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(Hansard)

Speaker: Honourable Patrick McNicholas

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The House met at 3:00 p.m.

MR. SPEAKER (McNicholas):

Order, please!

The hon. member for St. John's North.

MR. J. CARTER:

On a point of order, Mr. Speaker. I was going to raise it as a point of privilege but that device has been somewhat overworked of late. I think a point of order would be sufficient.

On Friday, June 21, the member for Fortune - Hermitage (Mr. Simmons) was extremely rude to Your Honour. Hansard has provided me with the verbal copy and I believe Your Honour also has a copy of it. In this exchange he suggests that Your Honour was not doing his job and he says it more than once. Certainly, whatever Your Honour decides to do is entirely your privilege. I understand that you overlooked it at the time because of your natural, generous nature. But, on the other hand, it did happen and it is in Hansard.

It is an extremely offensive reference to Your Honour and I draw it to Your Honour's attention.

MR. TULK:

Mr. Speaker.

MR. SPEAKER:

The hon. member for Fogo.

MR. TULK:

To that point of privilege, if it could be called that -

MR. J. CARTER:

A point of order.

MR. TULK:

A point of order or whatever, I

think he said it was a point of order or a point of privilege.

There is only one statement in that whole thing that is correct and that is where the member for St. John's North says, "I am not aware," and that is the truth, we in this House know he is not aware.

The other thing is that a point of privilege has to be raised at the earliest opportunity -

AN HON. MEMBER:

This is a point of order.

MR. TULK:

A point of order. Okay and in this case -

MR. BARRY:

Likewise for a point of order.

MR. TULK:

- likewise for a point of order, it should be raised right away, and the member for St. John's North had this thing at twelve-thirty on Friday and refused to do anything about it. The same time it was delivered to me, it was delivered to him, but that is not the key question here. Of course, if the member for Fortune - Hermitage (Mr. Simmons) were insulting Your Honour in any way, or questioning Your Honour in any way, then he should be made to withdraw it.

But, Mr. Speaker, if you look through Hansard the only thing that you will see here is that the member for Fortune - Hermitage says, "Mr. Speaker, do your job, do your job this time."

Obviously, what the member for Fortune - Hermitage was doing was appealing to the Speaker, there is nothing insulting in that. The

Government House Leader (Mr. Marshall) and the Premier frequently do this, asking Your Honour to rule as we all do in certain cases.

All the member for Fortune - Hermitage has done in this case is appealed to the Speaker to do the job of the Speaker, and of course Your Honour would have no problem doing that. It is done all the time in this House where we ask the Speaker to do certain things to protect members on this side.

This is not a point of order. Thank you, Mr. Speaker.

MR. SPEAKER:

To that point of order, I have only received a copy of Hansard a few moments ago with certain references made here. I will wait until the hon. member for Fortune - Hermitage is here and I would wish to comment further on the matter at that time.

At this stage I would like to welcome a colleague of ours, Bill Purdy, who is MLA for Stony Plain constituency of Alberta.

SOME HON. MEMBERS:

Hear, hear!

Statements by Ministers

PREMIER PECKFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

As promised on Friday, Mr. Speaker, I wish to give the government's response to the federal budget and its impact upon the Province of Newfoundland and

Labrador as we see it, at this point in time.

Since the federal budget was presented in the House of Commons four weeks ago, the Newfoundland government has been analyzing the budget documents and has been meeting with various representatives of the federal government regarding many of the measures and proposals contained within the budget. There is still much work to be done to properly assess the complex set of budget measures and proposals. However, at this time, we have sufficient information to respond to some areas contained within the budget and to outline certain areas of special interest to this Province.

The federal budget is a tough one. Given the difficult economic and fiscal environment in which today's governments must function, this is not at all surprising. There are some fundamental shifts in government policy which form the basis of many measures and proposals contained within the budget. There is a strategic rebalancing of priorities which places a much stronger role on the private sector to create jobs; which controls and reduces the national debt through expenditure cutbacks and revenue measures; and which improves overall government effectiveness through a comprehensive review of all federal government programmes, both economic and social, and through improvements in the fairness and effectiveness of the tax system. Mr. Speaker, these are praiseworthy national objectives and I do not think that anyone could argue against any of them as desirable general policy guidelines for government. However, I believe that the real test of the federal budget will be

how equitable the various measures and proposals will be which are used to carry out this new economic renewal strategy.

Here is the basis of our concern with the federal budget - how equitable the various measures and proposals will be upon all parts of the nation.

Firstly, Regional Disparities: Mr. Speaker, this government is concerned that the budget does not contain specific measures directed at the persistent regional disparities which continue to face us today. Measures directed at the private sector are positive in themselves, but because of our weak private sector, will not achieve the results which we desire in the short-term. Only through an injection in new federal funds in regional development initiatives focused on the Newfoundland and Labrador economy can we expect to close the disparity gap between ourselves and the rest of the nation.

In light of the Intergovernmental Discussion Paper on Regional Development tabled in this House last week by my colleague, the hon. the Minister for Intergovernmental Affairs (Mr. Ottenheimer), this government feels assured that the federal government will not neglect the importance of public investment to facilitate economic development in our Province. This paper represents a national consensus that specifies: "In those provinces which suffer economic disparities, the limitations of the private sector to address these disparities are recognized, therefore, specific public sector policies and programmes aimed at a reduction of regional disparities are required".

With the achievement of this national consensus, emanating from the successful First Ministers' Conference on the economy in February past, the Newfoundland Government will be intensifying consultations with the federal government over the next few months to ensure that the new economic renewal strategy recognizes the unique development needs of this Province and is focused on the need to reduce regional disparities between Newfoundland and the rest of Canada. Indeed, from our perspective, a truly national economic renewal must be sensitive to regional needs and regional comparative advantages.

Secondly, Encouraging Private Initiative: Mr. Speaker, we support the federal government thrust to encourage private initiative, particularly the development of many small and medium sized businesses, in order to create badly needed jobs. The lifetime capital gains exemption of \$500,000 and the ability of pension funds to be invested in private Canadian corporation should increase the flow of funds into equity investments. Undoubtedly, this should increase the number of new business starts, should facilitate the expansion of existing business and should improve the financial position of many existing companies, thereby providing them with a financial resilience to better adjust to changing market and business operating conditions. No doubt some businessmen in the Province will benefit from these actions. The major benefits will tend to accrue to other provinces where there is a stronger small business base. That is one of the big problems, to be able to determine how much

this kind of an initiative will assist the Newfoundland and Labrador economy. We are concerned that with our fragile private sector, with our small business base, these incentives will not be sufficient to do the job.

Thirdly, Encouraging Research and Development: The Newfoundland Government welcomes the recognition in the budget that a strong research and development sector has a vital role to play in Canada's economic renewal and that the Government of Canada will continue to be a major supporter of research and development activity. Consultation with the provinces and industry is proposed by the Government of Canada to develop an integrated government-wide approach to research and development in order to combine the best aspects of tax incentives and grant programmes. I have already informed the Prime Minister of Canada that my Government stands ready to participate to the fullest extent possible in this process. We are particularly interested in reviewing the recent changes in the Investment Tax Credit Programme for R & D Activities. This Province is building a centre of excellence in ocean sciences and marine technology, and a joint effort to ensure investment in locally based research and development activity leading to world mandated product manufacture in the Province must be encouraged and facilitated to the fullest extent possible. The NRC Institute of Marine Dynamics is an important catalyst in this new knowledge industry and it is essential that this facility be operated at its full capacity within the next few months.

We have some concerns there as to whether or not the budget does provide sufficient funds to allow that to occur in the short-term.

Thirdly, Special Tax Incentives: The new tax incentive programme for Cape Breton Island is an interesting one but one of concern to us. This region of Nova Scotia suffers unemployment rates no greater than those in this Province, therefore, it should also apply to our Province. We have already made a request to the Government of Canada that our respective finance officials meet as soon as possible to examine the idea of extending this enriched tax incentive programme to all of Newfoundland and Labrador as part of a regional development programme.

We do not see any reason why, if you look at where we are, as a Province - not as the Bonavista Peninsula, the Great Northern Peninsula, Labrador, Bay d'Espoir, Trinity South, or wherever - that as a Province we do have the same statistics now as does Cape Breton Island, and there is no reason, therefore, if this is a good policy objective to pursue, that it should not also apply to Newfoundland and Labrador in total.

Fourthly, Impacts of Reducing the Deficit: Mr. Speaker, another major thrust of the federal budget is to take control of the federal debt and to start to reduce annual deficit in an orderly fashion over the next few years. This is a laudable objective. However, as the federal government takes measures to reduce its current account deficits, a question which must be asked is "Is it being done equitably?" Number one, family allowance and old age security: The budget has modified the

indexation of family allowance payments and old age security payments. The Newfoundland government has estimated that in 1986 the family allowance payments in Newfoundland and Labrador will be reduced by approximately \$2 million and old age security payments by over \$5 million from what they otherwise would have been. We cannot support the de-indexation of these payments and in particular the old age security payments.

SOME NON. MEMBERS:

Hear, hear!

PREMIER PECKFORD:

Number two, personal and corporate income tax: A number of changes to the personal and corporate income tax systems were introduced in the budget. These include the lifetime capital gains exemption of \$500,000; modified indexation of personal income tax; personal and corporate income surtaxes; elimination of the federal personal income tax reduction; improvements in the child tax credit provisions; and a variety of other measures. In 1985, believe it or not, there will be a small net positive impact on Newfoundland's individual and corporate taxpayers and for 1986 we have estimated that these various income tax measures will cost Newfoundland taxpayers approximately \$23 million. The impacts of these changes are mixed and a detailed review of them is underway.

The varying impacts estimated to date are as follows, and I have a chart in the statement: Item, capital gains exemption, a positive impact in 1985 of \$4 million and a positive impact in 1986 of \$6 million; modified personal income tax indexation, 0

in 1985, -\$16 million in 1986; personal income surtax, -2 this year and -5 million next year; elimination of federal tax reduction, 0 this year and -13 million next year; modification of child tax credit, 0 this year and +5 million next year; corporate income surtax, -1 million this year and -2 million next year; other measures, +1 million this year and +2 million next year; giving you a total on these measures that I just went through of +2 million this year and -23 million next year.

Number three, commodity tax: There are a number of changes in commodity taxes which have a particularly negative impact on the Newfoundland economy. In the 1985 calendar year we have estimated that the commodity tax changes in the federal budget will reduce discretionary income by approximately \$11 million and that in 1986 the lost income could reach up to \$50 million. The specific impact of these measures are as follows:

Commodity Taxes, one per cent increase in federal sales tax rates, 0 in 1985, -15 million in 1986; expansion of federal sales tax base, -3 in 1985, -9 in 1986; Increase in excise levies on cigarettes and tobacco, -5 in 1985, -9 in 1986; 2 cent a litre excise tax on motive fuels, -3 in 1985, -19 in 1986; other changes, 0 in 1985, +2 in 1986; providing a grand total of -11 for 1985, and a -50 million for 1986, as best we can indicate it.

