thing, over head if you wish, there is \$80,000,000 a year left.

MR. MOORES: Well, let us put it this way. \$40,000,000 per year net.

MR. ROBERTS: After tax.

MR. MOORES: After tax. After fifteen years.

MR. ROBERTS: Yes. So, tax is roughly fifty per cent. The \$80 millions gross; we are getting five per cent of that on the first royalty. We are getting \$4,000,000,

which was the figure the Premier gave us earlier.

MR. MOORES: The second one, which is two more, and thirteen tax points which is another eleven, which gives us \$17 million a year.

MR. ROBERTS: Right. Agreed. But the point that I am making is not how much we are getting, I am talking about how much we are getting because of this deal. The tax income, we would get anyway. Any business operating in this province pays taxes, if this business is going to operate in this province we, the Government of Newfoundland, at the present rates, thirteen points.

MR. MOORES: That is why we want them here.

MR. ROBERTS: Right. I am all for it. But you know that has nothing to do with the deal negotiated by the government. It is equally true of the first deal, the first deal they will pay thirteen points. The government will collect -

MR. MOORES: Plus twenty-seven point eight per cent management fee which was put into it.

MR. ROBERTS: No that does not come out for tax purposes, the federal people determine the rules for tax purposes.

MR. MOORES: Oh, no, this is before you get your percentage which you arrange.

MR. ROBERTS: No! No!

MR. MOORES: Oh, yes! yes!

MR. ROBERTS: Let the Premier go back and look at the 1970 act. Anyway, Sir, the point is on the gross royalties the government have not negotiated any better deal. What I am doing, Mr. Speaker, I am comparing the two deal, the first and the second. The province will get no better deal in respect to the gross royalties on the second refinery than they got in respect of the first refinery. In each case it is five per cent of the gross and it is the same definition.

Now let us look at the other royalty, the net royalty, five per cent of the net profit after taxes, the \$40 million figure to which the Premier refers. That means the shareholders of that

company will get \$40 million a year, less the five per cent they pay us. Mr. Shaheen and his associates or whoever own the company will be getting \$38 million a year. Because they will have paid their taxes, the plant will have been paid for, they will own the plant. They may have to put some back into depreciation or in new equipment but that adds to their assets and they will get depreciation for that. It is staggering. They will get their equity back in one year at that rate, one year. They may have to wait for fifteen, you may say. All right, all right but in one year they are going to get their equity back and then they have infinity.

MR. MOORES: How about interest?

MR. ROBERTS: Interest on the -

MR. MOORES: On the money that is put in.

MR. ROBERTS: But the Premier said -

MR. MOORES: Interest over fifteen years does not matter.

MR. ROBERTS: Hold on now. Interest on \$40 million over fifteen years?

MR. MOORES: Yes.

MR. ROBERTS: All right. Then there is at least another \$40 million or \$50 million, right? I mean money at eight per cent doubles in some thing like twelve years. Okay, so it may take them two years to recapture their investment to get it with interest. So let us make it three year. That is assuming they are charging themselves fifteen per cent interest and they have to get \$80 millions interest back and \$40 millions original investment. They have to wait three years to get it back. Not bad. Not bad at all. Maybe it is the same in the first refinery, I do not know. But not bad. The people of Newfoundland should know that. The people of Newfoundland should know that this immense equity on \$40 million is a lot of money but it will come back with interest, bearing all its interest with it, it will all come back in three years at the most. I will say it will

be closer to two years because I say interest will be paid on that in the form of dividends throughout this piece, wait and see. We will see.

But the two deals are the same. When we come to the five per cent of the net account which is \$2 million a year on the Premier's figures, five per cent of the net, five per cent of \$40 million a year, \$2 million a year up to a total of \$10 million. That is what it was for the first deal. As my colleague said yesterday, it was much better for the Province of Newfoundland in the first deal than in the second. Because in the first deal, Sir, the government put up \$30 million and got five per cent net up to a total amount of \$10 million.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: The second refinery the government are putting up \$78.5 million, that is two and one-half times as much and then some and they are getting five per cent net up to \$10 million. You think they would at least get \$25 million to keep the proportions the same. So the government gave away \$15 million there. Sloppy negotiations.

MR CROSBIE: What did they get in Nova Scotia?

MR ROBERTS: I have no idea. That is a Liberal government over there. They will do what they think best.

MR CROSBIE: They are getting less.

MR ROBERTS: Maybe they are getting less, who cares? I am talking, if we got more on the first deal, then maybe Jerry Regan is not as sharp as we were.

MR. CROSBIE: Do not be childish. Who is going to believe that?

MR ROBERTS: Mr. Speaker, the honourable gentleman says: "do not be childish."

MR CROSBIE: Who is going to believe that fairy story?

MR. ROBERTS: Mr. Speaker, the honourable gentleman can say what he wants about who may believe it or not. What I am saying is fact. The fact is, let me repeat it because I have given up on the gentleman for Burgeo, he is seven acts down the way. For the benefit of the Minister of Finance in the first refinery, Sir, the government put up by way of second mortgage \$30 million, on the net royalty they get five per cent of the net as defined, up to a total of \$10 million. The second refinery, Mr. Speaker, the government put up \$78.5 million. They get five per cent of the net as defined, and it is word for word the same definition, up to a total of \$10 million. On a proportioned basis they should be getting \$26 million or \$27 million.

So let us balance the two deals off, Mr. Speaker. The Shaheen Natural Resources position are the same on power subsidy, they are the same on corporation tax. The amounts may be different, but so is the size of the refinery, so are the earnings. They are the same on gross royalty, they are the same on sales fee. The repayment terms apparently are the same as far as we know.

The second deal is better in respect to the sales tax and the second deal is better in respect of the price of land. Two pluses. The management fee does not really enter into it because in one case Mr. Shaheen gets all the management fee, in the second case, and in the first case he gets twenty-seven point eight per cent and the shareholders of the province get to hold the rest. They may have to reinvest it but it is to their account. That is the pluses for the new deal, SSA and \$1 million for land.

The negative, they have given away at least \$15 million, if they had had the same proportion of return on the net royalty to government investment on the second deal as they had in respect to the first, this province would be \$16 million or \$17 million better off. There is no

denying that. That is a fact. It is a statement of fact. It is true and it is accurate. They may say that Mr. Shaheen would not accept it. Fair enough. That is a matter of bargaining. But I submit, Mr. Speaker, the two deals side by side are precisely the same. The Province of Newfoundland in each case gets certain benefits. The deal negotiated by the Premier and his colleagues is no better for the people of this province, in the financial terms, on the face of the deal, the facts of the deal than was the deal negotiated by Mr. Smallwood and his colleagues. All the words in the world will not change that. The Premier can make the most powerful rebuttal in the world, it will not change that fact.

Returns for jobs invested, one is 600 jobs, the other is 400 jobs, using round figures. I believe they are the figures in the Premier's statement. The Premier does not give the figures here but I think the figures are roughly 400 and roughly 600. Let us make them two to one, let us make it 600 to 300. The province's commitment is every bit as high or higher or twice as high. Even with the multiplier of four to one. How-do laughed at Joey Smallwood for even talking about multipliers. I can remember the Minister of Finance why he had practically the galleries howling, like the "Laugh In Show," as he talked about multipliers. Mr. Smallwood knew what he was talking about - right here now the Premier agrees with him, except Mr. Smallwood never dared to use a four to one figure. The economist that we consulted the same one is now working for the government. They have raised their sights I gather. We used to talk about it one to one, or one and a-half to one. The Premier is talking of a multiplier of normal ratio, to quote his words on page seventeen "four to one."

MR. MOORES: Would the honourable Leader of the Opposition permit a question?

MR. ROBERTS: Yes, gladly.

MR. MOORES: Is it true that the House Leader of the Opposition when the steel mill closed used the figure of ten to one?

check Hansard, it is, it is exactly ten to one you said, sorry.

MR. W.N. ROWE: Ten to one, ridiculous, Mr. Speaker.

MR. MOORES: Ten...

MR. W.N. ROWE: Two to one or three to one.

MR. ROBERTS: My colleague, Mr. Speaker, I think has dealt with that for the false canard which it is. Now, they can go and look at all the Hansards they want. If we are going to look at the Hansards, we have lots to look at. Let us look at it as a matter of curiosity but my colleague knows what he says.

MR. W.N. ROWE: If we are going to look at the Hansards, let us listen to the tapes.

MR. ROBERTS: Yes, because the Hansards as the Premier I suspect knows, are a good approximation of what is said in the House. But Mr. Smallwood used the multiplier one and a-half to one, one to one. If he was feeling very adventurous and bold and risky and gambling, it could be two to one.

MR. CROSBIE: He never - it was always five, six, eight to one.

MR. ROBERTS: The honourable gentleman is flatly misstating the position, flatly misstating it. He can shake his head, we are use to the honourable gentleman shaking his head. The only trouble with the honourable gentleman is, the facts do not support him and more and more these days they are not supporting him.

The Premier now, the present Premier, the gentleman from Humber West, uses four to one. Mr. Speaker, in jobs created, the cost to this province will be as great in the second refinery as in the first. The only place where the second deal is better, I submit, Sir, is for Mr. Shaheen, he is going to make infinitely more money on the second deal than he ever made on the first. By Mr. Shaheen I do not mean John Shaheen personally, I mean Shaheen Natural Resources or whoever ends up owning this company, Mr. Shaheen may or may not be the major shareholder, I quite candidly do not know. I know that he is the principal agent in the company, he is certainly the

controlling authority. I have no idea who owns the shares of Shaheen Natural Resources. I know it is not I. Anyone who wants to look it up can go to Illinois, is it not? Wherever Shaheen Natural Resources are incorporated.

AN HON. MEMBER: Yes.

MR. ROBERTS: Yes, the State of Illinois and for the benefit of the gentleman for Burgeo, it says in the agreement that that is one of the States of the United States of America.

Shaheen Natural Resources will do a lot better out of it. Just imagine, Mr. Speaker, \$40 millions net a year once the plant is paid for and they have to give \$2 millions to us, up to \$10 millions. That will be taken care of in five years. What is the song, without being profane? "My God how the money rolls in, rolls in, rolls in, my God how the money rolls in." The gentleman from St. John's West would have been singing that two or three years ago, he probably did.

MR. W.N. ROWE: Imagine if we had twenty-five percent of that.

MR. ROBERTS: No, Mr. Speaker, we made a deal three or four years ago, we made two deals. There were three actually if you want them all, there was the Avalon Core Chemical Act, passed in the winter of 1967, the dying days of the session. It was an abortive act, it never came to anything, the project did not materialize but it is on the books. It may have been repealed but it is there in the statutes of that session. Then there came the deal that the honourable gentleman left the cabinet over and left the cabinet over one section of it, bridge financing, that was the one in the 1968 act.

MR. CROSBIE: Read the letter of resignation.

MR. ROBERTS: Mr. Speaker, I read the gentleman's letter of resignation.

MR. CROSBIE: (Inaudible)

MR. ROBERTS: No, but I read it. I read it very carefully. I remember the phrase in it.

MR. CROSBIE: Did you make up the reply?

MR. ROBERTS: No, I did not make up the reply, Mr. Speaker.

MR. CROSBIE: I am surprised you did not. Somebody made it up.

MR. ROBERTS: If the honourable gentleman wants to debate it, I shall.

MR. CROSBIE: I do not want to debate it.

MR. ROBERTS: I did not think he wanted to debate it.

MR. CROSBIE: That is past history.

MR. ROBERTS: In 1970 a much better deal was negotiated. It was a better deal and I give credit to the men who wrote the original deal and made it into law. I supported them in the House but I was not a member of the cabinet at that time, Sir. The reason that we were able to get a better deal in 1970 is that Shaheen could not live up to the 1968 deal. That is the reason simply put, that is it. I do not know if we ever said so, we did not have to, we were interested in getting a new deal and we got it. We got it. We got the five percent of the gross concession, all this government were able to get now we got. We got five percent of the net, we got more than they got. We got the power subsidy taken out and that was a million and a-half or two million dollars a year the province would have had to pay for fifteen years. It was a better deal.

I am not saying that it was the best deal that ever had been made. It certainly was attacked as being a sell-out, a give-away, making John Shaheen rich. I can remember honourable gentlemen saying in this House, saying outside this House; "The problem is, there is too much in it for Shaheen and not enough for the province."

Mr. Speaker, Mr. Shaheen made a deal and he has lived up to it. Mr. Shaheen has now made another deal and he will live up to that but John Shaheen will get two or three dollars out of this second deal for every one he will get out of the first deal. I do not hear the honourable gentlemen now standing and saying in their way that John Shaheen is getting too much and the province is getting too little.

They are not saying it now, now that they have the cares of office, now that they have the responsibility of dealing with the facts, now that they have to try to live with reality. They are beginning to see some of the light. They are beginning to realize, Mr. Speaker, they are beginning to realize some of the problems of dealing with this province.

I said last night and I meant it as a compliment, the Minister of Economic Development was speaking and I thought for once it was Mr. Smallwood because he has something of that same sort of faith. You have to have that, Mr. Speaker, to be in the Government of this Province, else you end up in a confession of defeat. We had the Minister of Finance a couple of weeks ago throwing up his hands saying; "We cannot do it, we have to get Ottawa to do it, no Government of a Province can do it." he said. We did not hear that a year ago when they were going around the province asking for the support of the people, then they were the miracle workers. Now they have made a deal that is no better than the deal that we made, maybe not as good, because they are following - Joey Smallwood and the men who stood with him pioneered. They made a deal and they were told; "Aw Shaheen is a crook, he is a thief, he is a robber, he will never live up to it, he is going to take the \$5 million bridge financing and disappear." That was said in this House.

Mr. Smallwood and his colleagues, and I was not one of them I was a backbencher at that stage, Sir, I was in a position, in law, comparable to that of the honourable gentleman from Green Bay. In fact, I hope I was not in his position but in law I was. They made a deal, Mr. Smallwood and his colleagues, then and they were told: "Shaheen will never get the oil. That refinery will go up and he will never get any oil to put through it." Well, he got the oil and then they said: "All right, he will get the oil but he will never sell it." Well he got the take-or-pay contracts the same requirement as is in here, sixty percent take-or-pay. He got that and then they said; "He

will never make any money at it." When one saw the feasibility study one realized that he would make money.

That was the background against which Joey Smallwood and his colleagues negotiated a deal, the deal that stands in the 1968 and 1970 acts together. Three or four years later, this crowd comes along and make a deal with John Shaheen. We welcome it but it is no better a deal, it is a worse deal. It may seem almost equal face to face but it is a worse deal. We are paying more per job, far more per job and also, Sir, they are only following. Now it is a proven thing, John Shaheen has two refineries now, one built and one to be built in Nova Scotia. All the present government are doing, Sir, is carrying on where others have gone and that is easy. That is the easy part of government. It is hard when you have to go alone, it is hard. It is like Churchill. There was a time, Mr. Speaker, when the only man in the world who believed that the Churchill Falls Development would go ahead with BRINCO doing it was Joey Smallwood.

Bob Winters did not believe it, (Donald Gordon was not involved then) Donald McFarland did not believe it, Henry Borden, none of the BRINCO people. They said; "It cannot be done, you have to go through Quebec, you have to make a deal with Quebec Hydro, not just to sell the power but to give them a chunk of it. You have to make a deal with them on their terms."

AN HON. MEMBER: They got it all.

MR. ROBERTS: John LaSage's famous five terms. Joey Smallwood held out and he gambled and I say now that Newfoundland got as much out of the first Churchill deal as it could. They may get more out of a second deal, of course they will, it is always easier following

My friend from Labrador North is a businessman and a good one, a very good one. He will tell you it is easier to make the second deal when the first one has been done, when you have shown that it can be done.

This government stand here now boasting of this deal, let them boast of it in perspective, let them realize that they are only following a path that others have pioneered. They have not done any better. I will give them credit for the deal, I believe it will be a good thing for Newfoundland, I do not think we will lose any money on it, we will get substantial tax revenues, we will get our \$80 million back, I do not really think there is much risk there, I do not think there is much risk in the \$30 millions, I never have thought that. I think those things are so profitable we are bound to get our money back. We are bound to get our money back. If everything in life as certain as our getting back the money we put in the second mortgage, Mr. Speaker, life would be very certain indeed.

Mr. Speaker, the Minister of Economic Development

last night referred to the Smallwood Administration as amateur bargainers. "Amateur bargainers" were his words, I wrote them down. All I shall say to that, Sir, is the present crowd have exactly the same agreement, and they had far more going for them, far more. So we will see who the amateurs are?

Then he talked about give-a-ways. We built a refinery and we said we will sell it only when the debt is paid off and the province has got its money back.

AN HON. MEMBER: \$2,000.

MR. ROBERTS: For \$2,000 plus \$10 million, \$3000 plus \$10 millions. Well the honourable gentleman for Burgeo may be new but this House passed it in 1970. I realize it sometimes takes three years for things to get through to his skull.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: I cannot help that. You can lead a horse to water but you cannot make him drink. You cannot even lead a half horse, if it is like the honourable gentleman, to water.

Mr. Speaker, the present government are giving Mr. Shaheen and his associates \$78 million with precious little control on it, not the controls we had on the first refinery.

Mr. Speaker, the honourable gentleman's arguments were completely irresponsible. I suggest he knew it. All this talk of the province's obligations and everything is just a front put up to try and fool the people of Newfoundland. We will have I hope the learned gentleman for St. John's South in this. It looks like the learned gentleman for Placentia East is getting his orders. I hope we will have a number of other honourable and learned gentlemen in it. I challenge anyone of them to say that the legal position is any different than as my colleague and I have stated it.

The moral position, the practical position, Sir, that is a matter of opinion— a matter of opinion. It depends entirely upon the circumstances. If I were Premier of this province and the thing had gone wrong, I could conceive of certain circumstances where

I should have no hesitation in saying to my colleagues in the cabinet; 'Gentlemen, let us wash our hands, forget the \$30 millions and walk away.' I could equally conceive of circumstances where I would come to the cabinet; "Boys, we got no choice. We have to plow more money into her to keep her going." Just as they are doing at Stephenville now. I suspect the Minister of Finance is right when he said if the government had known a year ago the Stephenville mill would cost what it is going to cost, they would wash their hands out of it. I suspect he is right. The Premier says he is wrong, and the Premier is the Premier so we will leave it at that.

MR. ROWE, W.N. It was the other way around .

MR. ROBERTS: It was the other way around, was it? I am sorry I have done the Premier a disservice. The Premier is right and the Minister of Finance -

MR. ROWE, W.N. The Premier was the one who wanted to wash his hands.

MR. ROBERTS: Well I think the Premier is right. If they had known one year ago, I am sorry I did the Premier a disservice and I certainly did not mean to. If they had known a year past, Sir, if they had known the night they sat out in St. Stephen's Hall in Stephenville, that huge hall there,

AN HON. MEMBER: Inaudible.

MR. ROBERTS: It was blocked, it was blocked a couple of days before to in an opposing cause. Unfortunately, crowds do not always equal votes. People came because they were interested. But if they had known a year past, Sir, I think the Premier is right, if they had known a year past it would cost what it is costing, I suspect that he would have come to cabinet and said; "Forget it boys, take our losses, blame it on Joey."

MR. MOORES: I never said that.

MR. ROBERTS: You know, am I imagining all of this? Are the newspapers imagining it?

MR. ROWE, W.N. The Minister of Finance said he said it.

MR. ROBERTS: Well then we are relying on the fact that the Minister of Finance said the Premier said it. Maybe we cannot rely on the Minister of Finance in this matter. Mr. Speaker, I have given up trying to understand the minister, the Premier is beyond me anyway. I have given up trying to understand the Minister of Finance because when he says things they do not mean what he says, he does not say what he means. Then he comes back and tries ridicule and scorn. The man is a verbal gymnast. He is fast losing any credibility he ever had.

But I can conceive circumstances, Sir, in which the Government of this Province would say: "Boys we have \$80 million in her, there are a couple of thousand people working out there directly or indirectly, we got to keep her going, put more money in." I can conceive of that and I can conceive of a House of Assembly supporting them.

On that, Sir, no matter what any honourable gentleman opposite says, I hope they shall all speak. I would like to hear them, I would like to hear their contributions on this. Let any of them say any differently. It depends on the circumstances. One may say the credit of the province is involved. Of course it is, Anything the government of this province does affects the credit of the province. But the Government of this Province their only connection here is they own the shares and they are now selling them with the full consent of the people who put up the money. They could not be sold without their consent.

The position is clear and simple and all the honeyed words and all the eloquence in the world will not change it. The people of Newfoundland know that, Sir.

Let us talk for a second about the wharf, because the Premier again is trying to pull a slight-of-hand one there. The Premier would have it appear, Mr. Speaker, in his speech yesterday and in his statement in the House that the wharf is the cost of the first project, the capital cost. I think at one point he said the government guaranteed the wharf. If he said that it is not

correct. If he did not say it, then it is still not correct. The wharf, Sir, is being built by the Government of Canada. They are not only putting up the money, they are the contractors. They insisted upon it and it is a good thing. The cost is going to go to \$23 millions, I understand. The wharf originally was to cost \$16 million. It just shows either the Government of Canada are not good estimators or the costs have escalated, or both. Maybe there have been changes, I do not know.

But, Sir, that wharf if one wants to regard it as part of the capital cost of the project, and it is, it should be split between the two projects because this bill purely envisages that wharf, the same wharf - the hockey stick one now out in Come by Chance - there will be used for the product, the incoming crude and the outgoing product for both refineries.

Furthermore if the Government of Canada do not put up the extra money, and I share the Premier's hope that they will, after all they are building it, they have complete control of the expenditures. If it goes over their estimate of \$20 millions, let them finance it. It will be paid for by user charges anyway. It will be paid for by topage and sideage and the charges of the incoming tankers and the outgoing tankers including the "Joseph R. Smallwood" and the "Frank D. Moores". It will be paid for by those ships or the cargoes those ships carry. The government should put up the extra money. If they do not Mr. Shaheen.

As the Minister of Finance said, it was quite an admission yesterday, quite an admission by him.

For a couple of years now he has been pretending that somehow any extra money in this project had to be put in by the government. Not so, Sir. There were some political undertakings by that administration. I am aware of them, I was party to them. But, Sir, legally the government had to put in nothing. John Shaheen

was obliged, when I say John Shaheen I of course mean his companies. The Shaheen companies had to put in the extra money, that was in the agreement we wrote, we, as the government, made into law through the House of Assembly. The government and their supporters voted for it. It became law. That is why Mr. Shaheen has put into it - is it \$15 millions extra now? That is why he has put it in because he is obliged to and also because this is a very profitable little business indeed. He will of course get his money back, it will become part of the first mortgage. It will be paid off in the same way as the rest of the first mortgages. Nothing mysterious about it.

