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VERBATIM REPORT

TUESDAY, MAY 14, 1974

SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: The honourable the Premier.

HON. F. D. MOORES, PREMIER: Mr. Speaker, it is with a great deal of pleasure that I rise to recognize the accomplishments of a Newfoundland native son and to pay tribute to the tenacity and dedication that has brought him to the position he holds today. I am talking about Clarence Wiseman, who has served as Commissioner of the Salvation Army in Canada and Bermuda since 1967, and who has been designated to become the World Leader of that great organization during this coming summer.

Commissioner Wiseman was born in Morton's Harbour in 1907 and his forty year career began at the Army's training college in Toronto. He became generally known in Newfoundland but he was the first chaplain from his organization, the Salvation Army, to go overseas with the Canadian Army during the Second World War. During the war he served in Europe, the Middle East and Asia, returning to Canada in 1945. He became Territorial Commander for East Africa in 1960 and in 1962 was made Principal of the Army's International Training College in London.

Commissioner Wiseman is married and has two children. In addition to his service as head of the Army in Canada, Commissioner Wiseman has served in Newfoundland for eight years. He will be honoured on several occasions in this Province during the month of July this year. I know all members of this honourable House will join with me in congratulating this great Newfoundlander on his contribution to the well-being of the world and to Commissioner and Mrs. Wiseman, all the best in their future endeavours.

MR. SPEAKER: The honourable member for Hermitage.

MR. SIMMONS: Mr. Speaker, I should like to add a comment or two to what the Premier has said in reference to a very great Newfoundlander, a gentleman that it has been my privilege to know extremely well over the years, General Clarence Wiseman.

The Premier has indicated something of his background in this province.

Just let me say that he has certainly endeared himself to the hearts of many thousands of Newfoundlanders, not only Salvationists but people generally throughout the province, during his eight years here as Colonel and Commander in Newfoundland from 1949 to 1957 and subsequently on his visits to Newfoundland as the Field Secretary for the Army in Canada, then as the Chief Secretary of the Army in Canada and the last few years as the Commissioner, the Chief of the Army's operation in Canada.

In his new job, which he takes over in July, the new General, as the Premier has pointed out, a native born Newfoundlander, will have charge of the Army's operation and its 2.5 million people throughout ninety or ninety-one countries of the free world. It is a great tribute to a very great Newfoundlander and it is a great honour that Newfoundland should have one of its outstanding native sons to rise to the very head of the organization and the cause to which he has chosen to devote his life. I certainly endorse what the Premier said and take very much pleasure in saluting a very great Christian gentleman.

MR. NEARY: Mr. Speaker, I would like to get a plug in here for the R.C.'s, Sir. It has been drawn to the attention of the House, Sir, that another outstanding Newfoundlander, in the person of Bishop Carew, was just given a new appointment, representing the Vatican in the Holy Lands.

Bishop Carew I think is well known in this province. I believe the government, the previous administration, had a state banquet for Bishop Carew when he was elevated to his high post. I forget now where it was he was -

MR. WM. ROWE: Inaudible.

MR. NEARY: Yes, that is right. Right! That is right. So, Sir, I am sure that the members of the House will join with me in extending sincere good wishes and good luck to Bishop Carew in his new undertaking.

MR. SPEAKER: The honourable Minister of Education.

HON. C. OTTENHEIMER, Minister of Education: Mr. Speaker, I believe this is ecclesiastical day or ecumenical day. Certainly on behalf of honourable members on this side we are all pleased to be associated with the

views expressed by the honourable gentleman from Bell Island in congratulating Bishop Carew who of course, as I think most of the people know, has had an extremely distinguished, illustrious career in the service of the Roman Catholic Church and in the service of humanity. Of course he has relatives in Newfoundland. His sister many members might know, Miss Helen Carew, who was Secretary to the President of the University for many years and is now the Secretary for the Board of Regents. Certainly all members of the House are pleased to be associated with the views expressed in congratulating Bishop Carew on his recent appointment.

MR. WM. ROWE: Mr. Speaker, may I suggest, Sir, undoubtedly the Premier would want to do it, but may I suggest that the Premier, seconded by perhaps my colleague from Hermitage, with regard to General Wiseman, and whatever wants to be done with regard to the other reverend gentleman referred to, Bishop Carew, that the Speaker be directed to write both these reverend gentleman with best wishes, commendation, congratulations, whatever the terms are on such occasions.

MR. SPEAKER: The honourable the Premier.

MR. MOORES: Mr. Speaker, a telegram was sent this morning on behalf of the government but certainly the wishes of the House, through yourself, would certainly be in order for that side of the House, and I would thank the member for White Bay South for the idea.

MR. SPEAKER: I shall forward a letter to each of these distinguished gentleman on behalf of the House of Assembly.

PETITIONS:

MR. SPEAKER: The honourable member for Trinity North.

MR. C. BRETT: Mr. Speaker, I beg leave of the House to present a petition on behalf of some 300 residents of the Communities of Hillview, Hatcher Cove and St. Jones Within, in my District of Trinity North.

The prayer of the petition is as follows, 'We the undersigned, do humbly petition the Minister of the Department of Transportation and Communications to relocate hazardous portions of the road between the Trans Canada Highway and St. Jones Within, a distance of twelve miles, including three towns, Hillview, Hatcher Cove and St. Jones Within.

"This road is the only means of transportation for the children of these three above towns mentioned, to and from school by bus, also to and from work and hospital. As this road is in a serious dilapidated and hazardous condition, we do most humbly pray that you would give this your immediate and earnest attention, to have the above road relocated, ungraded and paved at the earliest possible date. Thank you for your kind attention to this matter. Your humble petitioners."

Now, Mr. Speaker, in supporting the petition I would like to make the following points. First of all I think this particular word "relocate" I do not know if it is a poor choice of words but I think what they are referring to here is that there are some very narrow, winding turns in this section of road and also the people in the Hillview Area have been looking for a new access to the Trans Canada ever since the existing one was built, probably back in 1965. That is the year when they had the slogan, "We will finish the drive." Anyway, I think this is what they mean by relocate.

The roads in this area, Sir, have, to the best of my knowledge, never been touched since they were built. Certainly it was long before I came on the political scene, many, many years before. I feel that they should have been rebuilt and paved when the Trans Canada was completed there in 1965 and it might have then, had the people from this area had some strong representation in the House of Assembly at the time, which I believe they did not.

The lower section of this area talked about, Harchet Cove and St. Johns Within, this probably is even worse than up around the settlements of Hillview, Deep Right and so on. The road was dozed out down there quite a number of years ago, particularly between Harchet Cove and St. Jones. I do not think it has ever been touched since. It is a little more than a cow path, hardly fit to travel over and as was outlined in the prayer of the petition, Sir, they have to commute daily to school, to work and so on and so forth.

So I would hope, Sir, the government in its wisdom will see fit to, if not pave it then certainly to start some reconstruction, upgrading

on this road this year. I ask that the petition be tabled and referred to the department to which it relates.

MR. SPEAKER: The honourable member for Labrador North.

MR. WOODWARD: Mr. Speaker, we on this side of the House support the petition that was presented by the member for Trinity North and the plea of the petitioners to have some of the road relocated because of the hazardous conditions and the worn out conditions of the road. Maybe the member do not seem to know when the roads were built - they were built maybe before he was born, were they not? That is possible.

But he says, "With the strong representation that they had under the previous government they did not see fit to upgrade or relocate the roads." Now I suspect, with the strong representation that we have with the honourable member in government, Mr. Speaker, I suggest that he has an in with the Finance Minister and the Minister of Transportation and Communications, we would like to see, Sir, that he will use his influence with his colleagues in Cabinet to see that there are sufficient funds provided this year to upgrade the roads and to meet the needs of the people in this area.

MR. SPEAKER: It has just been brought to my attention that we have in the galleries from the Municipality of Badger, Mayor Greg Colbourne, Councillors Joe Davis and William Stuckless. On behalf of all honourable members I would like to welcome you gentlemen to the galleries today and trust that your visit here is most interesting.

REPORTS OF STANDING AND SPECIAL COMMITTEES:

MR. SPEAKER: The honourable Minister of Industrial Development.

MR. DOODY: I would like to table the Teshmont and Zinder Report on the Lower Churchill studies. Have you got a couple of young gentlemen there who can lug this onto the tables? Just a minute now, this might be a kind of a do-it-yourself kit. Also the Shawmont Report on the Alternative Methods of Meeting the Load Growth on the Island of Newfoundland is here too. So I do not have copies for all the members but maybe we will try to work out a system of getting them for them. If

anybody is really interested in reading it all, we shall see what we can do.

ORAL QUESTIONS:

MR. SPEAKER: The honourable member for Labrador South.

MR. MARTIN: Mr. Speaker, in the absence of the honourable Minister of Justice I would like to direct a question to the honourable the Premier, I wonder if he can report to the House what progress might have been made on the Labrador Royal Commission Report which was due out two weeks ago I believe?

MR. MOORES: Mr. Speaker, I received the synopsis really which was done because, as the honourable member for Labrador South knows, there were some seven volumes altogether. The synopsis I received just two days ago. It will be presented to Cabinet I think tomorrow. I see no reason where thereafter, sometime in the very near future, it should not be tabled in this House.

MR. WOODWARD: It will not be tabled before the House closes.

MR. MOORES: That, Mr. Speaker, depends on when the House closes.

MR. MARSHALL: It never closes. It has never been closed.

MR. SPEAKER: The honourable member for Bell Island.

MR. NEARY: Mr. Speaker, I wonder if the honourable and stubborn Minister of Agriculture and Forestry could indicate to the House whether his department or his government are now going to lift the land freeze in the greater St. John's Area, now that people are kicking up quite a fuss about it and that the construction season is upon us.

MR. SPEAKER: I would like to say that question is probably out of order, that the phraseology used by the honourable member for Bell Island at the beginning be dispensed.

MR. NEARY: That is the only way I know how.

MR. SPEAKER: The honourable Minister of Forestry and Agriculture.

HON. E. MAYNARD, Minister of Forestry and Agriculture: Well, Mr. Speaker, the stubborn Minister will have to reply. The situation is that we, as I have said before, have very little intention of lifting the land freeze as such. I did indicate that we would be doing a detailed soils analysis

survey in all the St. John's urban region area or the Northeast Avalon as soon as the snow is gone. We have started that. We have had people on it for the last three weeks. They told me that it would take probably another four weeks to give a total analysis of the St. John's Area. At that time I will be making a submission to government as to what the future areas might be to be retained under Land Development Control.

MR. NEARY: Would the minister indicate whether it is the minister's own officials, the minister's own staff who are doing this survey or is it contracted out to a private firm, this soil analysis survey that the minister is talking about?

MR. MAYNARD: No, the soils analysis people have been attached to our own staff for a number of years, Mr. Speaker.

MR. NEARY: Mr. Speaker, supplementary; would the minister indicate to the House what recourse the individuals have now who feel that they have a grievance? When they want to build a house or develop their land for some other reason, do they have to still apply to the minister? Is there any recourse to appeal?

MR. MAYNARD: The recourse in the application is made in exactly the same way now as it has been for the last six to eight months, Mr. Speaker. A various number of people have appealed to me. The division of the Advisory Board has been set up to look at each application. A number of applications have been approved by me, after being turned down by the Advisory Board for various reasons; a number of applications have been rejected. But the procedure now is exactly the same as it was before. What procedure will be used, after the soil analysis has been determined and new boundaries if necessary have been determined, will be announced at that time.

MR. NEARY: Mr. Speaker, another supplementary to the minister, Sir, this is a very important matter. Would the minister indicate if his department are now in a position to purchase any of this land. If the owners of the land want to dispose of it and sell it to the government at the going price,

whatever that is, will the minister's department purchase the land from these owners?

MR. MAYNARD: There has been no decision made by government yet. Mr. Speaker, as to the future purchase of land in the agricultural development area.

MR. NEARY: Mr. Speaker, a question for the honourable the Premier, On the unemployment figures in Newfoundland, up 2.6 per cent or 4,000 more people unemployed this year than at the same time last year, would the Premier indicate what steps his government are taking to deal with this record unemployment in Newfoundland for this time of year?

MR. MOORES: Mr. Speaker, first of all, as the honourable member well knows, the unemployment rate is down from last month, not as much as I would like to see it certainly but it is down and also there were a great many more people employed this year than there were this month last year.

It is our intention, with the seasonal nature of our work, in the fisheries for instance, to try to get as much year-around employment as we can. Mr. Speaker, the answer to that question, as the honourable member well knows, involves every area of the economic society. Through development of the Lower Churchill, through forestry programmes, this government is doing everything possible to try to get year-around jobs with some security and some stability to them, and Mr. Speaker, after the industrial development policy of the past, it has taken a great deal of effort and a lot of time to try to put some order into the chaos that we inherited some two years ago.

MR. NEARY: I indicated earlier that the rate of unemployment this year is 4,000 - there are 4,000 more Newfoundlanders unemployed now than this time last year. Is the Premier aware that the vocational schools all over the province and the College of Trades and the College of Fisheries will be turning out students and the high schools within the next month or two? Will the Premier indicate if his administration are taking any extraordinary measures to try to find jobs for these people or to create work for all these students that will be coming out of schools?

MR. MOORES: Not only the students, Mr. Speaker, but also the adult population that have been unemployed during the winter and are at the present time. There will be programmes in virtually every department and every area, to try to get the full employment as quickly as possible.

MR. NEARY: Mr. Speaker, supplementary, I have been trying to squeeze out of the Premier for the last few weeks the number of men who will be actually employed on the construction of the Lower Churchill this year. Could the Premier now indicate, this is, several weeks have gone by, how many Newfoundlanders will be employed down on the Lower Churchill this year?

MR. MOORES: Hopefully all that will be employed will be Newfoundlanders, this year.

MR. NEARY: How many?

MR. MOORES: Mr. Speaker, the honourable member for Bell Island well knows, as does this House and the public of the province, that in order to get the Lower Churchill Falls project underway it takes a tremendous amount of effort. If you take the transmission line which we are negotiating now with the federal government and the power plant itself, the inter-island tie, and all the others, we are talking in excess of \$1 billion. The financing for that project has to be done. All I can say, Mr. Speaker and I say this in all sincerity, is that this government is working as fast and as hard as we possibly can to bring that very important project to fruition as quickly as possible.

MR. NEARY: The Premier probably misunderstood my question, Mr. Speaker, so I would like to repeat the question again. I fully appreciate what the Premier said because Don Jamieson told us all that yesterday on one of the radio stations, about financing the road and the transmission line, but Mr. Speaker, would the Premier indicate and if he is not in a position to tell the House perhaps he could tell us when he will be in a position to tell the House how many men, whether they are Newfoundlanders or Mainlanders, how many will be employed on the Lower Churchill this year? Will it be 100, 200, 500, 1,000, how many?

MR. MOORES: Mr. Speaker, the honourable member for Bell Island refers to

what Mr. Jamieson said on the air yesterday. The member for Bell Island obviously did not read the Budget Speech where it said that 600 people would be employed in 1974-1975.

MR. NEARY: Okay, Sir, that is fine. Now a supplementary question. Would the Premier indicate what kind of work it will be? Will it be survey teams? How many will be Newfoundlanders?

MR. MOORES: Mr. Speaker, if I might, this will be the last time I will reply to this sort of questioning at this stage because the honourable member well knows, until the engineering teams move in, until it is decided exactly what drilling has to be done, what survey work, what road work, what right-of-way cutting, what drilling, all that is the engineering firm's responsibility, he knows darn well that there is no way anyone in this House could know the answer to this sort of question.

I would suggest to the member for Bell Island he is becoming very picayune at this time.

MR. NEARY: Mr. Speaker, I am being very serious. At the rate of unemployment we have we should be concerned. I would like to put another question and another subject to the honourable the Premier. Can the Premier assure the people of this province that there will not be a repeat of Labrador South and Hermitage in the misuse of government aircraft and helicopters and planes and civil servants in the federal campaign that is coming up?

MR. SPEAKER: Order please!

MR. NEARY: Or what steps the administration will take to reimburse the public treasury if there is a

misuse of government facilities.

MR. SPEAKER: Order, please!

The question by the honourable member for Bell Island is a hypothetical question. The question is out of order.

MR. NEARY: Well, Sir, there was an abuse. Would the Premier care to answer the question?

MR. SPEAKER: The Chair has ruled that it is a hypothetical question.

MR. NEARY: Well, Sir, let me put the question to the Premier again and perhaps this might not be so hypothetical. Will the Premier indicate what steps his administration have taken to assure the people of this province that there will be no misuse nor abuse of government facilities in the federal campaign that is coming up?

MR. MOORES: Mr. Speaker, the member for Bell Island has a problem in that he does not realize that there has been a change of government and this party pays its own way as opposed to what happened in this province in the past.

MR. MARTIN: Mr. Speaker, I wish to direct a question to the honourable the Minister of Fisheries. Since the spring fishery is about to gear up and get under way, there have been reports that a large number of fishing vessel owners, both small and large vessels, are having trouble getting fishing crews. I wonder if the minister can confirm whether or not this is correct? If it is correct, what steps are being taken to correct the situation?

MR. H. COLLINS (MINISTER OF FISHERIES): Mr. Speaker, it has been a problem this past couple of years. From the information which we have been able to get, it would seem that too many young men are being discouraged from entering into the fishery because of the inequities if one wants to, in the unemployment insurance programme.

I can only tell the honourable member that we have made strong representation to the federal government. Prior to the federal election being called there was every indication that a new programme was about to be introduced. I am optimistic that a new programme will be introduced but in view of the election I cannot say when.

MR. MARTIN: I have a question, Mr. Speaker, for the acting Minister of

Highways. I wonder if he can indicate to the House whether or not the highway between L'Anse-au-Clair and Red Bay has been reopened after being closed this weekend?

MR. J.G. ROUSSEAU (MINISTER OF HIGHWAYS) (ACTING): We have had some problems up on the Northern Peninsula and Southern Labrador. There are some washouts. We have had some heavy rains. Apparently Saturday night there was some rain and last night there was some heavy rain. Everything is being done possible to keep the roads open. During all daylight hours we have the equipment at work up there. We expect that within two or three days, hopefully when the waters subside, that we will be able to keep them open in a better way than they are now. They are in passable shape right now and within two or three days we hope they will be in much better shape.

MR. MARTIN: Supplementary to that, Mr. Speaker: There have been reports from the district that the local highways depot foreman was instructed not to put his crew on too much overtime. I wonder can the minister comment on that? Whether or not it is true and if this is going to hamper the maintenance programme?

MR. ROUSSEAU: In an emergency situation the foreman in any area, of course, knows much more of the situation than the people here in St. John's. So, by and large, as I recall from a meeting I had this morning with the officials, if there be an emergency situation, then he can use what equipment he needs within a reasonable time span. If extra work is needed for a washout or for an emergency, certainly he can be authorized, because phones are near to do so, as much as he needs in an emergency situation. Otherwise, of course, they have to use the best judgement and keep the roads passable in a situation like we have now or keep them in as good a shape as possible when we do not have the situation which is now occurring on the Southern Coast of Labrador.

MR. WOODWARD: Mr. Speaker, I would like to direct a question to the Minister of Industrial Development. I would like to know if the minister can tell the House if in the programme for the Lower Churchill this year, included in that work programme, if the road from the Lower Churchill to the Upper Churchill will be upgraded and made serviceable

this summer?

HON. W. DOODY(MINISTER OF INDUSTRIAL DEVELOPMENT): Yes, Mr.

Speaker, it is our intention to do that and it is part of the preliminary work on the Lower Churchill.

ORDERS OF THE DAY:

On motion of the Hon. Minister of Education, a bill, "An Act Further To Amend The Local School Tax Act," read a first time, ordered read a second time on tomorrow.

On motion of the Hon. Minister of Municipal Affairs and Housing, a bill, "An Act Further To Amend The Local Government Act, 1972," read a first time, ordered read a second time on tomorrow.

On motion of the Hon. Minister of Justice, a bill, "An Act To Amend, Revise And Consolidate The Law Respecting The St. John's Memorial Stadium," read a first time, ordered read a second time on tomorrow.

On motion of the Hon. Minister of Justice, a bill, "An Act Further To Amend The Agreements Ratified By The Avalon Telephone Company Act, 1938," read a first time, ordered read a second time on tomorrow.

On motion of the Hon. Mr. Marshall, a bill, "An Act Respecting Certain Building Supplies," read a first time, ordered read a second time on tomorrow.

On motion of the Hon. Minister of Justice, a bill, "An Act To Amend The Motor Carrier Act," read a first time, ordered read a second time on tomorrow.

On motion of the Hon. Minister of Justice, a bill, "An Act Further To Amend The Judicature Act," read a first time, ordered read a second time on tomorrow.

On motion of the Hon. Minister of Justice, a bill, "An Act Further To Amend The Grand Falls Hospital (Management) Act, 1961," read a first time, ordered read a second time on tomorrow.

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

MR. CHAIRMAN (MR. STAGG): Order, please!

Head (1501-01), Minister's Office, Industrial Development.

We have twenty-three minutes remaining.

MR. DOODY: The honourable member for White Bay South - Mr. Chairman, will you tell the honourable member for Bell Island to control himself? He is delaying the proceedings of the House.

The questions raised by the member for White Bay South last evening, as we closed, dealt with the Lower Churchill project and the availability of alternate sources of energy. Toward that end we table this afternoon the Shawmont study on the alternate sources of energy. So, I think that it would not be in the interest of the time that is available to go into it in any detail. We can go into that in the main bit.

He spoke about the possibility of the discovery of oil offshore and what effect this would have on the energy situation here in the province. Obviously if we can get cheap or relatively cheap, reliable hydro power here on the island, from the Labrador area, it would be far more beneficial both in terms of environmental quality of life in the province of Newfoundland, both in Labrador and on the island, and in terms of the economics of the thing. If oil continues to soar in price as it has been doing, it shall be far more beneficial to us, I think, for us to sell it at the world prices and use cheaper hydro energy here at home. This appears to be the consensus of opinion of the people who are knowledgeable in these areas and it is certainly one which we are looking at very closely.

On the economics of the building of the project itself, the transmission line, the site, the inter-tie, the crossing - it is absolutely true that the inter-strait and the soaring escalation costs are a source of worry and a source of concern. I am sure they are in every facet of life. Every business enterprise and every individual has been injured and affected by it. Once again it is a relative thing. As the cost of the development of the project increases, it is equally certain that the cost of alternate sources of energy will increase in direct proportion to these.

It would be a great deal more beneficial to us if somebody

or some system could be found to control soaring inflation and exorbitant interest costs. In a general concept of the whole situation, it does not change our need for energy here on the island nor the need for the development of the Lower Churchill and the interest of the province as a whole.

I do not know what else was raised here last evening but I am sure the member for White Bay South and some of his colleagues can question me on some other facets of it.

MR. W. ROWE: Ordinarily, if we were not going to be gagged in about twenty minutes, we could go into it at some length now and again at some length when the bill comes up, because it is such an important topic that we should spend some time on it.

MR. DOODY: It will be in better shape for the study there.

MR. W. ROWE: Unfortunately, we are being gagged and guillotined by the arrogant government majority in the House, Mr. Chairman. We cannot do much about it.

So, to switch the topic rather drastically: Will the minister comment on the auditor's report to the shareholders of Burgeo Fish Industries Limited? It is contained in the Province of Newfoundland, Accounts of Crown Corporate Agencies Boards and Authorities, etc., 1973, where Ridell Stead and Company, Chartered Accountants, say to the shareholders of Burgeo Fish Industries, "We have examined the balance sheet of Burgeo Fish Industries Limited as of May 31, 1973 and the statements of loss and deficit and source and application of funds for the year then ended and have obtained all the information, etc.

'We have obtained all the information and explanations we have required except that we have been unable to obtain a satisfactory explanation for a decrease in supermarket gross profit. Our examination included a general review of the accounting procedures and such tests of accounting and so on. Depreciation for the year has been calculated on original cost, affixed assets and not on appraisal value as required by generally accepted accounting principles.' A couple of serious irregularities there, Mr. Chairman.

"In our opinion and according to the best of our information and the explanation is given to us as shown by the books of the company, except for the effect of, one; excluding the appraisal increment from the calculation of depreciation; and two, any adjustments which might have been required had the decrease in supermarket gross profit been satisfactorily explained, these financial statements are properly drawn so as to exhibit a true and correct view."