These are significant withdrawals of income from the Newfoundland economy. We must attempt to reduce the extent of lost income. They are particularly severe and they come at a time when we are

slowly beginning to recover from the recession. So, in one sense they could not come at a worse time.

Expenditure Reductions: In a further effort to control their growing deficits, the Government of Canada has announced expenditures programme cutbacks. From our discussions with representatives of the Government of Canada over the last few weeks, right up until the end of last week, it is clear that the details of these cutbacks have not yet been finalized in most cases and that we have an opportunity over the next few months for detailed discussions and to argue for a recognition of the special problems and special requirements of this Province. Although no hard decisions have yet been made on these cutbacks and it is therefore difficult to estimate with some precision the extent of their impact on this Province, some rough estimates have been made, and we must emphasize that they are rough estimates because we really do not have the details.

We believe that without some tangible recognition of the regional disparities which now exist in Newfoundland as compared with the rest of Canada that the expenditure cutbacks will cause a withdrawal from our economy of approximately \$25 million in 1985, in our opinion, and \$50 million in 1986. That is in our economy, that is not on our budget, it is within our economy as a whole. It is possible that some business incentives resulting from the federal budget will help to partially offset these expenditure reductions and that some new regional development initiatives might also further reduce these

amounts. If we sign some other agreements over the next six or eight months, then those federal dollars coming to the economy can offset the ones that are being taken out now over the next two years, if we can get more regional development agreements signed. My colleagues and I will be discussing expenditure programme cutbacks and regional development initiatives in detail with our respective counterparts over the weeks and months ahead. We will keep the hon. members of this House apprised of our progress as appropriate and as we do make progress.

A major thrust of our actions will be to impress upon the federal government the need to continue to support the development of transportation infrastructure throughout the Province. In recent communications with the federal government, the government has called attention to the effects that further cost-saving measures in the interprovincial ferry and coastal services may have on people and businesses dependent on these vital services. We have clearly outlined our concerns that the federal budget provided no particular policy initiative to fund important transportation infrastructure programmes of benefit to Newfoundland and Labrador over and above the Highways agreement just signed on the Trans-Canada, Trans-Labrador and some secondary roads. Therefore, we are insisting upon more agreements in transportation on secondary highways, airport developments and general port infrastructure throughout the Province.

It is this government's intention to impress upon the federal

government the significance of federal investment in the transportation sector of the Province's economy if we are to be in a position to participate in, and contribute to, economic renewal in Canada.

In conclusion, Mr. Speaker, the federal budget is expected to have both positive and negative impacts on the finances of the Province. Many of the impacts are not easily measurable. As the expenditure cutbacks become clarified and as this Province's priorities and disparities are brought more into the budgetary strategic focus, the results could be that any potential revenue losses to the Province are reduced or even eliminated. Our discussions will also cover possible reductions in fiscal transfers to the provinces which, although, they should not impact upon revenues in 1985 - 1986 and 1986 - 1987, could impact upon revenues during the latter part of this decade and into the early 1990's.

For example, as hon. members know the budget did contain a provision whereby in the new five year fiscal arrangements agreement between the provinces and the federal government, they were targeting \$2 billion in that next five year period for all the provinces to be reduced in the amount of transfers that would go to the provinces. Now what our share of that is and how that has worked out we will have to see, but, obviously, we would be losing some in that new five year transfer agreement. We are going to be arguing that we cannot afford to lose that. The other problem there is we have not really as yet sat down to look at that new five year agreement and, obviously, we will have to bargain

very hard and get as many provinces on our side as possible in trying to ensure that that kind of a revenue loss is not realized in that new five year agreement.

Mr. Speaker, we are deeply concerned about many of the measures contained in the federal budget and the impact that they will have on our economy. When we consider the total budget impact, including the income and commodity tax changes, old age security, and family allowance cutbacks, and the other expenditure programme cutbacks, the total withdrawal of funds from the economy is estimated to be approximately \$35 million in 1985 to \$130 million in 1986.

MR. BARRY:

Shame! Shame!

PREMIER PECKFORD:

To be fair, it should be pointed out that we have signed eight federal/provincial agreements over the past year or so in areas ranging from tourism to ocean industries to transportation. These agreements will inject about \$150 million in federal funds into the provincial economy before the end of 1986. This is almost equal to the amount we expect to lose over the same period as a result of the federal budget. These federal/provincial programmes are designed to stimulate our economy in targeted sectors and while they will no doubt have a positive impact, losses to our economy through the federal budget are still a matter of deep concern. Obviously, we had hoped that our \$150 million of federal dollars over the next two years would be on top of what is already coming. Seeing the reduction now leaves us at the same point at the end of 1986 as if we did not get those

agreements in the beginning. So obviously, that is not a very positive position to be in.

The Newfoundland economy has still not, Mr. Speaker, recovered to its pre-recession peak. As we all know, if we look at the employment and unemployment figures as well as other relevant statistical measures. Any actions which could dampen our recovery must be tackled immediately. I recognize that all Canadian must shoulder some of the pain of the federal budget. At the same time, the Newfoundland Government must be absolutely certain that our share of the pain takes into account the relative economic and fiscal disparities which we suffer as compared with the rest of Canada. I am confident that our concerns will be viewed with an open mind by the Government of Canada and that open consultative approach to negotiations which has evolved during the past few months will allow us to deal with these budget concerns fairly and equitably.

Mr. Speaker, as Canadians, we in Newfoundland and Labrador are willing to bear our share of the burden to allow the private sector to flourish and to create badly needed jobs, to help the financial position of the Government of Canada to be placed on a sounder footing and to help government programmes to be operated more effectively and efficiently. But, at the same time, we want to make sure that we are being dealt with equitably and fairly while doing so. This is my message to this hon. House today, to the people of our Province and, especially, to the Government of Canada.

I enclose, Mr. Speaker, a letter that I sent to the Prime Minister of June 6, which, in a preliminary

way, dealt with some of the matters that I have dealt with today in my Ministerial Statement. The only difference is that at the time that I wrote the Prime Minister, I did not have the numbers to put before him as I have today and which we will be putting before them over the next few weeks. I have already communicated with the federal government and indicated to them our position as it relates to the budget as we see it to date and that we intend to aggressively pursue the concerns that we have.

Also attached to this statement, besides a letter to the Prime Minister, is one that was sent the same day to the Minister of Finance in Ottawa (Mr. Wilson) from the Minister of Finance in Newfoundland (Dr. Collins) outlining our concerns and indicating that we intend to pursue very vigorously those negative impacts upon our economy to see that they are corrected so that Newfoundland can truly prosper over the next four or five years.

Thank you, Mr. Speaker.

SOME HON. MEMBERS:

Hear, hear!

MR. BARRY:

Mr. Speaker.

MR. SPEAKER (McNicholas):

The hon. the Leader of the Opposition.

MR. BARRY:

Mr. Speaker, the title of this presentation by the Premier could be Wither Consultation and Cooperation.

The end result, Mr. Speaker, of this greatly hailed new era or

cooperation and consultation is that we have a Premier now getting up and saying that the government, which he has been pressing for and fighting to see installed in Ottawa, is now out to take away \$35 million in 1985 from this Province, \$130 million by 1986. The amount will increase with each year and we can foresee, Mr. Speaker, based on the figures used by the Premier himself in his speech to Rotary, where he was saying that we could expect government revenues in the area of \$200 million a year from Hibernia, Mr. Speaker, that by the time that Hibernia is onstream what the Province is losing as a result of the budget measures will be greater than the revenue that it receives from Hibernia. I guess that pretty well sums up why the Prime Minister was not too concerned about talking about the revenue provisions in the Atlantic Accord.

Mr. Speaker, we have the Premier in this document giving much too much credence to the lip service which is being paid to such concepts as fairness in the Mulroney/Wilson budget. Yes, they talk about fairness and equity as being a main principle and then, Mr. Speaker, they turn around and they attempt to cure the deficit on the backs of the aged and the poor.

Mr. Speaker, whatever the lip service might be at the higher level of generality, in practical terms, in terms of implementation, in terms of the measures, the policies, the programmes, which the Premier says must be looked at in order to determine whether it is being fair, that Mulroney/Wilson budget is neither fair nor equitable. It is unfair, it is inequitable and it is now

widely recognized as such even by the strongest of the Tories, Mr. Speaker, across this nation. But, the Premier is, somehow, Mr. Speaker, for some reason, surprisingly low key and almost silent.

We have finally gotten out of him, Mr. Speaker, the fact that he cannot support the de-indexation of the family allowance and old age security payments because we are going to lose up to \$5 million in old age security payments and \$2 million in family allowance payments by 1986 alone. The Premier says we cannot support the de-indexation of these payments.

I wonder what has happened to this consultation that is supposedly going on. I heard our Cabinet minister, the representative for Newfoundland and Labrador in the federal Cabinet on this morning, Mr. Crosbie, saying that he supported de-indexation.

What, oh what, is happening to this great era of consultation? Is the Premier (Mr. Peckford) now at odds with our representative in the federal cabinet? Are they no longer speaking? Are they no longer co-ordinating approaches to the Government of Canada? Can we expect, Mr. Speaker, to have our voice heard as a Province in the Parliament of Canada if our Premier and our federal cabinet representative are going off in different directions? Is this a fundamental difference of philosophy on this crucially important point?

Why is it that we have a two line, not even two lines, devoted in this paper to this matter of de-indexation? We cannot support the de-indexation of these payments and in particular the old

age security payments. What are they going to do about it, Mr. Speaker?

If this were the previous government do you think, Mr. Speaker, we would have a two liner like that, a mild, 'We cannot support'? Mr. Speaker, there were longer telexes went off on a daily basis to Ottawa about different aspects of the policy of the previous administration. That is not good enough. That is not a strong enough representation on the part of the senior citizens of this Province.

MR. TULK:

Under the federal Liberal Government, you would have had a day of mourning.

MR. BARRY:

Yes, there would be a day of mourning. There would be a week of mourning, Mr. Speaker, not only a day of mourning had this been carried out by the previous administration.

Mr. Speaker, I am also disturbed by the way in which the Premier talks about and accepts the statements in the Mulroney - Wilson budget about the desire to be sensitive to regional needs and regional comparative advantages. The Premier says, I think as a result of the intergovernmental discussion paper on regional development and the discussions held by the Minister for Intergovernmental Affairs (Mr. Ottenheimer) 'the government feels assured that the federal government will not neglect the importance of public investment to facilitate economic development in our Province' and then goes on to say, 'Indeed, from our perspective, a truly national economic renewal must be sensitive

to regional needs and regional comparative advantages'.

Mr. Speaker, I am not at all satisfied that the Prime Minister of Canada recognizes there is any such thing as an Atlantic region or a Newfoundland region in Canada with special circumstances and special needs. I am not at all convinced that the Prime Minister of Canada has arrived at that great level of understanding yet. What really bothers me is when I think back to the Prime Minister of Canada going down to New York and meeting with all the US oil companies, without any consultation or any discussion with the Premier of this Province and announcing that the 25 per cent backing is going to be removed and that the oil companies are going to be given back the 25 per cent of Hibernia, the 25 per cent of the other oil developments off the Coast of Newfoundland and Labrador.