The customs duties, the Minister of Finance is right when he says we said nothing about it. We did not deny that they would have to be paid. Indeed the contract says they would have to be paid. We were not sure how much they would be. We still do not know. The minister says \$5 million or \$6 million. You know \$1 million is a lot of money. Obviously the money would have to come in, we knew where it would come from, under the law it would come from Mr. Shaheen and his companies, just as where it is now coming from.

If it is a crime not to say in the House how much they would amount to, when we did not know, we were guilty of that. The Minister of Finance asked me a number of times, and I said simply I have no answer. Then he went on at some length, but that is okay. He has now confirmed what we have said. The important point was that any extra money had to be found by John Shaheen or by his companies.

Mr. Speaker, I think I have dealt with most of the points raised. Let me just say a word about one or two other points the Minister of Finance made. So far he has made the only major speech on the other side. The Premier's speech was introducing it, it was more a factual exposition. I think he would agree with the bill and debate on its merits. He made some assertions which I think were weakly founded. He will doubtlessly differ with me, that is fine.

I was quite impressed to hear the honourable Minister of Finance admit something which he would not admit before, that the government are dealing with Mr. Shaheen among other reasons because no other oil company is interested. I find that most interesting. Two or three years ago we were driven to the devil for dealing with John Shaheen. No other oil companies registered then either, they were interested in blocking it. They were not interested in building anything. They were interested in only tearing it down or blocking it or destroying or stopping. I find it interesting the present government have now come around to exactly where Joey Smallwood was. Exactly! A year and three or four days since they were elected, they have come full circle. They are doing exactly what they damned the Liberal government for doing. Oh how they decried it, Sir, From Cape Chidley or the Mutton Chop Islands or Mutton Islands whatever they are called up there, Mutton Islands from Cape Chidley all the way down to Cape Race and over to Cape Rae, they decried it.

MR. ROBERTS: He said we should not have dealt with Shaheen. We should not have made a refinery deal with Shaheen. We should not have refineries in Newfoundland, it is not the sort of development we need. Now, a year later, Sir, they are talking out of the other side. Now, Mr. Shaheen is an honourable gentleman. Now we should have a refinery. Now we should have a deal.

Then they say, "but it is a better deal." When one looks at it carefully and one goes through the subterfuges and the clever misstatements in the Premier's statement, the one on February 26, when one goes through that Mr. Speaker, one quickly realizes that it is no better a deal. I think we have shown so at some length. It is the same deal, Sir, Newfoundland may get a few more dollars, absolutely. She gets no more proportionately to her risk, no more. She gets the SSA, true. She gets \$1 million for land, Sir, but in return she is not getting anything like the royalty and that royalty, because \$10 million out of the profits of the first refinery, Sir, is a much larger proportion to those profits over any period one wishes to take than \$10 million out of the profits of the second refinery over the same period.

We gave away a concession there, Sir. We got some on the other hand and we gave some away on that hand, and the Premier cannot hide that. He cannot argue about it. He can ridicule it. He can laugh and mock and do anything he wants, but he cannot change the facts. He can change the bill and that would change the facts, but as the bill stands, Sir, the facts remain.

Mr. Speaker, I suppose I have taken a few minutes on this but I think it is worth it. I hope that a number of honourable gentlemen will, the Premier is I know ready to speak but I really hope that some other members on the other side will come into this debate and add to it. They may want to speak to given points or they may want to speak to the major arguments put forward.

That is fine, each of them would have something to contribute. The honourable member for Bonavista South made a very real contribution last night.

MR. WM. ROWE: Too bad he is going chancellor of the university.

MR. ROBERTS: Is he? Chancellor of the new community college.

MR. WM. ROWE: Chancellor of McGill I understand.

MR. ROBERTS: McGill is it? I have one or two questions for the Premier, Sir, perhaps in closing he could deal with them. I realize it is a hypothetical question but I would like him to state what the government's position would be assuming this present arrangement becomes law as I assume it will? If the Shaheen companies, who would then own the shares of the company, default in respect of the first mortgage, what will the Government of this Province do with respect to the second mortgage? Our \$30 million would then be of course completely at risk, I am very interested in what they would do, whether the government would step in and cure the default or whether the government would allow the Kleinwort-Benson Syndicate to realize their security, sell out the mortgage, sell out the property and if more than their debt came in then of course it could be applied against our \$30 million; but I would like a statement of what the government might do on that.

I will not be surprised if the Premier says that will depend on the circumstances, because that is exactly what my colleague and I have been saying for the past two days. That is what I would like him if he would, to be good enough to address himself to the point. I do not expect there is the remotest possibility in the world that it will ever happen, Mr. Speaker. I do not think anybody who has looked at the financing of oil refineries ever expects them to go under. They are all incredibly and intensely profitable.

But if the burden of the government's argument - I think we have exploded it now, but if it were originally that this is a

good deal because the crown corporations are no longer involved, we will show him what the crown corporations are worth in law and we put forward a very sound argument what they are worth in fact.

It would revolutionize, Mr. Speaker, revolutionize business practice in English common law world, if the shareholders of companies are required absent guarantees, absent undertakings were required to honour the obligations of that company.

The gentleman from Placentia East is a good corporate lawyer, he could grabble the acts for EPA and has for years. Would he think the shareholders of EPA should stand behind EPA? Not unless they have guaranteed it in a specific undertaking. "I hereby guarantee this agreement," signed so and so. It would revolutionize commercial structure and this is a commercial undertaking, Sir. The British people entered into this with eyes wide open and with lawyers well armed, Every honourable gentleman opposite can get up and as piously and as imploringly as you want say, "We could not let it go down the drain, our credit would be ruined." Sir, that would depend entirely on the circumstances. There might be times when you would let it go down the drain there might well be times. Equally there might well be times when you would not.

But I would like the Premier to address himself to that because I would submit, Sir, that our risk in fact, our risk in reality is as great after this crown corporation is sold to the Shaheen interest as it was before. I submit that our risk with respect to the \$80 million we are putting into the second refinery is greater, because \$80 million is more than \$30 million. It is our money, it is in there and there is a first mortgage over us. Indeed the first mortgage is a little less. Our risk is a little greater. We are taking a bigger share of the risks. Twenty-five per cent is greater than fifteen per cent.

Finally, Mr. Speaker, let me deal with one other point the Minister of Finance made and let me say now, Your Honour, that this point is a little beyond the major point of the debate but since the honourable gentleman made it, I am going to ask for liberty to deal with it. I will be as brief as he was.

He said and I am not quoting him word for word but I think I can accurately produce his thoughts. He said that parties with partisan ideas that call them party principles, and I do not speak of philosophy, I do not speak of political philosophy, I do speak though, Sir, of party principles or party's general approach, party's general policy. He said, as I heard him last evening in this House, that they do not matter. A party is merely men, merely personalities, that all the electorate look to are the people in the party.

I am not going to argue that people are not important, Of course people in an election look at the men running for each party and weight them up, of course they do. But I reject completely and utterly the gentleman's contention that that is the only thing they look at. Each party, Sir, stands in the eyes of people for a certain body of political action and political wisdom and political principles. They may be good or they may be bad, people may like them or people may not like them, but they stand.

The Liberal Party or the Progressive Conservative Party, New Democratic Party or the Social Credit Party or any other party stands for something beyond and above and over the men. I hope it will always be such. If it is not, Sir, then we are right smack, dab, right in the middle of personality politics of the worst order. We are back where Newfoundland was in the twenties or thirties, when there were no parties, when you had coalitions coming and going over night.

Your Honour I am sure has read some of the history of that period, the political history of Newfoundland. Mr. Sid

Noel's book is reasonably good. It is by far the best thing that has been published. But coalitions came and went. The only cement the coalition had, a group of men had to keep it together, Sir, with one exception, the only cement it had was that, "we are in boys, let us stay in." The only cement the other coalition had was, "boys let us hang together and flick them out." Sir, I think what I am saying is an accurate rendition of our history, in that period after the first war.

The one exception was Coaker.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Well the honourable gentleman drew the analogy not I. Coaker stood for a policy and a set of principles and for a platform and, from 1980 until 1923, Coaker ruled the north, no man could be elected anywhere, from Baccalieu North to Cape Bauld, unless he was Coaker's candidate.

The man had an incredible hold on our people. They supported him. I know of older people in my constituency who still speak of Coaker. I do not see any honourable gentlemen here from the Northeast Coast, there may be some in White Bay South, the honourable gentleman is not in. Well the member for Green Bay has probably run into older people in his constituency who remember Coaker, and if Coaker were alive today and could endorse a candidate -

AN. HON. MEMBER: Inaudible.

MR. ROBERTS: Coaker may have had a job to take Green Bay but I can assure you the honourable gentleman is going to have a greater job. But I am trying to be serious, I am not trying to play that little, cheap party game for a minute, the point I was making was that Coaker, there are still people alive in Newfoundland today, very old now, who if Coaker could come from that tomb of his over in Port Union and endorse a candidate, those people

would vote for that candidate because Coaker endorsed him.

I am sure it is true in Trinity North. The honourable gentleman, the member for Trinity North would agree. Coaker's influence never got down south of Baccalieu, he tried to organize on the Southern Shore, he tried to organize on the Burin Peninsula -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Well maybe, they were the original

Confederates up there. They were the original Conferates - smart enough four times to reject the gentleman from Burgeo, unequalled.

I do not think anybody is going to be rejected four times.

MR. EVANS: Inaudible - White Bay.

MR. ROBERTS: Well so far in White Bay North I am three and zero. We will try it again if the honourable gentleman wants.

MR. EVANS: (Inaudible).

MR. ROBERTS: Could be. Could be. They were smart enough on the south west coast to reject the honourable gentleman from Burgeo four times.

MR. EVANS: (Inaudible).

MR. ROBERTS: Yes, I must say that they elected him the fifth time. I thank Your Honour. I must say that the member from Burgeo is not really very relevant to anything under discussion in this House. I respect Your Honour's ruling.

As I was saying, Sir, I hope the day never comes in this province when the only thing we have in politics is men, personalities and not a party. We came close to that in the last three or four years. The Premier has decried it and I have decried it. I know that each of us mean that. I am all for men, a part of politics - of course they are. A party is shaped and influenced by the men who are in it, the men who are its leaders. Of course it is. There is far more to a party than just men. There is far more to a political party than just men. There is all the tradition for which it stands and all the programmes it has brought in over the years. I was really surprised to hear it from the Minister of Finance. It maybe is an insight into his political thinking. I reject it completely. It is foreign to mine. People of Newfoundland will choose as they wish. I did want to comment upon it. I did not want to let it pass unnoticed. It was not unnoticed. I did not

want to let it pass unremarked. It should not have been. It is a foreign philosophy to the system of government we have in Newfoundland or have across Canada. I submit it would be disastrous for our province if we ever succumbed to the philosophy he enunciated. It would be bad because then there would be nothing but men. We saw that in the 1920's and 1930's, Sir. They crossed the House. That is when they had the opposition, the hanger-down opposition, 1919 - 1923. They hung her down - days, days and days, Sir Michael Cashin, Sir. John R. Bennett, Sir A. B. Morine - days, days and days. I do not know what the House Leader would have done if he had been faced with that sort of opposition, but times have changed.

MR. MARSHALL: The House Leader rises to a point of order on the relevancy of the hon. Leader of the Opposition. The deceased former Prime Minister, Mr. Coaker, and the sermons on the mount on our personalities really do not have too much relevance to the principle of this bill.

MR. ROBERTS: I thank Your Honour. As I said at the outset, I find it interesting that the House Leader will allow his own colleagues latitude and will not allow anybody else latitude. He is the most one-sided and biased man I have seen as a House Leader and I have only seen two. As I said at the outset, Sir, I realize what I was about to say was out of order. It was not strictly relevant to the principle of the bill but since the hon. Minister of Finance was permitted to say it, I am grateful that Your Honour has given me similar latitude. I do appreciate it. I am only sorry that the gentleman from St. John's East shows no regard for the traditions of the House and little regard for fair play.

Now, Mr. Speaker, let me conclude by saying quite simply that my colleagues and I will vote for this bill. We are quite happy to. We are quite proud to.

AN HON. MEMBER: Sure, it is our bill.

MR. ROBERTS: That is precisely the point. It is our bill. This is the deal that Joey Smallwood and all of us who have been damned and condemned, harangued and harrassed made. The numbers are bigger. The deal, one can argue either way, may or may not be any better for the people of this province. The central fact remains that this Bill before us now, Sir, will authorize the government of this province to use public money in the form of second mortgage security to build an oil refinery at Come-by-Chance. The oil refinery at Come-by-Chance will be owned and operated by a company, contolled by Mr. John Shaheen. That is what this bill does. That is all that the first Come-by-Chance deal did. We believe that one to be to the benefit of Newfoundland and we supported it through thick and thin. We believe this one to be to the benefit of Newfoundland and we shall support it as well. Thank you.

MR. NEARY: You know, Mr. Speaker, how the mighty have fallen. I remember when the member for St. John's Centre was on this side of this House talking about being over genuflecting to the leader, kissing the hem of his garmet; take a look at him now. How the mighty have fallen. I remember the honourable minister in this House, Sir, the abuse and the criticism that was heaped on Mr. Shaheen -

MR. SPEAKER: Order please! Would the honourable member please confine his remarks to the principle of the bill?

MR. NEARY: Mr. Speaker, I am talking about the abuse and the criticism that was heaped on Mr. Shaheen and his associates when they were in on the floor of this House, that great television extravaganza that we had in this province.

MR. MURPHY: Baby talk!

MR. F.B. ROWE: Mr. Speaker, the honourable minister is not in his seat and he is speaking.

MR. NEARY: Mr. Speaker, point of order. The honourable minister is supposed to be in his seat when he is speaking.

MR. MURPHY: (Inaudible).

MR. SPEAKER: Would the honourable member continue?

MR. F. B. ROWE: To a point of order, Mr. Speaker, the honourable minister is not speaking from his own position in the House.

MR. SPEAKER: Order please! Would members be silent and let the member for Bell Island speak.

MR. NEARY: Thank you, Mr. Speaker. I rise to support the principle of this bill to establish a second oil refinery at Come-by-Chance and in supporting the project, Sir, providing that the bill is passed in (I have no doubt that it will be) this honourable House, Mr. Speaker, this honourable House, Mr. Speaker, as has been so ably pointed out by my colleagues, the member for White Bay South and the Leader of the Opposition, will be merely endorsing a programme of development for Come-by-Chance that was started by the former Liberal Administration, the Smallwood Administration. It is a vote of confidence in the Smallwood Administration, Sir. It is indeed a great tribute to the leader of the former Liberal Administration. As a member of that administration, Mr. Speaker, and prior to that as a backbencher on the government side of this House, I know, Sir, what we had to put up with from members on this side of the House, like the member for St. John's Centre and the Minister of Justice and the Minister of Finance, when they were in opposition. However, Sir, be that as it may, I personally feel, Mr. Speaker, that the individual to be admired and respected throughout this whole affair is Mr. John Shaheen. The man is a saint, Sir. He will go straight up to Heaven when he dies. The abuse and the criticism, the innuendos, the suggestions that were made against Mr. Shaheen, Sir, both inside and outside of this House are fantastic. It is incredible. You can hardly believe it, that a half dozen members of this House could assassinate a man's character and do such a hatchet job as the Minister of Finance, Minister of Social Services, the Minister of Justice, the Minister of Public Works

and Services, the other Tories, the member for Gender, the Minister of Municipal Affairs, who was also in the House at that time; the hatchet job, the character assassinations, Sir, the likes of it we have never seen in this province and poor old Mr. Shaheen had to bear the brunt of it all, Sir, both inside and outside of this honourable House.

According to the moans that I heard on the other side, there are apparently some of the members have not taken Mr. Shaheen into their bosom yet.

AN HON. MEMBER: Shaheen we have in our bosom but it is the hon. member for Bell Island.

MR. NEARY: I would say, Sir, that the man that deserves the credit and the respect of this hon. House and the people of this province is Mr. John Shaheen. I suggested to the Minister of Finance the other night that the man should be canonized. How he ever stood here and took it, Sir, I will never know and there were times, Mr. Speaker, and I know it more than anybody else in this House, when that oil refinery project was just hanging on by a thread. The Premier of the day was almost ready to throw in the towel. Mr. Shaheen had given up and gone back to New York. Why should he bother with this kind of nonsense? He was a businessman. He was invited to come into Newfoundland, invited by the former government to establish an industry at Come by Chance. He was invited here, Sir. He did not have to put up with the abuse that he was getting in this province and the hostile attitude that was being shown especially by the Minister of Finance. Here he was here yesterday, Mr. Speaker, you would hardly believe your eyes, you would hardly believe your ears. The only other time I have seen it happen was down in Bairds Cove. Down in Bairds Cove, Sir, the only other place I saw it. The only thing was missing yesterday was the tambourines. The minister was getting saved, asking forgiveness for his sins, he was testifying. What a pitiful, pathetic spectacle of a man, Sir. What a spectacle, to walk into this House and fill us up with that kind of malarkey that we heard here yesterday. No difference in the two political parties, no difference.

There may be no difference on that side but there is a difference over here. This party stands for the masses of the people

but that crowd over there all they stand for is there buddies and their millionaire, well-to-do friends. That is what they stand for, Mr. Speaker, in case the hon. minister does not know. I am surprised the hon. member for Placentia West who used to be a little bit of a socialist but I am afraid he has lost his idealism, Sir, the initial burst of enthusiasm is over. Now he is over with that crowd and he got a taste of it.

MR. BARRY: Mr. Speaker, I wonder before I start to cry if you could stop this vilification. It is breaking me up.

MR. NEARY: Do I have a right to speak in silence, Sir?

MR. MURPHY: Okay, you speak in silence. Only you could do it.

MR. NEARY: Yes, Mr. Speaker, I am doing precisely the same thing that the Minister of Finance did in this House yesterday, Sir, Nobody in Newfoundland is going to swallow that. The Minister of Finance has made himself the laughing stock of the people of this province.

Sir, there were four or five major accomplishments of the previous administration which is now the old whipping boy. There are four or five major accomplishments, Sir. Some people would say that the construction of the Trans Canada Highway across this province was one of our biggest accomplishment. I think I would have to agree with that, Sir. Number two, the great development at Marystown in the way of a fish plant and a modern ship-building yard, Sir. There are people who would say that that should rank amongst the top five accomplishments of the previous Liberal administration. Then there was the great iron ore development at Wabush and Labrador City, Sir. There are people who would say that was one of the previous administration's biggest accomplishments. Then, Sir, probably the greatest one of all, the one that the Leader of the Opposition referred to this afternoon, the great Churchill Falls Hydro Development. People would say that was Joey Smallwood's greatest accomplishment.

That was the greatest thing that the previous Liberal administration did while they were in office. I would go as far as to say, Mr. Speaker, that the development at Come by Chance will rank amongst the four or five greatest accomplishments of the former Liberal administration.

I hope, Mr. Speaker, that we will never hear in this House again or outside the House for that matter reference to the previous Liberal Administration. People are fed up with that kind of talk, Mr. Speaker. People are saying that it is about time the Tory Administration got down to business, took the initiative and did something themselves. Never mind playing around with government, blaming everything on the previous Liberal administration. One of the worst curses, Sir, that we have in this province I suppose is our obsession with the past. For a good many years, Sir, we listened to hon. members, especially in two provincial general elections in this province, refer to this oil refinery development at Come by Chance. Do you know, Mr. Speaker, that one of the gimmicks that was used in the last election was the oil refinery development at Come by Chance? The members on the other side, Sir, conned the Newfoundland people into believing that everything they said about Mr. Shaheen and the development at Come by Chance was true. As a matter of fact, Mr. Speaker, there were members on the government side of the House who were beginning to believe that this was true.

Now we discover, Mr. Speaker, that all the things that they said about Mr. Shaheen and Mr. Doyle for that matter were not true. Now the Minister of Finance has to backtrack - I was going to say he has to eat his own - but it would be unparliamentary, Sir, if I used that term in this House but he has to eat it. He has to eat crow and I would be ashamed, Sir. It is no wonder, Mr. Speaker, that the rumour is widespread that there is a rift

between the hon. minister and the Premier. No wonder there is a rumour going around. No wonder we are hearing rumours that the Minister of Finance is going to resign from this House prior to the next federal election and run in one of the federal ridings and become a member of the House of Commons if he can get elected. No wonder we are hearing these rumours, Sir.

MR. CROSBIE: You must have just started it.

MR. NEARY: I did not just start it. I know the riding the hon. Minister has his eye on, but he will not win, Come by Chance is too close to that riding. There are too many people getting employment at Come by Chance.

MR. CROSBIE: I have had requests from all over Canada but I do not know what one I am going to run in.

MR. NEARY: The hon. minister will have to go up with his buddies in Ontario and run in one of these well-to-do Tory ridings up in Ontario.

MR. CROSBIE: Pierre wants me to go in the Cabinet and I said, "No you cannot have two from Newfoundland." He said, "Don is finished. You come."

MR. NEARY: The minister has to come back across the House first, Sir. Now, Sir, I was one of the ones who sat on the opposite side and saw this whole thing from the first day that the concept was put forward by our Premier of that day right up to the present time. I am one of the few, Sir, that has the honour and privilege to be in this House right throughout the whole piece, right from the time it started right up to the present time. I was one of the ones who had to take the abuse. I do not mind it, Sir, because we finally won. We knew we were right. Nothing could put Joey Smallwood down. He got discouraged, Sir. He felt like throwing in the towel and he almost did it a couple of times but a few of us managed to give him a little encouragement, told him to keep on going, no surrender

I often received calls from the former Premier two o'clock in the morning, five o'clock in the morning and I received them from Mr. Shaheen's messengers too at three, four and five o'clock in the morning when the negotiations were passing through a very crucial stage, and the honourable Premier knows that. The honourable Premier knows all about it.

We dug our heels in, a few of us who knew how important this development was to Newfoundland, how badly we needed employment and jobs in this province. We dug our heels in and we said, "No, there is no surrender and no turning back. We are going to keep on going." Because we believed in this development, Mr. Speaker. Personally speaking nothing could have stopped me, not even the bully boy, the honourable the Minister of Finance. With all his wealth, Sir, he could not stop the little fellow from the warehouse over at Quigley's Line.