What happened in the Burgeo Fish Industries, Mr. Chairman? Would the minister give us an explanation of two rather serious irregularities, I would submit, if this had been a privately owned company. The shareholders would seem to have some cause for complaint. Since it is now a crown corporation, the shareholders being the ministers presumably who sit on the board and the ultimate shareholders being the people of Newfoundland, could the minister explain to our satisfaction, if possible, why these two irregularities occurred?

MR. DOODY: Well, Mr. Chairman, the supermarket gross profit picture decrease was accounted for by the fact that they had a rather serious fire down there the previous year.

AN HONOURABLE MEMBER: Inaudible.

MR. DOODY: Pardon? Could I finish, Mr. Chairman?

There was a rather serious fire down there during the year. The beauty salon went and the laundromat went and the supermarket went, the hardware store and the drygoods store and the whole bit and piece went. During the interim while the insurance adjustors were doing their survey or coming in to do the survey, while the stock-taking process was being done, there were some rather drastic shortages in stock discovered. Those things that had been some weeks prior were found no longer to be in existence. They disappeared.

It would appear that some of the good people in Burgeo found opportunity to take advantage of the fact that there were great openings in opportunity in acquiring things at tremendously low cost. So, not only does that in itself have a marked effect on the profits of the supermarket operation, when the thing opened up for business again, they found that sales in many commodities were down for several months.

It would appear that many of the local people had found an opportunity to stock their homes with various and sundry items and there was a fire sale on there at the same time.

When Ridell, Stead say that they are unable to obtain a satisfactory explanation, they mean exactly that, that they were never able to trace down all the missing inventory effects that were in there.

AN HONOURABLE MEMBER: Inaudible.

MR. DOODY: Yes, that is right. It would have made it a great deal easier for me but unfortunately Ridell, Stead did not see fit to do so.

AN HONOURABLE MEMBER: They are being gagged in fifteen minutes.

MR. DOODY: In fifteen minutes time and all they want to do is talk about being gagged and they are not even interested in my supermarket down in Burgeo.

On the other thing, the depreciation being calculated on the original cost of the fixed assets and not on the appraisal value as required by generally accepted accounting principles, it says here on note five, "The depreciation which amounts to \$131,342 for the year, if appraisal values had been used as the basis of calculation, depreciation would have amounted to \$644,000." So, what has been done there in actual fact is to lower the value of the place or the fixed assets by considerably less than is the standard practice. This is a bookkeeping system that was followed for some reason best known to the accountants down there. I really have no other explanation for it than that. It is simply a bookkeeping item and it does not affect the profit and loss picture at all in the long run.

MR. W. RONE: The minister has given us an explanation which apparently Ridell, Stead, an esteemed firm of chartered accountants, apparently did not accept. I do not know if the minister himself or the minister's officials gave this explanation to them or not. Anyway here we have the very damaging auditor's report with two glaring irregularities. I will not pursue that, Sir, we do not have time. We are being gagged in fifteen minutes by that honourable gentleman across the way there.

MR. CROSBIE: We have been gagging for seventy-four.

MR. W. ROWE: Now, Mr. Chairman, here that? Just an attempt - the "Ice Water Kid". "Crusty Crosbie" strikes again. How pleasant this committee is, Sir, when certain honourable gentlemen are away.

MR. CROSBIE: Why did they spend twenty hours at my estimates?

MR. W. ROWE: Because the honourable minister is ripping off the people of Newfoundland, another per cent increase in the sales tax. That is why. Is that not right, gentleman?

Now, we will talk about it in the Budget Debate and when the bill comes up. Let me move on, Sir, to one or two other things here. We are going to be gagged in a minute. Would the minister give us sort of a status report on Newfoundland

Forest Products. What is the situation there now from the government's standpoint, the government involvement? Also could he give us some kind of an idea as to how the Newfoundland and Labrador Development Corporation is making out? Does the minister consider it to be successful or unsuccessful? One of his supporters, the Member for Bonavista, got up in the Committee there some months or weeks ago and lashed out at the Newfoundland and Labrador Development Corporation saying that it was a horrible failure compared to the Rural Development Authority which he thought was a brilliant success. I would like to hear what the minister has to say about the Newfoundland and Labrador Development Corporation. How is it doing? Is it successful? If not, quite as successful as it might be, what changes are going to be made in the future. You know, generally what is the situation present and future of the Newfoundland and Labrador Development Corporation?

MR. DOODY: Mr. Chairman, the Newfoundland and Labrador Development Corporation, in my estimation and the estimation of many people who have had occasion to use their services, is an excellent organization and it is doing an excellent job. It may be that there are people who feel that they have not lashed the money out with enough abandon and have not been as carefree with the people's funds as they would like to see them.

I think that Frank Spencer and his people down there are doing an excellent job of assessing the various proposals that have come in to them and have winnowed out what in their opinion were the least desirable among them. It was set up as you know as a federal/provincial agency design to improve medium and small business in the province. Now the programmes are aimed at providing both debt and equity financing and to this extent many people felt I suppose that equity was available, that it would be an excellent opportunity to get the full load of an operation or the full cost of an operation borne by the agency.

But to date they approved financing for forty-seven projects involving over nearly \$6 million in term loans and \$600,000 in equity funding. These new businesses and expansions are located throughout

the province, which will provide 800 full-time jobs and about little less than 300 part-time jobs, seasonal jobs. They cover a pretty wide range of activities. There is over \$1 million gone into the fishing industry, a little over \$1 million in the forest industry, to larger or integrated sawmills. There is almost \$1 million in mining. This went to the Green Bay Mining Company which reactivated at Bunk Mine here in the province and is working quite well. There is a firm that is producing such things as safety boots, aluminum products, fur and leather clothing, in manufacturing generally. There is about \$1.5 million in loans and there is little less than \$1 million for tourism. There is a quarter of a million in loans for agriculture. These are plants providing further processing of poultry and vegetables and so on, and there is about a-half million dollars only in the serviced industries. The corporation has not really encouraged applications from the general service sector such as service stations or lounges or retail stores, due to the tremendous number of these that are already in existence in most areas. They are however anxious to assist companies engaged in specific or specialized services which are of an economic benefit in their own right or which facilitate the establishment of manufacturing and processing operations.

As I say, the key part of this programme is the fact that equity financing is available. This gives the corporation an opportunity to provide equity funding for people who do not have any money or very little money of their own to put in. Of course, they insist that some money be available even when they get involved in the equity side of it. The tremendous number of inquiries that originally came in, of course, have been winnowed out and weeded out to a relatively few but we had I think it was pretty well over 1,200 applications, informal applications. These were all sent back to the people who sent them in, with regular application forms attached, which outlined the present information that was necessary and a brochure explaining the functions of the corporation. I think there were less than ten per cent of these eventually came in as formal applications and these are pretty well all

being processed now. This gives the corporation the opportunity to get more involved in its management help and assistance programmes, that area of business assistance which is badly needed in the province and in which they are building up some expertise. Not only are they in the direct loan business, as I say, they also have a team of people available who can go to a company that appears to be in trouble and assist them with management help and advice. They are also now in the position of searching out the business opportunities, small manufacturing opportunities, and trying to interest the people of the province in getting involved in these things.

I would seem to me, as I say, that the corporation is filling a very great need here in the province. They have not made as much noise perhaps as some other agencies of government. I think they have been running a pretty tight ship. I never heard any accusations of political bias nor any other type of accusations against them. I think they are running a good ship. They have got an independent board of business people, who were jointly appointed by the federal and provincial governments in the early stages. Now that had one shortcoming, in our estimation. All the board members were appointed from St. John's and it had certain deficiencies. Recently we have taken steps to expand the board and we are in the process of appointing three new members, one federal appointee and two provincial appointees who will be coming from outside of the St. John's Area. I know that that announcement will be made very shortly, as soon as the federal people give it their blessing.

Now I have at hand here the list of enterprises that have been assisted and of those that have been rejected and the reasons for them and so on. These can be made available to honourable members if they desire to see them. I hesitate to read them all out because I think we will not get through it in five minutes. Is it five minutes we have?

MR. CHAIRMAN: The Member for Labrador North.

MR. DOODY: Oh, I forgot one other thing. It is the forest product bit. The operations up there, as members well know, have been fraught with troubles. It has been the most difficult thing to get moving. Bowaters and Lundrigans

have had a difficult time with it. Government have gotten involved with loans. The mill was closed down, it was scheduled to reopen this month, to get back into production this month. They have a crew of men working in the woods. They have got them in there now for some time, getting a supply of logs ready.

It appears from the projections or from the anticipation of our people on the board of directors that a brighter future appears in sight for the coming months for that thing. I cannot say that I am any more optimistic about it than that. It does not appear to me to be the greatest answer to the sawmilling problems of the Province of Newfoundland. We have three or four others started, with the help of this Newfoundland and Labrador Development Corporation, which will, I think, do a great deal more for the lumber industry of the province.

The thing is moving along though. They have changed management and they have used the government loan to buy new equipment and re-equip the mill and partially re-finance the operation. All I can say is at the present time they are getting back into operation. In maybe a couple of months time we will be in a position to give a more detailed status report on it.

MR. M. WOODWARD: Mr. Chairman, there are five minutes left. Just a quickie for the minister. There appears to be some difference of opinion between the present developers of Churchill Falls, the BRINCO people, and the federal people and the province on the feasibility of bringing the power line across the Straits of Belle; if this be economically feasible or if they can do it, from a construction and an engineering point of view, to make it safe.

So I want the minister maybe to tell the Committee, maybe a categorically yes or no, if his department or if his government are satisfied that this can be done as a result of the present reports that they have filed in the Committee today?

MR. DOODY: Yes, Mr. Chairman, the Government of the Province is convinced on the evidence that has been presented to it, through the reports and studies that have been done, that it is both economically feasible and technically practical to bring the cable across the Straits

AN HON. MEMBER: The federal government -

MR. DOODY: The federal government have not said that this is not so. What they have said is that they would like an opportunity to examine in depth the studies that have been done and to cross-examine the people who have done the studies in order that they can be as satisfied as we are on the project. They, like him, have not had as much access to the information as we have had.

MR. WOODWARD: They go along with BRINCO; they are not satisfied from a technical point of view.

MR. DOODY: Did BRINCO say that it cannot be done?

MR. WOODWARD: BRINCO did not say it could be done or it could not be done.

MR. DOODY: That is right. ... federal government.

MR. WOODWARD: Have not satisfied themselves that it can be done either.

MR. DOODY: That is right.

MR. BARRY: They did not have anything to do with looking at the submarine crossings. BRINCO did not do a study on it.

MR. WOODWARD: Who did it?

MR. BARRY: Our consultants.

MR. DOODY: I tabled a study here this afternoon.

MR. WOODWARD: Just the general terms.

MR. DOODY: No there is a huge -

MR. BARRY: Why does he not read the report first and then -

MR. DOODY: There is a huge technological -

MR. WOODWARD: How many people are working down in the Straits of Belle Isle?

MR. DOODY: I would have gone into more details but I got -

MR. NEARY: It has been said, Sir, -

AN HON. MEMBER: Inaudible.

MR. NEARY: It has been said, Mr. Chairman, -

AN HON. MEMBER: Inaudible.

MR. NEARY: Sir, I hope you are deducting all of this time when we are getting interruptions and interference from the other side. It

has been said, Mr. Chairman, that Joey Smallwood, the former Premier of this Province, was the best salesman that Newfoundland ever had. I do not think, Sir, that anybody can deny that. The man went out, promoted Newfoundland, sold people on the idea of coming into this province and developing this province. Now, Sir, all of that is changed, everything now is grinding to a halt but old Joey is still in there, Sir. We heard an example of that today when he wired the Premier, the present Premier of this Province, from Cuba. Even when he was down there doing something that had nothing to do at all with government, wired the Premier to try and sell linerboard from Newfoundland to Cuba.

AN HON. MEMBER: It had already been done.

MR. NEARY: It was not done, Sir. It was not done. It was not done, Sir.

AN HON. MEMBER: It took Joey to do it.

MR. NEARY: It took Joey. It took Joey, Mr. Chairman, to do it. It is going to take somebody with Joey's thinking and Joey's philosophy to get this province back on the rails again and get her moving, get her moving forward again.

AN HON. MEMBER: Inaudible.

MR. NEARY: I do not know who it will be but it will have to be somebody with the energy and the drive and the initiative and the understanding and the desire to do something for Newfoundland to get her back on the rails again.

AN HON. MEMBER: Leadership.

MR. NEARY: Sir, it is too bad that we are going to be gagged in another five or ten minutes, Sir, because this is a topic of this minister, Mr. Chairman, this minister has had a gentle ride in this Committee now for two years. I was hoping to get here last night -

AN HON. MEMBER: Inaudible.

MR. NEARY: Oh, yes, he is a witty individual.

MR. W. N. ROWE: A cagey guy.

MR. NEARY: Cagey, Sir, and good personality but, Sir, look at what

that department has done in two years; absolutely nothing. Everything is grinding to a halt in this province. No imagination! No initiative! Nothing being done! Nothing! Nothing on the drawing board! No wonder, Sir, we have the highest rate of unemployment at the present time that we have ever had in this province. Unemployment, at the moment eighteen point eight per cent, two point six per cent more than last year, over 4,000 Newfoundlanders, more Newfoundlanders unemployed at the present time than there was a year ago.

MR. CHAIRMAN (STAGG): Order, please!

The seventy-five hours

AN HON. MEMBER: Inaudible.

MR. NEARY: By leave of the committee, Mr. Chairman.

MR. CHAIRMAN (STAGG): May the honourable gentleman have leave?

MR. NEARY: May I have leave?

MR. CHAIRMAN (STAGG): Leave is not granted.

MR. NEARY: The Minister of Mines and Energy says yes, Sir.

AN HON. MEMBER: Inaudible.

MR. NEARY: By leave?

MR. CHAIRMAN (STAGG): Order please!

MR. NEARY: The Premier is the boss, not the nasty Minister without Portfolio. What does the Premier say?

MR. MOORES: No overtime.

MR. NEARY: No overtime! We are being gagged! Well, Sir, I will tell you this that I will not sit in this Committee and watch these estimates go through without a debate.

MR. CHAIRMAN (STAGG): Order, please!

Well in view of the fact that the honourable gentleman has left, it is unnecessary for me to suggest that he resume his place. However for the benefit of all honourable gentlemen in the Chamber and for anyone else who may wish to take note of it, when the Chairman or the Speaker stands it is customary in the parliamentary system that the person who has the floor resume his place.

We will now call each item. There will be no debate under the rules.

On motion, Department of Industrial Development, 1501-01 through to 1506-06, carried.

On motion, Legislative, 201-01 through to 201-09-01, carried.

On motion, Executive Council, 301-01 through to 305-08, carried.

On motion, Department of Education, 601-01 through to 616-03-07, carried.

On motion, Department of Rehabilitation and Recreation, 901-01 through to 911-10, carried.

AN HON. MEMBER: May we have a quorum call?

MR. CHAIRMAN (Mr. Dunphy): We do not have a quorum. Ring the bells.

Will the clerk count the committee please? We do have a quorum.

On motion, Department of Health, 1001-01 through to 1018-03, carried.

MR. NEARY: There is no quorum in the committee, Mr. Chairman.

MR. CHAIRMAN (Mr. Dunphy): Ring the bells.

Will the clerk count the committee please? We do have a quorum.

On motion, Department of Mines and Energy, 1101-01 through to 1105-05, carried.

On motion, Department of Forestry and Agriculture, 1201 through to 1209-03, carried.

On motion, Department of Tourism, 1301-01 through to 1308, carried.

On motion, Department of Fisheries, 1401-01 through to 1408, carried.

On motion, Department of Public Works and Services, 1801-01 through to 1809-03-04, carried.

On motion, Department of Provincial Affairs and Environment, 2001-01 through to 2008-05, carried.

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

MR. DUNPHY: Mr. Speaker, the Committee of Supply have considered the matters to them referred and report having passed certain items of expenditure under the following heads: Head XV, Industrial Development; Head II, Legislature; Head III, Executive Council; Head VI, Education; Head IX, Rehabilitation and Recreation; Head X, Health; Head XI, Mines and Energy; Head XII, Forestry and Agriculture, Head XIII, Tourism; Head XIV, Fisheries; Head XVIII, Public Works and Services; Head XX, Provincial Affairs and Environment, all items and ask leave to sit again.

On motion report received and adopted.

Motion second reading of a bill, "An Act Further To Amend The Newfoundland Municipal Financing Corporation Act,"

MR. SPEAKER: The honourable Minister of Finance.

MR. CROSBIE: Mr. Speaker, this is not a major amendment but it is one that is necessary in order to attempt to float a loan to the Newfoundland Municipal Financing Corporation this year. The present legislation now permits the debentures or debenture stock perpetual or otherwise to be issued by that corporation for municipal loans and we want to add, "or any other securities whatsoever," and in two other places to add, "bonds and debentures or loan notes." The reason for that is because we are hoping to do an issue in the United States shortly and the people who are going to float the issue -

MR. NEARY: Inaudible.

MR. CROSBIE: We are going to float our bond issues, Mr. Speaker, wherever we can to raise money, hopefully in Canada and the United States. In any event they want to loan the money and to have loan notes delivered rather than bonds or debentures. That is the purpose for the amendment.

This corporation of course, Mr. Speaker, is the corporation that raises money for municipal purposes guaranteed by the government, water and sewerage systems and the like and a lot of that kind of work has been done in the last two years. We are hoping to have a \$30 million issue during the present year and we hope during the next month or two. So that is the purpose for the amendment.

MR. SPEAKER: The Honourable Member for Labrador South.

MR. M. MARTIN: Mr. Speaker, I do not know why the honourable minister even bothers to get up and explain this. We might as well take the whole works and have it all passed after the disgusting spectacle which we have just witnessed. I do not see any point in debating any of the rest of it. Let it all go through.

MR. SPEAKER: The honourable Member for White Bay South.

MR. W. N. ROWE: I must say, Sir, the Member for Labrador South took the words right out of my mouth. It is exactly what I was going to say, Sir. Here we are, Sir, the Minister of Finance makes a hollow mockery out of the parliamentary process by bringing in this bill pretending now that, you know, here is the House giving its authority to him to do this sort of thing. They allowed, a minute or two ago, hundreds of million of dollars of public money to go through without a whisper of debate or question or anything else. A disgusting display, Mr. Speaker. A disgusting display! I rise to add my support to the sentiment expressed by the Member for Labrador South. They might as well take all of these bills, I know this is what the government would want to do, this Bill No. 56 and all the rest of the bills and just have them passed in cabinet or perhaps even passed. That is the next logical step, Sir, pass them through cabinet first and have no reference to the House whatsoever. Then it would go to the kitchen cabinet, the Premier and one or two of his stalwarts, in which case the Minister of Finance would not have much say in what goes on, lacking political clout as he does. Pretty soon we will have two people or three people in this province making all of the decisions affecting everyone. It is a logical progression of the arrogance, the disgusting display shown by the government this afternoon in putting hundreds of millions of dollars of estimates through this House without debate or question.

MR. NEARY: Mr. Speaker, I wish I could third what my honourable friend said, Sir, but I certainly concur with what both gentlemen said.

Mr. Speaker, the minister when he was introducing this bill let it slip out, Sir, that the government would taking to the bond market in the United States very shortly, to borrow the money that is needed there

and the municipal financing corporation. Sir, that reminded me that only a few weeks ago I heard the same honourable minister state as a part of the philosophy and a part of the policy of his administration that from now on they were going to keep their money home, they were going to borrow money within the boundaries of Canada. Leaving the impression that the poor old people of this province, Sir, they were not going to borrow Euro dollars any more, they were not going to borrow French francs and Germany marks and they were not going to go down in the United States and borrow any money. They were going to borrow it all in Canada. The minister was boasting about the fact that the reputation of the government had been so -

MR. SPEAKER: Order, please!

The honourable Member for Bell Island I think is not being relevant to the principle of the bill as introduced by the Hon. Minister of Finance.

MR. NEARY: We are talking about municipal borrowing, I believe, Sir. I do not know how I can be any more relevant, Your Honour. I am not questioning Your Honour's ruling.

But, Sir, the minister did boast about the fact that the government had earned themselves such a reputation that they could borrow money now in Canada, for the first time, we were told. Now we are told - how much is the minister going to borrow down in the United States?

AN HON. MEMBER: Inaudible.

MR. NEARY: Fifteen, twenty, fifty, one hundred million. How much?

AN HON. MEMBER: Inaudible.

MR. NEARY: I have eh? The minister did not just make a statement a few minutes ago that they were going on the bond market in the United States?

AN HON. MEMBER: Inaudible.

MR. NEARY: He only replied. Well, Sir, I thought I heard the minister make that statement; I could be wrong. We certainly left a great foundation because the borrowing of this administration now, Sir, is at the rate of I think \$1 million a day. Is it \$1 million a day?

AN HON. MEMBER: Oh, yes, more than that.

MR. NEARY: Not bad for a poor old province that was left bankrupt by Joey when he got kicked out.

AN HON. MEMBER: We pulled her together again.

MR. NEARY: Pulled her together?

MR. W. N. ROWE: They had a bond issue about a week after they took power, \$90 million.

MR. SPEAKER: Order, please!

MR. NEARY: But, Sir, I do not begrudge the municipal corporation, the loan corporation that money at all. We still have too many communities in this provincethat do not have the facilities of water and sewerage, and that is what this money is for, Mr. Chairman. The money is to pay off loans and guarantees that have been out to municipalities and town councils to install water and sewerage. I do not think any of the money is for the road sharing programme, the road paving programme, it is all for water and sewerage I would say, Mr. Chairman. I do not begrudge the municipalities this privilege a bit, Sir, but I could not help but commenting on that, Sir, could not help it. I hope we will hear no more of that kind of hypocrisy from the Minister of Finance. We did leave this province in good shape otherwise the minister would be - he would not be over there now, Sir, he would have resigned or he would be with the NDP, he would not stay over there.

AN HON. MEMBER: He would not be able to crawl.

MR. SPEAKER: If the honourable minister speak now he closes the debate.

MR. CROSSIE: Mr. Speaker, I will just touch on a couple of the points made by members opposite. Well there were not really any points made. In respect to the Member for Labrador South, I do not know why he is acting in such a juvenile manner. Seventy-five hours were allotted for consideration of the estimates. It is not the fault of the government nor members of the government, if members, of the official opposition in particular, choose to waste a tremendous amount of time on several departments, if they choose to do that and did not want to go on to discuss the estimates of all the departments, then the responsibility surely rests on them not on the government. I think every provincial

legislature in Canada, Mr. Speaker, has a time-limit on the estimates and as the House Leader has pointed out there was only one session in the House of Assembly in Newfoundland since 1949 where longer than seventy-five hours was spent on the estimates, I think that was 1971 when we had a vigorous opposition that kept to the point, that had cogent criticism and that covered every department of government in I think eighty odd hours of debate.

So the Member for Labrador South should have directed his criticism where it should go, at the Member for Bell Island and one or two like him who insisted on wasting -

AN HON. MEMBER: On a point of order, Mr. Speaker.

MR. CROSBIE: I am answering a point, Mr. Speaker, that -

MR. SIMMONS: On a point of order.

MR. SPEAKER: Order, please!

MR. SIMMONS: Is this relevant to the principle of the bill, Mr. Speaker?

MR. CROSBIE: On that point of order, Mr. Speaker, I am answering the points that were made by the members opposite. Now I did not think that the point they were making was relevant. We did not object since we could see that they wanted to make a point. Now the point has been answered. Surely it cannot be ruled out of order now when they were allowed to make these comments themselves.

MR. NEARY: On that point of order, Sir: The minister and all his colleagues had the opportunity, Sir, to stand on a point of order and -

MR. EVANS: The honourable member is getting more ridiculous all the time.

MR. SPEAKER: Order, please!

MR. NEARY: Mr. Speaker, the minister did not stand on a point of order, Sir, he did not point out to Your Honour that anybody on this side of the House was being irrelevant. I would suggest, Sir, that if the minister be permitted to carry on, that the same privilege, the same scope be given members of this side of the House. The same rules apply to this side of the House that apply to that side of the House, Sir; that

is all we are asking, Sir.

MR. SPEAKER: Order, please!

Honourable members are well aware that the rule of relevancy is a most difficult one to rule on. The Hon. Minister of Finance was replying to statements made by honourable members to my right, although I think the relevancy to the particular bill in question is a bit farfetched.