This, Mr. Speaker, despite the fact that in this Province there was a set of regulations when the companies started drilling that indicated that the Province could participate up to 40 per cent. So the Prime Minister of Canada applied a nation-wide policy and said, 'To hell with any regional differences. To hell with whether there was a special provision in the Newfoundland regulations under which the companies started to drill off Newfoundland and Labrador'. That does not, Mr. Speaker, indicate to me a Prime Minister who is sensitive to regional needs and regional comparative advantages.

Now, Mr. Speaker, the member for Placentia (Mr. Patterson), one of these days he is going to stand up in his place and make a speech in

this House. Mr. Speaker, the 50 per cent of Mr. Heckle and Mr. Jibe.

Mr. Speaker, the Premier talks about supporting the Government of Canada's initiatives with respect to strengthening the private sector but says, rightly so, that the major benefits will accrue to provinces other than Newfoundland and Labrador because here we have a smaller business base.

Why do we have such a small business base, Mr. Speaker, in this Province? To a large extent the Premier and the administration on the other side of the House have to take responsibility, they have been driving away the private investor from this Province. The Minister of Finance (Dr. Collins) admitted this in his budget, Mr. Speaker.

Mr. Speaker, the Premier also accepts the lip service contained in the Mulroney-Wilson Budget with respect to supporting stronger research and development. Mr. Speaker, we see even the Science Council of Canada having to go out and hit the bricks and march in protest against the Government of Canada cutbacks which are going to see a reduction in research and development. Any such reduction is going to hit this Province and hurt this Province where we are trying to build upon greater expertise in marine industry.

The Science Council of Canada is being hit, we are going to see things such as C-Core and the ice tank and so forth being worse off as a result of this Government of Canada budget.

Mr. Speaker, the Premier talks about having the Government of Canada extend the tax incentive

programme applied in Cape Breton to Newfoundland and Labrador. I would like to ask the Premier to be a little more imaginative and consider the proposal that we made during the election campaign where - and perhaps this could be done in the context of discussions with the Government of Canada - where there could be tax breaks, where you would see spheres of different tax rates not just for different parts of Canada, but even for different parts of the Province, Mr. Speaker. This might be a way of helping single industry towns. This might be a way of helping the areas of highest unemployment, if we saw reduced tax rates in certain portions of this Province, you might see industry being encouraged to locate in those parts of the Province.

With respect to personal and corporate income tax, we are unfortunately seeing in the Mulroney-Wilson Budget a manipulation of an existing tax system, rather than a fundamental change in the system.

I have always, Mr. Speaker, liked the notion of a negative income tax designed as a way of providing a minimal annual income to all Canadians. I would encourage the Premier to speak to the Government of Canada to have them consider something more than these various Band-aid treatments that they are giving to the current tax system of Canada.

Mr. Speaker, I might mention with respect to de-indexation, I am amazed that I do not see any reference to this in the letter which the Premier sent off to the Government of Canada, the Prime Minister and to Mr. Mulroney. There was no reference to the Premier being against de-indexing

of old age security payments in the initial letter.

MR. SPEAKER (McNicholas):
Order, please!

The hon. member's time has now elapsed.

MR. BARRY:
Yes, if I could just have a moment to sum up, Mr. Speaker.

SOME HON. MEMBERS:
By leave.

MR. SPEAKER:
By leave.

MR. BARRY:
I am surprised that the Premier did not point this out as a serious defect in the budget proposals when he sent that letter to the Prime Minister and to Mr. Wilson. Is it only after seeing the level of opposition that we now see this meek and mild statement from the Premier? How does it go again, 'We cannot support', not that we are against, 'We cannot support the de-indexation of these payments.'

Mr. Speaker, I am surprised to see the Premier finally coming around to acknowledging, as we have been pointing out, that various commodity taxes, such as the tax on fuel, is going to mean less money in the pockets of Newfoundlanders. When we raised the matter of gasoline prices in the House the Premier indicated, "Oh Ms. Carney has said the price is going to be going down at the pump." Well, now we see the Premier acknowledging that it is going to cost us \$3 million more in 1985 and \$19 million in 1986.

One or two other brief points, Mr. Speaker, thanking the Premier for

his leave.

There is faulty logic in the Premier attempting to point out that, 'Well, we have gotten these federal - provincial agreements that are going to bring about \$150 million into the Province by the end of 1986'. Those agreements, Mr. Speaker, in the normal course of events, are agreements that we have been having regularly.

PREMIER PECKFORD:
Well, I indicated that afterwards.

MR. BARRY:
Yes, that is not something - you know, the Lord giveth and the Lord taketh away. No, we do not buy that approach.

Mr. Speaker, that does not lessen the very serious impact that these budget changes are going to have. This \$130 million that we will lose by 1986, that is how much we are going to be losing a year, Mr. Speaker, even before this \$2 billion less in transfer payments comes about, which the Government of Canada has said that it is setting out as an objective. They hope to cut \$2 billion in transfer payments from payments to the Province. Of course, the transfer payments go largely to the poorer provinces such as Newfoundland and Labrador.

So, Mr. Speaker, just to sum up, I would say that this analysis is too little too late. We had the Premier acknowledge that he had sent off concerns to the Government of Canada a couple of months ago. The numbers were not there. But, Mr. Speaker, we were asking for an analysis. We were not asking for numbers. We were asking for the Premier to indicate whether on balance we are going to be better off or worse off.

I assume that we can now conclude, and maybe the Premier can indicate, can we conclude from that that we are now worse off as a result of the Mulroney - Wilson budget than we were before the budget? The Province on balance is worse off, I would think that that is the overall conclusion. It is sad commentary on this new era of consultation and co-operation, Mr. Speaker.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER (McNicholas):

At this stage I would like to welcome to the galleries the former member for Twillingate, Mrs. Ida Reid.

SOME HON. MEMBERS:

Hear, hear!

Oral Questions

MR. SPEAKER:

The hon. Leader of the Opposition.

MR. BARRY:

Yes, Mr. Speaker. I noticed a comment by the Premier (Mr. Peckford) reported in the Telegram on Saturday, I think it was, with respect to free trade. It might have been yesterday. I appreciate it was in the context, to a certain extent, of concern about the tariffs that might be imposed with respect to other fish products as a result of what has happened with respect to salt fish. I know that there are benefits for the Province from free trade because of the large amount of resources that we export. I would like to ask the Premier, has an analysis been done, a study done of the net benefits, the net effect on this

Province, were Canada to have a free trade situation? Particularly, what would the impact be upon those few industries that we have, those few secondary processing plants that we have? Would they still be able to compete with the American firms? Would, for example, a Purity Factories be able to compete with the American firms if the barriers were thrown down completely?

MR. SPEAKER (McNicholas):

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, I have not got any numbers at my disposal to answer the Leader of the Opposition (Mr. Barry) directly in totally specific terms, but I think the analysis that has been done over the last couple of years by people in the Government of Newfoundland has shown that it would be a net positive for the Newfoundland economy. Now whether in that net positive there would also, through the analysis, be a number of negatives but all of it comes out positive because the positives outweigh the negatives, I do not know, there possibly could be. But I do know, from what we have done to date, that it would seem that movement towards free trade would be advantageous in a net way to the economy of Newfoundland and Labrador. In every initiative that one takes or does there are going to be positives and negatives and, if it comes out more positive than negative, then I guess that is the way to go. Whether in fact there would be certain negatives there for locally owned manufacturers now into secondary processing, like Purity Factories or others I would have to check out, I do not know. I do know that in the fish

business, if we were to move in that direction, seeing what we are just starting to do in secondary processing, and even under a tariff situation we are able to compete, so we would be in very, very good shape. If in fact we moved to a free trade scenario, given the evidence that we have to date as it relates to secondary fish products actually overcoming a tariff and still making money, we would be that better off if in fact we went to a free trade. But, obviously, every policy has its negatives and its positives and free trade is no different. The great question is whether in fact overall it is more beneficial to the economy of Newfoundland than not beneficial.

MR. BARRY:
Mr. Speaker.

MR. SPEAKER (McNicholas):
The hon. the Leader of the Opposition.

MR. BARRY:
Mr. Speaker, we were told by the Premier before the last federal election that overall the election of a Conservative government was going to mean that we would be better off but we now see the Premier indicating that the end result is that we are worse off, at least as far as this year is concerned.

I wonder if the Premier would give any indication as to where he feels the Province would stand as far as its minimum wage levels were concerned, were we to go the route of free trade? Would we be able to compete? Would Newfoundland industry be able to compete with a minimum wage at the level it is now when you consider the lower wage levels that are present in many of the states of

the U.S.?

MR. SPEAKER:
The hon. the Premier.

PREMIER PECKFORD:
It would seem that we would be able to compete, Mr. Speaker. There are a number of states in the United States which have very low minimum wages. But the markets in which we are competing, it would seem to us, that we would be able to compete and still maintain our minimum wage and continue to see it improve over time. I do not think we can look to that. There are a number of states I am aware of, but they are not in direct competition with a lot of the products that we put into the United States. Now, you see, the Southern United States, in some of their mills, even in pulp and paper do not produce the same quality, they do not have the same wood fibre that we have and therefore their markets are not necessarily competitive with ours in every single instance. It seems to us that we would be able to, over time, improve our standard of living under a free trade scenario if it were brought to the final total free trade than in the present mode that we would be going in, then our standard of living would improve. Most analyses that have been done by outside people in this field have indicated the same, that we would. There are obviously negatives, there are positives, but it is our view that overall we would be in a better position, economically and standard of living-wise, under a gradual movement towards free trade rather than the present circumstance which inhibits a lot of our goods and services from getting competitive advantage that we would get without tariffs.

MR. BARRY:
Mr. Speaker.

MR. SPEAKER (McNicholas):
The hon. the Leader of the Opposition.

MR. BARRY:
Mr. Speaker, I agree that most analyses by at least academic economists would indicate that. Economists regularly put forth the notion that the breaking down of barriers is the way to go in terms of creating a larger pie for everybody to have a greater share. But, unfortunately, the economists speak in terms of the ideal, perfect situation. They talk about the economic man, the perfectly logical, perfectly rational individual and the perfectly ordered world. That is why they are so far out almost on a regular basis, because they fail to recognize that we live in an imperfect world, that we are ruled by emotion as well as by logic.

I would like to ask the Premier is it possible that the problem with the importation of salt fish into the United States, and the other pressures we are seeing with respect to having so-called subsidies removed from the fishing industry, is it possible that these are being used as pressures, as blackmail, as it were, to force Canada towards a free trade situation? Is this an attempt by pressuring provinces, to pressure Canada into adopting a free trade philosophy?

MR. TULK:
Will they demand that we drop our subsidies?

MR. BARRY:
Yes. And will this be carried so far, before free trade is implemented, as to demand that all

forms of assistance to fishermen, such as unemployment insurance which I see regularly being pointed to as an unfair subsidy according to the Americans, will this have to be dropped before we get to a free trade situation?

PREMIER PECKFORD:
Mr. Speaker.

MR. SPEAKER (McNicholas):
The hon. the Premier.