The Minister of Industrial Development and myself have come a long way. The Minister of Industrial Development is now over wheeling and dealing with ECGD. Not bad, Sir, for a graduate of Duff's Supermarket. I have not done too bad myself.

AN HONOURABLE MEMBER: Not even as well though.

MR. NEARY: No, not even as well.

Sir, I may not be a learned gentleman but, Sir, sometimes legal training takes the place of common sense. That is half the trouble with this House sometimes and with some of the negotiations that go on in this province, Sir. They allow their legal training to take over. They are blinded by it. Common sense goes out the window. It is about time we put a little bit of common sense back into the development of this province. That is why I said - I think it was two days prior to the Premier coming into this House and making this statement that the Leader of the Opposition referred to this afternoon - only two days before that, Sir - and anybody who wants to go and check Hansard can see it - when I congratulated the Premier not knowing that there was going to be a second oil refinery.

I had no idea when I congratulated the Premier for this stand that he was taking and that he was not going to run Mr. Shaheen out of this province on the end of a rail. He had already done it with Mr. Doyle. Very poor advise, I would say given to the Premier by the Minister of Finance. That is a situation that he will regret as long as he is Premier of this province. The government should never have taken over that Linerboard Mill but they are on the hook for it now and there is nothing they can do about it.

I predicted a year ago in this House that Mr. Shaheen was going to meet the same faith but fortunately common sense prevailed and the Minister of Finance did not get his own way even though for almost ten months we heard him on television and radio telling us, "No more outsiders coming into Newfoundland," expressing a hostile attitude towards industrialists coming into Newfoundland. I took him to task on it on a number of occasions because he was doing the province a tremendous amount of damage, Sir.

The minister himself admitted yesterday that it does not take long for word to get around the international business world of the attitude of the government in any province of Canada or in any state of the United States. He admitted that yesterday but he did not stop to think about it when he was making these wild, vicious statements, Sir. He did not think about it then. If the minister had his way there would be no Mr. Shaheen around here to deal with today. I mentioned this a couple of days prior to the Premier making his statement in this House and I congratulate him for taking the stand. I know it was not easy, Sir. There must have been some vicious rows in cabinet. There must have been some vicious rows probably down in the kitchen cabinet, down on the main floor, but the Premier emerged a hero.

The honourable Minister of Finance has himself entangled in his own mesh. Restructuring is after catching him in a web, Sir. He cannot move. He is there now and what a pitiful looking sight.

No wonder he is losing weight and he has not got a belt to keep his pants up there.

AN HONOURABLE MEMBER: How about a five minute silence.

MR. NEARY: There will be no five minute silence, Sir.

As I say, Mr. Speaker, the fight to get this first oil refinery at Come By Chance was a tough fight. There were two casualties, Sir. The Minister of Finance was one. The Minister of Labour at the time was the second one. There were two casualties in this battle but the rest of us, Sir, who were on the government benches fortunately saw it through.

Mr. Speaker, we heard reference yesterday and today about the feasibility studies and the government is reluctant now to table all of the feasibility studies. Well, Sir, I would like to remind this administration that in their policy statement which was made public on May 15-16, 1970 that that party, Sir, undertook, made a solemn promise to the people of this province that they would make public where possible all feasibility reports and I refer to pages 9 and 10 of their policy statement for 1970. Now, we discover that they are not prepared to do that. This is another example of how they conned the Newfoundland people.

Sir, the poor little voter in Quirpon in St. Barbes, in West St. Modeste, down in Belleoram, over on Bell Island and all the other little communities across this province, Sir, felt they had been convinced we were giving her away, we were going to sink the province. She is going belly up. She is going to be bankrupt. Two elections we heard that. Can you imagine, Mr. Speaker, the cheers that must have went up in every little community, every little hamlet and village across this island when the people found out that this was not true, that the Tories were now following a policy that was laid down by the Liberal Government. "Develone or perish"; we heard that often enough in this House. "Jobs, jobs, jobs, jobs, jobs;" how often did we hear it, Mr. Speaker? How often did we hear that?

The Minister of Finance used to poke fun at the former Premier.

The Minister of Social Services would come in here and he would almost need a soap box to get up on because you could not see him over the desk, dancing up and down, "Jobs, jobs, jobs. Develop or perish." Now, where are they, Sir? There they are now, Sir. There they are now buddies with Mr. Shaheen and I do not think they could have done a better thing for Newfoundland, at least the honourable Premier could not.

That trip to Cape Kennedy whether the taxpayers of this province paid for it or not, whether Mr. Shaheen paid for it or not or whether Mr. McLean paid for it or not, it was probably worth the effort because the Premier, I think, indicated a few days ago that was when the deal was copperfastened, on that trip to Cape Kennedy. Well, Sir, he should have taken the Minister of Finance and put him in orbit, put him aboard that rocket and sent him up to the moon and then probably we would not have the trouble we have today, Sir.

I do not care what administration is in power in this province, one thing we have to do, Sir, despite the ranting and raving of this crowd of millionaires and well-to-do businessmen and lawyers when they went around this province saying, "No more big industry. No more big industrialists. No more medium sized industry. We are going to develop the rural areas. Everybody is going to get involved in handicraft. No more big industry. Everybody is going to go out making souvenirs," it did not take the honourable Premier long to find out that that does not work in Newfoundland - that you have to get medium and large sized industry in this province along with your rural development. I do not care what administration is in power, Sir. If they do not follow that policy, then all you do is drive the young people out of Newfoundland and up to Ontario.

AN HONOURABLE MEMBER: They are coming back now.

MR. NEARY: They are not coming back.

In fact, Mr. Speaker, there were more left last year than left in any year since Confederation, driven out, driven away from their own homes, forced to leave. They have had to leave Newfoundland to find employment, Sir, and it is about time the Tory Administration, after fourteen months, fifteen months in power got a grain of sense and realize this. The Premier must have pushed the panic button when he realized, Sir, Churchill Falls construction was grinding to a halt, the linerboard mill was just about finished, the first oil refinery at Come by Chance, the construction was almost over, it will be finished this summer and there were no jobs for Newfoundlanders, Sir, no jobs. When this suddenly dawned on the honourable the Premier he must have gotten a rude awakening.

Let us get this oil refinery and if the Premier were well advised he would get the third paper mill too. He would also get the Lower Churchill development started even if the government have to undertake it themselves, nationalize it, do not wait for BRINCO, get it started. We need this resource developed in this province, Sir.

Mr. Speaker, I hope that they have learnt their lesson, that we will not hear any more reference to the old whipping boy, the previous Liberal Administration. There is hardly a day passes in this House, Sir, without somebody on the opposite side making a reference to the previous administration. In a way, Mr. Speaker, I suppose you can understand this about a government where you have so many lawyers who earn their livelihood by dealing in precedence. What we need now, Mr. Speaker, is not a province that is preoccupied with the past but a province and a government that will realistically set new goals for the future and carefully plan to achieve these goals. I say, Mr. Speaker, off with the past and on with the present and the future.

MR. F.J. AYLWARD: Mr. Speaker, I feel compelled to speak in this debate for two reasons really; one because this bill involves a substantial amount of money and secondly, of course, that the funds in question and the industry is located in the district that I have the honour to represent, namely, Placentia East.

Mr. Speaker, we have heard a great deal of debate on both sides of the House and we heard considerable argument surrounding the differences between the first deal and the second deal. Also, we heard a great deal about Mr. Shaheen. I really do not think it matters too much really whether we like or dislike Mr. Shaheen or whether we hate or love Mr. Shaheen. I think the only real question that we have to determine, as members of this House of Assembly and representatives of the various districts, is whether in the first place the deal itself is a good deal, in the best interests of the province and secondly, whether it is the best deal we could in the circumstances extract.

Mr. Speaker, I suppose a deal could certainly be in the best interests of the province and not necessarily the best deal that could be extracted. I am sure I only repeat the feelings of members on this side and on the other side when I say that I would certainly like to see the province in this particular case have a substantial hunk of the equity but the reasons were given why this could not be obtained.

Mr. Speaker, we have very, very few real big natural resources left in this province, in my opinion. We owe it to ourselves and really to our children to get the best possible deals we can. The last speaker in this debate, the honourable member for Bell Island, referred to the develop or perish motto or slogan,

call it what you like, of the last administration, in retrospect, Mr. Speaker, if we take that linerboard mill for example I think it is regrettable but one would think that the result was more perish than develop. If any of us really are to consider the financial implications of that particular deal itself and the bearing that it has on the future and the present financial position of the province, I think it would really - you would have nightmares.

Here this year or last year we know we borrowed in excess of \$200 million, we know the Auditor General's Report discloses that we owe now, the liabilities of the province under crown corporations and everything else, are in excess of or were in excess of \$1 billion in the Auditor General's Report to this honourable House last year. That is not including the present \$200 million that was borrowed last year. As the Leader of the Opposition mentioned when he spoke in the debate, he contemplates when the minister brings down his budget he is going to forecast borrowing this year another \$200 million.

Mr. Speaker, this is necessary no matter what government is in power in this province as the Minister of Finance said when he spoke in the debate last night. If there were communists here, N.D.P., call it what you like, the teachers have to be paid, the hospital workers have to be paid, the police have to be paid, the public services have to be maintained and we have only so many hundreds of millions of dollars. Mr. Speaker, with an amount of money such as that we presently are involved with in this particular debate, it concerns us all not alone as members for our districts but the province as a whole. We must make good and sure that we get the best possible deal that we can.

I am convinced myself, Mr. Speaker, that as far as comparing this deal with the first deal is concerned, that this is not in the same league at all. If we accept the fact that the first refinery estimated or in the first instance cost \$160 million, now the costs have escalated to \$198 million and I think the Minister of Finance when he spoke said it would exceed \$200 million - is that correct?

MR. MOORES: \$205 million.

MR. AYLWARD: \$205 million. Of that \$205 million the province I suppose, in addition to the \$188 million they are up that extra \$7 million as well. Is that correct? When it was \$198 million we were on it for \$188 million, so we naturally backed the extra costs so the province must be now \$195 million -

MR. MOORES: Shaheen raised the money and he loaned it to the building company.

MR. AYLWARD: Yes but I think the building company has to guarantee it.

AN HON. MEMBER: (Inaudible)

MR. AYLWARD: The building company borrows it and the building company being of course the crown corporation. As all members realize of course, when this - so this means in this instance, Mr. Speaker, that now we are in excess of over \$190 million, over \$190 million of the \$205 million. The equity is still of course the \$10 million.

If there are no differences in the deals, of course it will depend upon whether in law or in fact you conclude that the guarantee of a crown corporation necessarily obliges the province to honour it. Mr. Speaker, any of us and all honourable gentlemen here who have studied law, with great respect to the honourable minister who took part in these negotiations, he talked about it and I am sure he realized it himself, the Minister of Industrial Development, the honourable senior member for Harbour Main -

AN HON. MEMBER: (Inaudible).

MR. AYLWARD: The point I was making, Mr. Speaker, has slipped my mind but I think what I -

Mr. Aylward:

Yes, Mr. Speaker, I was speaking about the crown corporations. Every lawyer realizes that a company is incorporated for specific purposes and that it is a legal entity unto itself and that the shareholders unless they personally guarantee are not responsible. We all accept that. I do not think anyone or at least I have not heard anyone say that legally if an action were taken against the crown corporation and the action was successful that the government, in law, would be necessarily obliged to satisfy that judgement. But, Mr. Speaker, the hon. Leader of the Opposition knows if he were to incorporate a company tomorrow and it was Edward Roberts Limited -

MR. ROBERTS: (Inaudible).

MR. AYLWARD: Well, I do not know, Mr. Speaker, I suppose only the hon. gentleman knows that. But, Mr. Speaker, if that company were to obtain credit and individuals were dealing with that company and they felt really that Edward Roberts was behind that deal and Edward Roberts was behind that company and if Edward Roberts knew that if that company failed and Edward Roberts was again to start a new venture his credit would be a very, very important factor to him because if he had to do anything at all in life again he would want credit in the business community and if he lost his credit, of course, he lost everything. This of course, Mr. Speaker, was the position which has been announced by several members on this side of the House and I do not think anyone really can seriously deny that, that if the crown corporation guaranteed the money advanced by ECGD and the crown corporation defaulted then the government of the province as a shareholder in that company, while not legally obliged to do so, would be compelled, in order to preserve and protect its credit in the financial markets, to honour that.

Where could this province really go and sell its bonds?

Where? I do not think seriously, Mr. Speaker, that certainly - of course, none of these gentlemen said that the government would necessarily do it

but the option was open to the government to honour it or to dishonour it. I do not really think, Mr. Speaker, in a situation of that nature whoever was in control of this government, whatever party, whatever Premier or whatever cabinet they could conclude, "We are going to renege on that obligation." Mr. Speaker, we have to ask ourselves in this particular case would really, would the British Bankers, would Kleinwort-Benson, if these three companies were only three ordinary companies incorporated under the Companies Act of the Province of Newfoundland, with Messrs. Shaheen, Doyle and a couple of other individuals, does anyone really in his wildest imagination would he conclude that the amount of \$120 million that was guaranteed by this corporation that the British Bank, that ECGD would accept that? No, Mr. Speaker, because they realize that in this particular instance the crown corporation was in fact the government of the province and they were dealing not with just the paper company - I do not suppose, I do not know really but perhaps the Minister of Finance could indicate but I would not imagine there are many shares issued in these companies. So in fact there were just three shareholders, and \$100.00 each.

So can you imagine, MR. Speaker, a company with a paid up capital of \$300.00 going over to England and meeting with the English Bankers and Kleinwort-Benson and saying to them, "Here, we are going to borrow \$180 million and here is our company who are going to guarantee it." Imagine, myself and the other

two honourable gentlemen here in front of me, Messrs Ottenheimer and Hickman. I am not referring to them as members, Mr. Speaker, but just - We put three hundred dollars in a company and we go over tomorrow to England, do you think we would even get a meeting? Do you really seriously think that these men would say; "Yes, we are going to get together with Hickman, Ottenheimer and Aylward Limited because we are interested in really getting that business. They are going to do something in Newfoundland, they are going to buy \$100 million worth of British equipment and we are going to guarantee that."

Why would they not, Mr. Speaker? You ask yourself, why would not the English backers give it to us? They would not give it to us because they knew that the company with which they were dealing was really a paper company, that if, if the project defaulted and if they were obliged to sue this company, what would they get? What would they get? What would they get if they sued the crown corporation? Nothing. Really, Mr. Speaker, it is and I suppose we are really not concerned about whether we insult the intelligence of these people but from what the Leader of the Opposition said last night and I was impressed by that because I am sure he knows whereof he speaks. He had been over on these negotiations and so was the honourable House Leader on the opposite side and these men know, Mr. Speaker, the type and calibre of these bankers, of the lawyers acting for them and of the business institutions. Do they really think that anyone would loan this type of money to that company of the type I described? No, Mr. Speaker, it is too ridiculous to talk about.

This is what this debate is about, one deal is better than the other depending upon whether the government guarantees the obligations of the crown corporation. I am satisfied, Mr. Speaker, entirely. In law of course, I do not think there is any doubt in law that we would not be compelled to, but again it is the question of the province.

Mr. Speaker, when you look at the history of that Shaheen complex, when they came here they had these three corporations, the Building

Corporation, the operating company called the Provincial Refining Company and of course, the Holding Corporation. Three crown corporations. Now a crown corporation, of course there is no definition in our Interpretation Act nor I do not think in any legislation, at least I could not find any that would tell us what in fact is a crown corporation.

AN HON. MEMBER: It is in the Income Tax Act.

MR. AYLWARD: Yes, it is in the Income Tax Act but that is for income tax purposes, right? So, under the Income Tax Act as I recall, if ten percent of the shares...

MR. HICKMAN: ... that is not the same definition as crown corporations.

MR. AYLWARD: What I am referring to is in law in this...

MR. ROBERTS: (First part inaudible) Companies' Act, of which the shares happen to be held by the Crown. As the honourable gentleman is saying, the income tax says that if ten percent or more than ten percent —

MR. AYLWARD: It is not a crown corporation, that is correct. What I am saying is this, Mr. Speaker, we cannot look at any law of this province and say in law what is or what is not a crown corporation, because we have no legal definition as such. My concept of a crown corporation is, of course, any corporation where the shares or the majority of the shares in that company are held by the ministers of the Crown in the right of the province. I would argue and I would think successfully, that if just a majority of these shares were held by ministers of the Crown in their capacity of course as ministers and they held these shares, that company was a crown corporation. As the Leader of the Opposition and the Minister of Justice suggested, there is a definition in the Income Tax Act and it is ten percent of the shares, but that of course does not apply here.

There is no doubt, no one has argued on that, Mr. Speaker, there is no question that they were crown corporations and I feel myself that really the Crown uses these corporations as agents of the Crown. An argument could — the Leader of the Opposition may say; "Oh now"

probably, I do not know, Mr. Speaker.

MR. ROBERTS: (First part inaudible) crown corporations are not agents of Her Majesty unless the act specifically says so. Specifically says so.

MR. AYLWARD: The Leader of the Opposition says that, Mr. Speaker, but what...

MR. ROBERTS: (Inaudible)

AN HON. MEMBER: Twaddle.

MR. AYLWARD: We are talking jurisprudence not twaddle. Mr. Speaker, what I am saying is this, that if the Crown

has a certain function or a certain purpose or has a certain object in mind and the company is incorporated and designated to carry out that purpose and the shares of the company are held by ministers of the Crown, then that really to all intents and purposes of course is incorporated and acts exclusively as the agent of the Crown. In any event I do not think the argument of agency is as important because -

MR. ROBERTS: (Inaudible).

MR. AYLWARD: But, Mr. Speaker, I think the hon. Leader of the Opposition and the hon. member, whether they know it or not, whether they had seen it or not, they also saw in addition to what is indisputable, the ordinary person's concept or anyone's idea of what the crown corporation was. On top of that, you hand, these bankers request and obtain a letter from the Premier of the province indicating what position the government would take if there were a default. Now what better? How much more could they get? No, Mr. Speaker, I do not think there is any doubt in anyone's mind and of course these hon. gentlemen did not say that but the whole argument of whether this second deal was as good as the first is predicated upon that particular legal question, or not a legal question really, the question of whether we would as a government, no matter who was in the government, be obliged to honour the guarantee. I say on that, Mr. Speaker, there is no doubt.

Now, Mr. Speaker, this second refinery, according to the statement disclosed by the Premier, has a capacity of 500,000 barrels and will be the largest in Canada by 200,000 barrels. We were told that it will provide at the peak period of employment, and the construction employment will take approximately three years, 3,000 men and that when the project is completed it will employ 640 individuals. That, Mr. Speaker, is a wonderful boost to the District of Placentia East and I am very, very pleased that the contract stipulation provides that

as far as possible employment from the province as far as services and contractors and everything will be used.

I agree entirely with the remarks of the hon. member for Bonavista South when he said that the government should do all in its power to ensure that the companies in question live up to that undertaking. Mr. Speaker, I only hope that some way can and will be found so that Argentinia can be utilized in conjunction with this great complex at Come by Chance because the people in that particular part of my district are in desperate need of employment. There is an excellent port there and one would think that with all the facilities that are existing on that base and I have asked the Premier and suggested to the government on previous occasions and when I spoke previously in the debate on the Address in Reply that steps should be taken as promptly as possible to see what facilities could be of some assistance to industry either servicing the oil rigs or in connection with the Come by Chance complex. I sincerely trust that some economic benefits will be felt in that area in the form of increased employment and of course that the port and some industries can be located in the Argentinia Area because, Mr. Speaker, the only reason the province can be expected to put into this particular project the amount that we have been asked in this bill to authorize, \$78 million, is on the assumption that this

project will provide employment for our people, will provide income for the government in the form of taxes and royalties and all the others, and we will not alone benefit from the royalties but that we will also within a reasonable period or after fifteen years have our \$78 million repaid.

Now, Mr. Speaker, I do not think we are being really intellectually honest when we are saying that this second deal is the same as the first and that we are no better off because the percentages of the provincial contribution in the second refinery is greater than it was in the first refinery.

AN HON. MEMBER: Inaudible.

MR. AYLWARD: The percentage. The percentage of the provincial contribution. In the first refinery of \$198 million or \$205 million we see, and now of course I am taking the position that we are obliged for what the crown corporation owes, we have \$190 million under the second refinery we only have the \$78 million which is the second mortgage. We have of course carried over the \$30 million so with a total expenditure of in excess of \$200 million for the first refinery and \$300 million for the second refinery; of over \$500 million, the province is obliged to contribute \$108 million secured of course by a second mortgage.

Everyone in this debate seems very, very, optimistic about the financial ability of these operating companies to generate sufficient cash to repay Kleinwort-Benson, so that it is only normal and natural to conclude that the monies which the province paid under both will be repaid as well.

I for one, Mr. Speaker, felt, and hindsight is better than foresight, but I cannot say really, in honesty, that I as a Newfoundlander felt that the first deal was a good deal. It turns out now that it was a good deal and I suppose it would be very easy to say it was good, but I did not think, Mr. Speaker, at that time, I do not think that Newfoundland should obligate itself to that extent for the returns which that project was going to

generate.

Now of course it is proven and we all accept the fact that it was a good deal and that we are continuing it and expanding upon it. But, Mr. Speaker, the second refinery cannot I respectfully submit be really honestly compared in benefits to the province with the first. Mr. Speaker, you must bear in mind when the honourable gentleman opposite, and I say this for these men, I suppose that new opposition, I do not mean to criticize or assess the previous one, but certainly not since Confederation has any opposition been informed as these honourable gentlemen, because we have sitting opposite four ministers who served in the previous administration. I do not think since Confederation we had four minister over there. I think at one time we may have had three, perhaps these three were as good as four. But I am not going to go into that.

But, Mr. Speaker, these men, in particular these two honourable gentleman, the Leader of the Opposition and the member for White Bay South, these two honourable gentlemen were in a very, very, difficult position in I suppose the dying years really or the last years of the previous administration. A lot of people in this province placed a great deal of confidence perhaps based on the fact that they were there, they felt that they were young men, that they were able men that they were men who felt themselves that they had a political future. So for their own good as well as for the benefit of the province a good performance was expected of them. I am prepared certainly to admit that they did, under circumstances —

AN HON. MEMBER: Inaudible.

MR. ALYWARD: Yes, I suppose you could say that, Mr. Speaker, but I was going to be a little bit more charitable than that. I was going to say —

AN HON. MEMBER: It is almost six o'clock.