MR. CROSBIE: The honourable gentlemen do not have much faith in their arguments. When I started to answer them they qualied, quivered, shook, jumped to their feet on points of order. I can assure honourable members opposite that their arguments are not going to impress the public. The public of Newfoundland know that of the seventy-five hours, they wasted at least sixty-five hours of them in jejune and frivolous arguments that should have been delivered in the Budget Speech.

Now I will leave that point, Mr. Speaker. I do not want to upset them; I do not want to arouse them. In my usual conciliatory manner, I will not say any more about that except to say that any blame, if there be any, should be ascribed to the honourable leather lungs opposite and several of his cohorts. The Leader of the Opposition is not here today.

Now the Member for Bell Island, also known as honourable Leather Lungs, said or rather quoted me. He said that I had said that the Government of Newfoundland were from now on going to borrow in Canada only. I made no such statement, Mr. Speaker. I said that "We had adopted a policy of borrowing in Canada and the United States first. If we find, because of interest rates or other factors, it should become desirable to borrow in Germany or elsewhere we would, but we prefer to restrict our borrowing to Canada and the United States. It is a simple fact, Mr. Speaker, that the government have too much borrowing to do to be able to restrict it all to Canada, both direct and indirect. We therefore hope to borrow both in Canada and the United States of America this year.

AN HON. MEMBER: What about Liechtenstein?

MR. CROSBIE: Liechtenstein is an area that is very familiar to members

of the last government and to the people they supported in this province, John C. Doyle and the others, and the government of the day were very well acquainted with Liechtenstein. Societe Transshipping of Liechtenstein, Mr. Speaker, was paid \$4 million by Canadian Javlin for alleged wood rights that they were given by honourable gentlemen opposite. So they are quite familiar with Liechtenstein. So, Mr. Speaker, there has been no statement that we are going to borrow in Canada only. We hope to borrow in Canada and the United States. We are hoping to do a \$30 million issue for this corporation so that the government will be enabled to give its consent to other borrowing by municipalities for water and sewerage projects and the like.

As to whether we are borrowing too much or not, Mr. Speaker, that is a question of opinion. We are borrowing what we have to borrow to keep this province on the move, to carry out our dynamic policies of development, all of which is being well accepted by the people of Newfoundland.

I am sorry to hear criticism directed; apparently some honourable gentleman opposite do not want our municipalities financed. They suggest that we are borrowing too much. The honourable gentleman for Bell Island suggested that. Perhaps he wants us to restrict municipal borrowing, if he should not I hope that he shall support this bill so that we can get on with a \$30 million issue.

On motion bill read a second time, ordered referred to a Committee of the Whole House on tomorrow.

On motion that the House resolve itself into A Committee of the Whole To Consider A Resolution In Relation To The Raising Of Loans On The Credit Of The Province, Mr. Speaker left the Chair.

COMMITTEE OF THE WHOLE

MR. CHAIRMAN: Order, please!

The Hon. Minister of Finance.

MR. J. C. CROSBIE: Mr. Chairman, this Resolution and the bill that accompanies it is the lean bill that is required for this year, for the authorization by the House to the Lieutenant Governor-in-Council to raise monies for the purposes of the revenues and expenditures of the province. The principal amount that we are asking the Committee to authorize is \$168,700,000. The monies that would be spent, of course, are authorized by the estimates of expenditure presented to the Committee.

The bill also, Mr. Chairman, would repeal last year's Loan Act so that any authority to borrow under that Act, if it has not already been exercised, would be terminated. So this bill would terminate last year's Loan Bill and would authorize the borrowing this year of \$168,700,000 for the purposes of the province.

MR. CHAIRMAN: The honourable Member for Bell Island.

MR. NEARY: Mr. Chairman, I wonder if the minister, Sir, who has preached, when the minister was on this side of the Committee preached so much about democracy, having the House of Assembly approve monies, whether it was for borrowing or for any other purpose, Sir, having the Committee know all the details, Sir, about the money that is being borrowed, I wonder if the minister now could enlighten the Committee as to what this money is going to be spent for. Surely the minister must know now, Sir. Here it is the middle of May, the minister should be able to tell us now, Sir, item by item, what this money is going to be used for.

I cannot help, Sir, but observe again that the much-abused former Liberal Administration must have left this province in a pretty fair shape when the Minister of Finance can go out year after year, Sir, and borrow a couple of hundred million, \$168,700,000. Sir. Look let us get this out of our system for once and for all! Is the minister prepared now to admit that he was wrong when he went around this province for a couple of years, especially in two provincial general elections, preaching at the people of Newfoundland that the province was bankrupt,

that Joey had turned her belly up? Is the minister prepared now to admit that he was wrong? I do not think, Sir, in his wildest imagination, that the minister expected that he would be coming into the Committee on May 14, 1974, as Minister of Finance, and asking approval for the province to borrow almost \$169 million. If he did, Sir, the minister certainly did not expect at the time that he would ever be in that position, the Minister of Finance for the province. Is he prepared to admit now that he was wrong, that he had fooled the people of this province? That the financial condition of this province was in pretty fair shape when the administration took over? That old Joey was not as bad as he was painted? That the administration had no trouble at all to borrow money?

No trouble at all, Sir, they have no problems at all. As a matter of fact, there has been record borrowing, by the Minister of Finance, by the Progressive Conservative Administration, since we got thrown out. There has been record borrowing in this province, Sir. So I would say that speaks very well for the much-abused previous Liberal Administration. We certainly laid a pretty good foundation but, Sir, I am more interested at the moment and I would like to hear the minister confess that he was wrong, but I am more interested at the moment in finding out what this money is going to be used for.

AN HON. MEMBER: Inaudible.

MR. NEARY: Ha! Sir, I will not even recognize that, Mr. Chairman, I am more interested now in what old Scrooge, the Minister of Finance, has to say. Would the minister give us an item by item accounting of this \$169 million. Tell the Committee what it is going to be used for, to democratize the Committee and the House, get the power out of the hands of the cabinet, bring it into the House of Assembly. If we are going to approve this, Sir, we have a right to know what it is going to be spent on. I ask the Minister of Finance now to give us some more details not just get up and try and brush it off and say, "Oh, this is to carry on public services." What public services?

AN HON. MEMBER: For water and sewerage.

MR. NEARY: It is not for water and sewerage; there is more than that involved in it. What about the regional college? Is that included?

in that borrowing?

AN HON. MEMBER: Hear! Hear!

MR. NEARY: Hear! Hear! what?

AN HON. MEMBER: Inaudible.

MR. NEARY: What about the new fish plant for Burgeo, is that in here?

AN HON. MEMBER: Hear! Hear!

MR. NEARY: It is in there. I will sit down and give the Minister of Finance an opportunity to get up and tell us what they are going to spend this money on.

MR. CROSBIE: Mr. Speaker, I believe the honourable gentleman is one of the veterans of this House. Verily I do believe that he said here just a few weeks ago he was elected in 1962. Now how could a member of this House be elected in 1962 and sit here in fourteen sessions, Mr. Chairman, in three separate Houses of Assembly in this Province, and still

know as little as he appears to show here this afternoon. I mean I never thought in my wildest dreams that the Member for Bell Island had sat here those fourteen years and learned nothing.

The honourable gentleman asks: "What are these monies going to be for?" There was a budget speech in this House in April. All the estimates have been tabled in the committee. The budget speech showed that we had a total expenditure of - well, let us put it this way: We have on capital account an expenditure of \$197 million and (I am using round figures) related revenue of \$57 million. We had to borrow \$140 million for purposes of capital account. Now what is it to be spent on? It is to be spent on the building and paving of roads. It is to be spent on the Health Sciences Centre at Memorial. It is to be spent on the extension to the Carbonear Hospital. It is to be spent on the extension to the Western Memorial Hospital. It is to be spent on the extension to the Mental Hospital, the Waterford Hospital. Twenty-five million of it is to be spent on school construction. We have raised the amount to be paid to denominations for school purposes to \$10 million and so on and so forth. It is to be spent on our capital account. The difference between the revenue we are receiving and the amount we are going to spend, the net amount after one takes off a contribution from current account, is \$134 million in rough figures.

In addition we have \$20,825,000 worth of bonds coming due this year that we have to refinance. That is borrowing done by the Smallwood Administration that has now come due or will come due during this year and we have to refinance it. We have to pay \$14 million into sinking funds. We are borrowing that money to put into sinking funds. The total comes to about \$168 million.

Mr. Chairman, what this asks the committee to do is to authorize it, to borrow these monies to spend in accordance with the estimates that the committee has now approved. In addition to the amount

provided in this Loan Act, there might be guarantees for other purposes. This is to carry out what the budget speech indicates will be done this year and what the estimates suggests will be done. That is the purpose.

Now, Mr. Chairman, I realize that the Member for Bell Island might not be familiar with this because under his administration, the Smallwood Administration, the government did not have to get the consent of the House of Assembly at all to borrow. They amended the Revenue and Adult Act so that they could borrow at whim; they could borrow by an Order-in-Council. They never did have to ask the House to authorize borrowing. We have amended the legislation so we have to get the permission of the House of Assembly each year before we go out to borrow money for the coming year. This is what this now asks the House to approve for the purposes of the estimates and capital account in particular that have now been presented to the House and approved. I hope that satisfies the honourable gentleman.

Now there is nothing here for the regional college because that has been built and leased to the government. I hope that answers these questions.

MR. NEARY: Mr. Chairman, I managed to get some information out of the honourable minister. The minister started off his remarks, prefaced his remarks by saying that I, as one of the veterans in this committee, should know better. Well, Sir, I asked the right question. I asked precisely the right question. I did not get all the information that I wanted to get out of the minister but I managed to drag some of it out, Sir. I did not keep an accounting of it, I did not tabulate it as the minister was reeling it off. I can only take the minister's word that it came to about \$169 million.

Now, Sir, the minister could not resist getting his little dig in about the former administration. Well that minister knows full well, Sir, that his statement was grossly exaggerated, that

his administration has borrowed and will continue to borrow money. The Lieutenant Governor-in-Council will still borrow money but all they have to do is to come back to the House and get it approved retroactively. I would like to ask the minister now if they need to guarantee say \$100 million in the middle of July, for some harebrained scheme that the administration dreams up; would the minister insist that the Legislature be open to approve that?

AN HON. MEMBER: We do not have to.

MR. NEARY Do not have to? Sir, that is right. I have been around here, as the minister says, fourteen years and I am not going to swallow that kind of propaganda that he just flung across the committee at us. They would go out and guarantee the money, Sir, and then they would come in and do precisely what the minister is doing now and that is to bring in a bill, "An Act To Authorize The Raising Of Money By Way Of Loan Of The Province." That is how they would do it, Sir. They would ask the Legislature, members of the committee, to approve it retroactively.

Mr. Chairman, there is really not all that much difference, Sir. The reform is not as great as the minister would lead us to believe. I did manage to get a bit of information out of the minister, Sir, but I can only give him fair warning that next year; before we approve this kind of a bill, that he better bring in a list of the projects.

Mr. Chairman, we were told last year that the minister would not have a surplus in current account. We discovered, Sir, when the minister brought his budget into the House, that there was a surplus of \$14 million transferred over to capital account. Are we going to have a recurrence again this year? Is that the situation? Does the minister anticipate that he will have more money than he knows what to do with? Will he have money running out of his ears that will be used in capital account and they will not have to

borrow this much money? This minister seems to be hepped up on the idea, Sir, that money is taken from current account so there will not have to be as much borrowed for capital account. The minister is telling us here now that he is going to borrow \$168,700,000. Does he expect that to be more or less this year? Well there be a surplus on current account? If so, will the borrowing here be less? Will the minister collect taxes on inflated dollars that will keep this borrowing down? The minister also hinted, Mr. Chairman that there would be other loans and guarantees. Could the minister lead us into the light of what these loans and guarantees are going to be for? Surely, Sir, in the middle of May, the government knows what its capital programme is going to be for the year.

Mr. Chairman, apart from what the minister gave out in his budget speech, will there be any other borrowing? Will there be any other loans and guarantees? If so, Sir, here it is the middle of May and my understanding, Mr. Chairman, is that the committee is going to adjourn on Friday and we will not be back any more until sometime in June. If the minister do not have the information now, surely in June, he shall be in a position to give the committee the information. We have a right to know this, Sir. If they are going to do things in a proper manner, as the minister indicated, then Sir, I hope they will go all the way and give us all the information that we require.

Mr. Chairman, I would like to ask the minister when he is winding up his few remarks if he would tell us if the administration anticipate any more loans or guarantees, any more borrowing that the committee has not been told about at the present time? If we cannot be told now, we can be told in June when we come back. We will probably be here half the summer passing legislation that we could have passed two and one-half months ago. We have been just marking

time here for the last two or three months, clawing one another's eyes out, clawing at one another, sticking daggers into one another because we did not have anything to do. There was no legislative programme on the Order Paper.

MR. MARSHALL: Mr. Chairman, on a point of order: The honourable member is being irrelevant. It is completely irrelevant to be talking about the legislative programme. We are talking about a borrowing bill now.

MR. NEARY: Is "Froggy" finished now, Mr. Chairman?

MR. MARSHALL: We are talking about a supply bill, Mr. Chairman. Would the honourable member mind sitting down? Sit down.

Mr. Chairman, we are talking about a bill with respect to the borrowing of money. I do not think we should enlarge it any longer by listening to the honourable member's irrelevancies.

MR. NEARY: Mr. Chairman, I am going to give the Minister of Finance an opportunity now to reply to my few questions that I put to him, Sir.

MR. CHAIRMAN (Mr. Stagg): Before the other members speak, I must say that the House Leader was rising on a point of order which may or may not have been a point of order in which I would rule in his favour. However, I do think when an honourable member has the floor he has the right to be referred to by his parliamentary name. I would suggest that some of the names that honourable members have been calling others this afternoon are certainly not in the - I do not know if they are unparliamentary but they are certainly discourteous and they add nothing to the general tenor of debate in these chambers.

MR. CROSBIE: Mr. Chairman, this Loan Bill is only involved with the direct borrowing of the government and it carries out what is expressed in the budget speech as the government's programme for this year and the projects that are contained in the estimates that the committee has dealt with over the last few weeks. As far as any other loans or guarantees are concerned, there is also a loan and guarantee amendment to come before the committee. That

is for loans and guarantees apart from municipalities. There is another Loan and Guarantee Act which deals with municipalities. They are both distributed now. What loans and guarantees there may be during this year, we do not know now except that we have said in the budget speech that \$14 million is needed to get the Lower Churchill underway this year. That is our best estimate. That will be arranged by way of a guarantee by the province. That is very likely to be guaranteed during the summer. Of course there will be another Loan Act before the committee, Mr. Chairman, which I have given notice of, in connection with the purchase of the CFLCo. shares and water rights in Labrador.

Mr. Chairman, the only other guarantees we know of at the moment are in Bill No. 73, which has seven loans, for a very small total. We have not been guaranteeing very many loans in the last year. The answer to that is, as far as I know, as far as the guarantees are concerned during the year coming up, there will be \$14 million possibly for the Lower Churchill and there is another Loan Act to come before the committee in connection with the Churchill Falls and the hydro rights in Labrador. The other purpose of this money is to carry out the government's programme for this year. The Province of Newfoundland has not had a surplus since 1949.

Mr. Chairman, the only correct way to look at it is to put capital and current account together and see do we have to borrow money. If one has to borrow money, one does not have a surplus. We do not have a surplus. We have a contribution from capital account, hopefully this year of \$7 million. That may or may not be accurate; we do not know. Revenues may be higher than expected. Expenditures may be higher than expected. We do not know whether we will have a surplus or not. We may find that we may have to do something else on wages and salaries. That will have an effect on us.

Mr. Chairman, all I can say is that the forecast at the moment is that hopefully we will have a contribution from current account to capital account of at least \$7 million. If we do, that will mean that it is \$7½ million less that we will have to borrow, unless our expenditures are up for some other reasons. That is the purpose of the bill, to authorize this direct borrowing.

MR. W. N. ROWE: Mr. Chairman, here we have before us a bill and a resolution, the resolution being that it is expedient to bring in a measure to authorize the raising from time to time of nearly \$169 million.

Now, Sir, when the legislation was brought in a year or so ago, whereby this House was supposed to be the last or supposed to have the last word on the raising of money, it was hailed as a great reform, a great step forward. I believe that when the Minister of Finance, as I believe he did, brought in that original bill, taking it out of the hands of the government, the executive, and placing it into the hands of the House as to whether money would be borrowed or not in certain specified amounts, I believe he thought it was a great reform, a great progressive step forward. It had already been in existence before. On the advice of officials, the previous administration decided to get rid of that and to allow themselves to do it by Order-in-Council.

Unfortunately, Sir, the Minister of Finance fell under the sway or influence of the honourable House Leader on the government side. We have had introduced into this House in the past certain rules which cut down drastically on the amount of debate that can be done on estimates, budget, supply and everything else.

Mr. Chairman, this bill, which is really a blank cheque to the government to borrow an amount of \$168 million, with no authority, with no limits as to what the money is spent on, this is really a blank cheque to allow the government to borrow that amount of money.

Now, Mr. Chairman, aside altogether from the fact that the government can later on this year go out and borrow money of its own accord and have it ratified retroactively, aside from that which demolishes -

AN HON. MEMBER: (Inaudible).

MR. W. N. ROWE: Well they can do it by guarantee.

Aside altogether from that aspect of it, Mr. Chairman, what we have to remember is that when this great reform was first proposed by this government and lauded by the honourable House Leader it was supposed to be in conjunction with other parliamentary traditions of this House; namely that there was more or less unlimited debate on the budget, the estimates, so that all answers to questions could be obtained by the members of the opposition and also, Sir, on the premise that when ministers were asked certain things during the debate on their estimates, they would be forthcoming with some information, they would answer some questions. If we asked the Minister of Highways -

MR. CHAIRMAN (Mr. Stagg): Order please!

The honourable member has been very clever but I suggest that the matters he is now speaking about are irrelevant to this particular resolution.

MR. W. N. ROWE: I thank you, Your Honour.

In any event, Sir, we have here a bill which authorizes the government to raise nearly \$169 million. There was a time when such a bill did not have to come before the House at all. The government could just go out and raise money secretly, Mr. Chairman, with bond issues, prospectus all over the countryside, secretly.

AN HON. MEMBER: (Inaudible).

MR. W. N. ROWE: One can still do that. One can still guarantee, Mr. Chairman.

In any event, if this government wanted to live up to the spirit of its so-called great reforms as well as to the letter of its reforms, something like this bill would have some meaning before the House of Assembly. We would know that \$168 million is being borrowed; we would know that \$30 million is going to be spent on the roads, and where; we would know that \$14 million, as the minister has told us off-the-cuff, is going to be spent on the Lower Churchill Development; we would know that \$40 million or \$50 million is going to be spent on municipal development, and where, if the government wished to live up to the spirit of this legislation. But no, Sir. They bring in a bill which asks for blanket authority to borrow \$168 million and they have consistently refused, either by cutting off debate because of the gag rule the Minister without Portfolio has brought in or when debate has been allowed, before the seventy-five hours guillotine finally came, no minister, the Minister of Transportation, the Minister of Municipal Affairs, no minister would tell any member of this committee what the money is going to be spent on.

Mr. Chairman, what is the purpose of this bill? I would submit I am being relevant. What is the purpose of the bill? What is the point of it? Come into the House and ask for blanket authority, \$169 million. If the government should want some more money, come into the House, with their arrogant majority once more, and pass another bill for another \$168 million. Do not give the committee any information, Mr. Chairman. No, they are too arrogant to do that. I would submit that the Minister of Finance would not mind giving us some information but he has fallen into the thrall, the sort of bad influence of the Minister without Portfolio, and will not give information and insists on cutting off debate.

AN HON. MEMBER: (Inaudible).

MR. W. N. ROWE: Who gave information?

AN HON. MEMBER: (Inaudible).

MR. W. N. ROWE: Yes, lots of information forthcoming. No information was given as to where this money was going to be spent. It is a useless, hypocritical piece of legislation, Mr. Chairman. There is no point to it whatsoever. The only reason I waste my breath on it at all, Sir, is that I want to point out to the members of the committee and any members of the public who may be listening that this government since it got in power two and one-half years ago has followed consistently this practice of saying one thing out of one side of their mouth and doing and saying something entirely different out of the other side. There is no correlation, no cohesion between theory and practice between this government. Bring in a bill, "An Act To Authorize The Raising Of Money By Way Of A Loan By The Province Into The House," it gives the impression that

here they are, open, democratic, giving out information. Giving that impression to the public, Sir, yet at the same time using every opportunity to cut off debate, stifle debate, give no information and do whatever they want to do in any event. Completely hypocritical, Mr. Chairman! This bill should be recognized for what it is worth, nothing but a blank check, with no information, a theoretical limit of \$169 million on what the government can spend in the coming year but a theoretical limit only, Sir, no practical limit whatsoever.

They can guarantee what they want. I would submit that they can raise money and have it retroactively ratified by this House. There is no reason why they cannot do that. The Minister of Finance says, "No, we cannot do it". I submit, Sir, that if this government wanted to do it, it would do it and would not hesitate to do it. That too would be consistent with the general practices of this administration in the past couple of years.

We have no objection to passing the bill. All we say is why waste the time of the House with mealy-mouthed platitudes as to how democratic, how informational such a piece of legislation is? It is just useless, Mr. Chairman. We might as well pass it without any further comment.

On motion resolution in relation to the raising of loans on the credit of the province, carried.

MR. MARSHALL: Mr. Chairman, I might suggest we could really report back to the Speaker now but we wanted to call other motions here. So, perhaps with leave of the House we could stay in committee and report them all back at once.

AN HONOURABLE MEMBER: Inaudible.

MR. MARSHALL: Leave of the House? We have been referred for the consideration of motion number (6), which the Speaker has called. Normally we would have to now report back to the Speaker, having completed that which was delegated to the committee. I am suggesting that instead of just going back into the House and coming back into committee right again, why do we not do (1), (2), (3), and (5), these resolutions, and we can report them all back at once rather than go through -

MR. W. ROWE: On that point, Mr. Chairman, we will be happy to facilitate and expedite the business of the House by doing that, if the honourable House Leader would simply agree with the Leader of the House to allow us to ask a few questions on the estimates just put through. There are some questions we wanted to ask. A few more hours will not do anyone any harm. We would agree to do anything to expedite the business of the House if the House Leader with the leave of his colleague would allow us to ask some questions on the estimates. Will we be able to do that?

MR. MARSHALL: Mr. Chairman, you know there is an old saying, "I hate to see a grown man cry". I hate to see one man make a fool out of himself; it is really tragic when we see nine. We have not got the leave, obviously. So, I move that the committee rise.

AN HONOURABLE MEMBER: They do have the leave.

MR. MARSHALL: Well, we are not accepting leave on that condition. I move that the committee rise, report progress and ask leave to sit again.

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

MR. STAGG: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report having passed a certain resolution in relation to the raising of loans by the province and ask leave to sit again.

On motion report received and adopted.

On motion resolution read a first and second time.

On motion bill no. 75 read a first time, ordered read a second time on tomorrow.

MR. MARSHALL: I move that the House go into Committee of the Whole to consider motions (1), (2), (3) and (5).

On motion that the House go into Committee to consider motions (1), (2), (3), and (5). Mr. Speaker left the Chair.

MR. CHAIRMAN (MR. STAGG): Motion (2), bill no. 52.

MR. CROSBIE: Mr. Chairman, this is a resolution to amend the Retail Sales Tax Act of 1972. The point of the bill is to increase the rate

of the sales tax from seven per cent to a rate of eight per cent. Actually, Mr. Chairman, it is with some reluctance that the government move this but as is evident from the budget presented to the House and the estimates of expenditure presented to the House it was necessary to have a small increase in taxation this year. That is the purpose for the increase in the rate.

Now, Mr. Chairman, this whole matter has been canvassed thoroughly in the debate on the estimates of the Department of Finance, for some twenty hours. If necessary it can be debated again and the same old arguments can be gone over. The facts are that in order to continue to expand services to the people of Newfoundland, in order to make it possible to increase grants to school boards, in order to make it possible to carry on with the health services of the province, in order to help meet some of the calls of the opposition for greater and greater expenditures - we hear them calling every day in every way for more and more money to be spent - in order to provide for greater expenditures in the development of fisheries, industrial development and the like, it has been necessary to have a small increase in taxes this year.