PREMIER PECKFORD:
Obviously I cannot answer that question. From the preamble of the Leader of the Opposition (Mr. Barry) as it related to the business of free trade and the academics and so on, I do not know what the Leader of the Opposition is trying to do from a political point of view in the question period right now. But looking at the larger question, at what is happening in the European community today, they have had some problems in the agriculture field, no question, but Ireland is a lot better off as a country because they have moved with EEC towards free trade than if they had stayed on their own.

MR. BARRY:
Ireland would have been a lot better off.

PREMIER PECKFORD:
Now there are some problems in France, but Spain and Portugal are now moving towards the EEC, which is towards a freer trade economic zone. And so you have to look at the realities.

It is one thing to talk about the academics actually trying to create the perfect world and this would include free trade, but let us look at the practical world. There are large areas of the world

which have moved towards freer trade - there is no such thing, I suppose, as black and white - situation where a lot of the components of that economic zone have benefitted tremendously, and it is still working. With all of its faults it is working and it is working, obviously, for the members in it, otherwise they would have gotten out. They are still better off because they are in it than if they were not in it. Otherwise, as I say, it would have crumbled or they would have gotten out.

On the other part of the Leader of the Opposition's (Mr. Barry) question, I do not think that this is a concerted attempt, this whole question of the United States trying to force Canada into a free trade situation, I do not think it is the concerted attempt at all. Over the years you can see that there have been ad hoc initiatives undertaken by various groups, such as the lumber group in the States of Washington, Oregon, and Idaho, going to the commission to try to get a countervail. In our case it is Puerto Rico doing it. To show the ad hoc nature of it rather than the organized nature of it, look at the US legislators. If it was all organized, the various Congressmen and Senators in the United States would not be taking it upon themselves to introduce private bill in the Congress or in the Senate. If it was so organized they would not have to do it that way. So I do not see any real organized attempt on behalf of anybody. I think it is an attempt by lobby groups with their own particular interest to protect their own turf. And that is what is happening in Puerto Rico, that is what has happened with the potatoes in New England, that is what happened with the

lumber on the West Coast of the United States. So I do not perceive it as any devious plot by an underground group who are trying to ensure that Canada moves closer to a free trade idea economically. I see it as a more ad hoc arrangement where various lobby groups are doing their utmost trying to protect their own turf and their own little industry. And the proof of that can be seen from the various kinds of ways they have gone about trying to protect that turf through Congressmen or Senators or through the countervail process that is in operation in the United States.

In the United States itself there is a seesaw, balancing act going on because there is a whole group in favour of free trade and there are a large group who are against it and it will be interesting to see what happens over the next year. As I indicated on Friday, not in the House but outside the House, there is a very interesting meeting coming up in August in Idaho with the National Association of Governors to which all the Premiers are invited to talk about two topics. One is the whole question of acid rain because, once again, you have a balancing act down in the United States as the hon. Leader of the Opposition (Mr. Barry) knows. You have the Pennsylvanias and the Ohios of this world who are saying there is no concrete evidence, we need more study before we do anything on acid rain, versus those in New England and in the Pacific Northwest who are more inclined to agree that there is a problem with acid rain and we should do something right away. In the same way you have a balancing act as it relates to free trade between the Governors

and it will be very interesting to see how the whole thing evolves. But to answer the question directly I do not think there is a concerted, planned initiative on behalf of the Americans in this regard.

MR. BARRY:
Mr. Speaker.

MR. SPEAKER (McNicholas):
The hon. the Leader of the Opposition.

MR. BARRY:
I ask the Premier when he is having discussion with the Governors to keep in mind that even if it is concluded to be desirable to move to free trade, there is a very real danger of short-term dislocation and economic upset and industries being closed down in the process of forcing them to become economic and people thrown out of work in the meantime. After ten, fifteen or twenty years we might be better off, but there might be another generation lost in the meantime.

Now, Mr. Speaker, another question just briefly. In light of the Premier's analysis, in light of his acceptance that, as we have been pointing out for several weeks now, the federal budget is on balance bad for this Province, puts this Province in a worse position, I wonder would the Premier now agree to having a resolution go from this House, that we condemn the Wilson budget and the Government of Canada for its de-indexing of senior citizens' pensions and for attempting to cure deficit problems on the backs of the aged and the poor?

SOME HON. MEMBERS:
Hear, hear!

MR. SPEAKER (McNicholas):
The hon. the Premier.

PREMIER PECKFORD:
On the first part of the Leader of the Opposition's question, the question of adjustment periods and so on in the free trade situation, obviously just about anybody who talks about moving towards free trade is not talking about going to free trade tomorrow morning, that, obviously, built into it would have to be some kind of an adjustment period for the very reasons that the hon. Leader of the Opposition (Mr. Barry) mentioned. Nobody is talking black and white here, we are talking more black into gray and finally into some kind of off white. It is not all that dogmatic or that categorical in its description or in its final analysis.

On the other question of whether we would support a resolution, I would have to take a hard look at the resolution, Mr. Speaker. It may be possible for us to support a resolution but some of the condemnations that the Leader of the Opposition is talking about I do not think would be appropriate, but there might be some way that the resolution can be worded to be acceptable to both sides of the House, and I am willing to look at various wording to resolutions.

MR. W. CARTER:
Mr. Speaker.

MR. SPEAKER (McNicholas):
The hon. member for Twillingate.

MR. W. CARTER:
Mr. Speaker, my question is to the Minister of Health (Dr. Twomey). In view of the fact that Canada Mortgage announced that they are going to discontinue, certainly

for the immediate future, funding chronic care homes in the Province, and I think that has been pretty well established, can the minister tell the House, Mr. Speaker, what, if any, homes will be proceeded with this year?

MR. SPEAKER:

The hon. Minister of Health.

DR. TWOMEY:

The only chronic care homes that I know of that are going to be proceeded with this year; there is an ongoing one in Placentia, they are starting one in Botwood, and they are reconverting the hospital in Buchans.

MR. W. CARTER:

A supplementary, Mr. Speaker.

MR. SPEAKER (McNicholas):

The hon. member for Twillingate.

MR. W. CARTER:

A supplementary to the Premier, Mr. Speaker. Could the Premier tell the House if he will honour a promise that was made to the people of Twillingate prior to the April 2 election that a senior citizens' home would be built in that community? I believe a similar promise was made to the people in the Agnes Pratt Home, an extension was promised to the Bonavista senior citizens' home, and I believe a similar promise was made to Bell Island, certainly to Bay d'Espoir and other communities. But my main question, Mr. Speaker, now concerns Twillingate. Will the Premier tell the House if work on that home will commence as promised?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, I did not promise a senior citizens' home to the people of Twillingate. I indicated in the time that I was in Twillingate district that we were willing to look at the concerns of the people of Twillingate as related to senior citizens, but I gave no commitment that a senior citizens' home would be started in Twillingate.

MR. W. CARTER:

Mr. Speaker, a supplementary.

MR. SPEAKER (McNicholas):

The hon. member for Twillingate.

MR. W. CARTER:

Mr. Speaker, I have here a letter signed by the Premier dated April 10th. addressed to the town clerk in the town of Durrells, in which he says, "As pointed out in your letter the Twillingate Inter-faith Senior Citizens Home is scheduled to begin in 1985". He goes on to say, "For the record this means after the beginning of the fiscal year, that is April 1, 1985." That is a copy of a letter signed by the Premier to the town council of Durrells in which the Premier clearly promises that work on that home would commence in the new fiscal year and in his own words, "after April 1, 1985".

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, I would have to see the letter, I do not remember it. I will have to see what the hon. member is talking about there. Would the hon. member will table the letter so I can see the whole works of it? I understood that the Twillingate home was on a list with a lot of others for priority with the department to which it related at the time.

MR. LUSH:
Mr. Speaker.

MR. SPEAKER (McNicholas):
The hon. member for Bonavista North.

MR. LUSH:
Mr. Speaker, I have a question for the Premier as well. The Premier will recall that I have raised in this session several times the mandatory buy-back of salmon licenses from part-time fishermen. I am sure the Premier must be aware that one of the large groups affected by this mandatory buy-back is our senior citizens. Again in this situation we see an example of where the federal government gives with one hand and takes back with the other. Now the question I have, Mr. Speaker, is the Premier aware that the monies that senior citizens will get as a result of the buy back is counted as income. Would the Premier not agree that this is certainly an unfair and an unjust way to buy back salmon licenses from senior citizens, people who have borne the heat of the day to whom a salmon license is considered as a birthright, a part of their culture and indeed a part of their heritage? Now they are being subtle about this and they are going to buy back the salmon licenses and then count it as income which means that senior citizens will have an amount deducted from their cheques, possibly for the next year or the next year and a half.

MR. SPEAKER:
The hon. the Premier.

PREMIER PECKFORD:
Mr. Speaker, I cannot give a definitive answer to it today but I will undertake to look into it for the hon. member and get back

to him on it.

MR. EFFORD:
Mr. Speaker.

MR. SPEAKER:
The hon. member for Port de Grave.

MR. EFFORD:
Mr. Speaker, my question is to the member for St. John's East (Mr. Marshall). In view of all the problems still with the electricity rates, and due to the fact that this hon. House will soon be closing for the Summer and when it reopens in the Fall that problem is still going to be facing the people, even greater according to the latest news we heard just recently since the rates will increase again in September, I am just wondering if the minister would give this House some indication of what government intends to do to alleviate the problem facing low income people, senior citizens and other people who will be greatly affected by the high cost of electricity rates this coming Winter?

MR. SPEAKER (McNicholas):
The hon. President of the Council.

MR. MARSHALL:
Mr. Speaker, as the hon. gentleman knows, the policy of the government, which has been the policy for a number of years, is that it is on a user - pay basis. We would hope next year that the cost of electricity will be less to the people than it was this year because last year, as the hon. member knows, the cost of electricity was aggravated by the low rain fall. But I can tell the hon. gentleman that it is not the policy of the government to differentiate between various people. It is a user - pay policy and there are no smaller rates for

senior citizens or for any other group of people. So that is really the position. Any alleviation of the financial problems that certain special interest groups have is obtained through ways other than through subsidization of electrical rates for that particular group.

MR. SPEAKER (McNicholas):

The hon. member for Port de Grave.

MR. EFFORD:

Boy oh boy! Never a straight answer.

Mr. Speaker, the problem is the fact that the Winter is coming on, the majority of the population is not working, and those who are working are employed mostly on make-work programmes, which provide very, very low income; the fuel adjustment charge went up last month and there is talk of it going up again in September - I think the Premier himself made that statement a few days ago so how in this world are the people supposed to pay their electricity rates? If they could not pay them last year, how are they going to pay the ever increasing rates next Winter? Now we have got to get some sort of an answer before winter comes. We just cannot accept as fact that there is no solution, There has to be a sensible solution put down by the government of this Province or the people are not going to be able to heat their homes or eat food. We have to have a more satisfactory answer before this House closes.

MR. SPEAKER:

The hon. the President of the Council.

MR. MARSHALL:

Mr. Speaker, I do not know what the hon. gentleman is suggesting

about what we can do. The cheaper electricity is dependent upon rainfall. I will not go into a litany again of what the long-term solution is. We have repeated that over and over again to the hon. gentleman. I will give the hon. gentleman a fuller answer if he can keep his colleague quiet.