March 27, 1973

Tape 849 (afternoon)

PK - 3

MR. ALYWARD: I only have a few more, Mr. Speaker, I will call it six o'clock.

MR. SPEAKER: It is now six o'clock I do leave the chair until eight o'clock this evening.



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VERBATIM REPORT

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SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House resumed at 8:00 P.M.

Mr. Speaker in the Chair.

MR. AYLWARD: Mr. Speaker, when we adjourned, I was referring to the position of the hon. Leader of the Opposition and the hon. member for White Bay South and that was as I mentioned that the people of all political parties. I guess of different political persuasions had in a sense in the dying days of that administration looked to these two gentlemen because, as I have said, they were both learned and honourable gentlemen. They were young, ambitious and undoubtedly had and still have a political future ahead of them. These men in particular, because of their position with the party, because of their own political ambitions, because of their dedication to the country or for various reasons, would certainly see to it that the best deal, as far as they were concerned, would be made for the province. As everyone who is familiar at all with the last government, Mr. Speaker, must realize and appreciate that they were certainly subjected to the limitations or anyone in their position, and that of course was very, very dominant leadership where the emphasis of one man dictated and determined really the future policy of the province. If the emphasis were on highways then it was "Finish the drive in 1965." If it were education then we had great expenditures in that field.

To a great extent, Mr. Speaker, the affairs of the province were dictated by one man. These men, because of the position in which they found themselves in the cabinet at that time, knew an awful lot more than anyone else in Newfoundland about the details surrounding the deal and the Come-by-Chance negotiations. They, as I have said, have a particular knowledge of this transaction and they were in a position to assess it. I really think that they know

themselves or they must know, when they compare these two deals, that the second one is by far more beneficial to the province than the first. We could spend hours going over the differences between the two agreements and what the province obtains under the second as compared to what it obtained under the first.

Mr. Speaker, no one I do not think, as I mentioned earlier this evening, can successfully argue that under the second arrangement the credit of the province is much improved, because our obligations as guarantors, not legally but any government would be expected in the case of default to honour these obligations.

I think, Mr. Speaker, that the big thing the second deal proves and that is very, very important as far as the entire venture is concerned and that is the faith of the ECGD in this venture, the foreign negotiators for this government were able to negotiate a deal whereby they were prepared to loan this new company, the Edison Company, \$190 million to be secured by a first mortgage only. Under the first agreement, of course, every cent was guaranteed by the crown corporations which we again submit was in effect guaranteed by the province. I do not mean guaranteed -

MR. ROBERTS: Borrowed.

MR. AYLWARD: Borrowed, yes.

Now, Mr. Speaker, the opposition really are not saying that this is not a good deal because they are in fact and every speaker has said they are supporting it. We must conclude that they realize as we do that it is good for the province. The argument is really how does it compare with the first deal and this government are only doing or continuing to do what the previous administration has done? Again, Mr. Speaker, we are compelled to conclude that there is certainly no comparison whatsoever as far as the obligations of the province under the second. Here we have an expenditure of \$300 million with a second

mortgage by the province of \$78 million. Now how can anyone, Mr. Speaker, who is at all familiar with the first refinery, where the obligations of the province were \$188 million for a refinery of 100,000 barrels, say that that was just as good here as a second one with 300,000 barrels and \$78 million.

Mr. Speaker, the honourable gentlemen in the opposition, particularly the two gentlemen to whom I referred earlier, were also familiar at the time of the first refinery (we must look at this because of the large amount of monies involved) as to what the obligations of the province were at that time, I think also around the same time the negotiations were being carried on with respect to that Linerboard Mill at Stephenville. If there is any deal, Mr. Speaker, which these gentlemen and that administration will live to regret, I respectfully and regretfully submit, it certainly will be that linerboard project,

because when we realize that here we are now saddled with a venture which is estimated to cost the province in the next four years, so we were told the other day when the matter was debated, another forty or fifty million dollars added to the existing one hundred and sixty for a total of in excess of \$223,000,000. Then we were told, Mr. Speaker, on top of that that the province could never, never be expected to get back the capital that was invested in that venture.

Now, Mr. Speaker, these two honourable gentlemen and indeed everyone who was part of that must accept a great deal of responsibility because I think anyone in Newfoundland who had any knowledge whatsoever of the woods operation could and many did in fact say that it was just impossible for that venture to succeed.

MR. W. PONE: Mr. Speaker, a point of order. Your Honour has not hesitated to call members on this side of the House to order. I would respectfully submit, Sir, that the honourable member is now not being relevant to the principal subject of discussion.

MR. AYLWARD: I respectfully submit, Mr. Speaker, if I would, that I am dealing here with the obligations of the province. We are now talking about \$78,000,000. I am talking about the capacity of the province to finance that project.

MR. SPEAKER: I think the point of order is well taken. The member for Placentia East has digressed into a matter which is certainly irrelevant to this debate. I would ask him to return to the matter under discussion.

MR. AYLWARD: Mr. Speaker, I certainly will not quarrel with your ruling. The point I was making was this, Mr. Speaker. These honourable gentlemen were aware at the time of all the facts surrounding that, of the obligations of the province in its entirety. With that knowledge a great responsibility was imposed upon them. I would say, Mr. Speaker, that we are not being defeatists but we are being realists when we acknowledge that the financial obligations of this province to which we

are committed, and there is just absolutely nothing that we can do about it, are staggering.

We have left, only three great natural resources. These have been referred to in this debate, namely our deep water, ice free ports and this is the real resource on which the Come By Chance venture is predicated, on that deep water port at Come By Chance. Now, Mr. Speaker, we are very fortunate to have two or three other great ports on the South West Coast. These will no doubt in future become features of industry.

We also have the offshore oil potential. Now, Mr. Speaker, that is a problem today because we all realize that with the situation that prevails in Ottawa, we have a minority government. We have the regulations made by the federal government of which a great number of knowledgeable people today complain that these regulations are not very beneficial to the country as a whole. The province itself to date has no regulations. There does not appear to be at least an immediate solution to the positions taken by the province and the federal government.

The federal government maintain that because of the decision of the Supreme Court of Canada with respect to its reference on the BC case, that they are entitled to the offshore oil and gas.

I understand the position of Newfoundland is that we have a special status. That is, of course, we were a dominion ourselves and when we confederated with Canada it was not just another province but we were legally a dominion and as a dominion, of course, we had certain status and certain rights and these rights gave us a claim to the offshore resources. I hope, Mr. Speaker, that if it is necessary - and I was glad to see in the Speech from the Throne an indication that the province will not compromise its position on that, while we will join with the other province, we will see to it that if necessary we will force our own rights because we have special claim in that direction.

I support the position taken by this government and indeed,

Mr. Speaker, by many individuals who are not at all active in politics but who argue that the position of Newfoundland, as far as the offshore oil and gas are concerned, is superior to that of any other province and that the decision of the Supreme Court of Canada on the BC reference does not necessarily bind this province.

Now, Mr. Speaker, this province, I respectfully submit, cannot afford any failures. It is unfortunate that it appears we are compelled to take over industries which fail. The Linerboard Mill which undoubtedly is doomed to fail as far as making any money is concerned; here we are obliged to take it over. The refinery which from all indications is to make a substantial amount of money; that is to be owned by private enterprise.

Now, Mr. Speaker, I do not think any of these big companies, multi-national companies or even the small company that eventually becomes a giant in the field can successfully ignore the demands of the people. I really feel that if in years to come any of these companies it is found are making substantial amounts of money and this province finds itself in a position where we are having difficulty not alone expanding but maintaining services, will our children really accept that position? I say no, Mr. Speaker.

I suppose the only thing we really learn from history - they say history repeats itself - but, Mr. Speaker, I think the only thing we learn from history is that we do not learn from history because the same situation prevails in Alberta today where the companies have contracts and that government feels that they are not getting sufficient returns so they have indicated that they will and are taking steps to impose further taxes on them.

We see in the oil rich country of the Shah of Iran they are having no difficulty selling the oil companies down there. That government is prepared if necessary to renegotiate the rights that they have under their contracts. Now, Mr. Speaker, I say that the same situation could and will exist here in this province

in years to come if it is found that all this money which different speakers have postulated will result from this venture and if the province should find itself in a position where further funds are necessary. They will have little difficulty I predict, Mr. Speaker, taking another look at any of these contracts and agreements.

Now, Mr. Speaker, I was more than pleased also to see in the press release made by the Premier that the expansion at Come By Chance will not be at the expense of rural development because I feel, Mr. Speaker, that the success of this province, if we are to make any real impression upon the poorer segments of the country we must provide more help to the rural areas and to small businesses operating in these communities.

Now, Mr. Speaker, as far as the district itself is concerned, I just have a couple of observations to make. These are as follows. I think that the people who would benefit most from this particular venture are the people who could possibly suffer the greatest loss. In that respect, Mr. Speaker, I refer to the fishermen in the immediate area of Come By Chance. There are fishermen moved in from the areas of Placentia Bay who have settled in Southern Harbour and in Arnold's Cove and these fishermen, Mr. Speaker, and these communities that have absorbed these fishermen have, as I said so frequently here before, a special right to expect financial assistance for municipal services and these fishermen themselves have a right to jobs, a prior right to any job resulting from that development.

Also, Mr. Speaker, more important still we predict at least 1,000 jobs, 400 jobs from the first refinery and 600 from the second. Now, these are permanent jobs, Mr. Speaker and it is anticipated that these men or women or employees of Newfoundland Refining company and Edison Company will receive wages

estimated to be in the vicinity of \$12 million per annum. This is big money, Mr. Speaker, by Newfoundland terms and I hope and pray that these jobs will go in large measure and indeed if this venture is to be of real benefit to the province, these jobs must go to Newfoundlanders.

So I hope that appropriate steps will be taken by the government and by the companies operating these two refineries to see to it that these jobs are kept for Newfoundland people.

MR. OTTENHEIMER: There is a meeting on Thursday involving all the training facilities which the company has in mind.

MR. AYLWARD: I am very pleased to learn from the Minister of Education, Mr. Speaker, that he has just indicated that there is a conference being called to discuss that particular point.

MR. OTTENHEIMER: Thursday.

MR. AYLWARD: Thursday of this week? Where is it being convened?

MR. OTTENHEIMER: I believe in the Department of Labour, board rooms.

MR. AYLWARD: In the Department of Labour, board room. Anyway, Mr. Speaker, the whole success, the only justification for this of course, or for all these projects is to help the province and if we are to help the province, of course, we must ensure that the people of the province receive these permanent jobs. These are the jobs, it is not just the construction jobs, Mr. Speaker, it is these permanent jobs and as I say every effort must be exerted to see that we obtain these jobs.

Now, Mr. Speaker, I do not think I could say anything new or novel if I were to just continue on. I could go over this agreement and compare in detail the benefit but I do not propose to do that.

I just will say again -

AN HON. MEMBER: Inaudible.

MR. AYLWARD: Mr. Speaker, I would then in that - I am not going to accept the date from these gentlemen but I would ask them to refer again to the press release, and in particular page nine, and these

outline all these conditions.

Now the first one was of course that the companies would take over, the shares of these companies would be sold to the Newfoundland Refining Company. Everyone agrees with that and of course the main reason again being that that would have the legal effect of reducing the obligations of the province by \$158 million.

Now, Mr. Speaker, the only other point on which I would like to express just a short comment and that is one of the significant differences in this agreement was an undertaking by this new company to pay to the province this social security assessment tax and sales tax.

I certainly endorse the sentiments expressed by the honourable member for Harbour Main when he spoke in this debate when he referred to the great loss of revenue which the province sustained by BRINCO and all these large companies being exempted from SSA tax. I am very, very pleased to see, Mr. Speaker, that this government insists that this company must pay this tax and this is estimated to produce for the province the sum of approximately \$12 million to \$14 million.

The power subsidy has been dealt with by several speakers and the question of the wharf, of course, that is still, as I understand it, to be resolved with the Federal Government.

MR. NEARY: Carried. Carried. Carried, Mr. Speaker.

MR. AYLWARD: If the honourable member for Bell Island were so anxious to carry interim supply, I think everyone would be a bit happier, Mr. Speaker.

Well, Mr. Speaker, I would like to just conclude my remarks by saying this, that the important details surrounding this agreement are still to be completed when the final documentation is prepared by the solicitors, acting for the government, and in this particular case, as referred to by the

Minister of Finance when he spoke in the debate, I sincerely trust that the appropriate "i's" will be dotted, and "t's" crossed because we know from experience that once these agreements sometimes have been announced, it has always been found necessary later on to revise them when people come back looking for extended benefits.

I sincerely hope that this will not be necessary in this instance and I again congratulate the men who negotiated this second deal and I think it is good for the province and as I said earlier, particularly good for my district. I sincerely hope that the permanent jobs will result not alone to the individuals of the province but to the residents of Placentia East in particular. Thank you, Mr. Speaker.

MR. MOORES: First of all, Mr. Speaker, I would like to comment on the fact that the House Leader on the Opposition side spoke for three hours in this debate, the official Leader of the Opposition for two and a-half hours, and the unofficial Leader of the Opposition for half an hour. It was six hours in total, Mr. Speaker, all based on what I think could be pointed out very clearly as an accurate assumption of what really is the case.

I listened to the Leader of the Opposition today talk about untruths, falsehoods, misstatements and then the platitudes of not bringing in personalities. Looking across the floor and saying that the Premier was not a liar, but he did not tell the truth.

Mr. Speaker, maybe the Leader of the opposition has double standards. He obviously has because as I will point out regarding this debate, there are a great many double standards which come to him very easily and really which I suppose under his past tutelage is very understandable.

It is very easy, Mr. Speaker, after hearing the opposition's comments, to understand why this province is in the fiscal mess it is in today. There is no wonder that we are in the state that we are

when we understand that those who have spoken on the other side have been as uneconomically informed, or as economically informed as their past leader.

The fiscal idiocy that we have heard in this House, Mr. Speaker, has to be heard to be believed. If there ever was an opportunity or an identification of economic foolishness or fools even, the experience we have seen in talking really out-does without question the fact of the total ignorance of economics, finance or possibly even law.

Mr. Speaker, the statement of the opposition in this House, is in fact based on inaccurate facts. It is based on a totally inaccurate assumption. It is based on the fact that a crown corporation is not the responsibility of a government. After the masterful speech by the House Leader on the other side, which was a masterful speech, the total speech was based on the fact that a crown corporation was not the responsibility of a government that created it. The speech after that fact, theoretically called, was established, was only a compounding of the inaccuracy itself.

Mr. Speaker, I think what we are looking at here is what exactly is a crown corporation. The whole argument on the other side has been based on the fact that a crown corporation is not responsible to the government that creates it.

There has been a statement made that the second refinery is a replica of the first, that it is a follow on of the first deal and what is totally incorrect which I will point out very shortly. But what I would like to deal with for the present, Sir, is what exactly a crown corporation is in the minds of the financial community, in the mind of governments that are responsible and in the minds of people that basically make judgements that are valid.

To say that a crown corporation, as

The House Leader on the other side said, is legally, morally and practically not responsible to the government that creates it nor is the government responsible to it, is totally and absolutely wrong.

Technically a crown corporation does not legally have any influence on government or the other way around, legally a crown corporation can go the same as any other but morally and practically, Mr. Speaker, as I will point out, the government are totally responsible for the creatures it creates and crown corporations are one of those. To me it is an idiotic position, a position of irresponsibility, a position that really is almost unbelievable, for any opposition or anyone else to say that a crown corporation is not the responsibility of the government that creates it.

We have heard on the other side in the last two days a principle whereby we say that the crown corporation is not the responsibility of the government. We then hear, if we are talking about the steel mill, for instance, here the crown corporation is very definitely the responsibility of the government. I mean, are we dealing in principles or are we dealing in what we personally would like to see, a crown corporation as a government irrespective of where it happens to do business. I mean are we going to draw the line at Port aux Basques? Halifax? Toronto? London? Or where?

Here we have an example where you see the double standard at its best, where you have the House Leader on the other side say, "If we have an obligation to Britain, we look in their face and laugh it off. If we have an obligation to someone else who is local, we say, "Oh, thank you very much." But what he is saying in essence is that there is no such thing as a principle and they, Sir, should be the ones that know that better than anybody else.

The opposition are saying not suggesting that a crown corporation is not the responsibility of government. In the case of default we as the government or as a crown corporation are supposed to laugh

off any indebtedness that we have. The whole opposition argument is based on the fact that the crown corporation has not the moral or practical responsibility of government. This is absolutely and totally untrue, Sir, we must have the respect of those we deal with and that is not just my opinion, not just my opinion at all. I will amplify this subject in a moment as to really what some other people think a crown corporation's position is. I think maybe the opposition may find it very interesting when we quote the authority that establishes what a crown corporation actually is and who they are responsible for.

Now at the same time, Sir, as they say a crown corporation is not the responsibility of government they also say that this refinery deal that we have done is a replica of the first deal, Nothing, Sir, could be further from the truth. This deal is not Mr. Smallwood's deal, it is not the opposition's deal, it is one that this government did and did well, as I will now illustrate. But they are not slow, Sir, nor are they reluctant to jump on Mr. Smallwood's bandwagon. Mr. Smallwood started this, "it was a bigger deal" as to quote the Leader of the Opposition, today he said, "It was our deal, it was a deal we made." They said, "This was a good deal now but it was only an extension of their deal."

Yet in the same breath they say that the government are not responsible for crown corporations. How very interesting, Mr. Speaker. The government are not responsible for crown corporations but how proud they were to be part of Mr. Smallwood's bandwagon at the time.

I will now table in this House the so-called comfort letter of October 16, 1970 to ECGD, the Export Credit Guarantee Department of the British Government, from Mr. Joseph R. Smallwood. Now do not forget, Mr. Speaker, before this is tabled, these people say they were part of this deal. They say they do not agree that crown corporations are an obligation of government. As a part of this deal they were a part of this letter, Sir. I will table this letter.

The Opposition Leader last night, when asked if he was aware of it or he said he was aware of it, when asked what he had done about it, said nothing, but talk about something else. The letter reads, Sir as follows:

MR. ROBERTS: Inaudible.

MR. MOORES: I do not think there was an order-in-council because I think Mr. Smallwood did this on his own because he assumed, as I think he had done for twenty-three years, that he was not only the government but the order-in-council or the council, whatever.

MR. ROBERTS: The Premier says there was no order-in-council.

MR. MOORES: Not that I know of, not that I know of. I will comment on what effect this had with the British Government, very shortly, as a result of a telephone conversation this morning.

But before getting into that, this is a letter, this is the man that these people say on the opposition, Sir, they supported, it was his deal, they agreed. Their man. Their deal. The bit. But at the same time they say governments are not responsible for crown corporations. A letter to the ECGD from one Joseph R. Smallwood.
"Gentleman:

"You have agreed to assist in the provision of finance for construction of the Come by Chance Refinery by giving your guarantee to U.K. and other bankers of the obligation to them of Provincial Building Company Limited and Provincial Refining Company Limited. All of the shareholding of Building Company is owned by the Province of Newfoundland. The total shareholding of refining is held by a holding company which in turn is controlled by the province and will be so controlled until Newfoundland Refinery Company Limited, Mr. Shaheen's, exercises its option to purchase the shares of the holding company in accordance with the statutory agreement forming the schedule to Act No. 86, of 1968 as amended.

"The bankers have entered into a financial agreement with building company and refining under which the bankers will purchase promissory notes made by the companies and the companies will assume certain

financial obligations to the bankers.

"In view of the position of these companies and their importance to the economy of the province, I can assure you that as a matter of policy the Provincial Government would consider it to be its duty to ensure that those companies should meet their obligations to the bankers and would take any such steps as might be necessary in order to enable them to do so."

I table that so-called comfort letter, Mr. Speaker, in this House.

Here we have on the other side people saying that the government have no responsibility for crown corporations. Here we have the premier of the day saying the government does. Here we have on the other side, Mr. Speaker, people saying that they were responsible for the deal with Mr. Smallwood but all of a sudden they take the parts that are pleasant and do not face up to the realities that were fact.

As a matter of fact, Sir, the comfort letter does have some credibility.

Mr. Speaker, it takes gall to say that the government or any government are not responsible for its crown corporation. Especially when it is also mentioned in the financial prospectus of that particular government.

Mr. Speaker, I could go on with the legalities or the responsibilities or the obligations that government have for crown corporations, I suppose until doomsday, and still not convince the members on the other side. But the fact is that if you have any honour, that if you have any principle, it is also critical that one accepts the responsibilities that one has.

The whole argument of the opposition in this particular context, Sir, was an argument of convenience. It was a matter of saving their own skin in the face of what was a disgraceful agreement. And, Sir,

a disgraceful agreement was the first agreement!

The House Leader of the Opposition said the only reason that the crown corporations were set up were for tax reasons. That is what was said, right?

AN HON. MEMBER: Right.

MR. MOORES: Right. Good. Thank you, it helps for what I am coming up with next.

AN HON. MEMBER: Inaudible.

MR. MOORES: You can withdraw any time you want to, Sir, it is your prerogative.

It is partially true, Sir, that these corporation were set up for tax purposes but Mr. Shaheen could not have borrowed money, forgetting the tax situation, without the crown corporations. Do the members of the opposition disagree with that statement?

AN HON. MEMBER: Carry on.

AN HON. MEMBER: They are very humble.

MR. MOORES: They allocated, Sir, or they suggested or they even said

said that ECGD would have made this money available for the creation of British products. They said that the only reason the crown corporations were set up was for tax purposes. Is that a fact? How very interesting. What they said, Sir, in essence was that a crown corporation is not a government responsibility. Number two that the first refinery, they praised Mr. Smallwood for the total deal but they will not honour his letter of commitment saying that the crown corporations are responsible. Number three they look at a comfort letter and say nothing because there is really nothing to say. Number four the crown corporation was set up for tax purposes only and number five ECGD would have financed the project anyway except that the crown corporations were set up for tax reasons.

Mr. Speaker, this morning I phoned Mr. Ken Cotterell the general manager or chairman, I am not sure which, chairman I think of ECGD, who is somewhat of an authority on financial matters and certainly an authority on the first and second or whatever refineries that are being built here. I asked him about some of the points mentioned. Mr. Cotterell, who is head of the Export Credit Guarantee Department of the British Government, happens to have dealt last year in some \$18 billion worth of guaranteed loans for his bankers, that is all, not very much, but he is somewhat knowledgeable. I would like, Sir, to refer to the arguments of the opposition as to what they had to say regarding each of these points and what Mr. Cotterell had to say, who is the one who finances the deal.