I would also like to say, Mr. Chairman, that the people of this province have accepted that this is necessary. That have accepted the fact that there have to be these small tax increases because they accept the fact that government cannot provide new and better services without the taxpayer ultimately having to pay for the same.

Now an increase in sales tax is nothing new in this province. I think I explained in the previous debate on the estimates of the Department of Finance some of the increases there have been in the sales tax in recent years, the five per cent in 1963, just after a certain member joined the House, was elected in 1962, an increase to six per cent in 1967, an increase to seven per cent in 1968. Then in those years the tax was extended to laundry and dry-cleaning and the various services in hotels and the like. Then in 1972 there was an exemption to remove childrens' clothing and shoes from the sales tax. That was done by the present administration. There was an amendment of the regulations, in January of 1974, to eliminate heating and fuel oil

from the sales tax. Now there is an increase in the rate to eight per cent, with those essentials having been removed from the tax.

So, it is regrettable that this has to be but it is necessary this year. As I pointed out in the House before, Mr. Chairman, we are not the only province in Canada with the sales tax at eight per cent. The Province of New Brunswick has a similar rate, the Province of Quebec and one other province. Let us see, I probably have the figures here somewhere. There is one other province also which has an eight per cent sales tax. I think it is Manitoba.

I therefore move that the resolution be adopted by the committee.

MR. W. ROWE: Mr. Chairman, I will not detain the committee too long. I was not in the committee when the minister's estimates went through and the debate took place on this sales tax increase. I would like to take this opportunity to register my dismay and opposition to this bill and this resolution.

I do it on a couple of grounds, Sir. First as a matter of principle. Sales taxes - property taxes, these are among the most retrogressive taxes that countries use to raise finances for government expenditure. A sales tax, Sir, hits by far those who are less able to pay, hits them by far harder than it does those who are more well-off. When we have progressive income taxes where the more one makes the more one pays, not just because they made more money but because the government takes a bigger bite, proportionately bigger bite out of the amount they make leaving them a proportionately lesser amount but still sufficient to get by on.

In the case of that kind of a progressive tax, nobody can have much complaint with it as long as it is done equitably and fairly and there are no loopholes to allow people to get out of paying their right rate of taxation. In the case of a sales tax, Sir, on principle any raise in it must be protested against most vehemently unless there is good, strong reason why it should be imposed because, as I said before, it hits the less well-off people much harder than it hits the well-off people. So, I oppose it on that ground alone, Sir.

Also, the minister mentions that over the years, from 1962 or whenever it was onward, that the former administration kept increasing the sales tax. That is true, Sir, no doubt about that. I would venture to say that the government of that day, this country, this province at that time was not so well-off as it is now. This government is so well-off that they are able to budget for a surplus on current account. What is the amount? \$9 million or something?

AN HONOURABLE MEMBER: \$7 million.

MR. W. ROWE: \$7 million in current account. In other words, Sir, the amount that this Minister of Finance is budgeting for, the amount of a surplus that this Minister of Finance is budgeting for is only somewhat less than the amount which he is going to get as a result of this sales tax increase, \$10 million, by a one percentage point increase in this sales tax. Why would the honourable minister want to do that? Why would he want to impose a retrogressive tax, one that hits the poor worse than the rich? Why would he want to do that and at the same time budget for a surplus almost equal to the amount which will be brought into the province by this sales tax increase? It just boggles the imagination as to why he would want to do that, Mr. Chairman.

Add to that the fact that this government, mainly as a result of inflation and other considerations as well, greater growth in other regions of Canada, is getting money from Ottawa in a far greater amount than any previous administration ever had in this province, money from Ottawa coming in here, Sir. The Minister of Finance does not know what to do with half the money coming into this province. He could pay off, I suppose, part of the debt of the province. I think that also would be a retrogressive step. Much better that the debt stay where it is or is increased over the years, if we can provide public services to the people of this province, and let it be paid off over the next 100 years or 200 years for that matter.

Here we have a government which is getting money lashed out to it by Ottawa, which is budgeting for a surplus almost in the amount that it is going to collect as a result of the sales tax increase and yet it imposes this most retrogressive, most unprogressive

of taxes, a sales tax. I do not know why they do it, Mr. Chairman.

Add to that fact that there are millions of dollars of public money being flung out needlessly in this province. I am sure that the colleagues of the Minister of Tourism cringe every time they see him on television or every time he appears in cabinet to suggest some other harebrained scheme for the Twenty-fifth Anniversary of Confederation. How much money is going to be spent on that? I would say, Sir, that fully one half of the amount of money which will be brought into the treasury of this province by this sales tax increase will be flung out needlessly, down in a sink hole by the Minister of Tourism and the other departments who are participating in this Confederation Celebration.

I have no complaint about some celebration, Sir, a modest celebration for the Twenty-fifth Anniversary. But to throw away money needlessly as this government seems to be determined to do on this kind of a project or on other projects mentioned by the Minister of Finance in an earlier speech involving political patronage, Mr. McLean and others like that - the minister readily admitted that this was going on - when one thinks of the money that is being wasted on this kind of a thing, Mr. Chairman, then one can only ask why the Minister of Finance insists or his colleagues have forced him to insist on raising the sales tax, the worse possible method of taxation in such a poor province as Newfoundland.

I must confess, candidly, that I do not know the answers to the questions I have raised. Perhaps the minister can give me some elucidation when he stands up again. He has already spoken at length. I read through the Hansard report, the verbatim report of his remarks when his estimates were going through the House. I still have not found the answers to those questions. Unless the minister can in the next few minutes when he rises to speak give me some reason as to why this sales tax should be increased in the face of the arguments that I have brought up against it, especially the surplus, especially the wastage of money which is going on in this province, then I am afraid, Sir, that I have no choice but to vote against it as will my colleagues.

If this were necessary, if the government or the minister could point out to me that there were not millions of dollars being wasted, that he was not budgeting surpluses, that every cent being spent was absolutely necessarily spent and that the people were going to benefit in the long run by the imposition of this sales tax, then, Sir, I would gladly vote for it even though on principle it is the worse kind of retrogressive tax. The minister has not presented convincing arguments that this is necessary. I and my colleagues, Sir, will vote against it.

MR. CROSBIE: Well, Mr. Chairman, if the honourable gentleman did read the Hansard on the debate on the Department of Finance's estimates and is still not convinced, I do not think there is anything I can do to convince him now.

I agree with the honourable gentleman, as anyone agrees, that the sales tax is a regressive tax. Unfortunately it is the only major source of taxation this province has. A one per cent increase in the sales tax is calculated to bring us in around \$10 million in increased revenue. A one per cent increase in the personal income tax only brings us in about \$1 million in increased revenue. One per cent on the corporation tax brings in around \$900,000 or \$950,000 and so on.

Although this is a regressive tax, it must also be remembered that exempt from it are all items of food, certain items of fishermen's equipment, children's clothing and shoes and also there is exempted from it heating and fuel oil. So, the worse regressive effects of it are meliorated by that fact that there are these exemptions.

Now the plain fact is that the projected contribution to capital account from current account this year is \$ 7 million which is a very small amount in the budget of - well, on current account it is about \$550 million. That may or may not materialize. Certainly, Mr. Chairman, if we increase wages and salaries this year, we agree to make an additional payment, that \$7 million will disappear right there. Now, how it will all work out during this year we do not know.

The point is that it is necessary to have an increase in revenue if we are going to cut down our borrowing. We are already

borrowing a tremendous amount. The members opposite pointed out in the loan bill it was a large amount to borrow. We have got to show the financial community that we have a contribution from current account towards capital account, that we do not have to borrow everything we spent on capital account. That is very important also. We could not make the increase all on the income tax because it would be too big an increase in the income tax. We have already had to say that we are raising that four points, two this year and two next. That will bring us in around \$4 million or \$5 million.

Therefore we are faced with the regretful choice of having to increase the sales tax. Now, the only way out of doing that would be greater assistance from Ottawa. Well, we are already receiving considerable assistance from Ottawa, tax equalization. I explained in the budget speech how we are going to lose \$5 million this year on income tax through indexing, which Ottawa took the position they were not going to reimburse us for. For all of these reasons it is necessary to have this tax increase.

Now, I do not expect, Mr. Chairman, the opposition to be responsible. I did not expect they were going to vote for the tax increase. They have

not got the responsibility of governing and therefore they can afford the luxury of voting against this tax increase. I and other members on this side of the Committee cannot afford that luxury. We want to continue to be able to keep our services going and expand them, and to do that we must be able to borrow money and we must have the confidence of the people who lend money and we must remember that at least the rate is only going to eight per cent in Newfoundland in 1974 whereas it has been eight per cent in Quebec for the last seven years. It has been eight per cent in New Brunswick for the last three or four years. It has been eight per cent in Prince Edward Island for the last three or four years. Now we have come to that unhappy state ourselves. So we are not as badly off as the three provinces that I have mentioned. So regretfully, Mr. Chairman, I have to move the resolution.

On motion resolution carried.

Resolution to be submitted to a Committee of the Whole House in relation to a measure further to Amend The Retail Sales Tax Act 1972 - Act No. 56 of 1972.

MR. CROSBIE: Mr. Chairman, this resolution is a traditional one. Under The Local Authority Guarantee Act the provincial government is empowered to guarantee for municipalities' loans. This is done during the year by Order-in-Council but the legislation has to be amended every year to obtain approval by the House of Assembly of the loans made. I have a list here. I will just go through this - they are all mentioned in the Bill here. I will just give the purpose of each, for the information of the Committee; Admirals Beach, \$36,000; that was for a water system; Appleton Community Council, \$400,000, that is for a water and sewerage system; Badgers Quay/Valleyfield/Pooles Island, \$230,000, that was a loan guaranteed for a water system; Bishop's Falls, \$50,000, that was for work on their water and sewerage system; Bonavista, \$1 million; that is for their water and sewerage system; Botwood, \$190,000, that was for street paving \$140,000 and work on their water system \$50,000; Carbonear, \$350,000, that was \$150,000 for street paving and \$200,000 for water and sewerage work; Catalina, \$770,000, that is for water and sewerage; Clarendville,

\$750,000, water and sewerage; Coachmans Cove, \$50,000, that is a water system; Channel/Port aux Basques, \$405,000, that is a water system; The City of Corner Brook, \$1.5 million; that was \$800,000 for street paving and \$200,000 for water and sewerage; Corner Brook \$750,000, that was to redeem debentures that came due. They had issued debentures twenty years ago which came due: Deer Lake, \$250,000, that was for street reconstruction and paving; Deer Lake, \$135,000, water and sewerage; Deer Lake, \$100,000, street reconstruction and paving; Englee, \$100,000, water system; Fleur de Lys, \$170,000, water and sewerage; Flower's Cove, \$170,000, water system; Gander, \$120,000, construction of a works depot; Garnish, \$50,000, road reconstruction and paving; Glenwood, \$150,000, street reconstruction and paving; Goose Cove, \$60,000, a water system; the Goulds, \$50,000, street reconstruction and paving; Grand Falls, \$80,000, water and sewerage; (It is a huge list) Grand Falls, \$350,000, street reconstruction and paving; Hant's Harbour, \$60,000, water system; Happy Valley, \$200,000, street reconstruction and paving; Harbour Breton, \$75,000, road reconstruction and paving; Harbour Grace, \$640,000, that is \$440,000 for water and sewerage, \$200,000 for street paving; Hare Bay, \$408,000, water and sewerage; Heart's Desire, \$300,000, that is water and sewerage; King's Point, \$50,000, a water system; Lewisporte \$155,000, street reconstruction and paving; Lunenburg, \$150,000, water and sewerage; Mount Pearl, \$200,000, street reconstruction and paving; Musgrave Harbour, \$500,000, water and sewerage (That is a project they have been waiting for for a long time because I remember seeing them in 1968); New Perlican, \$120,000, water and sewerage; Nipper's Harbour, \$75,000, water system; Old Perlican, \$50,000, street reconstruction and paving; Peterview, \$50,000, water and sewerage; Placentia, \$1.1 million, water and sewerage, a new water and sewer system; Port au Choix, \$50,000, street reconstruction and paving; Port Union, \$400,000, water and sewerage; Roddickton, \$200,000, water and sewerage; St. Alban's, \$100,000, water and sewerage; St. Lunaire/Criquet, \$86,000, water system; St. Georges, a system is badly needed

there, \$2, 800,000, that is water and sewerage; Seal Cove, \$150,000, (The honourable gentleman's district did real well), that is water and sewerage; Spaniard's Bay, \$600,000, water and sewerage; \$300,000, Springdale, that is \$200,000 street paving and \$100,000 water and sewerage; Stephenville Crossing, \$50,000, that is a water system; Twillingate, \$100,000, water and sewerage work; Victoria, \$500,000, water and sewerage; Wealeysville, \$50,000, that is water and sewerage; Whitbourne, \$200,000, street reconstruction and paving; Woody Point, \$80,000, that is a water system. I think that is the last one.

Now, Mr. Chairman, that is a total, it is a huge total, \$17,465,000 is the total. To summarize, street reconstruction and paving is \$3, 370,000; water systems only \$1,402,000; water and sewerage \$11,823,000; the retirement of debentures on the Corner Brook water and sewerage system, \$750,000. So water systems and so on total \$13,975,000; road reconstruction and paving \$3,370,000 and the construction of a works depot at Gander \$120,000, It makes a total of \$17,465,000. All those loans were guaranteed by the government through Order-in-Council, at various branches of the chartered banks in the province. Now we have to ask the House of Assembly to approve that and the Newfoundland Municipal Finance Corporation hopefully will have a bond issue and repay the banks and then we can start guaranteeing loans for more needed municipal public works. So I therefore as the Committee to approve the resolution.

MR. W. N. ROWE: Mr. Chairman, I must say we welcome it. We are delighted they are doing it, It is too bad they are not doing more, too bad there are not more names on this particular list. There are a number of places that have been left out again. I am sorry there are not more names there and more money being spent throughout the province on these much needed, especially the water and sewer systems. Pavement is great, you know, and much needed but water and sewer systems are not a luxury at all but a necessity. So we are delighted to see this happening. We are only sorry there are not more.

There is one question, I notice some large amounts there, for example, one amount St. Georges, was it? \$1.1 million. I am wondering does that come within the formula which the Department of Municipal Affairs has for subsidization? You know, as I understand it, the government can only under a certain formula pay a certain amount of money based on the per capita, the number of people in the community. It can only pay a certain amount of money by way of subsidy and many communities in the past have been turned down on those grounds because in order to put in a water and sewer system not enough revenue could be raised locally to pay off the interest and capital on a yearly basis, amortized over twenty or forty years, so the government have to subsidize.

Now I do not wish to be misunderstood, I am delighted that all the communities listed here are getting water and sewer systems. But I am wondering, are there any exceptions to that general rule that there is a certain formula over which the government at least in the past would not go as far as subsidizing, the amortized payment for these huge loans? If there are exceptions, would the minister mind telling us on what grounds the exceptions are made and if there is any criterion used for the exceptional circumstances?

MR. EARLE: Mr. Chairman, perhaps the honourable Minister of Finance would allow me to answer that question. This \$2,800,000, the Town of St. Georges, somewhat over 3,000 people involved. It is one of the larger communities. I imagine with their revenue from their water tax and so on that they fall quite within any limits set by my department. I know there are several others with this record and I have mentioned previously where the subsidy is up to \$250,000 a year. So I can well imagine that the Town of St. Georges, with their revenue, would get within that bracket.

MR. ROWE, W.N.: Is the minister aware of any exceptions to the subsidy rule, the formula of the subsidy rule?

MR. EARLE: I have not checked it. Mr. Chairman, I can easily do so but looking at some of the figures I have seen precedents made in the

the past, there must have been some tremendous exceptions. I would think so because they are comparatively small communities that are subsidized beyond any realistic figure, so there must have been some exceptions. I do not know if there are any at present.

MR. CHAIRMAN: The Member for Labrador South.

MR. M. MARTIN: I think my question too can be answered by the same honourable minister, Mr. Chairman. We are delighted of course to see that these communities are getting their water and paving but all it says to me is, it merely confirms what we have suspected all along, that Labrador communities have a very, very low place in the priorities of this administration. I am wondering if the minister could tell us whether or not there are in fact any other communities which will be getting water systems, which are not included here. I refer to those incorporated communities in Labrador which, as I mentioned a couple of days ago, the Medical Health Authorities have turned down repeatedly, I am wondering if this year we are going to see any work done here?

MR. EARLE: Some of the Labrador situations are attempted to be handled by the Labrador Services but in addition to that last year, as I mentioned when I was talking on my estimates, we had the McClearn Organization and other consultants on the Labrador Coast doing studies of various communities. We have some of the details on these at the present time. Quite honestly, I do not know if we are going to be able to tackle them this year; the cost are exorbitantly high in putting in these systems that are guaranteed not to freeze.

I also mentioned that we are trying a couple of experiments on the northwest coast to see if they would work. It was only this afternoon I was talking to my deputy minister and I said that there is not much point in going ahead on some of these systems unless we are absolutely sure that they will not be frozen for six months of the year or eight months of the year. I have not got sufficient assurance on that as yet, to say that we will go ahead with some of these systems.

On motion resolution carried.

Resolution to be submitted to a Committee of the Whole House
in relation to the Act Further To Amend The Local Authority Guarantee
Act, 1957.

MR. MARSHALL: Inaudible.

MR. CHAIRMAN STAGG: It now being 6:00 P.M. I do leave the Chair
until 8:00 P.M.

The committee resumed at 8:00 P.M.

Mr. Chairman in the Chair.

MR. CHAIRMAN (MR. STACC): Order please!

RESOLUTION:

Be it resolved by the House of Assembly in **Legislative Session** convened, as follows: "That it is expedient to bring in a measure further to amend the Loan and Guarantee Act, 1957, the Act No. 70 of 1957, to provide for the advance or guarantee of a loan to a certain individual and for the advance of loans to and the guarantee of the repayment of bonds and debentures issued by or loans advanced to certain corporations."

MR. CROSBIE: This is a resolution on the Loan and Guarantee Act.

Well, we have No. 73. The resolution just refers to the bill.

Anyway, Mr. Speaker, every year, during the course of the year, occasions arise when government may find that it has to guarantee a loan for some purpose which under the Loan and Guarantee Act can be done by Order-in-Council, but under the Loan and Guarantee Act, such guarantees had to be brought before the House by way of amendment and be endorsed by the House of Assembly.

Last year we had very few such loans or guarantees. If one were to look at the bills for the past fifteen years, one would notice that there are very few in comparison, very few loans guaranteed last year. The ones that were guaranteed include Burgeo Fish Industries Limited, \$500,000, (That brought the total guarantees outstanding to \$1,200,000). The purpose of the \$500,000 guarantee was to provide the company with additional working capital. All of the outstanding shares of this company are owned by the Newfoundland Industrial Development Corporation and so it is completely owned by the Crown. That company of course is operating the fish plant at Burgeo, and there will be legislation before the present session. Tremendously intricate, an ingenious deal worked out by the Minister of Industrial Development with National Sea Products who are going to build a new plant down there and operate the present plant and see that trawlers are provided to bring in fish and so on.

The second loan is Deer Lake Bus Company Limited - \$35,000. That

is a guarantee of a bank loan to the Deer Lake Bus Company Limited who provided a bus service between Deer Lake and Corner Brook, in that area. As I understand it, the company has now given up business -

AN HON. MEMBER: Inaudible.

MR. CROSBIE: Is it still going? According to the newspapers, they had given it up. Well if it be not stopped now, it soon will be because they are in default. What happened there, as I think most members of the committee know, is that CN got the right to pick up and drop off passengers between Deer Lake and Corner Brook and as a result of that they put this local bus company in a very difficult position took away a lot of their business, and they needed financial assistance which the government has given them. The total guarantees of that company total \$70,000. The funds were required to pay outstanding accounts payable, to provide additional working capital and to maintain an adequate transportation system in the area.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: Well there has been no action taken to get anything back yet. We will see whether they are still functioning or whether they can carry on. We have a chattel mortgage on their four busses. We have a government director on the company's board of directors. There is to be no paying of director's fees without consent of the government or no payment to shareholders with exception of salaries to the shareholders who work on a full-time basis, and they are required to carry adequate insurance. I do not know whether or not this loan has been sufficient to save that company or whether it is going to last. I think they are still having difficulty. I believe the shareholders are Mr. Michael MacDonald, Mr. Len Burrige, Mr. Cecil Burrige.

The next loan is \$15,000 to Maritime Bedding and Upholstery Company Limited.

MR. NEARY: Was that Howie Meeker?

MR. CROSBIE: That was a company that he was originally or indirectly

or in the beginning was associated with, "Island Equity Group" or some name like that. They received a guarantee of a loan from the previous administration. This is another \$15,000 which will bring the total guarantees to \$100,000. The funds required provide additional working capital to the company. We have a chattel mortgage on all the machinery and equipment of the company, an assignment of their leasehold properties and a back-up guarantee from Island Equity Group Limited for the original guarantee of \$85,000. I do not know how the company is doing now. They operate at Stephenville and they are still alive.

The next loan, George Sexton Limited - \$30,000, I think George Sexton Limited originally received a guarantee from the past administration to start a woods operation at Kepenkeck I believe the place is. This is another guarantee of \$30,000, bringing the total guaranteed loans to the company to \$100,000. That guarantee was to provide funds sufficient for them to commence logging and sawmill operations last spring. We expect that this loan, the whole loan, was going to be retired by long-term financing that they are to obtain from the Newfoundland and Labrador Development Corporation. George Sexton Limited have an application for the development corporation. They have been conducting an exhaustive investigation into their affairs and advising them on proper bookkeeping and what steps they should take and the like. So if they get a loan from the development corporation, then this guaranteed loan shall be paid off.

MR. NEARY: Why would they not go to the Rural Development Authority?

MR. CROSBIE: Well the Rural Development Authority only grants loans up to \$10,000, as far as I know.

Trepassey Area Consumers Cooperatives - \$15,000. That was an Order-in-Council, originally given in 1972 apparently. It is a \$15,000 line of credit. The letter of guarantee was actually issued in March of 1973, to the Terra Nova Co-operative Credit Society Limited, who were extending them the credit I guess. The line of credit was required for inventory purposes and to enable the cooperative to establish a credit rating with the trade.

The next guarantee - \$50,000, Wabush Transportation Limited. It is to meet the cost of erecting a new building. It is a bank loan, guaranteed

by government in June of 1973. There may be a further guarantee. It has not been asked for yet.

AN HON. MEMBER: For whom?

MR. CROSBIE: I do not know, some local livier up in Labrador.

MR. WOODWARD: Yes but what is his name?

MR. CROSBIE: I do not know his name.

MR. WOODWARD: Inaudible.

MR. CROSBIE: It seems to me I remember Mr. Peter Walsh has something to do with the company. Oh now he jumps to his own seat. This is for bus purposes in Labrador City, a very important public purpose.

The last loan, Mr. Chairman, Wilbur Weir - \$75,000. This is a guaranteed bank loan to enable Mr. Wilbur Weir to purchase the ferry "Fogo Transport" to service Little Bay Islands in Green Bay. That is another example of course of the great efforts made on behalf of his district by the honourable member for Green Bay. The guarantee was given in June 1973. As security the province has a chattel mortgage on the ferry as well as a personal guarantee from Mr. Weir. So those are the guarantees. Mr. Chairman, I ask the committee to approve.

MR. WM. ROWE: They all seem to be in order, Mr. Chairman, but one thing puzzles me a little bit. Why have not these various individuals and companies; most of them are companies, all companies with the exception of one individual, Wilbur Weir; why do they not get their money from the Newfoundland and Labrador Development Corporation? How come the government itself is guaranteeing loans? The minister mentioned one had applied to the Newfoundland and Labrador Development Corporation and has an application pending. Have all these others? Well, Burgeo Fish Industries Limited would be an exception, but have the others applied to the Development Corporation? And if so, are their applications pending or have they been turned down or approved or what is the situation?

MR. CROSBIE: Well the Minister of Industrial Development could probably answer this better but the development corporation has really been functioning for about a year and most of these loans are before it really got functioning

there . The practice now is to refer people looking for loans like this to the NIBC first. Now if they will not give them a loan, the government **may or may** not consider doing something, but these are all previous to June of 1973, these guarantees. George Sexton Limited now has an application in there and it may be that Maritime Bedding **has**. I do not know if they have an application in there or not. The Co-operative Society obviously would not be the type of loan that NIBC would give. Perhaps Wilbur Weir, they **could** be interested in that kind of a loan. Burgeo Fish is a Crown Corporation, that is why we guaranteed it ourselves.