MR. EFFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. member for Port de Grave.

MR. EFFORD:

Mr. Speaker, how can the minister say that we do not have any rainfall when just last week I had to empty out my office of water, so we are certainly getting lots of rainfall? What about the fact that we heard just last week there was a forgiveness of a \$20 million loan for the Province of PEI and also something to do with a further subsidy of the hydroelectricity rates for the people of PEI? What answer can the minister give us on that? Why cannot Newfoundland get the same thing?

MR. SPEAKER:

The hon. President of the Council.

MR. MARSHALL:

I do not know, Mr. Speaker, whether the rainfall that came down in the hon. gentleman's quarters would contribute in any way to electrical generation, but I can state that during this part of the session, anyway, there has been very little voltage that we have received on this side, or very little shock received from the gentleman in the Opposition.

With respect to subsidization, the hon. gentleman knows that we subsidize electrical rates in this

Province to the tune of \$40 million a year.

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

Order, please! Order, please!

MR. MARSHALL:

If the hon. gentleman wants an answer I will give it to him, but would he ask his colleagues to keep quiet?

MR. CALLAN:

He has just asked me.

MR. MARSHALL:

The member has asked the hon. gentleman to keep quiet.

Now, Mr. Speaker, the hon. gentleman is asking a question so his colleague should keep quiet because he is going to get a sensible answer. We are subsidizing the electrical rates in this Province to the tune of \$40 million a year. The deficit on current account this year is about \$70 million. In order to subsidize farther we would have to borrow more to pay our grocery bills, so there is just no room for subsidization.

Insofar as the subsidy goes for electrical rates, Mr. Speaker, we do not take a back seat to any Province. We have maintained the best balance that we possibly can. We are sensitive to the rural areas and, through the Power Distribution District, we are subsidizing it considerably to the tune of \$20 million, and the other \$20 million goes on the ERCO contract and the other industrial contracts in this Province. So we are subsidizing to the greatest degree possible; when we subsidize, we subsidize for the

rural areas where the cost is greater and there is less of a capacity to pay, so we cannot subsidize any more. To adopt the hon. gentleman's suggestion, if I understand his suggestion, would mean that we would raise the deficit and have to raise taxes.

MR. EFFORD:

Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. member for Port de Grave.

MR. EFFORD:

The question I asked about subsidy was from the federal government, not from the provincial government. If the federal is going to have a subsidy for the people of PEI, why cannot they do the same thing to the people of this Province? The hon. minister must realize the low income people of this Province and senior citizens have a very serious problem now with either paying their bills or eating food, and it is going to be even greater again next winter. Now we do not require a smart answer. We just require a sensible answer that the people of this Province can understand.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

The hon. President of Council.

MR. MARSHALL:

Mr. Speaker, I am shaking in my boots. Where is Ekky now that we need him, I wonder?

MR. EFFORD:

Answer the question for the people of the province.

MR. SPEAKER:

Order, please!

MR. MARSHALL:

Mr. Speaker, the hon. gentleman now is getting exercised, I get his colleagues exercised, so I asked him to tell his colleagues to keep quiet. Now I ask the hon. gentleman to keep quiet if he wants an answer.

Now, Mr. Speaker, let him give me more details. He just gets up and floats up the bland statement about the subsidization of the federal government to PEI. Is he aware that the Province of Prince Edward Island has 50 per cent higher rates than any other province in Canada, including this Province? Is the hon. gentleman not aware that our rates would at least be 50 per cent less than they are at the present time if we had the rights to the Upper Churchill that the hon. gentleman's predecessors gave away? The hon. gentleman wants easy answers to the electrical rates problem. Let the hon. gentlemen get up and indicate what they would do if they were in power to reduce the rates. Why does he not advise us what his party did when it was in power here? Why does he not get up and talk about what the federal Liberal party did when it was in power just a few months ago, to alleviate the electrical rates in this Province? The fact is it would not give us a satisfactory power corridor through Quebec, and on and on and on. The questions that the hon. gentlemen want simplistic answers to, Mr. Speaker, the simplistic answers are not there. We wish they were. If they could be we would have a reduction of electrical rates.

MR. EFFORD:

A supplementary, Mr. Speaker.

MR. SPEAKER (McNicholas):

The hon. the member for Port de Grave.

MR. EFFORD:

It is amazing after fourteen years in government that those members over there still have to blame it on the former Liberal government. It is unbelievable that it takes fourteens years to keep blaming and blaming and blaming. The fact is that the rates on PEI is not 50 per cent higher than the rates in Newfoundland. Taking into consideration the fuel adjustment charge, our rates are very, very much higher than the rates in PEI. So you cannot come back with the answer that it is 50 per cent.

MR. SPEAKER (McNicholas):

Order, please!

Since this is a final supplementary there is no need of a preamble. Please pose your question.

The hon. the member for Port de Grave.

MR. EFFORD:

The whole point is, Mr. Speaker, that the hon. member has not yet given us an answer to the question about what will he bring into this House that he will help the people next Winter, and if that is the case he is completely falling down on the job. So why cannot the minister give us one sensible answer about the electricity rates?

MR. SPEAKER (McNicholas):

The hon. the President of the Council.

MR. MARSHALL:

Now that is some sensible supplementary question! Is that

not great representation for the people of the historic district of Port de Grave. You know, 'The minister has not given a sensible answer.'

MR. EFFORD:

A point of order, Mr. Speaker.

MR. SPEAKER:

A point of order, the hon. the member for Port de Grave.

MR. EFFORD:

I asked the hon. member a question about electricity rates and the people of Port de Grave are well aware of the character reference of the member for Port de Grave. They do not need that answer. They need an answer to the high electricity rates. Answer that question.

MR. SPEAKER:

To that point of order, maybe the hon. member would give his reply.

MR. MARSHALL:

I have to apologize to the House, Mr. Speaker. The hon. gentleman was driving me to the wall with his answers so I had to strike back in the savage way that I did to the hon. gentleman. If I hurt the hon. gentleman's feelings, and least of all the constituents of Port de Grave, I very humbly apologize to the hon. member and to the House.

Mr. Speaker, I have responded to the hon. gentleman, I had thought, in a very forthcoming manner. I had told him that we are doing the best we can. All I can do is guarantee him that this minister has been and will do a better job than his predecessor had done when his predecessor had this position.

MR. SPEAKER (McNicholas):

Order, please!

The time for Oral Questions has now elapsed.

Notices of motion.

PREMIER PECKFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, if the Leader of the Opposition (Mr. Barry) is in agreement, if he wants to pass this resolution now on the de-indexation of old age security payments, if the hon. Leader of the Opposition wants to move it I will second it, or vice versa; Move that this House go on record as being opposed to the policy of the federal government to de-index old age security payments.

Is that okay with the Leader of the Opposition?

MR. SPEAKER:

The hon. Leader of the Opposition.

MR. BARRY:

Yes, Mr. Speaker. It took a little while, and it is a little watered down, but it is better than nothing. I would be happy to second that, Mr. Speaker.

On motion, a resolution regarding de-indexing of old age security payments as presented by the hon. the Premier was unanimously carried.

SOME HON. MEMBERS:

Hear, hear!

Answers to Questions
for which Notice has been Given

PREMIER PECKFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, I would just like to reply to the hon. member for Twillingate (Mr. W. Carter). He did not read all the letter, unfortunately, and I want to answer him.

Yes, it was to go ahead on schedule, but the member forgot to mention that the Province and the Twillingate Home Board are awaiting word from Canada Mortgage and Housing Corporation as to the availability of the necessary funding. Unfortunately, that funding did not come through.

Petitions

MR. SPEAKER:

The hon. member for Torngat Mountains.

MR. WARREN:

Mr. Speaker, I wish to present three petitions but, with the indulgence of the Chair, as the three petitions are concerning UIC for fishermen, I would like to suggest, Sir, that I present the three petitions in one. I may take a little longer than five minutes but if it is okay with the Chair I could present the three petitions in one.

MR. SPEAKER:

Is it agreed?

MR. WARREN:

Well, Mr. Speaker, the petitions are from the fishermen in the town of Makkovik.

MR. SPEAKER:

Order, please!

I was not quite clear what the hon. member wanted.

MR. WARREN:

Mr. Speaker, I have three petitions but instead of spending fifteen minutes I probably would take seven or eight minutes and combine the three petitions in one as they relate to the same subject.

MR. SPEAKER:

Is that agreed? Agreed.

MR. WARREN:

Okay, Mr. Speaker. The petitions are from the fishermen of Makkovik and the fishermen of Postville and, also from the fishermen supporters from the town of Makkovik. The prayer of the petition - I will read one prayer - is pretty well the same prayer for all three petitions.

"We, the residents of the community of Makkovik wish to ask the Government of Newfoundland and Labrador to consider the request by our fishermen for extended benefits because of the delay in the fishery through ice conditions. These fishermen have no income whatsoever since May 15 and will be delayed at least three weeks to a month. We feel left out from the rest of Canada and considered to be treated as second class citizens. Please do what you can".

Now, Mr. Speaker, some time ago because of representation by members of this House, by the Premier and by the Fishermens' Union, the federal government decided they were going to extend UIC benefits or at least pay monies equivalent to UIC benefits to fishermen in this Province who

could not fish because of ice conditions.

When I found this out, I contacted the hon. Flora MacDonald's office and was told by one of her assistants that this included all fishermen who were affected by ice conditions. I asked at the time what was the criteria and the three basic stipulations were: First, the fishermen had to be on UIC up to May 15, which fishermen in my district qualified for. The second one was that they had to be bonafided full-time fishermen, which the fishermen in my district qualified for. The third thing was they could not fish because of ice conditions. Again, fishermen in my district fell under the same guidelines. So the individual told me 'yes, they do agree.' Subsequently, the Minister of Fisheries made a statement in here saying it included all fishermen North also of Rigolet.

About five days later the Department of Fisheries and Oceans decided that it only will go as far as Cape Harrison and Cape Harrison, Mr. Speaker, for the information of some hon. members in this House who do not know the Coast of Labrador, is about seventeen miles south of Makkovik, roughly seventeen miles south of Makkovik and there are 217 fishermen approximately north of Makkovik who will not avail of this special monies to alleviate the conditions that they are in.

On top of that, Mr. Speaker, which really makes my blood boil and really is upsetting to the people up there, is that there are fishermen from Fogo, there are fishermen from the Strait of Belle Isle, there are fishermen from Twillingate, there are fishermen from Carbonear and fishermen from

nine districts who fish in Makkovik during the Summertime. These fishermen, because they belong to Fogo, or because they are living in the Strait of Belle Isle, can draw their UIC or they can get this special payment and they fish in Makkovik during the year. I think it is really discrimination.

MR. TULK:

What was that you said?

MR. WARREN:

I say to the hon. member, wherever there is fishermen that fish in Makkovik during the year, they cannot fish now because of ice conditions and they can qualify for this benefit.

MR. TULK:

Why can your fishermen not get it?

MR. WARREN:

This is why these petitions are coming forward, because the federal government, again - as the former federal government has - are treating the citizens in Northern Labrador as second class citizens. This is the problem.