First of all regarding crown corporations and I will read it, Sir, because it is excerpts from a conversation between myself and him and I will table it gladly in this House if it is required. The question answered by myself, and I will play the tape by the way if you want it played in here.

MR. ROBERTS: This is a transcript, is it?

MR. MOORES: This is a transcript, a tape which is available which will be played here at any time that the opposition or anyone else would care to hear it.

MR. ROBERTS: Why do you not get Mr. Cotterell to come over?

MR. MOORES: Mr. Cotterell come over. What a smart-assed remark, if I might say so, one of the stupidest remarks in history. I mean after all, Mr. Chairman, here is a man who went over there fifteen times and I suppose got to say how do you do and came back with the lousiest deal in history and here is a man now confirms after one conversation the best deal this province has ever had. But Mr. Cotterell, Sir, upon a question by myself regarding the crown corporations being responsible to the government I said that the position being taken by the opposition in the legislature is that a crown corporation is not an obligation of the government which to me is totally insane. Mr. Cotterell, "Yes." I then carried on "When we had our chat in London I thought I remember you saying to John Shaheen about the crown corporations being in effect not only the guarantee of the government but if anything happens to the Newfoundland Government you could not see the Canadian Government letting it go either." It is not very good grammar but it got the point across. Mr. Cotterell, "This is a moral position of course but I can tell when there was discussion on Come by Chance (1) discussed here in the city because we have our own advisory council, people who are banker essentially, this was very much the sort of argument that we used and which they accepted and they could see as a reasonable position. I mean whatever the legalities might have been, and as you know on Come by Chance (1) you could argue about legalities, nevertheless we took the view that if a crown corporation had committed itself then in that event the Newfoundland Government and ultimately even the federal government would find it very difficult to avoid that as a

commitment. " Equally, and I will have to skip because there are questions in between here which I will refer back to in one moment. I asked, "I would like to get your opinion on one other matter. If a crown corporation in this position or in any other position for that matter, if they reneged and became very legal what would they do to the credit position of the province?"

Now this, Mr. Speaker, is at the stage where the opposition suggested we laugh in their face. The president of ECCD says, "It would very badly injure the credit position of the province in my view. I think it would you know looked at from the outside would be very unwise. I think to do that I think that it would be a very unwise step from the commonwealth credit point of view." Regarding, Mr. Speaker, the business of the crown corporation as discussed whether Mr. Shaheen could have raised the money without the crown corporations or whether the crown corporations were necessary in the first place. It is suggested by the opposition again that the crown corporations were not necessary other than for tax purposes. I asked Mr. Cotterell would ECCD have guaranteed the money for the first refinery to Newfoundland Refining Company Limited, Mr. Shaheen's company, alone without the crown corporations. The answer was, "Absolutely, no." This, Sir, is on tape.

The other point that regards the comfort letter. This as a matter of fact, Mr. Speaker, surprised me as to the result of the comment by Mr. Cotterell on this -

AN HON. MEMBER: (Inaudible).

MR. MOORES: Would you like a photograph? Look, Mr. Speaker, for someone that was phoning the hon. member for Bell Island this afternoon at two, three, four, five o'clock in the morning - Maybe that is the reason he needs a photograph he could not see in the dark. Is that it? What is the problem?

Regarding the comfort letter, Mr. Speaker, I said the one

other point I wanted to make, the comfort letter as far as you were concerned had no significance at all, is that correct? Mr. Cotterell said, "Well, no I would not say that. What it did was give an undertaking in some form, recognizably not binding but in some form by the Premier of the day who, leaving aside personalities and so on, ex officio was the most important man in the Commonwealth as it were and his word, the Commonwealth would think twice before it reneged on. It was that sort of quality that it had. I do not think that we ever believed that if anyone wanted to fight it through a court of law it would stand up. No, I do not think that but on the other hand it was something which given the official nature of the individual concerned did have some significance."

Now, Mr. Speaker, just establishing a few points where the opposition takes the position that a crown corporation first of all is not responsible to the government. I think they are probably the only people left in the world who think that because they have served in a government that really did not care if they got an obligation to anybody or any thing based on honour or based on performance. Mr. Speaker, we have here in this particular case the Export Credit Department of the British Government, We have. I think any responsible person in Canada, any responsible person in any government will accept the responsibility for the crown corporations they create except the hon. members opposite who say if crown corporations get in default we will laugh in their face. Now, Mr. Speaker, that was the position of the past administration and I am sure it is not going to be the position of this one.

AN HON. MEMBER: Did Mr. Cotterell say he was going to give me a loan?

MR. MOORES: I did not ask Mr. Cotterell, if you needed one, Sir.

AN HON. MEMBER: (Inaudible).

MR. MOORES: That is right but then again that would cancel the loan.

Mr. Speaker, the crown corporation not being the responsibility

of the government is a stupid allegation and is being used in this case as a convenience and a smoke screen by the opposition. It is being used as a smoke screen for a very good reason because once you realize that a crown corporation is the responsibility of the government then you realize just how bad the first refinery deal was. Yesterday the House Leader on the opposition side gave the percentages, not the figures mind you but the percentages, based on the fact that the government did not have any obligation to its crown corporations.

Let us now look, Mr. Speaker, at the figures and the percentages based on the fact that the government is and they are responsible for their crown corporations because, Mr. Speaker, that is a matter of fact in a moral and practical world if

not theoretically a legalistic one. To say otherwise is economically, financially, practically and morally dishonest. The House Leader on the other side said yesterday that in the first refinery the Shaheen equity was six per cent. That, Sir, if you take his allegation, is correct. In fact it is five per cent. It is one per cent less. The Newfoundland Government's risk position in his words on the \$30 million loan is nineteen per cent.

MR. W. N. ROWE: Would the Premier permit a question?

MR. MOORES: Sure.

MR. W. N. ROWE: I am very interested in this point because I used certain figures when I came up with that percentage. Now what I did was I divided \$10 million into the cost at the time, \$160 million and came up with the figure. What figures did the Premier use I wonder to come up with \$5 million?

MR. MOORES: I am using the figures, Mr. Speaker, of the - first of all I will say that the House Leader on the other side said that it was Shaheen's equity, six per cent.'

MR. W. N. ROWE: Six point two per cent.

MR. MOORES: Well you did not get into the point -

MR. W. N. ROWE: Six per cent is the figures I gave, right.

MR. MOORES: Yes. The Newfoundland Government's risk position nineteen per cent on the \$30 million second mortgage. ECGD's position seventy-five per cent. I think this is the figuring. In fact, Sir, if you realize that a crown corporation is a government responsibility, the position is that Shaheen had equity in a five per cent and the government had a risk position on guarantees through its crown corporation of ninety-five per cent and not the nineteen per cent so conveniently concocted on the other side.

Mr. Speaker, the fact is, whether we like it or not, the first agreement which was in effect a disgraceful arrangement made

us the guarantors of \$188 million, morally and practically guarantors of \$198 million total which now I understand has gone up. This is not something, Sir, to be twisted. This happens to be fact.

In the second refinery I agree totally with the percentages put forward by the House Leader on the other side. The Shaheen equity is thirteen per cent. The Newfoundland Government's loan is twenty-five per cent and the ECGD financing is sixty-two per cent. We will notice from the first figure, Sir, that the Shaheen equity has gone up from five per cent to thirteen per cent, over double. The Newfoundland Government's financial risk position has gone from ninety-five per cent down to twenty-five per cent and that ECGD has now provided sixty-two per cent with a mortgage security only and no even theoretical guarantee by the government. Mr. Speaker, so much for percentages.

Let us look now at the figures of what is actually involved. In the first refinery, Mr. Shaheen had \$10 million equity. In both refineries combined, excluding the wharf which we have done for these figures and as the opposition have done, he has \$50 million equity. Newfoundland's risk position in the first refinery alone, morally and practically and in fact was \$188 million. Now in both refineries it is \$108.5 million. Mr. Speaker, Newfoundland today, irrespective of what the opposition or anyone else says is in fact, creditwise in its financial prospectus, in its position in the financial markets of the world, \$80 million better off with two refineries producing 400,000 barrels of oil a day than they were with one refinery producing 100,000 thousands barrels of oil a day.

Mr. Speaker, when the first refinery was done, it was done at a time and at that particular time at a wild risk. It has now been brought into shape. The opposition says that the second refinery is a replica or an extension of the first. Mr. Speaker, I have never, ever heard such unadulterated nonsense. The second refinery is a replica of the

first. That is like saying that the junior member for Harbour Main is a replica of the hon. member for Bell Island.

Mr. Speaker, I would like to talk about a few of the differences other than the financial and the percentages, just a very few of the differences between the first oil refinery agreement, where the government committed itself for ninety-five per cent of the risk capital to this particular refinery or both refineries, where we are committing ourselves for a total of both of them to very much less than that; \$80 million less than the first one alone. They say there are no other differences. The argument is on crown corporations. (1) Eighty million dollars of the province's money, eighty million less is at risk for both refineries combined. (2) We have not established a crown corporation that we have an obligation for but which we do not even control. This, Mr. Speaker, is a point I do not think has really been identified and that is that the crown corporations that were set up by the previous administration, Provincial Refining, which is the operating company, is in fact controlled by Mr. Shaheen and not even the government who are taking the obligations for it. (3) The refinery complex now is four times the size of the last refinery, at less risk. (4) We sold land for the first time for an industrial complex for \$1 million, not a great amount by the opposition standards but still \$1 million is \$1 million by most people's standards. (5) The Social Security Assessment Tax will be approximately \$13 million as opposed to not having to pay it at all. There is a total of \$14 million directly into the Treasury. (6) We established a true industrial power rate which the company will have to pay and that will be on a profit-making basis for the province. We have established true industrial water-user rates which also will be on a profit-making basis to the province. We have arranged an easement of the wharf agreement which previously, even with the Government of Ottawa's insistence, the past administration would not go along with until they had managed to put it into a crown corporation that

guaranteed Mr. Shaheen the sole right. Now we have an easement of that wharf agreement. (9). The equity position of Mr. Shaheen is up from \$10 million to \$50 million. (10). There is no twenty-seven point eight per cent management fee before royalties as there was in the previous agreement. That is not a bad figure to skim off the top before royalties, Mr. Speaker - twenty-seven point eight per cent management fee. (11). We arranged a totally adequate pollution control which were installed in the plant from the beginning and not after the fact. (12). We have provided an accurate position and pictures of the project, including duties, excise tax and so on and many, many more. These are the people who say this is a replica of the first agreement. The two refineries put together are \$80 million less for the province. The two refineries put together, Mr. Speaker, are not only costing us less but in fact are going to create four times as much revenue and a great deal more employment. The gall and stupidity to talk about a replica of what was created in the first instance, Sir, is almost inconceivable. How about the other gems of wisdom put forward by the opposition in their debate?

ECGD are in excess of \$320 millions. That is what they are going to pump in to produce jobs. And the opposition say that they only put it in to create jobs in Britain. That is very true, the reason they do guarantee that money is to create jobs in Britain - this \$320 million happens to be coming from there. It is a fair hunk of change.

Mr. Speaker, it is too bad that the Canadian Government do not have a similar mechanism so that we can manufacture these same products here in Canada. It is not our fault that the Canadian Government do not have the mechanism that can finance the development of the have-not areas of this nature. We have an export department. I suppose that if we built the refinery in St Pierre we could get Canadian Government help, but we cannot get it living in Newfoundland. We could not

get it living in New Brunswick but we can get it from Britain. Are we supposed to be apologetic because we can get money from Britain to develop Newfoundland? To listen to the opposition, you would think we should be.

Now, Mr. Speaker, I just heard the hon. House Leader and the hon. Leader of the Opposition

both very erudite gentlemen, speaking about what is he talking about, and the other one said he does not know what he is talking about. They are only saying that, Mr. Speaker, because neither of them know what they are talking about.

Mr. Speaker, the opposition says that a percentage of the profit sharing, of royalty payments should be raised proportionate to the amount of the loan. What junk! The amount of the loan is going to determine what percentage of the profits we are going to get on a loan basis. Ha! Ha! First of all, Mr. Speaker, with both refineries our revenue first of all will be four times as much as before. Secondly, Mr. Speaker, only an idiot would suggest that a person who lends money against a mortgage would require an equity position. Cannot you imagine what is being suggested? Here we are lending money for a mortgage position in a company, we are lending money and taking a mortgage for it: Can you not imagine the honourable member from White Bay South when we went (if he did - he probably did not) to get a mortgage on his house, when the mortgage company said; "Yes, I will lend you the money but after you have paid me off I want to own part of your house." What damn nonsense, Mr. Speaker, it is absolutely unbelievable.

I mean, it is the same sort of thing, if you are getting a mortgage on something of course you would like to get equity but how can you get equity when you are giving a loan to a private corporation unless you are buying shares? You cannot. I mean, to talk about this is absolutely so ridiculous, Mr. Speaker, as to be unbelievable.

Speaking of revenues again, let us review the situation, Mr. Speaker. (1) The first refinery, all the revenues from it are to stay intact (2) The expected provincial revenue from the second refinery only ten years after completion will be between \$135 million and \$160 million and that is over and above the loans that by that time will have been paid.

Mr. Speaker, one other thing, How about jobs? The member for Bell Island talked today on jobs. A lot of people, Mr. Speaker, are

concerned about jobs. This government is concerned about trying to do something about it. It will take 3,000 people to build over the three year period the second refinery at Come by Chance and the payroll during that three years, Sir, will be approximately \$90 million, or \$30 million a year. That is important to our economy. After construction 1,100 permanent skilled jobs will be at the site with an annual payroll of approximately \$12 million per year or an average of between \$10,000 and \$12,000 per person per year which I think is very worthwhile.

Mr. Speaker, this in fact is without question the biggest single deal that this province has ever had or the island I should say, because Labrador has had two if not three particular developments that are bigger. It is the biggest single agreement to an establishment to produce wealth that this particular island part of our province, Sir, has ever had and it was brought to fruition by this government and not Joey Smallwood or anyone else. The opposition are trying to say that it is the same as the first. Why is it that in the financial circles of the world (I know it did not bother the opposition, it does not bother them, Sir, it never did in the past, why should it now? It obviously will not in the future)-

MR. M. MARTIN: Mr. Speaker, I rise on a point of personal privilege here. The Premier by his continuous references to the opposition is inferring that I am party to the irresponsible antics of the official opposition. That, Sir, is insulting.

MR. MOORES: Mr. Speaker, I apologize sincerely to the member for Labrador South. I am sure he realizes that I was not referring to himself, I was referring to the official opposition even though, Sir, he is much more of an effective opposition.

Mr. Speaker, the official opposition is trying to say that this refinery is the same as the first and as I said, why do the financial circles, the financial papers, the "Wall Street Journal," the "London Times," the "Financial Times Of Canada," why was it that they were so

critical of the first agreement, so adamantly critical of the first agreement and in fact praised the second deal? Maybe they are fools as well in the eyes of the opposition.

One other minor point that the opposition raised last night. The opposition was very critical of E.C.G.D. because they granted (the official opposition) seven-year money. They are going to get their money back in seven years. Quick, cheap, like that and in the meantime, this is the same group that, as a government on behalf of the people of Newfoundland, borrowed five-year money from Europe. If they think E.C.G.D. is cheap, they are two years cheaper.

Mr. Smallwood and they are totally financially responsible. The debate that they took on was like a childrens' debate; "I will take the negative attitude because I am on the opposition, you take the positive attitude. Now we will sit down and work out together what is best from the negative point of view." This is the way it came across, Sir. (b) They say that we have not changed enough on this side to change our position regarding Mr. Shaheen. They go on a personalities kick and the province takes the hindmost as far as they are concerned. Mr. Speaker, they grew up in an age of personalities, they were nurtured by personalities and they are the offspring of personalities and they do it well in opposition.

They are suspicious that the second deal is not great, suspicious that the second deal is not great. What they are not used to and the member for Bell Island probably, particularly, Sir, is that we are dealing with fact not fiction. Instead of the stupid approach where you nurtured something up for press purposes and for grandiose ideas, we announced it when it was a fact as opposed to a figment of imagination which so many announcements originated from on that side in the past were.

Mr. Speaker, in closing I would like to say I have never heard the warping of facts and principles to suit the ends of individuals any more than I have heard in this debate. We have heard on the other side people who were in government, they proved to the peoples'

satisfaction that they were incompetent in government, they are worse, Sir, in opposition.

Mr. Speaker, this particular refinery deal is a good deal for Newfoundland. It is one where we can carry our heads in honour because it was negotiated honestly, the facts have been made public and I believe it will be of extreme benefit to the province in the years ahead. I think, Sir, that financial fools and economic idiots, either way, who stand up in this House just to be heard, stand up to talk about a subject that they think is politically expedient rather than for the good of the province, I think, Sir, they should have second thoughts. This House is here to oppose constructively not to oppose just for the sake of bulling through for hours on end. Three hours by the House Leader, two and a-half hours by the Leader of the Opposition talking about Coaker and a few others.

Mr. Speaker, the member for Bell Island was only a half hour which sets a record in itself as he is only allowed an hour and a half at the best of times, Sir. What I would like to say, Sir, is that I have much pleasure and pride as Premier of this Province and on behalf of this government to move second reading of this bill.

MR. SPEAKER: Motion that the bill be now read a second time, carried.

MR. SPEAKER: Call in the members.

DIVISION:

MR. SPEAKER: Is the House ready for the question?

Is it the pleasure of the House to adopt the motion?

Those in favour of the motion please say aye, those against the motion nay.

The honourable Premier, the honourable Mr. Barry, the honourable Minister of Economic Development, the honourable Minister of Labrador Affairs, the honourable Minister of Labour, the honourable Minister of Social Services and Rehabilitation, the honourable Minister of Supply and Services, the honourable Minister of Education, the honourable the Minister of Justice, the honourable Mr. Marshall, the honourable Minister of Fisheries, the honourable Minister of Municipal Affairs and Housing, the honourable the Minister of Highways, the honourable Minister of Public Works, the honourable Minister of Provincial Affairs, the honourable Minister of Community and Social Development, Mr. Aylward, Mr. Brett, Mr. Peckford, Mr. Wilson, Mr. Young, Mr. Evans, Mr. Morgan.

The honourable Leader of the Opposition, Mr. Gillett, Mr. Woodward, Mr. W. N. Rowe, Mr. Neary, and Mr. Thoms and Mr. F. B. Rowe.

MR. SPEAKER: I declare the motion carried.

On motion a Bill, "An Act To Ratify, Confirm And Adopt An Agreement Made Between Newfoundland And Labrador Edison Company Limited With Shaheen Natural Resources Company, Inc. As Intervenor And To Make Provision Respecting Other Matters Concerned With The Agreement," read a second time, ordered referred to a Committee of the Whole House presently.

On motion a Bill, "An Act To Ratify, Confirm And Adopt A Supplemental Agreement Made Between The Government, Newfoundland Refining Company Limited And Other Companies," read a second time, ordered referred to a Committee of the Whole presently.

MR. MARSHALL: Mr. Speaker, not that it may be necessary, but principally probably to give myself the little bit of practice, I move that the House do not adjourn at 11:00 P.M. today.

Motion that the House do not adjourn at 11:00 P.M. tonight, carried.

MR. SPEAKER: Call in the members.

DIVISION:

Those in favour of the motion please rise.

The honourable the Premier, the honourable Mr. Barry, the honourable Minister of Economic Development, the honourable Minister of Labrador Affairs, the honourable the Minister of Supply and Services, the honourable the Minister of Education, the honourable the Minister of Justice, the honourable Mr. Marshall, the honourable the Minister of Fisheries, the honourable the Minister of Municipal Affairs and Housing, the honourable the Minister of Highways, the honourable the Minister of Public Works, the honourable the Minister of Provincial Affairs, Mr. Aylward, Mr. Brett, Mr. Peckford, Mr. Wilson, Mr. Young, Mr. Evans, Mr. Morgan.

Those against the motion please rise.

The honourable the Leader of the Opposition, Mr. Gillett, Mr. Woodward, Mr. W. N. Rowe, Mr. Neary, Mr. Thoms, Mr. F. B. Rowe.

MR. SPEAKER: I declare the motion carried.

On motion that the House go into Committee of the Whole on said bills, Mr. Speaker left the Chair.

MR. ROBERTS: Mr. Chairman, there are one or two points that I would like to make and I think they are appropriate here. There is as I read this nowhere in it a commitment by the government of an obligation upon the government to table such documents as the government may be party to. I am not speaking of feasibility studies that is a commercial business and we can argue that another time. I wanted to make a point on that this afternoon and I did. We refused to table them, the present administration refused to table them. But there will be mortgages to which the government are a party and there will be all other sorts of papers. I mean I can move it if we wish, but it would be more in order if somebody on the government side moved it. You know the standard fifteen days if the House is meeting. I do not think it is very onerous but I think the House should be entitled to it.

MR. MOORES: Mr. Chairman, I will gladly move that all the documents such as the mortgage agreements and so on, the normal documents that go with this sort of an agreement will be tabled in the House.

MR. ROBERTS: The Law Clerk will take the Premier's wording.

MR. MOORES: It will not be very binding.

MR. ROWE, W.N.: It is only morally binding then.

MR. CHAIRMAN: Clause(2).

MR. MARSHALL: Clause (2), Mr. Chairman, this is an amendment in paragraph (g) of Clause (2) because of the fact that there is a change in the delineations in the schedule of the measurement or the acreage of land, there is a reduction of approximately I think seven acres. Paragraph (g) should be amended to read Schedule I and Schedule II means respectively Schedules I and II to this Act. I might say that Schedule II in effect subtracts the necessary acreage.

On motion Clause (2) as amended carried.

MR. CHAIRMAN: Clause (3).

MR. MARSHALL: Mr. Chairman, there is another amendment in paragraph (1) of Clause (3) the word subject to Section (9) should be placed at the first of the section and Schedule I should replace the words "the Schedule" in the ninth line. This is again to conform with the change I alluded to before.

MR. ROBERTS: Mr. Chairman, what were the amendments?

MR. MARSHALL: I might say, Mr. Chairman, that (9) is a new clause to bring into effect the two schedules to reduce the total acreage down by seven.

MR. ROBERTS: Then what will happen to the present (9)?

MR. MARSHALL: The present (9) will be renumber as (10).

MR. ROBERTS: Oh, well then that makes a little more sense. I mean if the gentleman had explained that, Mr. Chairman.

On motion Clause (3) as amended carried.

On motion Clauses (4) through (8) carried.