I do not know about the two transportation loans, whether they would be eligible through NIBC or not, but the practice now is to refer them. The Minister of Industrial Development refers people who want a loan or a guarantee to the development corporation first.

MR. NEARY: Mr. Chairman, I realize of course that the \$50,000 that was lashed out to the Wabush Transportation Limited, the fact that Mr. Walsh is a former P.C. defeated candidate, that had absolutely nothing to do with the gentleman getting the loan; it is merely a coincidence, Sir.

MR. WM. ROWE: No. No -

MR. DOODY: Inaudible.

MR. NEARY: Mr. Chairman, I am just saying that the fact that Mr. Walsh received this loan is just a coincidence; he happened to be a defeated Tory candidate. Sir, I would like to ask the minister if he would elaborate on just what this money would be used for, Wabush Transportation Limited, I think the minister said it was to put up a building I presume it was a garage of some kind for the school buses. What kind of a building was it?

MR. CROSBIE: Transportation busses.

MR. NEARY: Transportation, the \$50,000 was to buy busses?

MR. CROSBIE: A terminal for the busses.

MR. NEARY: A terminal for the busses. He operates the school busses down there, does he not?

MR. CROSBIE: That is right.

MR. NEARY: A regular bus system, Well, I am looking for information, Would

the minister tell us if Mr. Walsh is still in the bus business, still functioning? Has he left Labrador? Is he still there? Is he still operating the bus service? He he sold it? What kind of a building is it? Does the government have a mortgage on it? Perhaps the Minister of Industrial Development would care to give us the information.

MR. CROSBIE: Inaudible.

MR. NEARY: I just asked about it. Look, just like that I put about a dozen questions to the Minister of Finance.

MR. CROSBIE: Mr. Chairman, I will answer where I can. I have not been to Labrador City in a few months. There have been many, many requests from that area for me to go there. As a matter of fact I am supposed to speak at a dinner testifying to the member for Labrador West. They are having a testimonial for him, testifying to his testimonials. It was going to be held several weeks ago but the strike intervened there and it was put off. So I will be going up there, I hope within the next few weeks, at which time I will certainly check to see if there are any busses operating up there. I hope there are.

But if I remember it, this was the gentlemen in question, or his company operate school busses and other bus transportation in Labrador City. The loan is for the purpose of enabling him to do certain extensions to the garage and to provide money for the operation generally. There is an agreement between him and the government or his company and the government and a mortgage on the property; whatever the money was used for.

That is all I can remember about it. It was in June of 1973 I think the loan was given. We have not had any problem with it. He seems to be paying the interest and the bank seems to be satisfied. That is really all I can tell him, but it is to operate a transportation system in Labrador City.

MR. (M. ROWE): Just to follow up on this, Mr. Chairman; I must say though, Sir, before I get into it, it is a great pleasure to see the Premier and the Minister of Finance with their cars parked down, Sir, cheek by jowl, giving evidence of the fact that they have had a very pleasant dinner

together. They both come up jovial and friendly and everything. What a pleasure to see a government pulling together here, friendly. The Minister of Finance and the Premier, the best of buddies again. I am sure it was their shining example that brought my colleague, the member for Bell Island, and the member for St. John's East Extern together, watching this shining example of burgeoning friendship between the Premier and the Minister of Finance.

MR. EVANS: Wonderful Party! Wonderful Party!

AN HON. MEMBER: Who is the Leader?

MR. WM. ROWE: He is conferring with the almighties, the almighties that be. Can I now, Mr. Chairman, go to my constituency and tell the various school bus operators down there that it is open-house in the Department of Finance, that if they need money provided to operate their school provided now it is relatively feasible I mean they do not have to make a million or anything but if the thing looks like it might hold together at all with some scotch tape and some safety pins, then -

AN HON. MEMBER: Run for the P.C.'s, get defeated and you have got it made.

MR. WM. ROWE: Yes run for the Tories and then come in here and then you can go to the bank and get yourself a loan guaranteed by the Government of the province, I mean is that the situation now?

MR. CROSBIE: Mr. Chairman, there is no such policy if we look at those few measly guarantees. I remember coming into this House as a member and my God, the Bill to amend the Loan and Guarantee Act would be introduced and it would stretch from the chair there down to those doors. Those were the loans and guarantees that were lashed out in those days. Today the prudent, sound government - the loans and guarantees are not being - I am ashamed to bring before the House this miserable, few, piffling, measly, stingy,

You know, stingy, stingy. What is it they call me? Is it tight? No, "Scrooge." Well, you know only a Scrooge would stand up in this House and produce such an excuse for a bill. In the old days it would be tens of millions lashed here and lashed there and guaranteed there.

The member from Labrador South was complaining just this afternoon how we were not paying enough attention to Labrador. So, I can say this: It is useless unless they happen to be from the territory of Labrador, it would be useless unless they are from the Labrador City, Wabush area and useless unless further they were from the Labrador City Area because there is no general policy of giving loans for transportation purposes. Everyone has to be dealt with on his own merits.

Now, as the member for Green Bay mentioned, Mr. Weir apparently is a Liberal. I did not know he was a Liberal. I could not care less if the man be a Liberal. The government should not care if he were a Liberal. If he is a deserving case providing a public service, the ferry service, then he should be assisted. So, we do not know the politics of any of these gentlemen here and it is not a question of politics, it is a question of whether there is assistance needed for some public purpose.

Now, if that does not properly answer the honourable gentleman's question, I just do not know what to do. I might say, by the way, that the Department of Finance only administers these loans. The government decide whether a loan should be made or not. If it be a loan to do with Fisheries, usually it comes up in the Department of Fisheries and they recommend it. If it be an Industrial Development matter, the Minister of Industrial Development's department, if it be a Transportation matter, it might be the Transportation Department. All we poor, little people do down in Finance is administer the loan.

As I say, there are very few of them, Mr. Speaker. I am sure honourable gentleman opposite would be only too glad to pass it.

Now, might I just mention one other thing? If Mr. Smallwood

had never been born, Mr. Chairman, we would have sold liner board to Cuba. He never had the least connection with the sale of liner board to Cuba by Labrador Liner Board Limited. We sold 800 tons of liner board to Cuba last year, before Mr. Smallwood became buddy, buddy with Mr. Fidel Castro.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: Well, I do not know. I thought it might have something to do with loans and guarantees. I just wanted to make that point. If Mr. Smallwood had never existed, we would have sold 800 tons of liner board to them last year. They are begging us to sell 5,000 to 10,000 tons to them this year.

AN HONOURABLE MEMBER: How much are they getting for it?

MR. CROSBIE: How much are we getting for it? My sonny boy! We are getting the going price. It is over \$200 a ton. I cannot remember exactly the price. Labrador Liner Board Limited established a new production record yesterday, of 980.6 tons. That is not exactly relevant, Mr. Chairman, but it is interesting anyway.

MR. W. ROWE: Did you hear the Minister of Finance, Mr. Chairman?

"If Mr. Smallwood never existed, they would have sold liner board to Cuba." If Mr. Smallwood never existed, the Minister of Finance would be the leader or something today. That is just as relevant. I mean, what are we talking about?

Mr. Smallwood went down, out of the goodness of his heart, to Cuba, probably with some ideological attractions there. You know, Fidel and Joey! While he was there incidentally he did the Minister of Finance's job for him, in spite of the fact that the Minister of Finance did his best to take Joey's job away from him two or three years ago. We got buried eighteen feet under. Is that right? I mean, what I am saying is right, Mr. Chairman. So, why does the Minister of Finance not let bygones be bygones, Mr. Chairman? And just say, "Thanks Joey for not being so vindictive. Thanks for not holding the grudge against me." That is right. If the Minister of Finance aspired to be a statesman, that is what he should be saying here tonight; "Thanks Joey! You are a real man! You did not hold

it against me. You helped me do my job."

I do not know why he is so small-minded about these things about a man who is a living legend. He is out of politics. Gone! Not interested in politics, inclined only towards literary pursuits, so why be vindictive and vengeful, Mr. Chairman?

MR. CHAIRMAN (MR. STAGG): Order, please!

Well, I think the leniency of the Chair has been distributed sufficiently so that I can now interrupt the honourable member to say that the matter that he is debating is irrelevant just as the point raised by the honourable the Minister of Finance was irrelevant.

However, they were interesting, albeit irrelevant.

MR. W. ROWE: Mr. Chairman, to get back to the relevant point at hand here, Wabush transportation: Now, I asked a serious question and I hope I get a serious answer. I am not interested in the politics of this man Walsh. My honourable colleague brought it up and threw it in for a bit of fun I would imagine, incidental observation on his part.

Now all I am interested in is the old ones. We can understand that are hang-overs from the previous administration and that an administration, by the way, which did not have the Newfoundland and Labrador Development Corporation to turn to at the time, although we had pretty well settled that thing, eighteen drafts or something had been gone through and the thing had been reaching a conclusion when we got out of office, this administration signed an agreement with the Government of Canada, the Newfoundland and Labrador Development Corporation.

So the Minister of Finance should not stand up, Sir, and talk about the loans that had been made before, because it was an entirely different situation all together. Anyway, what I want to know is, what can I tell my constituents now when they come to me looking for a loan? Do I tell them that the Newfoundland and Labrador Development Corporation does not pass out money to transportation companies? I say that! Therefore there is no point in applying there. However, the Wabush Transportation Limited, which operates school buses and probably for all I know has a bus between Labrador City and Wabush -

I do not know if that is the operation or what. Can I now tell my constituents who are operating bus companies that should they want some money they can come to the government? If the thing should look a bit feasible, they can get money? Or is it to be a straight no? Do I tell them to forget it?

AN HONOURABLE MEMBER: Inaudible.

MR. W. ROWE: Well, okay! Why does this Wabush Transportation Company stand out as a glaring exception to that general rule? That is the only question I am asking, Mr. Chairman.

MR. CROSBIE: The policy has changed since.

MR. W. ROWE: The policy has changed since? The Minister of Finance you know, especially when he is not to blame, he should get the minister who is responsible, who brought this to cabinet and argued strenuously in favor of it? The Minister of Finance has to get up and add to his unpopularity, having brought in massive tax increases, income taxes, sales tax increases, having brought in a savage budget. Now he has to get up in the committee and defend something which is obviously motivated by partisan politics and nothing else.

Now, what the member for Bell Island had to say suddenly looms a little bit truer in everybody's mind. The policy was changed to accommodate this man and now it is changed back again so that nobody can be accommodated under the same rules. Is that the situation? If that be so, let the minister tell us and then we will know what to do and how to advise people who approach us.

MR. CROSBIE: Mr. Chairman, the honourable gentleman can advise people any way he wants to advise them. Whether an application or whether some particular case the government would agree to assist or not would depend on the particular case. There is no policy. Well, there is this policy now that loans of this nature or any nature would be referred first by the Minister of Industrial Development to the Newfoundland Industrial Development Corporation. If they did not want to handle it for some reason or it was against their policy, well I presume that individual or company could come back to the government and say that they will not give us a loan for this reason

or that and government will have to consider whether it is something government should guarantee.

So, that is the only advice I can give him. They should first go to the Newfoundland and Labrador Development Corporation. If they for some reason will not handle their loan or say that they are not eligible and there is some public purpose associated with it, some public factor or some service that services the public and they think that the government might be induced to guarantee or to assist if the development corporation will not, then it is just a matter of individual cases. So, I cannot say there is any policy for or against. The general policy is that the government does not wish to guarantee loans. It will only do it as exceptions to the general principle and certainly will first refer them to the development corporation to see how they will treat it and what they think about the loan.

MR. NEARY: Mr. Chairman, the minister mentioned earlier about coming into the House in Joey's times, "With a list," he said, "that would stretch from the table down here to the rail," Sir. Always number one on that list, Mr. Chairman, every year was Eastern Provincial Airways. What has happened to that? Where is that, the minister's own airline? Where is that buried to now? It used to come up here every year in this bill, Sir, but somehow or other now they have it stowed away somewhere. I would like the minister to tell us how that is shaping up. Are they meeting their principal?

I was on the cabinet committee that objected to them getting their last \$6 million, I can tell the minister that. They got I think it was over \$12 million, the last time I heard of it. What is happening on that? Are they meeting their principal and their interest?

I might say, Mr. Chairman, for the benefit of the honourable minister, I am sure there was no conflict of interest here - that we started to negotiate that loan, Sir. When the minister became Minister of Finance he completed it, turned a blind-eye and completed it with no conflict of interest there, Sir. I might get flung out for fourteen months let alone fourteen days, Sir, if I talked about conflict of interest

in that transaction. That transaction was finished when that Minister of Finance took over in the new administration.

Well, Mr. Chairman, another thing I want the minister to tell me when he gets up is about this Maritime Bedding and Upholstery Company Limited which was Howie Meeker's company I understand and is in Your Honour's own district of Port au Port. How is it doing? This is the second amount I think that they have gotten out of the government now. Is this a hang-over of the former Liberal Administration? Is it a new loan? How are they doing? Are they surviving? Are we going to end up one of these days with equipment for making beds? The government will have its own bed-making equipment. It might be a good idea, because they do not do anything down there in their offices now anyway. So, if she every goes belly-up, they will be able to make their own beds and really enjoy life down in their offices.

I would like to ask the minister too, Sir, about this Wilbur Weir one. Now, I do not know if Mr. Weir, Sir, is a Liberal or not. I can say one thing, he is not a defeated Liberal candidate.
AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: That remains to be seen. I see Mr. Lundrigan ran away from that riding out there, like a jack rabbit. He is down now in Bonavista, Trinity, Conception. He ran away, cowardly. He could not go out and face the election out there. He knew he would be defeated, Sir.

Now that this ferry service is being taken over by the Water Transport Committee of the Canadian Transport Commission, what will happen here now? Is the government going to write off the \$75,000? Are they going to try to collect it? What will happen here? Will we have a similar situation to what happened with the Newfoundland Transportation Company? Will it be written off? Will there be any effort made to recover the loan or is the jurisdiction now passed over to the Government of Canada?

I get a feeling I am talking to myself, Sir.

AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: Okay, Sir. The minister has me frightened to death. I am

going to sit down.

MR. CROSBIE: Mr. Chairman, to deal with the gentleman's last question first, Wilbur Weir. I suppose I have to do my tie up, speaking to the honourable gentleman. The position is that the Water Transportation Commission is supposed to be taking over that service. It has not yet taken it over. As to what will happen to the ferry, I am not familiar with the details but as I mentioned when I introduced the resolution, we have a chattel mortgage on the ferry as well as a personal guarantee from Mr. Weir, so I do not think there is any fear or danger that there is going to be any money lost on the guarantee.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: Yes. They have enough ferries in this place.

Now, on EPA : Mr. Chairman, the honourable member for Bell Island hates success. He positively hates success unless it is a success of John C. Doyle or some other entrepreneur from outside this province. He hates to see a Newfoundlander make good. He hates to see a Newfoundland company make good. If a Newfoundland company start small and grows big, with or without government assistance, he is full of envy, green envy and chagrin and venom and vituperation. Anger boils out of him year after year. Year after year the gentleman from Bell Island has attacked EPA. Why?

MR. NEARY: No, I have not.

MR. CROSBIE: Yes, he has year after year insidious comments and smirks and suggestions about EPA.

Mr. Chairman, just on the conflict of interest point: I know it is all useless, but in 1966 I sold the few shares I had in EPA. I sold them because I was going to go in the government, in the days before conflict of interest was even in the gentleman for Bell Island's mind. He did not even know what it was. He was like Premier Bourassa up in Quebec today. Poor Premier Bourassa, he has just come across conflict of interest. He is getting what-for up there about conflict of interest. Now, I have no shares in EPA.

The great friend of EPA, as far as government was concerned, was the last Liberal administration who helped EPA along the way because

the policy was, and it would be the policy of this government, that we should have our own regional airline headquartered in Gander, giving employment to hundreds of Newfoundland people and one of the mainstays of the Town of Gander. The last administration guaranteed the loan of \$6 million for them in 1965 or thereabouts.

In December of 1971, the last administration again agreed to something or other. It was quite a complicated transaction, \$12 million, to do with acquiring jets. That was done by the last administration. The deal was consummated, was put through, was done, was wrapped up, tied up, signed, sealed and delivered in December, 1971, before the new administration took over. If it had not been completed, tied up, consummated, put through, it would have been done by the new administration because there was nothing wrong with the deal in their assisting EPA to become a major regional air carrier and to acquire - they have now got five jets. They have gone public. Their shares are now traded in stock markets.

The member for Bell Island wants to find out about EPA. He just goes to his friendly broker and asks him for a copy of their statements. They are now a publicly owned company. For a Newfoundland company, very few Newfoundland companies, Mr. Chairman, ever get to a position where they can go public. In fact I would not be surprised if EPA is the first, if we exclude Newfoundland Light and Power and a couple of utilities like that.

So that is a real success story. It started with a Norseman, Captain Eric Blackwood, in Gander, in 1949. My father got involved in it. They went from a Norseman in a beaver up to the present day. My brother Andrew is the chairman, a well-known, infamous Liberal, campaign manager for the Liberal Party in the October, 1971, election. Now Joey realizes that there was a sinister plot, and we are going to keep him guessing. Anyway he was campaign manager for the Liberal Party. He is a Liberal heeler, one might say in a big way. Now he is the chairman of the airline and is being quite successful at it.

Mr. Jim Lewington, by the way, had just retired. I am glad

the honourable gentleman mentioned that, it gives me a chance to say something about Jim Lewington who was the president and managing director who is now going to be deputy chairman. He was originally from Ontario and he has been a terrific asset to EPA and had given it great leadership and management in the last ten or twelve years. He has done a very fine job. He is a citizen of Gander, married there and even, despite his age, with a young child, I guess ten or twelve years old now.

Anyway, Mr. Lewington is just going in sort of semi-retirement, and he has been one of the ones mainly responsible for the success of EPA.

Anyway, Mr. Chairman, to answer the gentleman's question, there has been no assistance from the government to EPA since the last transaction of December, 1971. That is not to say that if some sensible request came from EPA, that involved some good for the people of the province or more employment here or something of that nature; we would certainly be open to consider it.

AN HONOURABLE MEMBER: In meeting their commitments?

MR. CROSBIE: Yes. Not only meeting their commitments but in connection with the first loan of \$6 million. They have reduced the liability on that considerably and a lot of the original bonds have been bought in.

Anyway, there is certainly no problem. They may have a problem now I suppose; higher costs with oil and gas. So there is nothing here for EPA, no need of it.

Finally. Maritime Bedding and Upholstery: The Minister of Industrial Development and Land the member for the district, I remember our going through their place about eight months ago. Their business has not been very successful but they are still carrying on. They still feel that it can be successful. I think Mr. Leo Bruce of Stephenville is a local person who got sort of taken in by the group that started this Bedding and Upholstery Company Limited, and he has a lot of money tied up in it of his own personal money. They still feel they have a chance. Therefore, in 1973, we guaranteed them

this loan of \$15,000 for it. Now, they are still operating. We have a chattel mortgage on all their equipment and a guarantee from all their equity. I do not imagine that is worth very much, however.

AN HONOURABLE MEMBER: Who thought of equity now?

MR. CROSBIE: Well, this is the group that started it. Mr. Meeker and principally people from Toronto. I cannot remember their names right off the bat. So, that is just going along. Whether it is going to be successful or not, I do not know. They still feel it has a chance.

MR. WOODWARD: Mr. Chairman, just a few words: I am not quite clear on what the minister was trying to get at. I suspect that these guarantees were given for the fact that the people who were looking for the guarantees did go to all the lending companies, the banks and they could not obtain this type of money. Then they in turn went back to the government and said to the government, "Look, we are providing a public service that may not be as viable as one would like to have it, but then again we feel that if we did get the money, then we could make it a success."

So, in this respect the government turned around and gave the person a guarantee, who in turn went to the bank and got a loan. So, this could apply to a number of persons in this province, Sir, that have been refused by the banks and the lending companies. The third or fourth alternative is to go to the government and obtain a government guarantee. Is this the gig?

MR. CROSBIE: They should go and see the Newfoundland and Labrador Development Corporation. If all else failed, they could always come to the government and then the government may or may not .

On motion resolution in relation to the advancing or guaranteeing of certain loans, carried.

Motion: Certain Resolutions Respecting The Amendment Of The Income Tax Act, Chapter 163 Of The Revised Statutes Of Newfoundland, 1970 (Bill No. 51):

MR. CROSBIE: This bill, Mr. Chairman, is a bill to provide two things, members will see when they look at the bill. First it is to carry out the intentions stated in the Budget Speech of an increase in personal income tax and the provincial income tax rate. So in section (2) of the bill, it provides that the rate will be thirty-three per centum. Now the provincial income tax is so many points of the federal basic tax. It was thirty-six per centum, thirty-six points in the 1972 and 1973 taxation years, it will become thirty-eight per centum this year, 1974, this calendar year, which means that it goes up two per cent this calendar year, this taxation year, federal taxation year; next year, 1975, it will be forty per cent. So it is a four per cent increase, two this calendar year and two the next calendar year. That was announced in the Budget Speech. That income tax rate should bring us in this year about \$4 million this year, this financial year, to the end of March 1975. So the rate will be going from thirty-six per cent and in 1975 it will become forty points.

Now, Mr. Chairman, that rate is not the highest in Canada, although it is regrettably high, I am sure nobody wants to pay taxes if they can avoid it. But our rate will be, not this year but in 1975, our rate will be forty per cent of the federal basic rate.

The rate for the other provinces, just to compare the personal income tax rates of the others vary. It is thirty point five in Ontario and British Columbia. That is where you will see regional disparity. The personal income tax rate in Ontario and British Columbia is thirty point five. It is forty-two point five in Manitoba, which is two point five more than ours will be in 1975. Manitoba is the highest. Quebec you cannot directly compare it, they have their own income tax system. The rate is

thirty-six in Prince Edward Island; thirty-eight point five in Nova Scotia; forty-one point five in New Brunswick; Ontario I gave; Manitoba, forty-two point five; Saskatchewan forty, so we will be the same as Saskatchewan next year. Alberta is thirty-six although I think they may reduce it this year. British Columbia, as I say, thirty point five per cent.

MR. NFARY: We are the third highest in Canada.

MR. CROSBIE: Yes, we and Saskatchewan are tied, then New Brunswick is ahead of us and ahead of them is Manitoba.

Now mind you, Mr. Chairman, we will not be forty, we will not be the same as Saskatchewan until next year. Our rate this year will be thirty-eight. When you do your income tax form next year it will be, instead of thirty-six per cent of the federal tax it will be thirty-eight per cent and in 1975 it will become forty per cent.

Now the income tax is a progressive tax. It is a tax that naturally one would prefer to use because it is a progressive tax; the more income you make the higher the tax you pay. That is reflected in the fact, in the table given in the Budget Speech, on page 28, where we show that if you are - I will not do them all, just to give you an example. If you were a married person with two children and you earn \$4,000 a year or less, you would not pay the increase at all, if you earn \$6,000, you will pay \$13.00 a year more; if you earn \$10,000, you will pay \$46.00 a year more; if you earn \$20,000, you will pay \$158.00 a year more; if you earn \$25,000, you would pay \$228.00 more a year in tax, that is if you were married with a dependent wife and two children. So it is certainly not a great increase and until you get to \$20,000 a year, even then for a married person with two children and a wife the usual would be \$158.00, so it is not a great increase but it is highest for those who earn the most income. An increase of one per cent gives us roughly \$1 million or a bit more than that, \$1 million a year in taxation.

Now, Mr. Chairman, the fact that we had to increase that tax for the purposes of general revenue this year is another illustration of the fact as to why we cannot agree that so much of the income tax should go to school tax authorities and municipalities or whatever, because we have too great a need of it ourselves. One per cent increase just does not give us that much more revenue. As I explained in the Budget Speech, the revenue we are actually taking in by this increase is only going to match what we have lost through the indexing of the personal income tax system.

Now the second part of the bill is quite complicated to read but what it amounts to is this, that when the federal government pass their new tax reform legislation imposing a capital gains tax, they have a comparable section to the new section 4A in that legislation but the various provinces did not have a comparable section. The amendment deals with capital gains, refunds to Mutual Fund and Investment Corporation. (Now the federal government.) That is a capital gains tax on the mutual companies and mutual funds and they refund the tax to the mutual funds, once the mutual funds provide proof that they have paid out the capital gains to their shareholders, because then the individual shareholder has to pay the capital gains tax of whatever his tax bracket is. So if you are a shareholder in a mutual fund company and they have a capital gain, as long as they pay that capital gain out to their shareholders, the shareholders pay the capital gains tax and to prevent there being double taxation, the federal government then does not charge capital gains tax to the mutual fund. They refund it.