Mr. Speaker, I am utterly upset, the fishermen are utterly upset. They, who get the lowest number of dollars per year because they have the shortest fishing season, cannot get benefits, while fishermen who fish in their area in the Summertime, because they cannot fish now in Fogo or the Strait of Belle Isle or Twillingate, they can get this benefit.

I think it is downright discrimination and, furthermore, I believe, Mr. Speaker, if it was challenged, it is against the human rights of this country. We are discriminating against people

because they live in the North.

Mr. Speaker, if the fishermen could go fishing today they would go fishing. Not only are they delayed today, but it will be another two weeks at least before they can get their first nets in the water. Here we have the Government of Canada, through the Minister of Employment and Immigration (Miss. MacDonald) first saying yes, or her officials saying yes, and then the Federal Fisheries saying no, it is only as far as Cape Harrison.

I would like to suggest, Mr. Speaker, this House go on record condemning the federal government for this action they are taking. It is discrimination against people who need income as well as anyone else in this Province. We are the Province of Newfoundland and Labrador, not just the Province of Newfoundland and part of Labrador.

I would like to place these petitions on the Table and refer them to the department to which they relate. Hopefully, Mr. Speaker, we can, as a government of this Province, as members of the Legislature, fight for all residents of this Province, and to make sure that no one will be treated unfairly and treated as second class citizens, as is being done to the people in my district.

SOME HON. MEMBERS:

Hear, hear!

MR. TULK:

Mr. Speaker.

MR. SPEAKER (McNicholas):

The hon. the member for Fogo.

MR. TULK:

Mr. Speaker, let me say to my

former colleague for Torngat Mountains (Mr. Warren) that the conditions he outlined for receiving unemployment insurance in the Province are the correct conditions. I believed they were the conditions for all fishermen in the Province, regardless of whether they live in Northern Labrador or whether they live on the South Coast of the Province. I find it amazing.

Mr. Speaker, we support the petition on this side. We have no problem in supporting that petition because it is the rankest form of discrimination that one could have against anybody in this Province, that because you live in a certain area and while you are subject to the same conditions as other people in other parts of the Province, yet, you are not eligible for certain benefits that flow from either the provincial or the federal government.

So having said that, Mr. Speaker, let me say that we support the prayer of the petition and we sympathize with the member for Torngat Mountains. I guess he is now finding out that sitting on the government side of this House and being in tune with his Tory buddies in Ottawa does not necessarily guarantee the policies that we objected to when the Federal Liberals were in power on this side will be solved by his Federal Tory buddies in Ottawa.

Now I have to tell him, Mr. Speaker, do what he might, but there is that centralist Canadian attitude, regardless of what political party is in office, at times you have a job to convince them that certain things are necessary and that certain things are right.

Mr. Speaker, we, as I have said, have no hesitation at all in supporting this petition. As a matter of fact, we will even construct, by leave of this House, a resolution and send it immediately, condemning the federal government, as they should be condemned, for allowing this state of discrimination to go on.

As a matter of fact, when I sit we will put together a resolution and we will ask leave. We can put it together now. The resolution is very simple, and we are asking leave now, Mr. Speaker, of the government side of the House - perhaps the member will see that that is granted - that this House go on record as condemning the federal government. The resolution should read that this House go on record as condemning the federal government for its discriminatory actions against the fishermen of Northern Labrador as regards the Unemployment Insurance Commission Act.

Do we have leave?

MR. RIDEOUT:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Fisheries.

MR. RIDEOUT:

Mr. Speaker, I would like to say a few words as well in support of the petitions presented by my colleague for Torngat Mountains (Mr. Warren) and supported by the hon. gentleman for Fogo (Mr. Tulk).

When this supplementary programme was announced by the Federal Minister (Mr. Fraser) we, as the hon. gentlemen representing the area, were informed that this programme of assistance would apply to all fishermen no matter

where they lived in Newfoundland and Labrador. We were very pleased with that, Mr. Speaker, because we know that the gentleman for Torngat Mountains had raised this matter in the House in other years and in other situations when those programmes were brought in and his constituents were left out.

We were very, very surprised just a few days later, following some new information, to find out that the programme only extended as far as Cape Harrison, as it did in other years. We, immediately, as a department, with the support of the hon. gentlemen, made our feelings known to the Federal Minister of Employment and Immigration (Miss MacDonald) and to the Federal Minister of Fisheries (Mr. Fraser). We think this is blatant discrimination against the fishermen who happen to live on the Northern Coast of Labrador, if, as the hon. gentleman said, for example fishermen from my constituency around Nippers Harbour and LaScie go North in the Summertime to fish, because they are living in LaScie or Nippers Harbour they are able to draw from this special fund because of ice conditions in their area, yet a large number of their UIC premiums may very well have resulted from fish caught on the North Coast of Labrador, and the people who live up there are not allowed to gain advantage from this programme.

We were very, very clear and very straightforward and determined to try to get this changed. Unfortunately, it has not been changed to date. I do not know if it will be.

The reasoning behind the federal fisheries position is that 'the normal season for fishing on the

North Coast of Labrador does not begin anyway,' they say, 'until July 1. We may consider giving them benefits if ice conditions persist after July 1.' But in the meantime, because everybody else in the Province can get benefits from May 15, up until such time as the ice conditions abate, then those people are discriminated against and left out.

Mr. Speaker, we support this petition and if the hon. gentleman wants to have a chat with the Opposition House Leader and come to some consensus on a resolution, then I do not think we would have any problem with that either.

MR. TULK:
Mr. Speaker.

MR. SPEAKER:
The hon. member for Fogo.

MR. TULK:
Mr. Speaker, I beg leave of whoever of the government side of the House to clear this matter up now. I would move a resolution -

MR. SPEAKER:
Order, please!

Does the hon. member have leave?

MR. TULK:
Do I have leave? I mean the resolution is very simple.

SOME HON. MEMBERS:
No. No.

MR. TULK:
No leave?

MR. R. AYLWARD:
A point of order, Mr. Speaker.

MR. SPEAKER:
A point of order, the hon. Minister of Rural, Agricultural

and Northern Development.

MR. R. AYLWARD:
I would recommend, since the hon. member for Torngat Mountains (Mr. Warren) and the hon. Opposition House Leader (Mr. Tulk) have motions prepared themselves, or half prepared between them, that the two of them get together for five minutes, come up with a motion, and come back to the House. It is as simple as that.

MR. TULK:
Mr. Chairman, to that point of order.

MR. SPEAKER:
The hon. member for Fogo.

MR. TULK:
I was about to read, and if the member for Torngat Mountains wants to move or second this, I was about to move the resolution that we could put forward immediately. And to that point of order I would read it for the -

MR. SPEAKER:
To that point of order, as I understand it, leave to present that motion has not been unanimously granted. I do not know if you have some other points of order.

MR. TULK:
On a point of order, I was about to read the resolution that I was going to ask leave for when Your Honour, as is his right, interrupted me and the resolution says that I would move, or the member for Torngat Mountains can move it, but I would move, seconded by the member for Torngat Mountains, that this hon. House go on record as unanimously condemning the federal government for its discrimination against the fishermen of Labrador in not

extending the unemployment insurance programme to benefit these fishermen as it has benefitted other fishermen in Newfoundland and Labrador under similar circumstances.

MR. WARREN:
Mr. Speaker.

MR. SPEAKER:
The hon. member for Torngat Mountains to that point of order.

MR. WARREN:
Mr. Speaker, like the Minister of Rural, Agricultural and Northern Development (Mr. R. Aylward) said, I think we need to get together because the member should realize already there is something wrong with this resolution because it is only part of Labrador, and it only starts from Cape Harrison in the North, so why condemn fishermen in Labrador who are already getting it? We have to get together. There are only some fishermen in Labrador.

MR. TULK:
To that point of order, Mr. Speaker.

MR. BARRY:
He is afraid to put the word "condemn" in there.

MR. SPEAKER:
To that point of order, the hon. member for Fogo.

MR. TULK:
If the hon. gentleman would wish to get a few kudos, or if the government wants to move this resolution then, I have no problem. If he wants to change the word "the" to "some", then let us change the word to some fishermen in Labrador. Let us not be so silly. Let us get together and do it. If you want the credit

that is great. We do not care.

MR. SPEAKER:
Order, please! Order, please!

MR. MARSHALL:
Mr. Speaker.

MR. SPEAKER:
Order, please! The hon. the President of the Council.

MR. MARSHALL:
Mr. Speaker, there are certain proceedings in any House, and the hon. gentleman got up and put three very sensible petitions on behalf of constituents. He has made his point from the point of view of petitions, now let us not have the House sullied by the hon. gentleman on the opposite side making small political points but getting up and saying, "We will inject a resolution to do this and that." I think we should leave it to the petitions and the proceedings.

MR. TULK:
Do not be so silly.

MR. MARSHALL:
Do not be so confrontational all the time.

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

Committee of the Whole

MR. CHAIRMAN (Greening):
Order, please!

MR. TULK:
Mr. Chairman.

MR. CHAIRMAN:
The hon. the member for Fogo.

MR. TULK:

There is a couple of questions I want to ask the Minister of Finance (Dr. Collins). If he answers them, I can assure him that we will pass this bill rather quickly, but if they want to get nasty over there again, like the Government House Leader (Mr. Marshall) just got about a resolution that his own member had asked for, then we are in trouble. That is all there is to it.

The question to the Minister of Finance relates to a number of fish plants in this Province that are owned by the government, I pointed this out to him last week. I have now got a copy of a general form of the leases that are put by the provincial government. My question to him is there are a number of fish plants in the Province that are owned by the government and leased to private fish companies -

AN HON. MEMBER:

You do not want to talk about that.

MR. TULK:

But I got to see if the Minister of Finance wants to. He wants some advice and look at the source he has gone to.

Would the Minister of Finance tell us how many fish plants in this Province are - I suppose the Minister of Fisheries (Mr. Rideout) had better answer this - how many fish plants are owned by the government leased to private enterprise?

What are the kind of conditions that those people are allowed to hold onto their leases and still not produce any product for this Province? I refer, specifically, to a plant, I believe, which is in

St. Barbe and I think there is one in Belleoram, in the district of Fortune - Hermitage. In Hawkes Bay, I understand there is a plant owned by Parson's Pond Seafoods Limited. We are guaranteeing them certain funds under this bill, but I understand they have paid their lease up to the end of June this year and they are telling other fish companies and the people of that community that want to come in and start producing fish, which would keep sixty jobs going, a plant that the federal government, I believe through converting a plainer mill, put \$300,000 into the conversion so that the people of Hawkes Bay would have an industry, I understand that the Parson's Pond Seafoods Limited, run by, I believe, a good Tory - was he the campaign manager for the Tory party in St. Barbe? - I understand he has now got a hold on that plant and he refuses to let go unless the provincial government pays him \$26,000, and then he gets out of the lease.