MR. MARSHALL: Mr. Chairman there is an amendment here, first of all that existing Clause (9) be renumber as Clause (10) or Section (10) and a new Section (9) to be inserted to read as follows (9)(1) paragraph (a) of Clause (2) of the Agreement as amended by deleting the expression "approximately 1,177.4 acres of unoccupied crown lands at or near Come by Chance" and substituting therefore the expression "approximately 1170.06 acres of unoccupied crown lands at or near Come by Chance." Paragraph (2) of Clause (9) the Schedule to the agreement as amended (a) by deleting the description under the subheading parcel (b) and substituting therefore the description set forth in Schedule (2) and (b) by substituting for that part of the area patched in red and shown on the plan set forth in the Schedule to the agreement as contained 138.4 acres, the area shown on the plan set forth in Schedule (2) as containing 131.06 acres. The effect of this, Mr. Chairman, again as I say is to reduce the acreage by the approximately seven acres that we do not need.

MR. ROBERTS: A question on a legal point, Mr. Chairman, this Act ratifies an agreement. The agreement forms the schedule to the amendment that the minister has just moved reports, and I have no doubts does amend the schedule. In other words the agreement between the government on one hand and a number of companies on the other hand. I realize that statute law overrides in the agreement. You know that goes without saying. But I wonder if the Minister of Justice or the Premier or gentleman for St. John's East could assure us that this has been accepted by the other side. Because what we are doing in affect is unilaterally amending an agreement between this province, and not just a moral agreement but an actual agreement in law. I do not propose to ask to have this, you know there will have to be another agreement executed, I do not proposed to have that tabled at this stage but all I want is the assurance.

MR. MOORES: The request on behalf of Edison, that was the reason for the amendment, Mr. Chairman, in that they did not require it I think and the second survey they found that they were about 200 feet out in the bay, I am not sure, but it is something of that nature. But they did not require the land. I just do not think the land was there, to be honest with you.

MR. ROBERTS: That never stopped Shaheen from taking anything before.

On motion Clause (10) as amended carried.

MR. CHAIRMAN: Schedule I

MR. MARSHALL: Mr. Chairman, there are just a few, these are just typographical errors that I draw to the committee's attention. Instead of Schedule, it should read Schedule I. Actually that would be an amendment because there is a second Schedule deleting the land. There are certain typographical errors I think that the Law Clerk has on page seven, hereinafter is spelled wrong. Then on page seventeen, after the word "directors" in Clause (c) appearing

on page seventeen the word "and" should be inserted. It was a misprint deleted. Then on page twenty-six quotation marks should be placed between Provincial Refining, and on page thirty-two the "and" should be join together, Schedule (2) has already been inserted here by the act.

MR. ROBERTS: Mr. Chairman, just one question. I am intrigued by clause (15) of the agreement, which in its entirety reads, "This agreement supercedes and replaces all prior agreements relating to the subject matter of this agreement." Why is that in there? Have there been prior agreements on the subject matter of this agreement?

MR MARSHALL: That is the Oxonian.

MR ROBERTS: Cyril Green or -

MR HICKMAN: That is the only trace of Americanism.

MR ROBERTS: Skip Gillies?

MR HICKMAN: Yes, I think.

MR ROBERTS: Then there have been no prior agreements, I understand.

MR HICKMAN: No. Oh no!

MR ROBERTS: If I know Skip Gillies, he has something in mind.

On motion Schedule (1) carried:

On motion Schedule (2) carried.

Motion that the committee report having passed the bill with some amendments. carried.

A bill, "An Act To Ratify, Confirm And Adpot A Supplemental Agreement Made Between The Government, Newfoundland Refining Company Limited And Other Companies."

On motion Clauses 1 through 3 carried.

MR. CHAIRMAN: The Schedule.

MR. MARSHALL: Mr. Chairman, there are just a couple of typographical errors or omissions in the form of print in the original document. The word "as" should be inserted on page five, so as to read "as an intervenor" at the end of the first recital. At the end of the second recital after the word "act" the year 1968 ought to be inserted, on page seven the word "and" should replace the word "or"

in the second line or paragraph (c) of Clause (1) and that does it.

On motion Schedule as amended carried.

Motion, that the committee rise and report having passed the bill with some amendments, carried.

MR AYLWARD: Mr. Speaker, the committee of the whole have considered the matters to them referred and have directed me to report having passed the following bills with some amendments, Bills No.sixty and No. seventy-six:

On motion report received and adopted.

On motion amendments to Bill No.60, read a first and second time, bill ordered read a third time on tomorrow:

On motion amendments to Bill No.76 read a first and second time, bill ordered read a third time on tomorrow:

Motion that the committee sit again presently, carried:

On motion that the House resolve itself into a committee of the whole on Supply, Mr. Speaker left the Chair:

COMMITTEE OF SUPPLY:

DEPARTMENT OF TOURISM :

MR. NEARY: Mr. Chairman, when closure was evoked on Interim Supply the other day we were discussing Mr. McLean and two or three other matters in relation to promotion that is currently going on in the department. Now, I would like to ask the minister what the purpose is of showing this film, "Come Paint And Photograph Us." Have I got it right this time? What is the purpose of showing this film to travel agencies and the like because these are not the - and I think the minister indicated that they sell the tickets and so forth? Mr. Chairman, when a person wants to go on a vacation - I mean anybody in this House who wants to go on a vacation and they walk into a travel agency - will the travel agency say to them, "Well look, why do you not go down to Newfoundland?" Is this what the minister is expecting the travel agency to say to the people when they come in wanting to go on a vacation because most of the people that go to the travel agency or go to an airline already have their mind made up where they are going?

So, I really cannot see the advantage of this, Sir. It is no trouble to get an audience? The minister is getting a captive audience at these receptions because they are dishing out goodies.

They are dishing out cocktails and the audience is probably well lubricated by the time the film is over anyway. No wonder they would write the minister and say that this is the best film they have ever seen. It is probably the best cocktails they have ever had. They would not know but they were watching a burlesque, Mr. Chairman, by the time the film is over. So, I do not see the point in it at all. I think the money could be better spent.

Now, I would also like to ask the minister - in the "Weekend Evening Telegram" there was this advertisement, "Newfoundland; Another World Next Door." It is a kind of a pitiful advertisement, Sir. I do not think it will encourage anybody to come to Newfoundland - but who places these advertisements? Does the minister's department, his officials place these advertisements with these magazines? Or are they placed by Mr. McLean or some other agent?

I would also, Mr. Chairman, like to ask the minister to tell us if the programme that he is carrying out is successful - I do not think it will be - to bring tourists into Newfoundland? Where will they stay when they come to Newfoundland? Are they going to stay in these tourist homes that the minister is now trying to line up?

AN HONOURABLE MEMBER: Quigley's Line.

MR. NEARY: Quigley's Line might be a good spot. It used to be a good spot when I lived there, Sir, not too far from the Royal Canadian Legion Club Rooms.

How will they get to Newfoundland, Sir? I think we only have about six or eight round trips of the ferries on the Gulf now per day. Over in P.E.I. I understand this year they are going to have seventy-two round trips. Is it possible to reschedule the ferries on the Gulf so that people will not have to line up in North Sydney trying to get to Newfoundland? They are discouraged the moment they arrive in North Sydney, Sir. Now, we hear that they are going to move the reservation office from Port aux Basques.

AN HONOURABLE MEMBER: After all these years, you have only begun to realize that now.

MR. NEARY: Oh, listen to old conflict of interest himself. He finally woke up. He finally got back in the House. He finally woke up.

Sir, this is a pretty serious matter we are debating here. We are spending the taxpayers money and we want to find out if we are getting value for our money. So, Mr. Chairman, I would like to know what steps the minister has taken to consult with CN to see what the possibility is of eliminating any bottlenecks in North Sydney this summer so we will not have all the complains that we have been hearing about for the last four or five years, of tourists driving down to North Sydney, being disappointed and in a lot of cases having to stay overnight and in some cases having to turn back altogether.

If this problem is not solved, Mr. Speaker, then the minister may as well keep his dollars home because we are getting enough tourists now unless we get another boat or two and if they can reschedule the ferries to bring more tourists across the Gulf and into Argentia. They can have the "Kippawa", Mr. Speaker. We would be glad to get rid of it, the "Pride of the fleet".

So, these are some pretty serious matters that have to be ironed out, Sir. First of all the boat. I realize, Mr. Chairman, that some of these matters come under federal jurisdiction but I am sure that the minister must have dialogue with CN and Air Canada and any other agencies that are involved. We are going to have a new aircraft, I think, flying in here this summer. Maybe that will increase the number of tourists that can be brought into St. John's but most people that are coming to Newfoundland like to bring their cars and they like to bring a trailer or a camp.

I would like also to know what steps are being taken to expand the park facilities in this province? I understand that sixty-five per cent of the people who visit the parks are Newfoundlanders, not outsiders.

I would say that this is probably a good thing. It does not bring any new dollars into the province. But obviously there is a desperate shortage of park facilities in this province. I would like to know what plans the minister has to expand the provincial parks in the province. One final remark before I take my seat, Sir, and I cannot help but getting back to the right honourable Mr. George McLean, Q.C., LL.B., Emperor of Toronto. Sir, we were told by the minister the other day that Mr. McLean is receiving, a part from all the other goodies that he is getting from the minister's department, \$7,000 a month as a retainer. Do honourable members of this House realize that that amounts to \$340 a day - \$340 a day Mr. Chairman? That is \$1,600 a week. That is a five-day week, \$1,600 a week, \$7,000 per month. That is \$84,000 a year, Sir, the taxpayers' money. That is the worst example, Mr. Chairman, of extravagance and waste that we have ever seen in this province.

Mr. Chairman, it is a brazen example of political patronage that the government seem to approve of. At least we are told by the Minister of Finance that the government approves of this. This money, Mr. Chairman, is not being spent in the best interests of this province. Therefore, Mr. Speaker, I am going to move an amendment that this \$7,000 a month rip off to Mr. McLean be discontinued immediately and that instead the money be used to be put towards a fund to help couples in this province to purchase or build homes. If we allow \$1,000 to every couple purchasing or building a home

Mr. Chairman -

MR. OTTENHEIMER: Point of order. Mr. Chairman, I would ask for a ruling on this. I believe this kind of an amendment is out of order. I think the honourable member could move as an amendment that the vote be reduced to \$1.00 or some such thing but an amendment which would direct the government on how to spend money would I believe be out of order.

I do not pose as an authority on this. I ask for the Chair's ruling.

MR. CHAIRMAN: The point taken by the honourable minister is well taken. I think the proper procedure is to move a motion affecting this particular vote. It has always been customary always to move same.

MR. NEARY: Mr. Chairman, if I could move it, if I could move an amendment, this would be the amendment that I would move, if I could move it.

MR. CHAIRMAN: If the honourable gentleman wants to move a motion, he can move that the vote on Tourism be reduced by a certain amount and that would cover the situation.

MR. NEARY: Mr. Chairman, I understand it. If I could move that motion I would move - that it be reduced or eliminated. I cannot make that motion. If I could make such a motion, Mr. Chairman, do you know what it would mean?

MR. CHAIRMAN: Order please!

AN HON. MEMBER: The honourable gentleman is not allowed -

MR. CHAIRMAN: If the honourable member would like to make a motion, would he move that the vote under this heading be reduced from \$7000.

MR. NEARY: I will make the motion at my own leisure.

MR. CHAIRMAN: Order please! Is there a motion? Are you making a motion?

MR. NEARY: Mr. Chairman, keep the seals quiet. Keep the monkeys quiet. When I want to make an amendment, I will make it at my own leisure.

MR. CHAIRMAN: Order please!

AN HON. MEMBER: Do not get saucy.

MR. NEARY: I am not getting saucy. Keep quiet, conflict of interest!

MR. CHAIRMAN: Order please! Order please!

MR. NEARY: Yes, Mr. Chairman. Thank you for restoring order, Sir, they think they are down in a tavern, in a beer garden somewhere.

Sir, if I could move -

MR. CROSBIE: You are not allowed to move.

MR. NEARY: Mr. Chairman, could I speak in silence please?

AN HON. MEMBER: Make him silent.

MR. NEARY: If Your Honour would allow me and the Committee will allow me, I would like to move an amendment and I know I cannot to use this money, Mr. Chairman, -

MR. CHAIRMAN: Order please!

MR. W. N. ROWE: To a point of order. The honourable member is -

MR. CHAIRMAN: If the honourable member intends to make a motion, would he please make it.

MR. NEARY: Mr. Chairman, I will make a motion, when I am ready to make it.

MR. W. N. ROWE: Mr. Chairman, may I speak to a point of order please? My point of order is a one-headed monster. First of all the honourable member does not have to make a motion, if he does not feel like it. He can talk about making any motion he wants to, that is number one, and number two, it is a rule of this House that the honourable member be heard in silence. I would ask Your Honour to enforce the rules, if he would?

MR. CHAIRMAN: The honourable member is not making too much of an effort to be heard in silence, in the manner in which he is carrying on, I think his remarks are evoking comments. Would the honourable member please continue?

MR. NEARY: I demand silence in this House while I am speaking. Keep the monkeys quiet! Keep the seals quiet! Sir, what I was saying was that if I could make a motion to spend this \$84,000, \$1,600 a week, \$7,000 a month lashed out by the Minister of Tourism to Mr. McLean, I would give it to people to buy homes. I would give it to couples to buy homes. This would mean, Mr. Chairman -

MR. CHAIRMAN: Order please!

MR. NEARY: This would mean, Mr. Chairman, that eighty-four couples could become home owners in Newfoundland this year. But Your Honour I cannot

make that motion. The amendment I am going to propose is this. I am going to propose that the \$7,000 a month be reduced to ten cents the cost of the minister writing a letter to Mr. McLean, sealing it up in an envelope, putting a ten cent stamp on it and saying, "Mr. McLean good-bye, so long, we do not need you any more. We are going to save this money and we are going to use it for a better purpose in the best interests of the people of this province."

MR. CHAIRMAN: Did the honourable member make an amendment?

MR. NEARY: The amendment, Sir, is that it be reduced to ten cents. That it be reduced by eighty-three thousand nine hundred and ninety-nine dollars and ninety cents.

MR CHAIRMAN: Is the committee ready for the question? It has been moved that the vote be reduced by eighty-three thousand nine hundred and ninety-nine dollars and ninety cents. All those in favour "aye." Contrary "nay." The motion is defeated.

MR. DOYLE: Mr. Chairman, I jotted down a few notes as the hon. member for Bell Island was speaking to try and keep track of the questions and I will do my humble best to give appropriate answers to the questions. First of all I would like to say that it goes without saying that I did not expect him to agree with any particular programme we have to attract tourists in Newfoundland. That is quite obvious. The fact that the previous administration, of which he was a member, never chose to create a full department of tourism bears that out.

Now as far as his first question is concerned, the hon. member for Bell Island asked the purpose in showing our current movie, "Come Paint and Photograph Us," to travel agents? The other day and also on March 7, I thought I had adequately described the reasons why but I will do it again now. The reason is quite clear in that travel agents and tour packagers are people who are in the business and these are the people who motivate tourists to go anywhere. If we

can sell them a bill of goods, if you will, that the Province of Newfoundland is the place to go, they will in turn motivate their staffs to sell people who go into their shops - this is what every province and every state of the union have been doing except Newfoundland. This is the one place where we have been lacking. This is the reason for showing the movie to these particular people to motivate them so that they can motivate their customers.

On the question of the advertisements, one of which was in last weekend's magazine, these advertisements are placed by our advertising agency, McConnell Advertising of Montreal. McConnell I said, not McLean,

as is normal practice with any advertising agency -

MR. NEARY: (Inaudible).

MR. DOYLE: No relationship in any way, shape or form.

MR. NEARY: (Inaudible).

MR. DOYLE: As far as the rescheduling of the ferries are concerned I can inform the hon. member that Mr. Henley the director of our tourist services division is in almost daily contact with CN and Air Canada and EPA and in addition to which the new Department of Transportation and Communication, under the hon. member for Humber East, is also involved very heavily and we are hoping that the new schedules to be announced shortly for this summer will get us over any problems that the hon. member mentioned.

The next question I believe he touched on had to do with parks. He quoted a figure of sixty-five per cent usage by Newfoundlanders. As a matter of fact it was only last week that the statistics for last year came out and I will provide the hon. member with a copy tomorrow because they are astounding. Not sixty-five per cent but eighty-five per cent last year of the people who used the provincial parks were Newfoundlanders. Ten years ago ninety-three per cent of the people who used our parks were Newfoundlanders. In other words in ten years the percentage of usage by Newfoundlanders has only dropped five per cent and conversely the usage by others has only increased five per cent. So obviously our people want to use our parks and this is a point that we have to bear in mind in planning for new parks.

MR. NEARY: It is the first thing you will have to deal with.

MR. DOYLE: That is right. I could not agree with you more.

What was the next point the hon. gentleman asked? One question, one final point I have to make in regards to the comment which the hon. gentleman made about accommodation. I hope to be

announcing within a week or ten days our policy for this year as regards to hospitality homes. The original investigatory programme which was announced last year, I will have the positive policy for announcement within a week or ten days.

The final point he touched on was the fact that the \$7,000 a month retainer which my department is paying McLean people for public relations work would build so many houses. I wonder how many houses the \$300,000 a year my good namesake got would have built. Did he ever think of that? I believe that answers all the questions, Mr. Chairman.

On motion, Department of Tourism carried.

Head XIV - Fisheries - \$700,000:

MR. CHEESEMAN: Mr. Chairman, the amount of \$700,000 is the anticipated requirement for the operation of the Department of Fisheries for April and May and in general is made up of the following headings: Salaries, all subheads, \$80,000; Demonstrating fishing and general expenses in connection with cost sharing programme \$100,000; fishing gear bounty payable \$80,000 and all other subheads \$40,000. Under the capital programme, capital works and loans which is basically the building programme of slipways, holding units \$250,000; the bounty payable on fishing vessel construction \$50,000 and the fisheries loan fund which again is loans to fishermen in connection with longliner construction \$100,000 which makes up the total of \$700,000.

Now I would be glad to endeavour to answer any specific questions that any members may have in connection with it.

MR. THOMS: Mr. Chairman, could the honourable minister explain to us the holding units and where they are to be erected.

MR. CHEESEMAN: No, not at this point, Mr. Chairman, because this is a interim supply bill. We do not have the budget approval for our capital works programme for this year but this is anticipated on-going operations at the present time.

MR. THOMS: Inaudible.

MR. CHEESEMAN: Well, this is that type of work on slipways, holding units, or community stages, for our programme when it is approved after the budget has been brought down.

MR. ROBERTS: Mr. Chairman, I must confess I am somewhat at a loss now, the minister in reading his breakdown named a certain sum of money for holding units, etc., my colleague gets up and asks where the holding units are to go, indeed a number have been announced, the honourable gentleman from Ferryland, the Minister Designate of Tourism has announced a holding unit. I have a note from Mr. Alf Pike, that is who the minister told him to write, about a slipway in Conche, my own constituency.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Okay then, that answers that bill. There is always a capital works programme, borrowed from the Government of Canada but still this government must have authority to spend the money even if the Government of Canada is lending the money, so this brings me to the question, there must be authority to spend the money, is it contained in this request?

MR. CHEESEMAN: No actually, as far as the winter works programme is concerned as it was submitted and I am sure it will be appreciated that before this work can be undertaken, preliminary work has to be done in connection with it, but the amount of money specified here for April and May is for work on the projects presently under construction and those which would hopefully be started within

that period. Now the only thing I could undertake to do in that connection would be to furnish a list of the construction which is presently under construction and the list of what is anticipated but it is impossible at this point to be more specific.

I could give a list as far as the winter works programme is concerned, but again as far as the timing, whether it will get into this April or May, as members will be aware, the winter works programme was announced two or three weeks ago and at this point the engineering is being done so whether or not they will get into this until April or May is unpredictable at this time.

MR. ROBERTS: But there is enough money to cover any work that may be done during April or May.

MR. CHEESEMAN: That is correct.

MR. ROBERTS: Do you want to go on at this point. I have just one question at this stage, I may say that I think we might have a much longer debate on the main estimates of the Fisheries Department, the minister will doubtless be in a little better position to outline his programme and so forth. But two or three days ago, Mr. Chairman, you made a statement on orders of March 23 and what the statement said in effect was that fishermen living in the Area - St. Georges Bay - Bay St. George, I am sorry, not St. Georges Bay, Bay St. George, right around to Englee or to Canada Bay in White Bay North, the government would be compensating them for storm damage. That is very fine. It is not a new programme. We did that sort of thing time and time again.

But he said his fieldmen had been out and had sort of surveyed damage and so forth and he says that approximately 350 fishermen are eligible. Now the question I have, Sir, is this - presumably any fisherman who lost gear in the storm in December qualifies for compensation, that presumably is so -

AN HON. MEMBER: Bay St. George Area.

MR. ROBERTS: No, Bay St. George right up the St. Barbe Coast and down around Cape Bauld and down Hare Bay and down into Canada Bay, Englee, any fisherman who lost gear in that storm in that area qualifies -

MR. CHEESEMAN: In the area where the survey was carried out, the plans were.

MR. ROBERTS: Well now the only question I want to know is whether - I mean the field men have seen a lot of fishermen, they have seen 350, have they seen them all and the minister cannot answer that I appreciate, but what happens if somebody has not seen the field men, is the programme still open to him or is this 350, is there a magic list with 350 names on it and that is it or can somebody - supposing I am living in St. Julian's and I say, you know I lost, storm damage, I am in the area, I did not know about the programme, no field man came here to St. Julian's but I will drop a line over to the minister and we will go on from there - I mean if he would just explain it to us.

MR. CHEESEMAN: The situation there, Mr. Chairman, is that within the area defined and after the storms which took place in December, and knowing of the destruction and damage and loss which had occurred, the federal and provincial government in co-operation did a survey of the entire area, Now as the honourable Leader of the Opposition pointed out, it would be wrong for me to say that every individual fisherman had been covered because obviously I would not be in a position to make such a statement, but to the best of my knowledge and to the best of knowledge of the field workers, each community and all fishermen were covered.

MR. CHEESEMAN: but at the same time we have had requests by letter from people, in fact some of the field investigation arose from the correspondence from fishermen. So that if there were fishermen and the information which I gave in the House was an approximate figure, it was not an exact figure and that anyone who obviously qualified within the area under those conditions would be subject to the same consideration.

MR. ROBERTS: It is not restricted to fishermen who may have seen the field men. If somebody qualifies in time and geographically -

MR. CHEESEMAN: Yes, if they meet the qualifications laid down and subject to investigation, then they would.