Now so that we stay in line with the federal government, the provinces have now to insert a comparable clause in their income tax act because we get part of the capital gains tax, and so that is not a double taxation on the mutual fund company and the shareholder. So that is the purpose of the amendment. I therefore move that the resolution pass.

MR. W. N. ROWE: Certainly, Mr. Chairman, this bill and this resolution; these two documents are more acceptable to us on this side than the one

we saw go through the Committee this afternoon, the sales tax increase. Having seen that go through, it almost seems foolish to vote against this one, although again I must say that I do not see any great need of this kind of a tax increase at this particular time. The minister budgeting for a surplus on current account, bringing in this tax increase, even though it is better than the sales tax increase, there is no doubt about that. It is a progressive tax that the minister mentioned and that those who can afford to pay, pay more, and those who cannot afford to pay, pay less.

Though on principle, Sir, we as the opposition do not believe that there is any necessity of tax increases this year, we feel on principle we have to vote against this. Although that will be a work of supererogation, we will not win on the vote at all but as a matter of principle we do not think that there should be tax increases this year.

There are a couple of questions though, Sir, could the minister indicate to the Committee what affect, if any, this has on equalization? Does it increase our equalization payments from Ottawa or decrease them or is it something independent of? I know it is related in various ways to equalization but does it have any affect on the net income we get from Ottawa because of the equalization formula?

Secondly, the minister mentions that around the \$5,000 or \$6,000 level of income the tax starts to come into effect. I believe it is \$13.00 a year for someone making \$6,000 with a couple of children and a wife. Has the minister given any consideration to this possible suggestion, that he have a floor on the tax below certain incomes, a floor which means that below a certain income no taxation will be paid at all? Anyone making \$6,000 a year or \$7,000 a year or \$8,000 a year, with a family, Sir, cannot afford to pay any taxes or any increase in taxes, especially with spiralling prices and inflation and everything else.

Why does not the minister say that anybody making less than \$7,000 a year, even though theoretically they might be required to pay \$20.00 or \$30.00 of an increase because of this taxation bill, will

not be required to pay any increase? This would be a good gesture I think to those who are a little worse off in society than most of us here tonight. It might not mean too much, \$20.00 or \$30.00 a year, not to most of us here, but to some people I am sure \$20.00 or \$30.00 will mean quite a lot. I throw that suggestion out to the minister, that he establish some kind of a floor and not allowed taxes to be collected or at least an increase in taxation to be collected on anybody making less than say \$7,000 a year. This would be consistent, Sir, because this is the reason why the sales tax is taken off food and clothing, childrens clothing, because it was thought that with a regressive or retrogressive tax like sales tax it should not apply to the basics of life and that the so-called little person is affected to a greater extent by a sales tax than a person who is making more money.

So for the sake of consistency, for the sake of humanity, I throw out the suggestion to the minister that he not have, perhaps bring in an admendment in here now. One of his colleagues could move it, that the tax not apply to anyone making less than \$7,000 a year and that he will not be affected by the tax. I am sure that the amount of income lost thereby would not be substantial to the government although it might be an important gesture, more than a gesture to those who are able to keep \$20.00, \$30.00, \$40.00 or \$50.00 a year as a result of this possible belated generosity of the Minister of Finance. I would like to hear his comments on that and also on the equalization formula. What exactly does it do to equalization, if anything?

MR. CROSBIE: Mr. Chairman, this would have an effect on equalization in the sense that the tax effort of this province would be increased and therefore when calculating the tax for equalization formula it puts us in a better position in that sense. In other words, we are making a tax effort equal to or better than other provinces. I do not think there is a big effect otherwise. The kind of a thing that affects the equalization formula would be if Ontario put up their

tax.

For example, last year when Ontario raised the sales tax two per cent, mighty Ontario, that brought them in, I do not know, several hundred million dollars in revenue or hundreds of millions of dollars and that increased the equalization fund, you know. That increased the monies that had to be paid out under the equalization formula because, you know, one per cent in Ontario gets them back so much more per capita than it does in Newfoundland.

So it has no direct bearing except that when the formula is carried out, they look at the tax rates in the various provinces and if our tax rates were low and we were not making a comparable tax effort say to Saskatchewan or wherever, we might get less equalization.

On the second point, I think it is a more complicated matter than the honourable member suggests for us to go into changing any exemptions ourselves without consulting Ottawa. It would have to be done in advance, because I think I am correct that all of these exemptions and so on they collect, the tax has to be uniform. Now this is not true in Quebec which is administering their own income tax system. In fact when Ottawa, as they proposed a week or two ago, Mr. Garner proposed to raise the exemptions there a bit, that would have affected us just as much as it affected the federal tax. It would have applied to the provincial tax also. We would be in favour of that step and would not have protested against it.

But the actual effect of this, even with the exemptions as they are now, I will give honourable gentlemen the figures, anybody making under \$6,000, really anybody making under \$10,000 a year is just not really much affected. It is \$52.00 a year if you have a wife and two children and you were making \$10,000 a year, and under \$6,000 it is nothing. So the progressive principle is really established there. We have no objection to looking but it could not be done today. An amendment could not be accepted now for increasing the exemptions so that those making, you know, raising the exemptions higher than they

are now. We did not object to it when it was done a week or two ago.

On motion resolution carried.

On motion that the Committee rise and report having passed the resolution, Mr. Speaker returned to the Chair:

MR. STAGG: Mr. Speaker, the Committee of Supply have considered the matters to them referred and have directed me to report having considered and passed the resolutions under Bills Nos. 51, 52, 53 and 73, and recommend that bills be introduced to give effect to the same, and ask leave to sit again:

On motion report received and adopted.

On motion resolutions read a first and second time.

On motion a bill, "An Act To Authorize The Raising Of Money By Way Of A Loan By The Province", read a first time, ordered read a second time on tomorrow.

On motion a bill, "An Act Further To Amend The Retail Sales Tax Act, 1972", read a first time, ordered read a second time on tomorrow.

On motion a bill, "An Act Further To Amend The Local Authority Guarantee Act 1957", read a first time, ordered read a second time on tomorrow.

On motion a bill, "An Act Further To Amend The Income Tax Act", read a first time, ordered read a second time on tomorrow.

MR. MARSHALL: Order (2), Mr. Speaker.

MR. SPEAKER: Committee of Ways and Means. The motion was put that I do leave the Chair for the Budget Debate.

Motion, that the House resolve itself into a Committee of Ways and Means: carried.

AN HON. MEMBER: The budget debate is over?

MR. NEARY: No, it is not over, Sir. What is this?

AN HON. MEMBER: To a point of order.

MR. NEARY: Hold on now! Take your time! Do not get your water hot over there!

MR. W. N. ROWE: We are here with the committee rising up and down, left, right and centre, and some of my colleagues want to speak on the budget debate.

MR. MARSHALL: It is very unfortunate that the honourable members across the other side of the House, after sitting over here for an appreciable period of time, do not appear to comprehend, understand or have even absorbed one iota of the rules of this House.

The budget debate is a debate with respect that the House resolving itself into a Committee of Ways and Means. When the motion is put the Speaker leave the Chair, we go into a Committee of Ways and Means and come back and report and the budget debate is over.

AN HON. MEMBER: Inaudible.

MR. MARSHALL: No you cannot. That is not the way it operates. If we look at it, I think it is page 54 in the Standing Orders, which I have memorized, I think we will find it.

However, Mr. Speaker, I do not know how my colleagues feel. We have not had a chance to caucus on this. The honourable members opposite did considerable - Oh! I do not think it is parliamentary to describe it, but they did something to themselves in the estimates; and the budget debate is now on. It is over really. It is really over, the budget debate!

MR. SPEAKER: Order please! The Government House Leader called Order 2, which is the Committee of Ways and Means, and the motion was put and carried. Technically that ends the budget debate.

MR. MARSHALL: With leave of the House, Mr. Speaker, if honourable gentleman do not mind, I will open the debate. Is it all right with Your Honour?

AN HON. MEMBER: What debate? It is over.

MR. CROSBIE: The budget debate was made on a motion that the Speaker do now leave the Chair -

MR. W. N. ROWE: To a point of order,

MR. CROSBIE: What point of order?

MR. W. N. ROWE: The point of order that the House Leader just spent three hours speaking, if I may speak to the point of order.

MR. CROSBIE: We do not want to take advantage of you -

MR. ROWE, W. N. Mr. Speaker, may I speak to the point of order?

MR. CROSBIE: What point of order?

MR. SPEAKER: Order please!

MR. MORGAN: There is no point of order.

MR. WM. ROWE: Well I am speaking to a point of order. The point of order is this, Mr. Speaker.

MR. SPEAKER: If the honourable member for White Bay South wish to speak to the point of order I shall recognize him.

MR. WM. ROWE: The point of order is this, Mr. Speaker: When the House Leader called that the Speaker leave the Chair to go into Committee of Ways and Means and Your Honour was busily putting the motion, I indicated loudly that I wanted to speak in the Budget Speech and so did my colleague here. Certainly the motion is put. Now Your Honour I am not going to stand as a member of this House and accept the sufferance of the House Leader or the Minister of Finance and have this, as Your Honour says, "Technically withdrawn by leave of the House" enter in the Budget Speech, either we have a right to speak in the Budget Speech as ruled by Your Honour or the Budget Speech is over. I am not going to accept the sufferance or the by leave of honourable gentlemen opposite. Clearly and loudly we indicated we wanted to speak in the debate and before anybody rose Your Honour had put the motion and it was carried, presumably technically.

Now if that be the way the situation is and that be the way Your Honour wants it, if that be the way the members of the House want it, we shall abide by Your Honour's ruling, but we are not going to suffer the "by your leave" or the sufferance of honourable members opposite to allow ourselves to indulge in the Budget Speech debate. Now either Your Honour allows the debate to take place as a matter of procedure and rules so, or the Budget Speech is over, it is as simple as that. The thing will go down in history as a piece of infamy, the fastest motion ever put in the history of this House, without giving members on this side of the House an opportunity to speak to it.

MR. MARSHALL: Mr. Speaker, I would like to speak on that point of order.

MR. SPEAKER: The honourable member for St. John's East.

MR. MARSHALL: You know it is rather amusing really because I think this is exactly the self-same situation that the honourable Minister of Education, when he was Leader of the Opposition in 1967, found himself in with another

government at the time, who refused him permission to speak. Now the situation quite frankly is this, Mr. Speaker. All members on this side of the House have engrossed themselves from the moment they were elected in the rules of this House and are very conversant with them. They have not sat over here underneath the present Premier in any kind of a subservient way, allowing him to carry on the government. They are all fully conversant with the rules. They all know that when the Budget Speech is called, the Budget Speech is called on the motion that the House resolve itself into Committee of Ways and Means. Now this motion was called, it was put, it was carried. It is quite obvious that members on the other side of the House did not know what was going on, despite the member for Bell Island being a veteran member of the House and despite the member for White Bay South also being a veteran member of the House, despite the fact that they both participated in curtailment of the honourable the Minister of Education, then the honourable Leader of the Opposition, speaking in a kindred matter.

But despite all these things, things have changed, Mr. Speaker, and we are prepared on the government side of the House, despite the fact that we could stand on our rights as the previous administration did, we are quite prepared to allow the honourable members opposite to speak if they wish to. But unfortunately the situation is that the motion has passed, through their inattention, and the fact of the matter is that when they do speak they will have to speak by leave of the members opposite, because the technicalities are there that it is passed. But I wish to make it loud and clear from the government's point of view that we are quite prepared to allow the negligent members on the other side, the sleepy members on the other side to speak if they wish to. So that is it. Now if they want to be so parochial, if they want to be so small as to say, "We are not going to speak by leave of the other side," so be it! But this is a government that is responsive to the rights of individuals and as far as I am concerned now, really the whole fact of the matter is, Mr. Speaker, they want to get out of the House. There is an election on and actually the one that benefits most by them getting out and going around the country is the P.C. Party, and the members of the

government, because they do more to elect the P.C. members than anything else.

But the point of the matter is they may, Mr. Speaker, as far as the government is concerned, even though we have the right to insist that they do not speak, they have the right to speak loud and clear on the budget in accordance with the rules by leave, as it must be because they have allowed the motion to go through.

MR. NEARY: Mr. Speaker, I would like to speak to this point of order, Sir, I would like to correct a statement that the Minister Without Portfolio made, Sir. When the Minister of Education was Leader of the Opposition in this honourable House, Sir, the reason that the Minister Without Portfolio gave for the Leader of the Opposition of that day not being able to speak was not the reason stated, it was because the Minister of Education, who was Leader of the Opposition, had stood up and seconded a motion and had made his speech in that debate, and that was the reason Sir, that he was not permitted to speak.

Now, Your Honour, when the motion was put, when the House Leader called the motion, number(2) I think it was, my colleague first of all said the Budget Speech and then I repeated, "Is it the Budget Speech?" Your Honour put the motion that the House resolve itself into a Committee of Ways and Means and that Your Honour do leave the Chair and Your Honour started to unstrap his microphone, to leave the Chair. That is not the way the Budget Speech proceeds, Sir, Your Honour stays in the Chair.

MR. WM. ROWE: That is right.

MR. NEARY: Of course he does.

MR. MARSHALL: I have never seen the like in my life.

MR. NEARY: Your Honour does not leave the Chair during the Budget Speech. Your Honour sits in the Chair during the Budget Speech.

AN HON. MEMBER: Inaudible.

MR. NEARY: Since when? Are you making up a new rule? So Your Honour I started to get out of my seat when I said to my colleague - and Sir, if you get the tapes and play the tapes, back you will hear my colleague saying, "the Budget Speech," you will hear me saying, "the Budget Speech" and

I am half way out of my seat and the motion is put. So we are not going to speak, Sir, by leave of the House. We are going to speak here as a right that we have in this honourable House.

MR. MARSHALL: I think if this be the situation and this be the alternative government that we adjourn for a moment and sing, God Guard Thee Newfoundland.

MR. SPEAKER: The honourable Minister of Education.

MR. OTTENHEIMER: Mr. Speaker, I do not like to get ahead but if I do not get up I will not get a chance to get up at all. If I may speak briefly to this, something analogous, not similar happened, an experience I had in 1967. Specifically what it was was this: A colleague of mine moved an amendment to the Address in Reply, the motion. I should have technically waited until that motion was read by the Chair. I did not and I got up and I began speaking. I said, "I wish to support this amendment," blah, blah, blah, blah. I kept on talking.

MR. WM. ROWE: That was what you said.

MR. OTTENHEIMER: And adjourned. Now the next meeting, and I know exactly how it happened, the then Editor of Debates caught on, even Mr. Smallwood with his great knack of parliamentary procedure did not, but George Baker, a very sharp fellow, caught on and drew it to Mr. Smallwood's attention and the former Premier thought, you know, great chance to embarrass him, and brought it up on a point of order. Then we adjourned for five minutes and Mr. Clarke was Speaker and he came back with the ruling that in fact I had spoken, I had no right further to speak and I made the point, I said, "It is clear what my intention was, My intention was to speak on the amendment, not on the main motion," He said, "That may well be," or some such thing, "but technically you are out of order." Then Mr. Smallwood got up and said, "Yes, you are out of order but we will on this side give leave for the Leader of the Opposition to speak. He is technically out of order but we give leave for him to speak." Then what I said was, "No, I will not speak in this debate by sufferance, if I do not do it by right I will not do it at all." I am not suggesting to anybody what they are doing, I just want to put the historical perspective there, that in fact I think is what

happened at the time.

MR. WM. ROWE: If I may say one word of reply from this side of the House, a very interesting yarn we just heard from the Minister of Education, about as relevant as what is going on in the Province of Yangtze in Red China. But, Sir, let me just say this; Your Honour, a motion was called and Your Honour put it and then, as my honourable colleague the member for Bell Island said, Your Honour started to unbuckle his regalia to get out of the Chair as if we were moving into a Committee of the Whole, at which point I said, "The Budget Speech, do you want to speak?" (To my colleague). My colleague said, "The Budget Speech?" He was halfway out of his Chair. In the meantime the Minister of Finance had adjourned the debate and therefore everybody was expecting him to get up anyway to resume the debate and while all of this is going on, Your Honour, Your Honour suddenly puts the motion before the House.

Now Your Honour, you know I do not know but obviously the honourable the House Leader will try every nasty little tactic known to mankind to cut off debate in this House, I mean everybody is aware of that, but I would be very surprised if Your Honour would be party to such an attempt by the honourable the House Leader. I suggest to Your Honour humbly and respectfully that Your Honour admit that it was done slightly in haste and Your Honour put the motion in regular fashion and then allow any member, perhaps nobody does want to speak, but at least give them the opportunity to indicate they do or they do not. But, Your Honour, I stress again that nobody on this side of the House, in such an important debate as the Budget Speech debate, is going to speak as a matter of leave or by sufferance of any honourable gentlemen on the other side. Either we do it by a ruling of Your Honour, saying that we have the right to speak, or we do not speak on it.

Now it is up to Your Honour and I suggest, Sir, that you rule that the motion has not been put or that it was put in a wrong manner and that it be put again, and allow members to speak if they so desire.

MR. MARSHALL: Just one moment, Your Honour, I mean how foolish it be known that we are quite prepared to listen to them but they are, you know we

are going to have to technically listen to them by leave as we have been forced and we have been doing under the rules. We have had to suffer them out in the estimates. Now under the technicalities of the rules we are prepared to listen to them. Now let that be known and let that be known loud and clear, that we are prepared to listen to them talk in the Budget Debate. Now if they want to be so churlish and childish and infantile as to turn around and say, "No, we are not going to do it, Mr. Speaker, because we are not going to play ball with them if they are the only ones that - if we can only play it on conditions that they let us, then let it be on their head."

MR. SPEAKER: The members to my right have indicated that they are not willing to speak by leave and they have sort of put the responsibility here. I was satisfied that enough time had elapsed to allow honourable members to my right to rise and indicate they wanted to speak, but since the point of order was raised, I shall adjourn the House for five minutes or so to listen to the tapes to see exactly what was said, and then come back with my ruling.

MR. SPEAKER: Order, please!

I have listened to the tapes of the proceedings in regards to the motion being put, "That I do leave the Chair." There appeared to be some voices in the background but it is not clear as to what was being said, because I suppose the microphones were not open.

There may have been an attempt by persons to my right to speak, therefore I resolve that I shall put the motion again.

MR. NEARY: Mr. Speaker, is the minister going to continue with the debate?

MR. MARSHALL: The motion has to be put I believe. The motion has to be put.

MR. SPEAKER: Order, please!

The motion was put basically on budget day. The Minister of Finance adjourned the debate. So, it is a matter of calling order number (2) now which is an indication for persons to speak on the Budget Speech. If the honourable Minister of Finance should not wish to, then he closes it off after, and somebody else can speak.

MR. NEARY: Does the minister wish to say a few words?

I must say, Sir, I was kind of half-hoping that Your Honour would stick by the original ruling because I find it very hard to get up tonight, Sir. Anyway, we will do the best we can. I will have to see what notes I have here. The first step here is to get in touch with a lawyer.

Mr. Speaker, the Budget Speech is almost a freewheeling debate, at least we can talk about anything under the sun. So, I am going to start off tonight because I did not get an opportunity to do this under the appropriate heading with the Justice Department. As a matter of fact, Sir, there are a lot of points that we wanted to make under the various headings and we did not get a chance to do it because of the guillotine rule that the Minister without Portfolio brought in. We were gagged. There is no doubt about that, Sir, we were gagged on this side of the House.

Mr. Speaker, I do not know whether honourable members on the government benches realize what they did or not. I do not know if they

realize it. Sir, but the real battle in parliamentary history that I recall - I am not really a student of history - was to get the authority, to get the power away from the King for spending money and collecting money. Mr. Speaker, there was blood spilled trying to do that. The whole purpose, Mr. Speaker, of the legislature at all is to pass money bills. That is the whole purpose of the legislature. I do not know whether honourable members realize that or not.

The Throne Speech is just incidental, Sir. The speeches read by the Governor on opening day are just incidental. The Speech from the Throne, the bills that are passed, legislation that is passed in this House is all incidental. The real purpose of the legislature, Sir, is to pass money bills, is to pass the estimates. Lo and behold, Mr. Speaker! What did this administration do but limit the time.

AN HONOURABLE MEMBER: The honourable member is good till eleven o'clock.

MR. NEARY: Well, I am going to carry on as long as I can. My lungs are not the best.

AN HONOURABLE MEMBER: The honourable member is allowed forty-five minutes.

MR. NEARY: I do not know. Well, the leader is allowed unlimited time.

Mr. Speaker, this is a very serious matter, that we did not get sufficient time to discuss the estimates.

AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: Mr. Speaker, does Your Honour know why we spent twenty hours on the Minister of Finance's salary? Last year, Sir, we were accused - I think I heard the nasty Minister without Portfolio on radio today saying that last year we only spent an hour-and-a-half on the Finance Department. This year we spent twenty hours.

Well, I would like to remind honourable members on the government benches, Sir, that there was no increase in taxes last year.

AN HONOURABLE MEMBER: They did not talk about the increase in taxes.

MR. NEARY: Oh, we certainly did. If they go back to Hansard, look at the reports, we spent, Sir, about nineteen-and-a-half out of that

twenty hours criticizing the minister for increasing the retail sales tax and for upping the personal income tax. That is why we spent so much time on the Minister of Finance's salary. It was a kind of a mini Budget Speech.

Mr. Speaker, remember we had no guarantee. The way this crowd are behaving and acting, Sir, we thought that they were trying to hurry up the business of the House to get her closed up. There was no guarantee that we were going to be allowed to continue with the Budget Speech. We saw an attempt tonight on the part of the government to stop the Budget Speech. We know the House rules. Your Honour made a pretty fair ruling, in my opinion pretty fair indeed, another victory for democracy. Thank God that we have one gentleman in this chamber who realizes the importance of democracy! I congratulate Your Honour for making that fair decision.

Mr. Speaker, today before we got a chance to finish up, polish off the Minister of Industrial Development, I rose in my place, Sir, to say a few words on the matter of industrial development and to take a few flicks at the minister. I did not have a chance to get in full flight when the time ran out and the axe fell right down on my skull.

What I started to say, Sir - the Minister of Finance apparently resented what I said this afternoon about Joey being the best salesman that this province ever had. I do not think anybody can deny that, Sir. Joey Smallwood, Mr. Speaker, went out, worked eighteen, nineteen hours a day. He was not a part-time Premier. He travelled all over the world trying to sell people on the idea, industrialists and businessmen and entrepreneurs, sell them on the idea of coming in and developing our resources here in Newfoundland.

Mr. Smallwood had a fair amount of success along these lines.

AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: Oh, it sounds very funny. One of the last accomplishments of the Smallwood Administration, before they left office on January 18, 1972, was to start up the oil refinery at Come-by-Chance. That was only the beginning, Sir, of that industrial development that is going to take place in that area. It was Mr. Smallwood who did that. I mean,

the Minister of Industrial Development can grin all he wants to. Despite all the criticism and all the abuse that was heaped on Mr. Smallwood, especially by the Minister of Finance and the Minister of Justice when they were on this side of the House, he finally got that project off the ground.

Then we saw this administration, when they came to office, reverse their policy. Then they got into bed with Mr. Shaheen, which was probably a good thing and now they are talking about a second oil refinery. They are still talking about the petro-chemical complex for Come-by-Chance. They are still talking about it.

Then it was Mr. Smallwood who got the liner board mill going over in Stephenville. He got all the fish plants going all around various parts of Newfoundland. He got the Upper Churchill developed. Yes, he certainly did.

AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: Well, that is what I am coming to, Sir. That is what I am coming too, one of the biggest con jobs of this century. He started up Wabush and Labrador City, Iron Ore Company of Canada. What else did he start up? How about the shipyards down in Marystown? How about the fish plant down in Marystown? All the fish plants, Sir, around this island were started by the Smallwood Administration.