I understand, that all he has to do - the Minister of Fisheries is better able to answer this I am sure than the Care Bear - as long as that fellow pays up the lease then he is entitled to hold that plant up. Is that the case, that he is entitled to hold that plant up from producing fish even though the community, the town council, I am told by everybody in that area, and the people in that area, the fishermen's committees and so on, have another two people who are willing to come in and take over the plant? Yet, they are being prevented from doing this because Parson's Pond Seafoods Limited have a lease on the property and all they have to do, I understand, is go in and say it is not economically viable, pay up their

lease and then they keep the plant for another year. The point I was making to the Minister of Finance (Dr. Collins) last week when the Minister of Fisheries (Mr. Rideout) was away was that that seems despicable, it seems terrible that that is allowed to happen when we have sixty jobs on the line, when we have a plant closed down that the people of Hawkes Bay went and literally worked their hands almost to the bone to get converted from a plainer mill when Bowater No. 7 machine closed down. They used pure initiative, sixty jobs on the line, yet, I understand that this individual that owns Parson's Pond Seafoods Limited has been permitted, at least to this point, to keep that plant closed and all he has to do is pay his lease. Perhaps the Minister of Fisheries would answer, we may get some sensible answers which we would not get from the Minister of Finance.

MR. RIDEOUT:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. the Minister of Fisheries.

MR. RIDEOUT:
Mr. Chairman, in the case of Parson's Pond Seafoods Limited everything is not quite the way it was described by the hon. gentleman.

There is some equipment in that building that the people that he mentioned owned, but the department has been in touch with the present operators, and we have been informed that they are prepared - in fact, if they were not prepared there were other things we could do, but we hope that we could do it cooperatively first, or try the cooperative

approach first - but we have been informed that the present operator is prepared to move out and that there is another operator who is prepared to move in.

Now, in the overall general question raised by the hon. gentleman on the conditions of leases, take the Belleoram situation for example, that is another good one. That lease, as I understand it, is paid a year in advance, it runs out sometime the latter part of this Summer, it was paid last Summer.

Again, I have instructed the officials in my department to sit down with the present lease holders and find some way, providing we got somebody to go in there, if we got nobody to go in there then the whole thing is academic, but if we could find somebody to go in there, then find a way to get out of that lease arrangement with, in this case Ichthus, or in the other case, Parson's Pond Seafoods.

So, in the case of Hawkes Bay I think we have arrived at that state now where the present owners will be moving out, provided there is another operator to go in there.

MR. FUREY:
Mr. Chairman.

MR. CHAIRMAN:
The hon. the member for St. Barbe.

MR. FUREY:
It seems that there are two companies who wish to move in. I am told by the mayor that there is an American company that wants to do a salt fish product, which is fairly labour intensive, and, also, that a Swedish company has been looking at a fresh fish processing operation. The

minister will remember I wrote him on April 26th. and he wrote me back to tell me that he had his officials were holding discussions with the parties. Are you saying now that they have reached a satisfactory conclusion?

MR. RIDEOUT:

That is the information I have.

MR. FUREY:

Okay. The mayor and his town council informed me that in order for Parsons Pond Seafoods to withdraw from these premises, they would want to recover their capital investment of \$26,000 to \$30,000. I directed a letter to your deputy minister outlining that just recently.

What I want to ask the minister is how on the one hand can we back a guaranteed loan of \$40,000 to a company that has really delayed the creation of sixty jobs since the beginning of June and, on the other hand, pass over the capital investment that they are asking to be recovered from government.

Would you like to address that for a minute or so?

MR. RIDEOUT:

Mr. Chairman.

MR. CHAIRMAN (Greening):

The hon. Minister of Fisheries.

MR. RIDEOUT:

Mr. Chairman, I will have to get some details on the particular question the hon. gentleman raised. But my understanding of the situation after lunch today was that there had been an agreement reached between the operator that they would move out, provided there was somebody else who could move in. I do not know the details on the capital, what

they want as a result. If they invested some money there and if we had a guarantee on it, we would perhaps have first charge on some of their assets. These are normal conditions that we have in the guarantees.

On the question of the company that is interested in producing salt fish, that is a different matter because there would have to be some arrangement worked out with the Canadian Saltfish Corporation, as the hon. gentleman might be aware. The only people who are allowed to produce salt fish in Newfoundland and on the North shore of Quebec are people who have some kind of a licensing arrangement through the Canadian Saltfish Corporation.

A Swedish company, if they are interested in producing fresh fish, well that is a different matter. There is already a processing license in place for the facility. But the latest information I had just before coming to the House today was that an agreement had been reached. I will try to get more details for the member and let him have them as soon as I can get it.

MR. FUREY:

Mr. Speaker.

MR. CHAIRMAN (Greening):

The hon. member for St. Barbe.

MR. FUREY:

I appreciate that Mr. Minister.

Mr. Chairman, just on one other point, an arrangement has been worked out in this particular case but the minister alluded to the fact that had an arrangement not been able to be reached, he would have had other measures or other options to break this lease.

There are other cases where this happened so could elaborate on how you could break that lease.

MR. RIDEOUT:

Mr. Chairman.

MR. CHAIRMAN:

The hon. Minister of Fisheries.

MR. RIDEOUT:

Mr. Chairman, obviously we try a nice approach first and we sit down and discuss with those people, if we have somebody waiting on the doorstep. If we do not, there is no point. I mean if you have not got an operator, then there is no point.

MR. FUREY:

But we have had an operator for two months now.

MR. RIDEOUT:

We try to negotiate with them and if they have some assets tied up in the building we try to work out some arrangement there. Of course, the ultimate authority is the processing license and the license to purchase fish, a buyer's license which they would have. Both licenses they would have to have from our department. So, we do have some flexibility in that regard and we have, over the years as I understand it, used that flexibility when we thought it was necessary for us to do so.

MR. FUREY:

Mr. Chairman.

MR. CHAIRMAN:

The hon. member for St. Barbe.

MR. FUREY:

Mr. Chairman, I do welcome the news that finally this lease has been dealt with and that we may create these sixty jobs.

As you are aware, CBC covered the Hawke's Bay situation a couple of nights ago and during the interview with the Mayor, town council and the fish plant workers in this building made reference to the fact that the Royal Commission on Unemployment had been through there as well and they thought it was pretty despicable that two months ago we could have had people cutting on these lines and working in an area where there is 77 per cent unemployment. I am not sure of the youth figures. Those will come across my desk next week. But amongst the adult population there is 77 per cent unemployment.]oyment.

I welcome that news. I just feel rather sad that we have all known about it some two months ago and we could not have acted in a more urgent manner on it. Thank you.

MR. PATTERSON:

Where was the member all this time?

MR. FUREY:

Two months ago I made representation.

MR. EFFORD:

Mr. Chairman.

MR. CHAIRMAN (Greening):

The hon. member for Port de Grave.

MR. EFFORD:

Mr. Chairman, a question for the hon. Minister of Finance (Dr. Collins). On the situation on the guaranteed loans for small operators, I have a situation where an operator in my district is finding it very difficult to keep his pay roll and, at the same time, purchase fish and pay the fishermen with the guaranteed loan that he received from the government. That situation is where he got a \$50,000 one and he

needed a \$100,000. The only way that he could survive this year and keep the payroll going and pay for fish was to get that \$100,000. He is employing up to approximately forty-eight people which in a small community that is a great number of people. He is finding it very difficult now to stay in operation.

I would like to ask the Minister of Finance why his operating loan guarantee could not be increased to \$100,000.

AN HON. MEMBER:

Are you at liberty to tell the company's name?

MR. EFFORD:

Yes. The company's name is George Dawe & Son of Port de Grave, a very reputable company for over 100 years.

DR. COLLINS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. Minister of Finance.

DR. COLLINS:

Mr. Chairman, I am just wondering if that is on this particular schedule.

MR. EFFORD:

Yes it is.

DR. COLLINS:

Which one is it, do you know?

MR. EFFORD:

You have that there, the Loan Guarantee Act. It is definitely there.

DR. COLLINS:

Yes it is, you are right. It is item 15.

Mr. Chairman, there was a loan

guarantee entered into there for \$50,000. It was due to expire at the end of March and that was extended to the end of May, 1985, but that was really to get in certain information that we required to just access the current situation.

Having got in that information it was then extended to the March of next year I think it was or March or April of next year.

Now, Mr. Chairman, that particular firm is really an agent of the Saltfish Corporation and the Saltfish Corporation extends certain credit in anticipation of the receipt of the supplies from the company. Our assessment was that the \$50,000 guarantee should suffice to cover situation. Also, as I mentioned earlier, we do have to get security where we feel it is available, and I do not believe that in this particular case there was sufficient security to go much beyond that. The assets that the company had available to put up as security would not allow us to extend beyond that.

So, all I can say to the hon. member is that our assessment was that \$50,000 should do it and that would keep them within our guidelines.

If the company feels, there are grounds for appeal. I do not believe we have heard an appeal from the company, at least it has not been brought to my attention. If the hon. member feels that there are grounds for appeal as to the amount. I am sure if he passed that on and had the proper application made we would be glad to assess it again.

But, at this date all I can say is that from the information made

available to us we thought that \$50,000 should allow them to continue operating and that that was the maximum that their security would allow.

MR. EFFORD:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. member for Port de Grave.

MR. EFFORD:
The whole point of the situation is that \$50,000 certainly is not enough to keep a pay roll going in this day and age when you are talking about probably, a maximum capacity of thirty to fifty people which have to be paid every week and, at the same time, pay fishermen on a weekly basis for their fish.

I realize that probably they have not made an appeal but they did ask me to look into the situation. Probably I could ask the Minister of Fisheries (Mr. Rideout), due to the fact of the situation of the low unemployment right now in the rural areas and especially in my district, if I went back to the people of this company and asked them to make an appeal for an extra \$50,000, could the Minister of Fisheries give me some guarantee that he will certainly take the matter into consideration and look into it? Work with the Minister of Finance (Dr. Collins) and give me some sort of an answer, that we probably could expect to get an extra \$50,000 loan guarantee for them?

MR. RIDEOUT:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. Minister of Fisheries.

MR. RIDEOUT:

Mr. Chairman, let me tell the hon. gentleman that there is a process in place between the Department of Fisheries, the Department of Finance, and the Department of Development. There is a committee of officials that analyse all requests that we get for working capital loan guarantees.

I gather, from what the hon. gentleman has said, there was a request to increase the amount but that was not done. If the company wishes to make another request, we will certainly have the committee of officials look at it. I could not prejudge or give him any guarantee of what decision Cabinet may make. That is more than my coat is worth and more than all our coats are worth singularly. That has to be done collectively.

But we certainly will and certainly do entertain requests from any proven operator in the Province and we have a committee of officials that examine the requests and then they send a paper to Cabinet and Cabinet will make a decision. If the company wishes to go through that route, then we will certainly do that for them, Mr. Chairman.

MR. TULK:
Mr. Speaker.

MR. CHAIRMAN (Greening):
The hon. member for Fogo.

MR. TULK:
I have a couple of more questions before our questions are finished on this bill and they are for the Minister of Fisheries (Mr. Rideout). They have to do, I think, somewhat with the Loan and Guarantee Act.