MR. ROBERTS: The minister will be surprised at how valuable all the gear is.

MR. THOMS: Mr. Chairman, could the minister inform us if there is any money, and I doubt very much if there is, on the \$40 million dragger programme that was announced in the Throne Speech, and if there is not money there, could he explain to us roughly what the plans are for this programme.

MR. CHEESEMAN: No, that will be under another department, Mr. Chairman.

MR. THOMS: Another department or another heading.

MR. CHEESEMAN: No, the financing will be under another department.

MR. F.B. ROWE: Mr. Chairman, I would like to get back to this fisheries assistance programme for the fishermen of the Northwest Coast. I thought that the number of fishermen involved mentioned in the minister's statement the other day, 350, seemed somewhat low, since I myself made representation on behalf of approximately seventy-five fishermen and fishermen groups in the District of St. Barbe North. I was wondering what happens to those people who have not been visited by the officials of the department. I have had a number of complaints from some fishermen on the Coast, saying that they have not seen the officials of the department and they wondered where they stand on this, whether it would be on the basis of their estimates as brought to the department through correspondence or what?

The other question that I would like to ask the minister is what exactly does this assistance programme cover? Because there was damage done to small boats and longliners and to these fairly rudimentary fishing stages. A great number of fishermen in the St. John Bay Area lost hundreds of lobster pots, nets, ropes, nylon rope, outboard motors and this type of thing. Does this assistance programme cover the whole works or just the boats or the gear or both or what? Probably while I am still standing, when exactly will the fishermen see the benefits of this programme, because they are kind of anxious to get these repairs done because in a few weeks now the ice in the Straits will probably start clearing out and they will be able and will want to get out to prosecute the seal fishery?

MR. CHEESEMAN: Mr. Chairman, I perhaps should point out here that whilst we are talking about April and May interim supply, that in fact the payment for this damage and loss of gear will come out of the current year estimates. It has no effect on April and May. The time factor hopefully and I believe I said this in the House the other day in connection with the statement, that would be from two to four weeks that this compensation would be made available. I pointed out at that time that going back into mid-February that the reason for any holdup

to this point had been an attempt to try and solicit the participation of the federal government in terms of this compensation to fishermen. It was only last week that I received the final rejection on that participation and then I announced the programme in the House.

As to the scope, I think it should be borne in mind, Mr. Chairman, that I am quite happy to answer the question but it should not be confused with the April and May - that it would come out of current estimates and hopefully within the next two to four weeks. Under that I believe we have to the end of April to clear up anything coming out of the current year's expenditures. The assistance, compensation would cover all uninsurable boats. In other words, there is a policy covering longliners which is available to fishermen which does not extend to a number of small boats.

In my statement the other day, I said that this would cover gear, small boats, engines and this type of thing where the damage occurred plus fishermen facilities. That would be shore facilities. As to the coverage and as I said in answer to the honourable the Leader of the Opposition, to our knowledge, and again this was stated in the House that day, at this point is tabulated in the department these approximately 350 names. If any member would care to check on any of the names to see if they are there, we would be glad to make that information available.

MR. NEARY: Mr. Chairman, I do not want to get into a long debate on the fisheries estimates but I would save that for the estimates under the budget when it is brought down but, Sir, I cannot help passing a few comments right now on the minister's department. Sir, in my opinion the Minister of Fisheries is the most disillusioned, downhearted, dejected, disappointed minister in that government at the present time. The Department of Fisheries in my opinion in the last fourteen or fifteen months has been downgraded in this province, downgraded, Sir. The minister is not even responsible for the forty druggers that my honourable colleague asked him about. he has turned that over to the Minister of Industrial Development.

AN HON. MEMBER: (Inaudible)

MR. NEARY: That is where it is, Sir, it is under Industrial Development.

MR. BOBEPTS: Button, button, who has the forty million?

MR. NEARY: The minister's responsibility...

AN HON. MEMBER: (Inaudible)

MR. NEARY: Mr. Chairman, could Your Honour keep the crackies quiet please while we are trying to debate in this House?

AN HON. MEMBER: That is the bull dog, that is the bull dog.

MR. NEARY: Sir, I wish the minsiters would stay out of the dining - room at suppertime. If we are going to have night sessions...

AN HON. MEMBER: I wish I could get in.

MR. NEARY: It would be far better they went to church. It seems to me, Mr. Chairman, that the minister's responsibilities are gradually being taken away from him. He is being stripped of his responsibilities and I am at a loss, Sir, I am at a loss to know at this moment just what the Fisheries Department is doing. We heard the other day where the Minister of Industrial Development was going down to Burgeo or was sending down representatives of National Sea Products to take a look at the fish plant. Mr. Chairman, is that not the responsibility of the Minister of Fisheries?

Sir, I always thought that fish plants came under the Fisheries Department. Anybody coming into this province now, Sir, inquiring about setting up a fish plant, they do not go to the Minister of Fisheries they go to the Minister of Industrial Development.

AN HON. MEMBER: That is not true.

MR. NEARY: It is true.

MR. CHAIRMAN: Order please!

MR. NEARY: Therefore, Sir, we have heard a lot of criticism from the Tories in this province, from the Tories in Ottawa about downgrading the Fisheries Department in Ottawa, while right here on the homefront, Sir, our own provincial Department of Fisheries is being downgraded, one of the most important departments in government, Sir. I would say, with

all due respect to the minister, that he is the weakest minister in the cabinet at this moment, and it is the weakest department of government, Sir, and something should be done about it. This is just a preliminary, Mr. Chairman, of what the honourable minister is going to hear when we get to his estimates.

Sir, I am very concerned about this because the fishery is still the most important industry in this province. Are we going to make the Minister of Fisheries just responsible for punts and the Minister of Industrial Development responsible for draggers?

AN HON. MEMBER: Punts boy punts. Do you not know what punts are?

MR. NEARY: That is with a "P" Mr. Chairman. Sir, that seems to be the way that it is starting out. It is a shame! It is a shame, Sir. I think something needs to be done about it. Something needs to be done about the inshore fishery in this province as opposed to the offshore fishery. Sir, I think anything connected with fisheries should be handled through the Minister's department, not other departments of government. God only knows when we were over on that side of the House we heard enough bellyaching from members who are over there on the government side now who were over here, about the fisheries, about how the poor old fishery was neglected. Now we are seeing it, Mr. Chairman. You talk about neglect, the weakest department of government, in my opinion, Sir, at this moment is the Provincial Department of Fisheries.

Sir, that is enough on that for the time being. I would like to ask the minister if he could tell us

Mr. Neary:

what has happened to the fishery authority? Is it still in existence? Is there any money in interim supply for the fishery authority? What about Mr. Laws who was taken over from NAFEL I think it was? No, he was not working - Who are the members of the fishery authority at the present time? I would like for the hon. minister to -

AN HON. MEMBER: (Inaudible).

MR. NEARY: Is Mr. Laws on the authority? Sir, I believe we will find that Mr. Laws at the moment is acting more or less as an executive assistant to the minister, handling his mail, looking after his district work, answering the telephone. I do not know how many executive assistants the minister has at the present time. Perhaps he could tell us. Is there anybody else doing this work besides Mr. Laws? What about the fishery authority? Is it still in existence? How much is in the interim supply for the fishery authority? Sir, I cannot sit down without asking the hon. minister how much graft there is in here for our old friend, Mr. George McLean. How much is in here and what is it going to be spent for? I would like for the minister to answer these questions if he can.

MR. CHEESEMAN: Mr. Chairman, in connection with the comments I would like to feel that the fishery is still the most important aspect of Newfoundland's at least what might be classed as resource development or rural development or whatever category you wish to put it into. As far as the fisheries development authority is concerned in the departmental restructuring which was a bill brought before the House a short time ago the fisheries development authority as such as an individual body was integrated into the department so that there is no separate entity of fisheries development authority as such and the salaries and the personnel who were involved specifically only with fisheries development authority are integrated into the total department.

As far as Mr. Laws is concerned he was retained on a contractual basis last year. He was not at the time involved with NAFEL. NAFEL had been wound up and had gone out of existence prior to that date. As far as the department and McLean is concerned I am afraid at this point that it is a question that I am unable to answer. There is no contractual arrangement beyond the current estimates. I do not anticipate that any films would be required by the department in the next year. The radio programme I would hope but cannot say at this point whether it will continue or not and in fact if it does under what heading it will be continued, that is as to who would carry it through.

MR. NEARY: In other words there is no money in here for McLean?

MR. CHEESEMAN: Unless we make a decision to retain McLean for any work in April or May. As of now I am unable to answer that question truthfully and I would prefer not to answer it than I would to say something which may not be so.

MR. ROBERTS: As of now there is nothing in it unless they change their minds.

MR. CHEESEMAN: No, no. I think obviously within the dollars if we were to pay anything for that type of activity in April and May then it would be in the figures as such but there is no commitment let me put it that way.

MR. NEARY: The minister may get a call tomorrow from the Premier's office saying, "Give McLean a couple of films." This is what he is worried about.

MR. CHEESEMAN: What who is worried about?

MR. NEARY: He might get his arm twisted.

MR. CHEESEMAN: Not a bit. I think the position was explained in the information which had been tabled previously. So I think, Mr. Chairman, that deals with the questions that were raised.

MR. ROBERTS: Mr. Chairman, there are two questions following up. Would the minister tell us what salary Mr. Laws is being paid for his work and

also the department, I believe, has no deputy minister and has not had one since Mr. Eric Gosse -

MR. CHEESEMAN: December.

MR. ROBERTS: Since December, the first day of December and Mr. Gosse is presumably to receive full salary until he becomes sixty-five. So I have two questions really. First of all, what, if anything, is Mr. Gosse doing in return for his salary which must be in the order of \$16,000 or \$17,000 or \$18,000 a year? Secondly, is there any thought being given to the appointment of a deputy minister? I assume there is. Can the minister perhaps tell us when we might expect an appointment because in a department this majeure it is important, and to have no permanent head of the department is a very serious lack indeed?

MR. CHEESEMAN: In relation to the first question, Mr. Laws' salary is either \$11,000 or \$12,000, I think it is \$12,000 and not \$16,000 or \$17,000. Mr. Laws has been and is working on projects which are required by the Department of Fisheries. Mr. Laws for instance had considerable input into the information which needed to be gathered as far as the trawler programme and so really he is working on particular projects from time to time. As far as the deputy minister status is concerned the hon. Leader of the Opposition may rest assured that I am as anxious or perhaps more anxious to see that position filled than is he. I recognize the need in many directions and we are actively pursuing a policy of trying to obtain a person for that department which I hope will be materialized shortly.

MR. ROBERTS: Has anybody been offered the position?

MR. CHEESEMAN: No, not as such.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: No, I may make a lot of things but not a Deputy Minister of Fisheries.

On motion, Head XLV - Fisheries, carried.

HEAD XV1 - Rural Development - \$1,400,000:

HON. J.G. REID(MINISTER OF RURAL DEVELOPMENT): Mr. Chairman, the Department of Rural Development, interim supply 1973-1974 for April and May \$1,400,000 shown on the current account as required. \$1 million for expenditure on loans anticipated for the development authority interim for April and May: \$400,000 salaries, travelling, office consultants and resettlement payments. I hope the opposition realizes this is a brand new department so we are only just getting settled away. So I hope you will not be too hard on me tonight.

MR. ROWE(W.N.): Mr. Chairman, I only have two questions for the minister. One of them concerns some disconcerting rumours one hears around the building here concerning the rural development authority and I believe the Premier hinted broadly one day in the House that there was something going on there with reorganizations. Now the head of the authority, the chairman or the man who headed it up from a civil service point of view, executive director perhaps his title was, I understand has resigned or has been fired. I do not know what but he is left his position. He has been terminated either by resignation or by being put out. I would assume it is by resignation because I never heard yet of a civil servant being fired. But, Mr. Speaker, if the hon. minister could give us some information concerning the rural development authority, its organization. Is it now still sort of an autonomous body consisting of the board with these outside people plus two or three ministers plus one or two civil servants I believe? Is it now part of the department once more? Also when it comes to the money concerned did I understand the minister correctly when he said \$1 million for the rural development authority of the \$1,400,000, \$1 million for the authority itself for the two months of April and May? Did I understand him correctly on that and if that is correct, is this the projected figure for the rest of the year as well? That would

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be about \$500,000 a month, would this be an average figure that the department or the authority hopes or intends to put out to people getting involved in various rural development projects throughout the coming twelve months? In other words that would be about \$6 million a year for the rural development authority itself.

Also does the minister have available now as he did during supplementary supply estimates

a list of the project which are being assisted as a result of say the last meeting or the last couple of meeting or any meetings that might have been held by the authority since supplementary supply went through the House. Can he table a list similar to the one he tabled before naming the people, the projects, the amount of money involved and where they live? If he has that information it could be very helpful to the committee.

Secondly, Sir, the second broad question concerns something which the minister was reported to have said. I saw it in the "Evening Telegram" I believe, where he said something about conflict of interest legislation being brought into the House and if it was to be a stringent piece of conflict of interest legislation which precluded members of the administration from contracting with the government or something to that effect, that this might disqualify him from holding his seat in the cabinet. Perhaps he would like to take advantage of this opportunity to explain that a little more. I would like to hear for example what type of business the minister is involved in with the government which might give rise to a potential conflict of interest situation under any legislation which might come in. I ask that question, Sir, not only because a certain amount of the money here voted will be for ministerial salary for the next two months and therefore it is relevant but also I think the minister should be given an opportunity now that I jog his memory about it, to explain the situation for his own benefit - otherwise, you hear stories around about conflict of interest and this sort of thing.

He should state I think the factual situation so that his own skirts are more or less clean on the matter. If the minister could answer those two questions, Mr. Chairman, I would be very happy.

MR. REID: Mr. Chairman, as far as one of our employees is concerned no one was fired. We had application for a certain person who wanted to work in a certain area and that person was never fired, we released that person as he requested.

MR. W.N. ROWE: Was that not the public service?

MR. REID: In fact, he has gone with Memorial. Right now, at the present time, at Memorial.

AN HON. MEMBER: Is he on leave of absence?

MR. REID: We let him go for a year. He wanted to go for a year and -

AN HON. MEMBER: He is on leave of absence.

MR. REID: Yes. Right. As far as conflict of interest is concerned, I would certainly like to bring that up. I will after the budget comes down certainly get up and speak as far as I am concerned, as far as my company is concerned on conflict of interest. I think that would be the most appropriate time to do it and I cannot say right now what we would benefit, because I do not know. I am not too sure if anyone knows and conflict of interest has not gone through the House as yet, and I would certainly like to see where I stand as far as conflict of interest is concerned. I never made a statement about conflict of interest or my having to get out of government because of conflict of interest, this was stated.

There was a possibility, if conflict of interest came in strong enough, that my company then could never bid on any job here in the government because I would be involved. In the meantime, I would like to know just where conflict of interest comes in, what departments are affected and how I could be affected by it.

MR. W.N. ROWE: Mr. Speaker, I have no desire at all to even try to embarrass the minister on this conflict of interest thing. I consider him to be a thoroughly honourable gentleman, I think he is doing a good job in his department, taking a conscientious attitude, taking it to heart and trying to do a good job. I just thought that I would give him the opportunity now, but I completely understand his lack of desire to give a spontaneous statement. Obviously he would want to think it out and have something prepared on it and look at any legislation that might come in.

The only reason I brought up the matter was because there have been some press reports on it and I thought I might give him the opportunity tonight.

The minister mentioned Mr. Evans but he did not mention anything about any reorganization of the authority.

MR. REID: I did not mention any name.

MR. W.N. ROWE: Oh no, I mentioned the name.

MR. REID: Yes. You said the minister did.

MR. W.N. ROWE: Well, I mentioned the name before, Mr. Fred Evans.

Did I not mention it?

MR. REID: You said; "The minister mentioned Mr. Evans." I did not do that.

MR. W.N. ROWE: Okay. I am not quibbling. I mentioned Mr. Evans. He was a friend of mine when I was in the department. I mentioned Mr. Evans, the minister has responded to my mentioning that gentleman's position, occupation with the department and has given the reason why he has left or has told us where he was going but he has not commented on the hint of reorganization by the Premier earlier in the House. What is happening with the Rural Development Authority? Also, the question I asked with regard to tabling or giving us copies of projects that have received loans or grants from the Rural Development Authority since the supplementary estimates went through the House.

MR. REID: Mr. Chairman, I think we gave you everything we had up to date or up until our last meeting. At the present time we are getting all our applications prepared for every district. We are also going to get a breakdown of all the districts throughout Newfoundland and Labrador, all the different projects and the dollars and cents that have been spent on each. We should have that ready within the next two or three days and we will certainly make sure that everyone receives a copy.

On motion, Head XVI, carried.

HEAD XVII, Transportation and Communications \$9,260,000:

DR. FARRELL: Mr. Chairman, \$9,260,000 is the anticipated amount which will be needed in my department. This consists of current account salaries \$40,000; summer maintenance \$2 million for April and May; winter maintenance \$2.5 million and other subheads \$1 million. In capital

account, improvement and reconstruction for two months \$5,070,000; new construction is \$1,530,000 and other subheads \$500,000 which comes to a total, Mr. Chairman, of \$8,540,000. There is a differential here, Sir, I think it is approximately \$720,000 which is due to sums of money affecting DREE payments on the special highway agreement which was transferred recently to my department.

Would you like me to go into any detail? The salaries of course are just routine salaries with the increments. We are experiencing a rather rugged climate at the present time and due to the severity of our winter conditions, Mr. Chairman, we are anticipating extra cost because it is expected our winter period will run into much more expensive areas with the difficulties, particularly on the West Coast, the late spring etc.

Other subheads in this area on current account would be maintenance of equipment etc., travelling expenses, operations office expenses. On capital account, these are on contracts already in operation and other subheads will cover wages and other expenses of open-vote employees who are engaged on work at the present time. I will be delighted to receive any questions from the honourable member for Bell Island.

MR. NEARY: Mr. Chairman, I am not going to get into reflectorized license plates in this debate, we will save that for another time.

DR. FARRELL: I am sorry, Mr. Chairman.

MR. NEARY: I would like to...

DR. FARRELL: Do we have to stand for this continuous abuse from the member for Bell Island.

MR. NEARY: What? What abuse, Mr. Chairman?

DR. FARRELL: It is shocking.

The "Irish Rebel" is awfully touchy tonight.

AN HONOURABLE MEMBER: Chadham Street.

MR. NEARY: Chadham Street coming up. Mr. Chairman, I would just like to ask the honourable minister a question on two on new construction. Would the honourable minister tell us where this new construction is going to be done, one million, five hundred and some odd thousand dollars, I think, Sir?

MR. FARRELL: These are on works, Mr. Chairman, which are expected to pay on contracts which are already in operation at the present time in the coming months which are not being paid up to the present time in different areas. I would be delighted to get the details.

MR. NEARY: In other words it is work already under contract. It is really not new construction.

MR. FARRELL: No new construction, no.

MR. NEARY: The minister also mentioned an amount of money for summer maintenance. Could he indicate when - this is for April and May. Could he indicate the date that the summer maintenance staff will be taken back on.

MR. FARRELL: We expect that a great many of them may be taken on within this time period, Mr. Chairman, due to the severity of our weather at the present time. These include wages which will be paid open-vote employees whom we may be employing earlier than previously. These will average about 3,000 people. The wages for both summer and winter maintenance make up about sixty per cent of these expenditures here.

MR. ROBERTS: Mr. Chairman, I have just one question at this stage. Let me ask whether anything will be done this year on it. There are still a number of communities in my constituency that do not have roads and the minister and I regularly send each other billet-doux back and forth. I wonder if there is anything he could say particularly about the communities of Harbour Deep and communities of St. Juliennes and Grandois. Those are fairly major projects. Each of them would

cost a million dollars or more. Could he tell us whether there is any hope that they may be started this year or whether the government will be doing them at all, at least the present? Also, on a much lesser scale could he say a word or two about St. Carrolls which is a small community of six or seven or eight families. It is a mile or so from the nearest road. I believe it would cost about \$50,000 to provide these people with a road link. It was in the 1972 programme which we designed before we left office. We obviously did not implement it. We were out of it at the time the government dropped it. I do not quarrel with that. They have no reason to be grateful to White Bay North because White Bay North certainly has done little for this administration but none the less the people are there.

Say, this is the community from which that little boy died last winter. I believe he died in hospital. Could the minister indicate whether we might get that bit of road done this year? It is \$50,000. As I recall it, that is not a lot of money. There are many places in this province where roads have been built at a greater cost per family than it would be in the case of St. Carrolls.

MR. FARRELL: Mr. Chairman, I would be delighted to answer the honourable Leader of the Opposition at this time but I will not be able to answer obviously until the budget is brought down when I will be announcing what capital works programmes we will be doing for this fiscal year.

MR. ROBERTS: I wonder if the minister could say anything as to whether he has had any representation at all from the community of Hodge's Cove which of course is in the district of Trinity North with respect to upgrading and paving the road in the South West Arm of Random Island from North West Brook to Southport. I am told the road is twenty-one miles in length and it serves the communities of North West Brook itself, Queen's Cove, Long Beach, Hodge's Cove, Caplin Cove, Little Heart's East, Butter Cove, Gooseberry Cove and Southport. I am told the

road is in particularly bad condition. I wonder if the minister has had any representation on behalf of that particular road?

MR. FARRELL: Mr. Chairman, I will be delighted to inform the member for that district about that information at any time when I know exactly what we will do, again, Sir, from a cabinet point of view.

MR. ROBERTS: I appreciate that and I am all for him telling the member for the district. What I am asking is whether the minister has had any representations up until now. I am not asking what will be done. That obviously remains to the secrets of Friday or what comes out of Friday coming, but has he had any representations from that connection? Has anybody been to see him about that road?

MR. FARRELL: I will certainly check for the honourable Leader of the Opposition. At this moment I cannot really say. I stand to be corrected but I will certainly check it out and bring it to his attention.

MR. ROBERTS: I realize the minister gets very many representations. I do not suppose there is a member who does not write him or mock councils and bodies of all sorts who write to him and get in touch with him but the minister certainly does not recall them at this stage. He will check and let us know whether he has had any representations. There have been none that the minister recalls.

MR. FARRELL: Not at this moment. Excuse me, I am a little tired.

MR. ROBERTS: Is the minister not feeling well?

MR. FARRELL: Oh no, I am feeling quite well. I am just a little tired.