Now, Mr. Speaker, the point I am trying to make is this: What can this administration point to that they have started up in this province in two-and-a-half years in office? What can they point to? Can they show me one project, one industry that they have gotten off the ground? Can they? I will take my seat if they can, if one of the honourable members can get up and say, "Look, we started this great project here" or "we started that great project there" or "we put that industry here." Can they show, can they point their finger, Sir, to one industrial development in this province in the last two-and-a-half years? The answer is no, Sir, they cannot. They should be ashamed of themselves.

AN HONOURABLE MEMBER: Two years straightening the mess out.

MR. NEARY: Two years straightening the mess out? What nonsense!

What nonsense! It was all a myth, Sir. It was all bologna. It was all propaganda by the Minister of Finance and his colleagues. It was the biggest con job ever pulled off in Newfoundland, Sir. They went around the province and they told the people of the province, they kept repeating it. Remember what Hitler said, "If you keep telling a lie long enough, people will believe it." Did anybody ever read, "The Rise and Fall of the Third Reich"?

Sir, this administration came to power on a negative platform. It was a con job. They went around the province and they told the people, 'Joey is corrupt. His administration is corrupt. This one is corrupt. That one is a gangster. That one is a criminal.' They are over there two and a half years, Sir, and they have not laid any charges against Joey yet. Certainly they have had ample opportunity to go down in the files and in the cupboards and in the dark closets of this building and dig out all the information they need. They have certainly had ample opportunity to do that, Sir. They even sent the RCMP over to raid poor old Joey's house over on Roaches Line.

MR. SPEAKER: Order, please!

The honourable member mentioned in the first part of his speech that considerable leeway was usually given. That is quite true but I think there comes a time when even the honourable member for Bell Island should be reminded about the rule of relevancy.

MR. NEARY: Well, Sir, I do not know. It is a freewheeling debate.

Mr. Speaker, they have not had one single original idea since they took office. Now, remember, Mr. Speaker, Mr. Smallwood had shown them the way in Labrador on the development of the Upper Churchill, had blazed a trail. All they had to do was to follow in his footsteps and do the right things and within one year after they took office they could have had the development of the Lower Churchill underway. That is all, less than one year; all the spade work was done.

Now, they have made such a mess of it, Sir, by attacking, by sticking the knife into BRINCO. Sir, I will make a prediction

here and now that the Lower Churchill will not get off the ground, will not get started, construction will not get underway in a serious way. They may piddle away, Sir, \$14 million or \$20 million this year. That is all they will do. They might as well give it to Nutbeam and let him flush it down the toilets in the privies of the province.

SOME HONOURABLE MEMBERS: Inaudible.

MR. NEARY: Are they all finished now?

Mr. Speaker, that project will not get underway until that administration is thrown out and replaced again by a Liberal Administration, by an administration that has the foresight, that has the initiative and the imagination and can get the co-operation - that is the important thing - get the co-operation of the international business world because, Mr. Speaker, there is no doubt in my mind that the attitude of this administration and their fiscal policies have turned off industrialists and businessmen who had even harboured a thought of ever coming into Newfoundland. They have turned them off.

Sir, I have no sympathy for BRINCO but I think this administration is beginning to realize the blunder that they have made by pouncing on BRINCO like they did, by knifing BRINCO in the back.

MR. CROSBIE: Why is it the honourable member likes BRINCO and he does not like EPA? Is it because they are all foreigners that own BRINCO?

MR. NEARY: No, Sir, BRINCO did not borrow any money from the Newfoundland Government, EPA is into the public treasury for \$12 million.

MR. CROSBIE: Inaudible.

MR. NEARY: Oh, yes, little brother Andy, 'Andy Pandy', 'Little Andy Pandy', great Liberal. We were told this afternoon, Sir, that brother Andy is a great Liberal. Well, Mr. Speaker, I do not know what you would call a person who has one foot in both parties. I do not know what you would call him.

MR. CROSBIE: Just because he supported John Mahoney for the presidency, now they have been talking about it ever since.

MR. NEARY: I know what he did. I can tell the Minister of Finance what he did. He went down to the Holiday Inn when he knew I was going to win that and went around knocking on doors, at two o'clock and two thirty in the morning, threatening people, "You will lose your job if you elect Neary president." He told them, "You will lose your job, probably." Mr. Speaker, acting on instructions from "Brother John .

AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: No, brother Andy did it.

MR. CROSBIE: The honourable member withdrew gracefully in favor of Mahoney. Now, the honourable member is telling us a different story.

MR. NEARY: No, Sir.

MR. CROSBIE: I remember I saw the honourable member on television withdrawing gracefully to support John Mahoney.

MR. NEARY: No, Sir. That is not true. I finished that race. I finished it.

MR. W. ROWE: And the honourable member was not eighteen feet under either.

MR. NEARY: No, I guarantee them. I lost out by twenty-three votes, thanks to Brother Andy.

MR. CROSBIE: So that is why the honourable member has his knife in EPA?

MR. NEARY: No, I have not got my knife in EPA.

We are wise to this honourable crowd now. We are wise to them. We are wise to the kind of a game they are playing.

MR. CROSBIE: Is Brother Andy a Tory or a Liberal?

MR. NEARY: I do not know what he is and I could not care less. He does not do me any favors.

AN HONOURABLE MEMBER: I suppose he does not.

MR. NEARY: No.

AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: No, Mr. Speaker, I have not knifed him. Is getting up speaking the truth in this honourable House, Mr. Speaker, knifing anybody?

You know, Mr. Speaker, they have got St. John's circled now. They have got her circled. If one were to come into Newfoundland by air, one would have to come in on "Crosbie's Plane." If one were to come down from the airport, one would have to come down in a taxi owned by "Crosbie." I do not know but that they are driving over a road. If one were to stay in a hotel; when they get it built downtown, they will be staying in a "Crosbie Hotel."

Mr. Speaker, I can tell you a story, Sir. When I came into this Honourable House -

AN HON. MEMBER: Inaudible.

MR. NEARY: Yes, I do not know, but they have an interest in that too. One can hardly put one's foot down, Sir, in this province but one is walking on something that belongs to him.

MR. NEARY: And we are told by the great and courageous and honourable Minister of Finance that he sold all his shares, got rid of all his interests in the Crosbie Companies, but he did not get paid for them. He gets his cheque every month for the interest on the money. They consider that as a loan. "Oh no, Brother Andy, no, no, you do not have to pay me in cash. That will be considered as a loan and you pay me my interest every month on the loan." What happens when the minister gets flung out of this House in the next election?

MR. CROSBIE: I will have to depend on the interest.

MR. NEARY: He will not be living on welfare, I can tell you that. Back comes all the shares and the next thing you know he is president of this company, director of that company, secretary of this company, vice-president of another company.

AN HON. MEMBER: Inaudible.

MR. NEARY: I do not know, Sir, but you would find him behind the controls of one of these jets.

MR. DOODY: Eat your heart out!

MR. NEARY: I will say this, Mr. Speaker, over in New Brunswick when Mr. K.C. Irving started to get an economic **stranglehold** on the Province of New Brunswick -

MR. W.L. ROWE: They drove him out.

MR. NEARY: The people over there did not put up with it very long, when he had his newspapers and his chain of gas stations and it was not long before he was hauled up before court, convicted under the Combines Act and driven down into the Bahamas.

AN HON. MEMBER: He is not a fugitive from justice.

MR. NEARY: No and neither is Mr. Smallwood a fugitive from justice. The minister tried his best, tried his best to put poor old Joey behind bars.

MR. CROSBIE: Why do you not cry a few tears about Doyle?

MR. NEARY: Mr. Speaker, I will say this to the honourable minister, I throw this out to the honourable minister, that they can use the courts all they like in this province, Sir, but that is a two-way street. If they want to use

the courts and they have had a reasonable amount of success so far in the courts. Sir, they must remember that two can play that game.

MR. WM. ROWE: That is right.

MR. NEARY: Two can play that game. I would bet you \$1, Mr. Speaker, that if I were sitting on that side of the House that I could launch an investigation by the investigative arm of the R.C.M.P. into any honourable member on that side of the House who runs a business and I could find a dozen charges of fraud that I could lay against him.

MR. BARRY: We cannot take that. I would ask the honourable member to withdraw that.

MR. NEARY: No, Mr. Speaker, I will not withdraw it.

MR. BARRY: Mr. Speaker, he is impugning the character of every member on this side of the House. It is unparliamentary.

MR. NEARY: Mr. Speaker, I know the member is trying to provoke me.

MR. SPEAKER: The point raised by the honourable Minister of Mines and Energy is well taken however. The honourable member for Bell Island was imputing motives to members to my left and I think that is a bit unparliamentary.

MR. NEARY: Well, Mr. Speaker, my argument is purely hypothetical at this stage of the game. If I were sitting on that side of the House, if I were the Minister of Justice, Mr. Speaker, on that side of the House, I think I could find, if I wanted to, if I really wanted to get down to brass tacks, I think I could find reason.

MR. SPEAKER: It is suggested by the Chair that the honourable member's words uttered were unparliamentary and I will ask him if he would withdraw them.

MR. NEARY: Which ones were unparliamentary, Sir? Whatever they were, I withdraw them. What were they? Would Your Honour tell me? The statement that I made about charging the members with fraud, well if that be unparliamentary, Sir, I withdraw it. But, Sir, I think I could find a justifiable reason for launching into an investigation. I do not know if I would be able to lay any charges against the honourable members or not but I would certainly give it a good try, Sir. I guarantee you that if I wanted to, if I were over there as Minister of Justice I would

have the R.C.M.P. into some of their offices in a quick hurry.

But, Sir, I do not think that is the way to carry on the business of this province.

MR. DOODY: It is going to be a reign of terror on the -

MR. NEARY: No, it will not, Sir, because that is not my way of doing business. No, Sir, I am afraid that I am not the type who would take the witch hunt route. I would think that I would be more interested, if I were that administration I would be more interested, Sir, in dealing with the cost of living in this province, I would be more interested in trying to reduce the record unemployment that we have in this province, I would be more interested, Sir, in trying to get down the cost of furnace oil and gasoline in this province. Instead, Mr. Speaker, this administration have spent most of their time, well I would say the first year, they spent practically the first year, Sir, on a witch hunt.

MR. WM. ROWE: Turning over rocks all the time, "Witch Hunt Willie."

MR. NEARY: They had everything at their disposal here. They were here in Confederation Building. They had all the documents. They had all the files. They had everything they wanted.

MR. CROSBIE: They did not have them. They were all gone. It took a year to find them. We had to write people and ask them to send us copies; everything was gone.

MR. NEARY: Mr. Speaker, they found nothing, Sir, that they could hang their hats on.

MR. CROSBIE: No you are right, there was not even a postdate left. The postdates were gone.

MR. NEARY: After wasting the first twelve months, Sir, not as the honourable member for Bonavista South said, "cleaning up the mess," that is not what they were doing, Sir, they were trying to get something on everybody who had anything do with the previous Liberal Administration.

MR. WM. ROWE: Vengeance.

MR. NEARY: Here is a man here who knows, Sir, here is one here who knows.

MR. NEARY: I am two years now subject to that, two years. But, Sir, they may think that they had a reasonable amount of success with the courts so far but keep in mind my honourable friends that two can play that game.

MR. CROSBIE: He is playing now.

MR. NEARY: I am doing what?

MR. CROSBIE: He is keeping them going down there now, is he not?

MR. NEARY: Sir, I have been the subject of an enquiry in this province, for the last two years, that turned up nothing.

MR. CROSBIE: He has not been the subject of enquiries.

MR. NEARY: I have not?

MR. WM. ROWE: Vindictive vengeance.

MR. NEARY: I would say, Sir, last year within let me see 1973, that I spent at least four months down in the Supreme Court. But, Sir, I guarantee you this, that the day will come in this province when that honourable crowd will regret what they are doing.

Now what have they spent their second year at? They tried everything. They had no convictions. We see the way that justice is being handled in this province. Now the Minister of Finance and the Premier and the Minister of Justice, they might spend the next twelve months, not only down here in the courts, they might spend them down in the courts in the United States.

MR. WM. ROWE: For kidnapping.

MR. NEARY: On some pretty serious charges, Sir. But, Mr. Speaker, the next twelve months, in the next twelve months of the administration, a few of the ministers over there got away from their little witch hunt they were on and decided that they would play another game, another game, of trying to be big businessmen. The first thing they did was to take over the fish plant at Burgeo; gave Mr. Spencer Lake \$2.6 million for that defunct operation.

MR. WM. ROWE: A \$1 million gift.

MR. NEARY: A \$1 million gift of the taxpayers money, \$1 million!

The next thing the Minister of Finance had to do was tackle the Linerboard Mill in Stephenville.

MR. MARSHALL: Inaudible.

MR. NEARY: Well, Sir, I can wait. I think the minister should go back to his lily pad. Then when they got a little practice, Sir, with the fish plant, when they got a little practice with the fish plant and the linerboard mill, then they thought they would take on Mr. Shaheen, until the Premier beat some sense into the head of the Minister of Finance. He said, "No, we cannot do this. We have gone far enough."

MR. WM. ROWE: Had to eat humble pie.

MR. NEARY: He took over the linerboard mill when he should not have done it."

MR. CROSBIE: No, we should have let it go.

MR. NEARY: We should have kept the gentlemen on the hook that was there.

MR. CROSBIE: On the hook? We cannot even reel him in. He is up in Montreal now.

MR. NEARY: Anyway, Sir, they did not take on Mr. Shaheen. Instead they decided to co-operate with him. But then what happened, Mr. Speaker? What happened after that? They decided, "Let us take on the biggest one of all."

AN HON. MEMBER: Steve Neary.

MR. NEARY: Let us take on none other than BRINCO. BRINCO, the biggest one. Here was the Minister of Industrial Development, the only experience he had prior to this was packing beans on the shelf down in Duff's Supermarket, now he is up in Montreal working out the details of an agreement to take over one of the biggest hydro companies in the world, BRINCO.

AN HON. MEMBER: It is a snap.

MR. NEARY: Snap, oh it is just a snap. Just like that!

MR. CROSBIE: It is only a bigger deal, that is all.

MR. NEARY: It is a bigger deal.

MR. DOODY: Poor old Duff shows a profit every year, which is more than BRINCO does.

AN HON. MEMBER: Inaudible.

AN HON. MEMBER: What? Funny!

MR. NEARY: Are they all finished now, Sir, if you are you -

MR. DOODY: He is hurting me now. He is into my business.

MR. NEARY: No, I am not into your business affairs, Sir, but I am just drawing the comparison here because Sir, that will set -

MR. WM. ROWE: The Premier has a great record of success in handling business.

MR. NEARY: Oh yes, the fish plant in Harbour Grace. He has that so he has a great experience in it, the fish plant in Harbour Grace. But anyway, Sir, they decided to take on the biggest one of all, the biggest one, BRINCO, and have they ever made a mess of it, Sir! There is no way, Mr. Speaker, no way that that project is going to get off the ground. It is impossible, Sir.

MR. CROSBIE: Speak to Don Jamieson.

MR. NEARY: I heard what Mr. Jamieson said and I heard what Mr. Jamieson said yesterday and I heard what he said again today.

MR. CROSBIE: I heard what he said about the honourable member when he criticized him and his district. I would tell him but it would be breaking a confidence, but it is a shocking thing to hear, a man with the same party said about him. I would not dare repeat it in this House, and my lips are sealed.

MR. NEARY: Did he ever hear what Mr. Jamieson said about the honourable Minister of Finance? I remember in 1969, down at the stadium, where I was seated right beside Mr. Jamieson, and I would not dare repeat what he said about the honourable minister.

AN HON. MEMBER: Inaudible.

MR. NEARY: I guarantee you if Richard Gwyn every comes down to me for some material for his book, I guarantee you he will get some interesting material. I do not know if he will be allowed to publish it or not. It must be only lately that the minister and Mr. Jamieson kissed and made up. It must be only lately.

MR. CROSBIE: Inaudible.

MR. NEARY: Yes, there is no doubt about that. But anyway, Sir, the Lower Churchill Falls project at this moment is not feasible.

MR. BARRY: If the members of the House of Assembly start talking

MR. BARRY: that way it is going to make it more difficult.

MR. NEARY: Mr. Chairman, I came into this House -

MR. BARRY: Let us have a little support for this great project.

MR. NEARY: Mr. Chairman, the point that I am making, Sir, is that this honourable crowd will never get it off the ground. We need a Liberal Administration over there to get that project going.

MR. CROSBIE: It is better to go along the ground than under the ground.

MR. NEARY: Mr. Speaker, what they should have done, if they had to have any sense, Sir, what they should have done -

AN HON. MEMBER: Was get him over here

MR. NEARY: They should have let BRINCO, Sir, finish the Upper Churchill.

AN HON. MEMBER: Got any more greens over there?

MR. NEARY: No, all the greens are on that side.

MR. BARRY: Ninety-six point four.

MR. NEARY: Well whatever it is, they should have let BRINCO finish it.

AN HON. MEMBER: Inaudible.

MR. NEARY: Mr. Speaker, may I set the record straight? What I am on record as saying, what I said in this House, Sir, do I have to repeat that again? Look, I only have forty-five minutes and I do not want to make the same speech I made last year.

AN HON. MEMBER: Inaudible.

MR. NEARY: Sir, let me refresh the honourable member's brain. What I said at that time, Mr. Speaker, was this. First of all I said, "Get the Minister of Finance out of the negotiations."

AN HON. MEMBER: We did that. We did that.

MR. NEARY: No they did not do it. No, the Premier did not take my advice, got them out of negotiations with the public servants but not out of the negotiations with BRINCO, because I know how much they hate him, Sir. They hate him, hate him, hate him with a passion.

MR. BARRY: Why is that?

MR. NEARY: Why is that?

AN HON. MEMBER: Inaudible.

MR. NEARY: Is that so?

MR. CROSBIE: I would not want to be loved by BRINCO. My God what an insult that would be.

MR. NEARY: They hated him, Sir, because he was inflexible, because he had taken a dictatorial attitude.

MR. BARRY: Fighting for Newfoundland.

MR. NEARY: Fighting for Newfoundland my eyeball!

MR. BARRY: Why, what was he doing?

MR. NEARY: So I advised the Premier about a year ago to get the minister out of the negotiations and as a matter of fact I suggested the Minister of Industrial Development take over the negotiations.

MR. DOODY: Then you found out about supermarkets.

MR. NEARY: No, Sir, and what I said, Mr. Speaker, was this; that the minister or the Premier go to BRINCO, give them an ultimatum and say, "Look, are you going to develop the Lower Churchill or are you not going to develop it?"

AN HON. MEMBER: We did that. We did that.

MR. NEARY: No, Sir, they did not do it. They did not do it. I will tell you what they did. I know what they did. Then I added, Mr. Speaker, and I repeat what I said that if BRINCO said, "No, we are not going to develop it," then let the province take it over and develop it.

AN HON. MEMBER: That is what we did.

MR. NEARY: No, Sir, they did not. I will tell you what they did! The Premier took to the television, on a provincial hook-up, and he told the people of Newfoundland, he said; "Look, not one kilowatt of power is going to leave this province, not one kilowatt. We are going to keep it all here in Newfoundland." He never stopped to think where he is going to get the customers. "Keep it in Newfoundland," he said, "we will keep it home. We are going to use the power here in Newfoundland. We are not going to do what Joey did and the other crowd did. We are not going to sell it to Hydro Quebec." That was several months ago, Sir, several months ago.

Now what do we see? A complete reversal of that policy, Sir. Mr. Speaker, the only way the Lower Churchill can be developed, Sir, is by Quebec Hydro purchasing at least ninety-nine per cent of that power.

MR. BARRY: Rubbish!

MR. NEARY: That is not rubbish, Sir, and the minister knows that. Where are your customers in Newfoundland? What are you going to do if you put in a big transmission line, put a tunnel under the Straits of Bell Isle? Where are you going to use the power?

MR. BARRY: You know the first thing it is going to do, the thermo plant in Holyrood is going to be closed down.

MR. NEARY: Is that why you are going to spend \$1,200,000,000, to close down the thermo generating plant? Do not be so foolish. No wonder you are in such a mess.

MR. BARRY: No, but that is going to be a big block, that is going to be a big block of power.

MR. WM. ROWE: They have got their testimonials in the wringer.

MR. NEARY: They got more than that in the wringer.

MR. DOODY: Listen, why did you want to nationalize BRINCO? That is what you started to tell us about.

MR. NEARY: What I would have done, Sir, I would have said, "Okay, Mr. BRINCO, you can go out on the bond markets of the world. You have the money. You have the backing. You have the people behind you. You have the expertise. You built up a great organization. Now go and finish the Lower Churchill." Then, Sir, three or four or five years from now, when she is all finished, everything is on stream, everything is working smoothly, then I would have went to Sir Val -

AN HON. MEMBER: Treacherous! Treachery!

MR. WM. ROWE: Oh yes, compared to what they did.

MR. NEARY: It is not treachery, Sir. I would have gone to my honourable friend's buddy, Sir Val, his idol, and I would have said, "Sir Val we are going to take over the hydro developments in Labrador at a fair price and negotiate an honourable settlement with BRINCO."

MR. WM. ROWE: And run a completed company.

MR. NEARY: Not only that, Sir, but I would have -

MR. DOODY: Inaudible.

MR. NEARY: Mr. Speaker -

AN HON. MEMBER: Inaudible.

MR. SPEAKER: Order please!

MR. NEARY: And I would have gone a little further than that too, Sir, Once the Lower Churchill was developed, and you know this crowd talk about nationalizing the power resources of this province. Why did they leave out Newfoundland Light and Power, if they are going to nationalize the power companies of this province? Why were they left out? It was BRINCO they were after, Sir.

after, Sir.

MR. W. N. ROWE: Why that... the Reid lots?

AN HON. MEMBER: They worked towards government policy.

MR. NEARY: They were not blocking the government policy. Sir, the announced policy that I heard was that we were going to take over all the power resources of this province, but they left out Newfoundland Light and Power and I wonder why.

MR. W. N. ROWE: Well we know why.

MR. NEARY: All I have to do is look across the House and I know why.

AN HON. MEMBER: Inaudible.

MR. NEARY: No, Sir, I would have let them go ahead and develop it.

AN HON. MEMBER: Inaudible.

MR. NEARY: I have got plenty of time.

AN HON. MEMBER: Inaudible.

MR. NEARY: Then I would have moved in, Sir, in an honourable fashion, without creating any animosity without rocking the boat, without destroying Newfoundland's credit in the bond markets of the world, without getting a bad reputation in the international business world as this honourable crowd have gotten now for the province. We heard Sir Val Duncan over in Halifax, there a couple of weeks ago -

AN HON. MEMBER: Rothchild.

MR. NEARY: Rothchild, pardon me! saying that it was a tragedy what they did in Newfoundland, it was a tragedy.

MR. DOODY: He said to me, "Tell Steve not to worry."

MR. NEARY: Sir, they seem to be awfully touchy on this subject. Awfully touchy! They do not like the truth, Mr. Speaker, they do not like it but it is true. They can bluff! They can bluff all they like about spending \$14 million or \$20 million in the Lower Churchill this year.

MR. W. N. ROWE: Public money.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: ... the Member for White Bay South and the Member for White Bay North if they went up to visit Sir Val Duncan and ...

AN HON. MEMBER: The Bank of Montreal .

MR. NEARY: Where has the Page gone?

Sir, I am on to something, I really hit the peg right here now, Sir, I am really on to something and they do not like it.

AN HON. MEMBER: Inaudible.

MR. NEARY: Well -

MR. SPEAKER: Order please!

I would like to remind the honourable Member for Bell Island, except by leave of course, that he has five minutes left.

MR. NEARY: Five minutes. I had forty-five minutes, Sir, I did not start until a quarter of ten.

MR. SPEAKER: The honourable Member for Bell Island has five minutes left.

MR. NEARY: Five minutes, Sir, I have forty-five minutes do I not?

AN HON. MEMBER: There is to be no argument.

MR. NEARY: I think Your Honour -

MR. SPEAKER: The honourable Member for Bell Island started twenty minutes to ten o'clock.

MR. NEARY: Twenty minutes to ten o'clock?

MR. SPEAKER: That is right.

MR. NEARY: Well okay, Mr. Speaker,

HON. MEMBERS: Inaudible.

MR. NEARY: Well I will not have time, Sir, as usually, to deal with all of the other matters that I wanted to deal with. I wanted to deal with practically any item under every department but, Sir, I got on the Lower Churchill deliberately because I was shown today the latest unemployment figures in Newfoundland.

At this moment, Sir, in this province there are 33,000 of our fellow Newfoundlanders unemployed. The unemployment figures for Newfoundland are up two point six per cent, Sir, over a year ago or 4,000 more Newfoundlanders unemployed today than a year ago. Mr. Speaker, there has been no attention paid to this fact in this session of the House. The administration have come up with no measures for providing employment for the 33,000 of our unfortunate brethren

who are unemployed in this province at the present time. Neither have the administration, Sir, done anything about the zooming cost of living in this province.

I suggested today, Sir, in a public statement, that it was about time that this administration got down to business, got down to work immediately, Sir, on these two priority items. Mr. Speaker, they can say what they like, they can yak all they want about the need for developing the Lower Churchill but, Sir, I have seen nothing. I have not seen one thing in the last few weeks that would make me optimistic about the development of the Lower Churchill. It is just not going to happen, Sir. They are bluffing. They are bluffing the people of this province.

AN HON. MEMBER: Inaudible.

MR. NEARY: Sir, I am not the only one who believe it. It is a bluff. There is no way, with the approach, Sir, that this administration is making towards that gigantic development. The province now, as a result of their forced takeover, has to go out and borrow \$1.2 billion just for the development of the Churchill alone. They had to borrow another \$500 million from the Government of Canada to put in the transmission line and then when you bring the power over, Sir, where are your customers?

Oh, I remember a point that I was going to make a few moments ago. Mr. Speaker, we are told by the Premier that everybody in Newfoundland, when the Lower Churchill is developed everybody is going to have electric heat in their homes. Yes, Sir, with the energy crisis, we are told, I heard the Minister of Industrial Development at it too, everybody is going to have an electrically heated home. Well who is going to pay?

Mr. Speaker, what I would like to know is . . . who is going to pay to convert the homes that now have oil heat? Who is going to convert them into electric heat? Does the homeowner have to do that himself, if it ever come to pass? I doubt if it ever will.

AN HON. MEMBER: Inaudible.

MR. NEARY: It will cost about \$1,500 or \$2,000, the way the cost is going up now, Sir, about \$2,500 or \$3,000 to convert your home.

That is a long ways away, Sir, but it is a question that I would like to put to the administration.

AN HON. MEMBER: The honourable member's time is up.

MR. NEARY: The time is not up.

AN HON. MEMBER: Yes, it is up.

MR. NEARY: Mr. Speaker, we heard the Hon. Premier yesterday say that he was going to go out to do all he could to get the Tories elected, to try and get a Tory Government in Canada. I am coming down to the home stretch now, Sir, I am winding up my remarks.

But I would suggest to the Premier and his ministers, Mr. Speaker, that they should get down to work immediately on these two top priority items that I mentioned.

MR. SPEAKER: Order, please!

Except by leave, the honourable member has used his forty-five minutes.

MR. NEARY: Sir, I am just winding up now.

MR. SPEAKER: The honourable member has used his forty-five minutes.

MR. NEARY: Your Honour is getting just as fussy as the honourable crowd over there.

MR. SPEAKER: Order please!

I am sure the honourable Member for Bell Island is aware of the rule, which is forty-five minutes. Except by leave I shall not permit the honourable member to continue. Does the honourable member have leave to continue?

AN HON. MEMBER: No!

MR. NEARY: Inaudible.

MR. SPEAKER: There is not unanimity so the honourable member cannot continue.

AN HON. MEMBER: Inaudible.

MR. SPEAKER: The honourable Member for Labrador North.

MR. M. WOODWARD: Mr. Sneaker, this is the second or third budget that I had the privilege of speaking on in this House. As the years roll by the disappointments become greater and greater. As we look at the budget this year, as I did last year, I have had the opportunity to analysis what the expenditures of the government are and the attitudes of the ministers, particularly the Minister of Finance. I have now discovered, I think I have made up my mind to say that the mainland portion of our province which I represent, apart of Labrador, is "stuck in the hid tip", I think it is parliamentary, Mr. Speaker.

AN HON. MEMBER: Inaudible.

MR. WOODWARD: Oh, yes indeed it is parliamentary.

AN HON. MEMBER: It may be parliamentary but it is not very statesmanlike.

MR. WOODWARD: It is not very statesmanlike?

MR. SPEAKER: Order, please.

MR. WOODWARD: Well I guess it is as stately as some of the remarks that I have heard in this House, Mr. Speaker, in the last three years.

I am amazed at the gall of the Minister of Industrial Development, the Minister of Energy and the Minister of Finance when I think in terms of the great Churchill Falls development and when I look in terms of that capital expenditure of some \$17 million for the Linerboard operation. Now the Minister of Finance did not go into any great details as to what the \$17 million would be spent for on Labrador Linerboard.

Mr. Sneaker, I would like to make a few comments on the woods harvesting operation in Goose Bay. I have now discovered that the Linerboard operation is having difficulties in arranging bay shipping as they did last year from Goose Bay to Stephenville. The operation itself, as I have just gone through again, for the third or fourth time, a partial change in management in Goose Bay. The production have been down to practically nil all winter.

AN HON. MEMBER: They are all left boy!

MR. WOODWARD: Well they can all leave, it does not make any difference to me, Mr. Speaker. The Hon. Minister of Industrial Development, for

what he is contributing to the House, might as well leave as well, I am not going to be distracted from what I have to say because of his comments but what I will say; it has been a gross waste of public money. There has not been any direction given to that particular operation by the government or by the ministers who are responsible for monitoring the woods harvesting operation in Goose Bay.

As a result of that, Mr. Speaker, no doubt there will be some withdrawal of that operation from that particular area and the harvesting of the wood in Goose Bay will be on a downward trend and not an increase as they had previously told the people of Goose Bay or the Lake Melville Area, that they would build the production up to some 250,000 cords or 300,000 cords. Last year they had the forecast of shipping some 200,000 cords of wood from Goose Bay to Stephenville and ultimately, at the end of the season, they ended up shipping out some 130,000 cords of wood.

I would like to call a quorum, Mr. Speaker. There is not a quorum in the House.

MR. SPEAKER (DUNPHY): Could the Clerk count the House, please! We have a quorum!

MR. WOODWARD: Thank you, Mr. Speaker.

We have seen as recent as the last two weeks in Goose Bay the management changed in the Labrador Linerboard operation. We have seen the foreman type operators in the woods, that have become very discontented because of the lack of supervision. They have even come to me, Mr. Speaker, and complained. They tell me that there is no hope unless there is something done about that operation, there is no possible way under the present conditions and under the present management that that operation can survive.

AN HON. MEMBER: Inaudible.

MR. WOODWARD: I am not concerned at all with the Member for Harbour Grace. He is completely ignorant and he should learn to keep his trap shut. If he be going to speak in this House, he should contribute something to it.

AN HON. MEMBER: Inaudible.

MR. WOODWARD: The 12,000 residents of Goose Bay are not taking the thing very likely. I want to bring that to the attention of this House, Mr. Speaker. They are very upset, they are very annoyed because of the fact that we are going to lose that operation, if this government do not see fit to give some directions to it.

We had the good fortune of hiring Mr. Ingram, at \$75,000 a year plus. In Stephenville we had the good fortune of having a well qualified supervisor come into the area, and they did not see fit to keep him in the area, Mr. Speaker, what they did was draw him back to the island. There is a plot. There is a plot afoot now to gather wood from other areas and to cut down on the production in Goose Bay.

AN HON. MEMBER: They are getting it from the Mainland.

MR. WOODWARD: They are buying it from the Mainland. The concept of that mill, as the public was told, was to produce the wood, that overgrowth wood that exist in Labrador. But what have we seen? This is a general philosophy of the ministers and that administration and it is becoming more pronounced day by day in Labrador. When I see the great statements about bringing the power from Labrador down and putting industry on the island, this is something else that our people are not too pleased with, Mr. Speaker. They are not too pleased.

This administration have not had the common decency to go into Labrador, not one minister, to explain this policy, the policy of this government as far as the development of that power is concerned. Neither have they had a public meeting to go in and tell the people what is happening to the woods harvesting operation. They have completely ignored the public of Labrador but they sit on radio and television here in St. John's and say, 'We are doing a wonderful thing.'

Mr. Speaker, as I have mentioned in this House before, there is a large degree of discontent. Maybe that Churchill Falls Development will never get off the ground unless those people are not consulted in that respect, Mr. Speaker. When I look at this budget, the Member for Labrador South said today, 'What is happening as far as water and sewerage?' There is no money being spent in Labrador on water

and sewerage. That is, \$7 million budgeted for water and sewerage.

AN HON. MEMBER: Inaudible.

MR. WOODWARD: The only pittance that we are getting, Mr. Speaker, is what the federal government are spending on the Indians or the natives programme. That is the money. There is no money being spent in Happy Valley. There was money spent by the Liberal Administration but what is being spent here today?

AN HON. MEMBER: Yes but that is spent already.

MR. WOODWARD: That is already spent.

AN HON. MEMBER: Inaudible.

MR. WOODWARD: There is no money being spent there on a per capita basis of 48,000 people in the whole of Labrador. There is real discontent in Labrador West where you have a representative on the government, Mr. Speaker, from Labrador West, in the development of that community. The people are not willing to settle and live in a company town. They want their freedom. They want their rights. They want the same privileges that any ordinary community or normal community in this province has. But who is giving direction to it? There is no one giving direction to it.

The Hon. Minister of Industrial Development says "Nonsense" because he does not want to pay any attention to it. He is so far removed from it, Mr. Speaker.

AN HON. MEMBER: What is he talking about?

MR. WOODWARD: I am not talking about anything, I am speaking to this House, I am not talking about the minister nor to the minister.

AN HON. MEMBER: Inaudible.

MR. WOODWARD: Right, because it hurts. He does not want to hear it. The Minister of Finance knows very well what is taking place. He knows very well what is taking place in the Linerboard operation.

MR. CROSBIE: There is not a word of truth in what he said.

MR. WOODWARD: There is all truth in what I am saying. There is all truth in what I am saying. Mr. Speaker, our people have consulted with the authorities on the development of the Lower Churchill. There is

no one in Ottawa or the great BRINCO organization, as I repeated here in this House today, that is fully convinced that it is feasible to bring that power down here to the island, but it is a big political move on the part of that administration.

MR. BARRY: If I were the Member of the House of Assembly for Labrador South -

MR. WOODWARD: I am not the Member of the House of Assembly for Labrador South.

MR. BARRY: The Member of the House of Assembly for Labrador North, I would fight tooth and nail to see that project going ahead.

MR. WOODWARD: We do not want to see the project going ahead if Labrador is not going to benefit from it, Mr. Speaker,

MR. BARRY: What about the transmission lines to the Goose Bay/Happy Valley Area.

MR. WOODWARD: The transmission line to the Goose Bay/Happy Valley Area is no great criterion for developing that particular development. What is going to happen in Goose Bay? Primarily we are going to get four to five years of construction out of the project and then it is the end. It is the end!

MR. BARRY: They are going to get a hydro line.

MR. WOODWARD: We are going to get a hydro line. We could get a hydro line tomorrow from the Upper Churchill.

MR. BARRY: They are going to get power at reasonable rates.

MR. WOODWARD: We are not going to get power at reasonable rates compared to the rate that the honourable minister gave to the House this year, Mr. Speaker, and just look at the savings that are going to be involved, the savings that are going to be involved in that.

MR. NEARY: Could the minister tell us how many mils?

MR. WOODWARD: What are the savings between the hydro rate and the diesel rate that we are presently paying?

MR. BARRY: He is against the development of the Lower Churchill.

AN HON. MEMBER: Inaudible.

MR. WOODWARD: No, Mr. Speaker, I am not against

the development of the Lower Churchill, I am for the development of the Lower Churchill.

MR. W. N. ROWE: On a point of order, Mr. Speaker.

My colleague is attempting and is making a case. He is debating in this honourable House, and we have the spectacle of ministers on the other side, ministers of the crown harassing him and trying to stop him from making his case or debating in this House, and immeding us who want to listen to him from hearing the honourable member.

Now I would ask Your Honour to tell these honourable gentlemen to please allow my colleague to speak and to be heard in silence.

MR. BARRY: I would like to speak briefly to that point of order, Mr. Speaker. I want to apologize if I interrupted the honourable Member for Labrador North in his speech, but really I cannot restrain myself when I see the damage that the honourable member is doing and the attention, that he is

deviating from the issue that we have to put as much pressure on the federal government and we have to put as strong a case as possible -

MR. NEARY: That is not a point of order.

MR. BARRY: I am just explaining my interruption. I apologize to the honourable member.

Mr. Speaker, what I am saying is that we need his support. We need the support of the Hon. Member for Bell Island, we need the support of all the honourable members opposite to put our case to Ottawa for this transmission line.

AN HON. MEMBER: (Inaudible).

MR. SPEAKER (Mr. Dunphy): The point of the honourable member to my right is well taken, when honourable members are standing in their seats and speaking in the halls the rules are familiar to both sides and he does have the right to be heard in silence. Possibly the member to my left becomes a little riled, if you like, but I am sure he should be able to restrain himself and he in turn, when he has the floor, I am sure the honourable member will afford him the same courtesy.

MR. WOODWARD: Thank you, Mr. Speaker.

Mr. Speaker, I am not at all concerned how the Minister of Industrial Development feels or how the Minister of Finance feels or what affiliation they have with the island that they are so obsessed in raping the resources of Labrador. I am primarily concerned about Labrador and what should be done in Labrador. This is the part that they are not playing.

Mr. Speaker, do I have the right to be heard in silence or do I sit down and wait for that right?

AN HON. MEMBER: (Inaudible).

MR. WOODWARD: We have a history, as I repeated in this committee previously, of rape. The resources have been raped and very little benefit has gone back in.

MR. SPEAKER (Mr. Dunphy): Order please!

MR. WOODWARD: Mr. Speaker, if we have to wait for a period of time for the development of Churchill Falls or the Lower Churchill and that we are going to get a greater benefit in Labrador and Labrador itself and its people will derive a greater benefit, I am prepared to wait for that particular time.

MR. BARRY: I do not mean to interrupt. I just want to get some clarification from the honourable member.

AN HON. MEMBER: He is confused.

MR. WOODWARD: Yes, the Hon. Member for Labrador North is thoroughly confused on Labrador issues.

We have seen in the last two years nothing of this administration. All we have heard is that they are going to do this. I read the Forestry Report and of the productions that are going to take place on the island, but there has not even been a survey done or a timber inventory taken in Labrador. That was not a part of this great Forestry Task Force that was on the go with all the expertise for a number of years. It was not even included.

Mr. Speaker, what evidence does this prove?

AN HON. MEMBER: It is colonialism.

MR. WOODWARD: Does it prove that it is colonialism to the nth degree?

I would like to tell this House now, Mr. Speaker, that there are a number of residents of Labrador who are already researching. They have researchers and constitutional experts, who are looking at the possibility of Labrador getting territorial status, to separate from the Island of Newfoundland.

AN HON. MEMBER: That is a shame.

MR. WOODWARD: It is not a shame. If one were raped long enough and hard enough, would one stand for it?

MR. BARRY: It is an irresponsible attitude.

MR. WOODWARD: It is not an irresponsible attitude.

MR. SPEAKER (Mr. Dunphy): Order please!

MR. WOODWARD: It is the right attitude. It is the attitude that everyone is taking today. If we do not get what we rightfully deserve, then we will rebuild. How else do we rebuild, Mr. Chairman, when we have three members, one sitting on the government side of the House, one sitting in opposition and one sitting as an independent or a representative of a group? How does one get it? There is no political clout from Labrador. Mr. Speaker, these are the great dangers.

The youthful Minister of Mines and Resources has not yet been exposed to this particular problem. If the minister had lived in Labrador for eighteen years, as I have done, maybe he would change and his attitude would change the same as mine has changed, Mr. Speaker.

MR. BARRY: Is the honourable gentleman supporting this move?

MR. WOODWARD: I am supporting this move if it be a good move and if it be a better move. If the attitude of the government should not change, then I must support that for the good of the people who live in Labrador. Why should I be prepared or Labrador be prepared to give and give and get nothing in return?

MR. BARRY: That is the Liberal Party policy.

MR. WOODWARD: That is not the Liberal Party policy, Mr. Speaker. The Liberal Party policy comes from the leader of the Liberal Party. When I speak of Labrador, I speak as the Member for Labrador. When I speak, I speak in terms of what our people are looking for in Labrador.

Mr. Speaker, this is a word of wisdom to the honourable minister. He should pay particular attention to what is going on, Mr. Speaker. If they do not go in and explain to the people of Labrador just exactly what is going to happen to the development and the power from the Lower Churchill, there may come a time when they may not be allowed by the people to develop that particular resource. Did the honourable gentleman ever think in terms of that?

MR. W. N. ROWE: It never crossed his mind.

MR. WOODWARD: It never crossed his mind.

MR. BARRY: It is shameful for the honourable gentleman to condone -

MR. WOODWARD: I am not condoning. I am telling it as a fact. The minister does not know the difference. He is sitting in St. John's and probably getting outside the Narrows maybe once or twice a year. What type of feeling does the honourable minister have for Labrador, Mr. Speaker?

MR. BARRY: Why does not the honourable gentleman have a meeting up there and invite me up? I would be glad to go up and talk. I have already had some discussions with them.

MR. SPEAKER (Mr. Dunphy): Order please!

The members are aware of the rules. When a speaker is speaking from his Chair, he does have the right to be heard in silence. For members to make comments in the House, they must speak from their own seats and must have leave of the House or have the floor at the time.

MR. BARRY: (Inaudible).

MR. WOODWARD: Mr. Speaker, there is another very important item and that is the fact that the budget of the Department of Highways, the capital expenditure is some \$47 million. What portion of that is being spent in Labrador, Mr. Speaker? What portion of that \$47 million is being spent in Labrador?

AN HON. MEMBER: (Inaudible).

MR. WOODWARD: Mr. Speaker, as I stated, out of a capital budget of \$47 million for Highways, not one cent of that is being spent in Labrador. There is not one cent of that \$47 million that is being spent in Labrador. Is that not discrimination, Mr. Speaker?

AN HON. MEMBER: (Inaudible).

MR. SPEAKER (Mr. Dunphy): Order please!

The Hon. Member for Labrador North does have the floor and is speaking. I would ask all honourable members to refrain from making comments. He does have the right to speak and he does have the right to be heard.

MR. WOODWARD: Thank you, Mr. Speaker,

Mr. Speaker, when we think in terms of upgrading the road from Goose Bay to Churchill Falls, today I learned that some of the funds of this \$14 million would be spent on upgrading the roads that already exist. If that be the case, there is no other money in the Highway's budget. I have been told by the officials of that particular department that there is no money in there for Labrador.

AN HON. MEMBER: The honourable gentleman better ask the minister.

MR. WOODWARD: I have checked with the minister. I have checked with his officials. There is nothing in the budget. There is not one cent in the budget for Labrador.

MR. BARRY: The minister has not told us yet. He will not tell us yet what is going in each district.

MR. WOODWARD: Mr. Speaker, it is amazing when one sees responsible people who have been elected to this House to represent the people and they behave in the manner that the minister has behaved tonight.

AN HON. MEMBER: (Inaudible).

MR. WOODWARD: If I said it, Mr. Speaker, it would be unparliamentary. I would have to withdraw it.

AN HON. MEMBER: (Inaudible).

MR. WOODWARD: The Minister of Industrial Development, the Minister of Mines and Resources, Mr. Speaker, have an eye-opener coming when they start dealing with the development of the Lower Churchill.

MR. BARRY: What is the honourable member planning now?

MR. WOODWARD: We are not planning anything. We would just like to have the minister go up and explain to the people what is going to happen to that particular resource.

MR. BARRY: (Inaudible).

MR. WOODWARD: He has that right as a Minister of the Crown. He never made an attempt to do this. All the negotiations on the Upper Churchill -

MR SPEAKER: Order please!

I am sure that honourable members are aware that when a member is speaking, he does have the right to be heard in silence.

MR. W. N. ROWE: Do they have a Rotary Club in Goose Bay? They do not have a Rotary Club in Goose Bay and that is why the minister is not up there.

MR. BARRY: (Inaudible).

MR. WOODWARD: Mr. Speaker, I will speak freely in this House on government issues as far as the benefits of any resource that is coming from Labrador. The first choice should be to the people of Labrador and secondly to the people of this island. That is not the way that the development is turning out, Mr. Speaker. Our people are very perturbed .

Over the years there has been the rape of the fishery. Nothing has been done. The Minister of Fisheries has been telling us that he is sending a mobile, floating supply depot, putting it into a location, not to service the Labrador fishermen, Mr. Speaker, no, that is not the case. He is putting in a depot in an area to service the fishermen who are going from the Island of Newfoundland. There is no consideration whatsoever for the inshore fishermen in Labrador. If that be not discrimination, Mr. Speaker, I do not know what discrimination is.

We have a number of timber stands that are going to waste. We have the Kaipokok Bay Area. We have the Sandwich Bay Area. These are the areas where we expected a spin-off from the mill in Stephenville to help to consume some of the products that were produced in these particular areas. Now we have discovered that this government, this administration, are not putting the emphasis on harvesting the wood

in those particular areas but they are indeed going to the mainland to purchase wood. Consequently, those timber stands will render themselves useless over a period of another forty or fifty years. No one will derive any benefit from that resource, Mr. Speaker. These are the areas that are of a great concern in Labrador.

Mr. Speaker, I mentioned today to the Hon. Minister of Municipal Affairs and Housing about setting up some form of regional government in Labrador. He came back and said that this would be very difficult to do because of the transportation problem. That is not the case, Mr. Speaker. If the minister were aware and made himself familiar with the area, he would immediately see that by setting up a regional government in an area where it is accessible to other areas, this would breakdown that transportation barrier and they would not have had that great transportation difficulty that exists today. But no, the attitude of the minister was that transportation problems are too great and cannot see a regional government working in that part of the province.

Mr. Speaker, the budget, which is the third budget, is equally as disappointing as the first and the second. We have seen nothing for that particular part of the province. I suspect that this particular budget is another edge of the wedge that has been driven. These two particular areas are becoming further and further apart, Mr. Speaker. The Minister of Finance and his ministers are not doing anything to bridge that particular gap. The gap is continuously getting wider. By my sitting here in this House and pretending everything is all right, everything is okey-dory, then that is not the case, Mr. Speaker. There is a lot of discontent. People are fed up to the teeth by the apathy that has existed in this administration.

Mr. Speaker, I suspect that at the state dinner in Wabush on Saturday night some of the grievances of the people in that part of the province will surface.

MR. W. N. ROWE: What, are they all muzzled? I will have to rise, Mr. Speaker, rather than see the debate close. What is wrong with the honourable members, Sir, on the other side?

SOME HON. MEMBERS: (Inaudible).

MR. W. N. ROWE: Muzzled, stifled: It is bad enough the House Leader comes into the House and tries to muzzle the opposition but he has obviously, Sir, in caucus, succeeded by some rules or means or other in stifling, in gagging his own colleagues. They will not have a word to say about the momentous issues facing Newfoundland and Labrador today.

MR. BARRY: (Inaudible).

MR. SPEAKER: Order please!

MR. W. N. ROWE: When, Mr. Speaker? I mean is this part of the plot as well, to allow all the members of the opposition to speak and then members of the government will jump up later on in a most unfair, inequitable manner?

AN HON. MEMBER: (Inaudible).

MR. W. N. ROWE: Well we will have to, by the look of this, Either, Sir, the members of the government, supporting the government, have been stifled or gagged by the Hon. House Leader or the life has gone out of them.

AN HON. MEMBER: (Inaudible).

MR. W. N. ROWE: Or the good has gone out of them.

MR. SPEAKER: Order please!

The Hon. Member for White Bay South is certainly not being relevant to the budget debate.

MR. W. N. ROWE: Your Honour, I humbly submit that what could be more relevant than the fact that thirty honourable members of the House, representing the people of this province, do not see fit to speak on the budget speech or the budget debate or the estimates which have come before the House. If that is not a blanket condemnation of this government and its supporters, I do not know what is. That is surely relevant. There is

a certain lack of interest, and apathy, as expressed by my honourable colleague with respect to Labrador, by this administration which seems to have permeated all the atmosphere. There is apathy. As my honourable colleague from Bell Island says, the good is gone out of them. There is not a gig left in them.

MR. SPEAKER: Order please!

It is now eleven o'clock and I do leave the Chair until three o'clock tomorrow Wednesday, May 15, 1974.