MR. ROBERTS: Good because he is the only doctor in the House and if he gets sick we are in trouble.

MR. FARRELL: No other doctor around?

AN HONOURABLE MEMBER: Undertaker right behind you.

MR. ROBERTS: Yes, there is an undertaker right behind him, Mr. Chairman. I do not know where that leaves the Minister of Economic

Development right in front of him but I do hope the minister is feeling well. I mean, one would not want him not to feel well.

If he is tired, well we are all a little tired.

MR. NEARY: Mr. Chairman, I want to find out how much graft is in here for George McLean. How much payola there for George McLean?

MR. FARRELL: What was the question, Mr. Chairman? I am sorry.

MR. CHAIRMAN: The member for Bell Island is using unparliamentary language in describing the talked of allocations.

MR. NEARY: How much of the approved patronage is in there for Mr. McLean?

MR. FARRELL: Mr. Chairman, in answer to the honourable member for Bell Island. There is no political patronage in this, as far as I can see here right now, for Mr. McLean. No contracts have been let in any shape or form for the 1973-1974 fiscal year, Sir. I sincerely hope to continue our programme which we initiated last year of driver education with particular reference to safety on our highways and I hope to do so in the coming year. I hope that there will be money available for this purpose.

MR. NEARY: Well, Mr. Chairman, what about the television programme telling us how to spread salt on our highways? Mr. McLean is going to be paid for that, is he not? Or is he already paid for it?

MR. FARRELL: Excuse me. I was just wondering what the honourable member meant, Mr. Chairman. There is no money in these - although this was paid already, Sir, in the previous year. The sand was spread. Yes.

MR. NEARY: And he was paid in advance for these -

MR. FARRELL: Mr. Chairman, I have tabled all of this information a week ago or whatever and with full details.

MR. NEARY: But they are still appearing on television.

MR. FARRELL: Oh, well these were paid for and apparently they are all delighted to do it in the meantime.

AN HONOURABLE MEMBER: I paid for my shoes a month ago and I am still wearing them.

MR. FARRELL: There are no contracts out at this time, Sir. I would be delighted, Mr. Chairman, to - I certainly intend to -

MR. ROBERTS: The member for St. John's Centre is wearing dentures, obviously.

MR. FARRELL: He should get high heeled shoes.

MR. THOMS: In my speech on the Address in Reply to the Throne Speech, I brought forward an idea to the minister that he should embark upon some programme to pave all the roads in all the communities as soon as possible. I wonder has the minister given this idea any thought and if there is any possible programme coming up this year?

MR. FARRELL: Mr. Chairman, in reply to -

AN HONOURABLE MEMBER: - mention the \$40,000,000.

MR. FARRELL: No, no. So far, I can definitely tell the honourable member that we certainly have paid a great deal of attention to it. In our programmes, up coming programmes which we are now formulating, we are paying particular attention to this area and we are awaiting the royal commission report, which I think basically does a lot of this work, before we can go on formally to find a policy. This is certainly a very important area of work and we are certainly working on it together with municipal affairs at this time.

MR. THOMS: Could the minister let me know what royal commission he is waiting on?

AN HONOURABLE MEMBER: The denturist one.

MR. FARRELL: On local government, Sir. We are thinking about communities. We are also thinking about unincorporated communities. You know, the over-all picture or examining at this time. It takes a little time to initiate because there have been some overlapping in the departments, for example, Municipal Affairs, Highways. Is this what is meant

There has been in the past a vote. No, no what I meant actually was fiscal graphs over that, I may not be explaining it very well, due to my inexperience in the House but what I mean is that we have to get together as far as these statutory grants to communities unincorporated and otherwise and apply the monies available in the proper manner. This is what we are studying at this time.

MR. ROBERTS: What we are wondering, Mr. Chairman, there have been over the years two separate types of policies under which roads and municipalities have been paved.

One obviously affects the Municipal Affairs Department, it is a shared cost programme and the government pay one hundred per cent of the cost, they pay fifty per cent through the Highways Department and fifty per cent through the Municipal Affairs Department.

The other one is a long standing proposal going back I think to the time when Senator Rowe was Highways Minister, in one of his trips through that department of the government assuming responsibility for the main road in each community. As the minister knows, somewhere down in the offices of his department there is a series of maps and every community in the province has its main road designated. I suspect that is the one to which my friend from Bonavista North is referring. My question then, growing out of this; is the minister saying that that policy of the government assuming responsibility for the main road, they maintain it in the summer, they plow off snow in the winter or they make a deal with the municipality to plow it, and pave it in due course, is that policy being changed?

DR. FARRELL: Mr. Chairman, no Sir, it has not, and we do not intend it to change.

MR. THOMS: If this policy is not being changed -

DR. FARRELL: At this moment.

MR. THOMS: Mr. Chairman, if this policy is not being changed, there is certainly no overlapping because the main road going through the communities, say for example like Centreville in Trinity, this belongs to the department, therefore, the department is responsible for it.

What I would like to know is, is there any programme afoot or is the minister giving any thinking to launching a programme to pave these main roads through the communities where the dust problem really is unbearable in the summertime?

AN HON. MEMBER: Inaudible.

MR. THOMS: Every district, preferably mine of course.

DR. FARRELL: Mr. Chairman, of course as the honourable member knows, this is all a matter of dollar bills and I would certainly very much like to be able to say to the honourable member right at this moment that we are going to do every community in Newfoundland, even if we could say we are going to do every community of a certain population or over a certain population, the larger ones. At this moment we are studying this and analysing this matter and we are going to hopefully do the main ones as much as we can as far as our funds will allow us and this is where we are at this time.

MR. NEARY: Mr. Chairman, I think probably we are losing track of the fact that this minister is also responsible for communications - transportation and communications.

I would like to ask the minister if he has had any representation from the South Coast since he became responsible for communications, with regard to television reception on the South Coast. Has the minister received any representation to put some pressure on Ottawa to have the facilities improved on the South Coast, where I understand that you can only get one television station, about thirty per cent of the time. I think this is probably in Burgeo where you have

a population of -

MR. EVANS: Ask the Minister of Transport now to make sure.

MR. NEARY: Mr. Chairman, where you have a population of 2,500 people I think in the Town of Burgeo, but there has been a number of complaints, Sir, about the television reception on the South Coast and I would like to know whether the minister has heard about it? If this government has done anything about it? If they had made representation to Ottawa to have the television reception improved on the South Coast?

DR. PARRELL: In answer to the question, Mr. Chairman, from the honourable member for Bell Island, I do happen to know from my honourable colleagues that there is difficulty with reception on the South Coast and indeed it is very bad as far as I know. But I have had personally no direct representations from any group or communities except in conversation with the members from that area and we certainly hope, Sir, in the coming months where this is a new department, we are massing a great deal of material and all these points of communication from radio, television, computerization and telecommunications, which is very important particularly in the Labrador Area, and we certainly hope and intend to do a great deal about it in the coming months. But I have had no direct representation to me personally.

On motion Head XVII, Transportation and Communications, carried.

Head XVIII - Public Works and Services - \$6,700,000.

MR. EARLE: Mr. Chairman, this request is for the normal two months' supply for all divisions of my department, running through from subhead 1801 to subhead 1809 in the estimates. With one notable exception and that is under subhead 1803 - buildings, construction and alterations - where there is an amount which is

well over half the amount requested under the heading of construction and alterations

The reason for this, Mr. Chairman, is that medical the health centre of the university, which was formerly under the Department of Health and in their estimates, I understand from Treasury Board will be transferred this year to the Department of Public Works and there is an anticipated expenditure during April and May of approximately \$1,860,000 on that particular job for contracts which are presently under way.

Also in that particular section of my vote, there is the money provided for the completion of the five new vocational training schools, works on the MUN new engineering building and other related work of the hospital complex and also work on the School for the Deaf and renovation to building number two at Torbay Airport, completion of the Wabush public building, completion of work in Labrador, on schools and teachers' residence, by the Division of Northern Labrador Affairs and completion of new overhead doors at the West End Fire Station in this city, sprinkler system for Exon House, the Girls' Home and the museum building, and an elevator for Exon House.

These are all exceptional amounts which will be taken care of during the next two months. Other requirements are all of the known expenditures of the different divisions of the department.

MR. NEARY: Mr. Chairman, I have a couple of questions for the honourable minister. I wonder if the honourable minister could give me the information now that I have been trying to pry out of him for two days in connection with two contracts that were awarded Babb Construction Company on the new hospital in Carbonear, without calling public tender which was the government's stated policy. I want to know the value of the contracts and what kind of work was done by Babb Construction on that project in

Carbonear.

MR. EARLE: Actually, Mr. Chairman, as I undertook to get the honourable gentleman the answer to these questions, but if he would look back at the questions asked previously in the House, the value of those two contracts is shown in these answers.

The amount of work which has been done, I have been checking on this for the last couple of days and I expect to have an answer for him very shortly.

MR. NEARY: I have been two days now prying this information out of the Minister of Public Works. All he had to do, Sir, was pick up his phone and call the Deputy Minister, and he could have had the information. What is the honourable minister trying to hide? Sir, I hope I will get the information tomorrow because I do not want to stand in this House tomorrow and have to ask for the information.

Sir, I would also like to know from the minister -

MR. ROBERTS: Before we move off that construction point, Mr. Chairman, and we will have a great deal more to say about this, because obviously there is a major scandal brewing here. I do not propose to go into it now, but I wonder if the minister could say anything about the series of resignations we have had from Scrivener Construction who are the project managers.

As I recall it, Mr. Andy Davidson, their Vice-President, their head man in Newfoundland, has severed his connection with the company, I will not say in mysterious circumstances but he has not given any reason neither have the company. The project engineer for Carbonear has left the project and I believe, as well, one of the gentlemen from Toronto has left the project. In addition there was some confusion reported in the newspaper, the confusion came because Mr. Davidson said he gave the order for certain contracts to be let and the head man in Toronto,

Mr. Harvey South as I recall it, made the statement that Mr. Davidson had not given the order or if he had given it he had been acting as an agent, that the order to give these two contracts to this particular firm without any tenders being called had come not from Mr. Davidson's own initiative but rather had come from the government. It did not name any individual or any person within the government, it just said the government.

Now I do not propose to pursue it at length at this time but I do propose to pursue it at great length because there is a great scandal brewing here. There is no doubt about that. I do not think the minister is implicated in any way. I think he is an innocent party who has been moved into the department now and will have to answer for it in the ministerial sense but I do not think he was involved. He might not even have been in the cabinet, if he were he was over in economic development or somewhere else. I wonder if he cares to say anything about it now.

MR. EARLE: Mr. Chairman, normally when I employ project managers or any consultants of that nature I do not ask them questions on disputes between them and their employees. Statements were made in the press for which I am not aware and it may be based on rumour or fact but these project managers, we pay their fees, we check their work and we do not enter into disputes which they have with employees. This is their business and strictly theirs. I actually had a visit from Mr. Harvey South from Toronto today who is a representative of Scrivner and I mentioned one of the gentlemen concerned just to test out the question and he said it was a normal dispute between management and an employee. In this particular case the employee left for a higher salary at another job. This was also mentioned in the papers. I do not think it is our business or our affair to question Scrivner or any other contractors

or project managers that we employ as to any disputes between them and their employees. That is their business.

MR. ROBERTS: Mr. Chairman, that is a matter of opinion. Did Mr. South say anything about the statement attributed to him in I believe the "Evening Telegram", on a Saturday several weeks past. I do not have the cutting here but I could get it, that the orders to give these two contracts to Babb Construction had come not from Mr. Davidson but rather had come from, and I believe I am quoting correctly although I may not be but as best as I can recall it I am, the government.

MR. EARLE: I did not question Mr. South on that particular point as it did not occur to me, quite frankly. But in any case just commenting on comments which have appeared particularly in the "Evening Telegram" I have been under considerable pressure in questioning from that news media to give answers and in many cases I gave answers which were not correctly quoted and I reached the point of not giving them answers on things because they were deliberately sometimes changed and I accused the reporter who rang me of misconstruing what I have said so I said, "Nothing more, gentlemen," and that is a fact. We give proper answers, I give straight answers and if they are misconstrued I will refuse to give answers to gentlemen inquiring.

MR. ROBERTS: I do not plan, Mr. Chairman, to enter into the minister's troubles with the "Evening Telegram" that is between him and the "Evening Telegram" and maybe he is just having an off day as his leader sometimes does. The problem is though, Sir, that with respect the minister is not giving the committee any answers and I am merely asking a few preliminary questions. I serve notice on the minister now that on the main estimates we shall be expecting a considerable deal of information about these extremely curious transactions. Babb Construction Company has featured now in two entirely separate

incidents. One where they did not get contracts but where from the information I have from independent third parties that a commitment was made to Babb. They did not get the contract. That was blocked because the people concerned went to the "Evening Telegram" and exposed the whole sordid mess. Then we have this other incident at Carbonear where apparently the Babb Construction people were given two contracts, two separate contracts of proportions of the work. But if the minister does not have the information, I will understand that but all I can say is I would ask that he be armed and that we shall not settle, when the main estimates come up and we are in committee on his estimates we shall not settle for the excuse that he does not have the information because we are now serving I think ample notice. It will be weeks yet before we get to his department I would assume, and we are serving ample notice that we shall expect him to have the information that he should have.

Now further the minister says that they are paying fees to Scrivner and all that. Would the minister indicate please what fees are being paid to Scrivner in respect of the two projects for which they have been retained, the Health Science Centre over here which I believe was done by the Smallwood administration. I believe we retained them for that, and the Carbonear one I believe their retainer there came from the present administration?

MR. EARLE: Yes, Mr. Chairman, it is difficult to follow all the questions. I will deal with the last one first on the fees being charged by Scrivner. These fees are still under negotiation. Actually when I took over we realized and felt that the fees were too high and for the past two or three months we have been renegotiating the contracts which are practically at conclusion point at this moment. The Health Science Centre, for instance, I think

that will be settled within a matter of days and hopefully it will be retroactive to the start of the contract. The original arrangements made in my opinion were altogether too high and the same applied to the Carbonear job which is also under renegotiation. I am not able at this time to give the exact fees because they have not been agreed upon.

The first question I am not sure what - The hon. gentleman had rather a lot to say.

MR. ROBERTS: I had a lot to say and shall have a lot to say on the point but really those are the only questions I asked, Mr. Chairman. All I said in addition was that the minister please would be good enough to come armed to the committee because I serve notice now. I mentioned it earlier when we were on the health estimates and his colleague, the member for Carbonear, was involved as the minister putting these things through the committee, that this will be an item that we intend to debate at some length and there are a number of questions which we shall raise then. All I am saying now is that I am sort of giving the minister the courtesy of public notice, I could write him a note and say the same thing but I am giving him public notice that we intend to raise the whole curious incident and we shall be very unhappy and indeed we shall be forced to most unfriendly conclusions if the minister does not come thoroughly briefed and with all the information he would need. I would not want him to stand in the committee then, Mr. Chairman, and say that he does not have the information. That is why I am making such a point of this now to ensure that he will have the information. I realize no minister carries all this in his mind but let him prepare himself because on his estimates we shall be having a fair amount to say about it. That is all I said really. The two questions have just been dealt with.

MR. EARLE: Mr. Chairman, just in reply to that, I felt that the information which I had given concerning the Babb contracts which seemed to be the center of controversy was quite sufficient. The information which I have actually was that because of the time element and the hope of getting the job done during the winter that these contracts were let and given without - because they did fall within the budget actually. There was no exorbitant figure quoted for these contracts but they were well within the budget which had been estimated for the jobs and they were given I understand and this is the answer I gave, they were given to expedite the work.

AN HON. MEMBER: What kind of work?

MR. EARLE: The actual two jobs which were in connection with the smokestack at the Carbonar Hospital and the sewer and underground work for pipes.

MR. ROWE(W.N.): (Inaudible).

MR. ROBERTS: I do not wish to debate it now unless the minister wishes, although I would be surprised if he wished to because as he said a few moments ago he does not have all the information. All I shall say is that within the budget estimated he says and I believe him, but estimated by whom? The same Scrivner firm. So that is no answer I submit, and I think the minister in fairness would agree with that. The budget may have been confirmed by his own officials or by the health officials or by any officials in the world but the point is that these contracts were given without tenders being called. There appeared to be no reason. Merely saying the work needs to go ahead in the winter is not, I submit, reason enough. There is still this mysterious point unresolved of who approved it, who said to do it? Mr. Davidson said he originated this idea. Mr. South was quoted by the newspaper, and I have heard no denial from Mr. South. Mr. South

was quoted by the newspaper as saying, "No, no, Mr. Davidson did not originate this idea. It came from within the government." That is obviously a very important point because the Babb Company keeps cropping up in usual circumstances. That is all I am saying.

MR. FARLE: Just one point, Mr. Chairman, which I should like to clarify because the hon. Leader of the Opposition may have left the wrong impression. The estimates for the job and within the budget are carefully checked by my department and my engineers and it is their figuring and they check all quotes and bids and so on received. So it was not Scrivner's estimate of their budget but was the Department of Public Works' estimate of the cost.

MR. ROBERTS: In other words, Mr. Chairman, what the minister is now saying is that the Department of Public Works approved these contracts being given without tender. We shall draw our own conclusions from that but as I understand what he has just said, that is what he has said that the responsibility rests squarely with the Department of Public Works and not with Scrivner. Now we are getting there.

MR. EARLE: No, the minister is not denying the responsibility of the Department of Public Works.

MR. NEARY: Mr. Chairman, I cannot resist and I know

we want to get the Interim Supply Bill passed, but I cannot resist saying this; the honourable minister is taking the cowardly way out by blaming it on his officials. The officials of that department, the minister said he did it on the recommendation of his officials. The officials of that department, Sir, know that there are dozens of firms in Newfoundland that were able to do that work at that time. It is a cowardly way, Sir, to try to weasel your way out of it.

MR. V. EARLE: It is particularly a stupid remark and I cannot help rising to it because any minister in any department particularly in fields of engineering and construction where we have qualified men to advise us, I am not blaming my official, I accept their advice on the figuring of contracts and so on, otherwise, I would be a complete fool. I have no personal ability to calculate -

MR. REID: That is what happened to the gentleman in the Welfare Department he ran it, he forgot his officials.

MR. EARLE: - construction jobs. Therefore I take the advice of my officials and that is exactly what I am saying, I followed it.

On motion Heading XVIII - Public Works and Services, carried.

HEAD XIX - MUNICIPAL AFFAIRS AND HOUSING

HON. H. COLLINS (MINISTER OF MUNICIPAL AFFAIRS AND HOUSING): Mr. Chairman, we will not know of any new programmes until the budget comes down. There is nothing there only enough to carry us over in the existing programmes for two months.

MR. ROBERTS: There are no new programmes in these two months -

MR. COLLINS: Nothing for Mr. MacLean, and nothing special for anyone else.

On motion Head XIX - Municipal Affairs and Housing, carried

HEAD XX - PROVINCIAL AFFAIRS AND ENVIRONMENT

On motion Head XX - Provincial Affairs and Environment, carried.

On motion total carried.

A bill "An Act For Granting to Her Majesty For Defraying Certain Expenses Of The Public Service For The Financial Year Ending the 31st day of March, 1974, the initial sum of eighty-five million, nine hundred thousand, (\$85,900,000).

On motion, RESOLUTION-- To be submitted to a Committee of the Whole House in relation to the granting of supply to Her Majesty - carried.

On motion that the committee rise and report having passed the Resolution, without amendments and recommend that a bill be brought in to give effect to the same, Mr. Speaker returned to the Chair:

On motion report received and adopted.

On motion resolution read a first time and second time.

On motion a bill, "An Act for granting to Her Majesty certain sums of money for defraying certain expenses of the Public Service for the financial year ending the 31st. day of March, 1974 and for other purposes relating to the Public Services," read a first time, ordered read a second time now by leave.

On motion a bill, An Act for granting to Her Majesty certain sums of money for defraying certain expenses of the Public Service for the financial year ending the 31st. day of March, 1974, and for the purposes relating to the Public Services," read a second time, ordered read a third time now by leave.

On motion a bill, "An Act for granting to Her Majesty certain sums of money for defraying certain expenses of the Public Service for the financial year ending the 31st. day of March, 1974, and for other purposes relating to the Public Service," read a third time, ordered passed and title be as on the Order Paper.

MR. MARSHALL. Mr. Speaker, just two quick matters, the first one is I would like to refer, with leave of the House, to bill No. 32 "An Act Respecting The Department of Municipal Affairs and Housing."

MR. ROBERTS: A motion to rescind third reading, to recall the bill?

MR. MARSHALL: The hon. Minister of Justice will explain the predicament.

MR. HICKMAN: I move, Mr. Speaker, that we rescind third reading of Bill No. 32, "An Act Respecting The Department Of Municipal Affairs And Housing."

MR. SPEAKER: It is moved and seconded that third reading of Bill No. 32, "An Act Respecting The Department Of Municipal Affairs And Housing," be rescinded. Those in favour "aye." Contrary "nay." Carried.

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

MR. HICKMAN: Mr. Chairman, the procedure is that the Chairman would call section 17 of the bill.

Clause 17 (1), Mr. Chairman, I move that the words in the second last line "municipal authority" includes the City of St. John's" be deleted and replaced by the words, "but this section does not apply to water works of the City of St. John's."

On motion clause 17 as amended, carried.

On motion that the committee report having passed Bill No. 33 with some amendments and ask leave to sit again, Mr. Speaker returned to the Chair.

On motion report received and adopted.

On motion amendments read a first and second time.

On motion third reading of Bill No. 32.

On motion, a bill, "An Act Respecting The Department Of Municipal Affairs and Housing," read a third time, ordered passed and title be as on the Order Paper.

AN HON. MEMBER: Is it committee again?

MR. MARSHALL: No it is the adjourned second reading of the bill with respect to Newfoundland Forest Products Limited and I believe, Mr. Speaker,

that the House will now be receptive to the question that this bill now be read a second time.

Motion 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."

On motion bill read a second time, ordered referred to a Committee of the Whole House presently.

On motion that the House go into Committee of the Whole on said bill, Mr. Speaker left the Chair.

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."

Motion that the committee report having passed the bill without amendment, carried.

On motion that the committee report having passed Bill No. 62 without amendment and ask leave to sit again, Mr. Speaker returned to the Chair.

On motion report received and adopted.

On motion bill ordered read a third time on tomorrow.

MR. MARSHALL: I move that the House at its rising do adjourn until tomorrow Wednesday at 3:00 P.M. and that this House do no adjourn.

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