I do not have the Act in front of

me but, I think, we are guaranteeing to Fishery Products International something over \$7 million in this bill. Will the minister will recall that under the restructuring agreement there was a schedule attached to the restructuring agreement called Schedule A in which there was a list of fishing companies and plants that were to be included under FPI. I would like to ask the minister if there are any of those plants that are now closed, if there are any of them that are in danger of closing, and just what the problem is?

I would also like to ask him about one other thing and that is the River Port scallop fleet. As part of the restructuring agreement the River Port scallop fleet were, I understand, to become part of the Newfoundland fishery and that has not happened. He might want to go on record as telling the House why indeed that did not happen.

It is no wonder to me, to be quite frank with you, Mr. Chairman, that we are still in the process of guaranteeing funds to Fishery Products International. We have been almost three years in this Province since the restructuring agreement took place, and yet we still do not have a business plan from Fishery Products International. I do not believe there has been a business plan, but when can we expect that business plan to be place? Has the minister had any indication from Fishery Products International that they are going to be regarding some of the fish plants that are listed in the restructuring agreement as "social plants" and have they asked the provincial government to take over any of those plants and to pay the burden of those plants or asked

the federal or provincial government to do it?

The extra funding that FPI has been demanding in the past from the provincial government, is FPI going to get that? Does he have any indication of just how much they are asking for in their business plan when they submit it? Are they going to get the funding they are asking for? When can we expect the business plan and what are the ramifications of it?

MR. RIDEOUT:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. Minister of Fisheries.

MR. RIDEOUT:
I will try to answer the questions as best I can. Number one, I do not have the restructuring agreement before me so I do not remember all the plants, but if the hon. gentleman wants to ask a specific question about a specific plant then I could try and answer any question. I would have to see the list because I do not remember them all off the top of my head.

Mr. Chairman, first of all it is not quite fair for the hon. gentleman to say that the restructured FPI has been in existence for a couple of years and there still has not been a business plan.

As the hon. gentleman knows it has only been five or six months that both shareholders of FPI finally agreed on a senior management team. And that senior management team -

MR. TULK:
I was talking about since the

agreement was signed.

MR. RIDEOUT:

Yes, that part of it is correct. What I wanted to point out to the hon. gentleman that the senior management team, Mr. Young, Mr. Wells, and Mr. Norris, those people who have been put in place, on the top of FPI have only been in place for the last five or six months. In the interim they did develop an interim business plan.

It is my understanding, Mr. Chairman, that their final five year business plan will be ready for submission to both shareholders by the end of August, I believe it is. I stand to be corrected on that. I do not want to be too definitive in what I am saying here. But I know that it is within the next month or so, and I believe it is due to be presented to the shareholders by the end of August.

The other part of the hon. gentleman's question: Have FPI come to us yet and asked us to make any moves on the social plants? No, Mr. Chairman, there has not been any indication from them on that regard yet. We fully expect that that part of the scenario will be addressed when they present their five year business plan to us. But, they have not as yet, for example, come and said, you know, this plant is a social plant.

MR. TULK:

Any indication at all?

MR. RIDEOUT:

No. As a matter of fact, I can say this to the hon. gentleman, Mr. Chairman, there may be some pleasant surprises in what was thought to be social plants, vis-a-vis what may end up in

social plants.

MR. TULK:

I hope so.

MR. RIDEOUT:

We are hopeful that that will happen as well just as he is.

So it is not all black and white. It is not all cut and dry, but they have not come yet and asked us to kick in the mechanism in the agreement that would kick in if that kind of thing were to happen.

MR. TULK:

Mr. Chairman.

MR. CHAIRMAN (Greening):

The hon. the member for Fogo.

MR. TULK:

Mr. Chairman, I have just one more question for the hon. Minister of Fisheries (Mr. Rideout). He did not get to my plants, you may get to those now when I ask this one. I have just one more question to ask the minister and he has my copy of the restructuring agreement now, so I will just have to go by memory. I understand that the Board of Directors of FPI, I think, there were supposed to be in his great social compact that was heralded at the time by both the provincial and federal governments, there was supposed to be a representative of the Fishermen's Union - one person out of eleven, I believe - to sit on the Board of Directors of Fisheries Products International. Let me ask the minister has that taken place? Do we now have a representative of the Fishermen's Union or indeed a representative of the fishermen sitting on the Board of Directors?

If not, perhaps he can tell us who that position has been filled by?

Or if it is going to be filled? What compact has been made with the Fishermen's Union to see that that person is put in place? What has been their reaction and so on? Could he just address that whole scene, of the one person from the Fishermen's Union sitting on the Board of Directors? About one out of eleven, I think.

MR. RIDEOUT:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. the Minister of Fisheries.

MR. RIDEOUT:
Mr. Chairman, on that point, I want to be rather careful, because I do not know - I have tried to read all of the briefing notes on FPI over the last couple of months. But it is my understanding that the Fishermen's Union choose not to participate in the social compact provisions that were built into the restructuring agreement.

I do not know to any great detail why they may not have decided to participate. It is my understanding that the option for them to do so is still there, if they so wish. I have had some meetings with Mr. Cashin and the executive of the Union, and it is not something as I read it that they are really, you know, uptight about or very interested in at this particular point in time, perhaps, some further distance down the road they may very well be. But it is my understanding that up to this point in time they have not exercised their option to participate and to name somebody to the Board. I do not think there is any representative of the Fishermen's Union on the Board of Directors of FPI at this time.

Now to the hon. gentleman's earlier question about plants that are open. I can see from the list there, for example, that Twillingate is not open but that is because of ice conditions, at the present time.

MR. TULK:
I am just saying barring all those circumstances.

MR. RIDEOUT:
Barring all of those circumstances. St. Lawrence I am very pleased to tell the hon. gentleman opened yesterday, it started processing fish that they were buying from the inshore fishermen in that area. Of course, Bide Arm and Englee still have problems with ice conditions like most of us have along the Northeast Coast. Bonavista is okay. It is operating. Gaultois.

MR. TULK:
What ones are not? If there are any? Just go through those that there might not be.

MR. RIDEOUT:
Now that St. Lawrence opened yesterday, of course, St. Anthony is not open yet.

MR. TULK:
What about Charleston?

MR. RIDEOUT:
Pardon?

MR. TULK:
Charleston?

MR. RIDEOUT:
Charleston will be operated by FPI this year.

MR. TULK:
It will?

MR. RIDEOUT:

Yes, they are trucking fish into St. Anthony. That is right.

Dildo is going to be processing caplin, I understand. So they are in various stages of open or not open. I guess what the hon. gentleman is looking for, is there any conscious decision made by FPI to close any of the plants that were listed here. At the present time, with the absence of a business plan, there is no such conscious decision that I am aware of.

MR. TULK:

Mr. Chairman.

MR. CHAIRMAN (Greening):

The hon. the member for Fogo.

MR. TULK:

Mr. Chairman, one more question for the minister. I meant to ask him today in Question Period to be quite frank with you, and it is going to be a very simple question. The caplin fishery which will affect how well this restructuring bill turns out or the Loan and Guarantee Act for this year turns out.

The caplin fishery, as the minister is aware, there seems to be some problem. The Processors Association, I understand, are saying that they will not catch caplin this year until they get a certain price, until they have a negotiated price that is satisfactory to their fishermen. I also understand from some fishermen that I talked to in Port de Grave yesterday who comes from the Twillingate area and some fishermen who are in Harbour Grace from my own district, the Fogo area, that unless something happens within the next couple of days to see those negotiations concluded then there is going to

be no caplin fishery this year. Probably one of the biggest profit-making fish products that we have for plant owners, for private owners even, are caplin. I think it is no secret that many of the private fish companies, especially the independents in this Province last year survived because they did well in the caplin fishery. So the question for the Minister of Fisheries (Mr. Rideout) is can he, under this bill, give us a status report on just where that caplin fishery is, that whole process of negotiation, at this time?

MR. RIDEOUT:

Mr. Chairman.

MR. CHAIRMAN (Greening):

The hon. Minister of Fisheries.

MR. RIDEOUT:

Yes, Mr. Chairman, most everything that the hon. gentleman said is very, very true. There is no doubt about that. It is very important that there be an agreement between the association and the Japanese buyers on caplin. Particularly independent plants, as he indicated, their feasibility, their viability, very much revolves around whether or not they can make those few extra good dollars off the caplin fishery.

I have been advised by my officials just before coming to the House for Question Period that there is movement continuing, dialogue is continuing -

MR. TULK:

You knew I was going to ask it!

MR. RIDEOUT:

I try to keep one step ahead of you 'Beaton' boy. But I have been advised that there is continuing

to be dialogue among the association members themselves and we are monitoring the situation very closely. Anything that we can do, as we have already told the association people, to assist them, then we will. So we are staying on top of it.

I do not want to give too much detail about the negotiations at the present time because, as I understand it, they have reached a very sensitive stage and we are optimistic that an agreement satisfactory to the producers and to the buyers can be reached. There is still movement and we are hopeful that an agreement can be put in place so that the dark side of the coin that the hon. gentleman just referred to and that we know is there, hopefully, does become reality.

MR. CALLAN:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. member for Bellevue.

MR. CALLAN:
Mr. Chairman, on Thursday and Friday of last week, when the hon. Minister of Fisheries (Mr. Rideout) was away attending to affairs of the Province, I am sure, I raised a couple of matters which the Minister of Fisheries is very well acquainted. He is very well acquainted, either through correspondence, and I am sure that across the minister's desk this morning, if not Friday, was a letter from the Upper Trinity South Regional Development Association, addressed to the Minister of Finance (Dr. John Collins) and it says, "As a follow-up to the meeting with you and the hon. Tom Rideout concerning plant closures in the Upper Trinity South region, we are

declaring our area economically depressed."

It is a disaster area, Mr. Chairman.

MR. SIMMS:
Who represents that area?

MR. CALLAN:
The hon. James Reid represents a lot of it and the hon. member for Bellevue represents another part of it, Mr. Chairman.

Mr. Chairman, the Minister of Fisheries who is an honourable man, not in title alone, is very well acquainted with the problems of that area because it was on May 27 that the hon. Minister of Fisheries, with his colleague the Minister of Finance, met in the Collective Bargaining Room downstairs with a large delegation representing that area, a group from Hearts Desire which, of course, is in Trinity - Bay de Verde district provincially.

MR. SIMMS:
(Inaudible).

MR. CALLAN:
No, he never did and he never will. The Minister of Forest Resources and Lands (Mr. Simms) is trying to sidetrack me, Mr. Chairman. I am onto a very serious matter here. I know that the Minister of Fisheries and/or the Minister of Finance may both want to respond. On Thursday -

MR. SIMMS:
(Inaudible).

MR. CALLAN:
You could not even put a forest resource road into Broad Cove. They have been waiting for years.

MR. SIMMS:

They never asked me about it.

MR. CHAIRMAN (Greening):
Order, please!

MR. CALLAN:

Mr. Chairman, I talked on Thursday and Friday about the former Carino employees. We were talking here, Mr. Chairman, on Bill 23, about fish plants and we are talking about the problem areas around the Province. It is wide-ranging.

The co-ordinator of the Upper Trinity South Regional Development Association, on behalf of the people that he represents as co-ordinator, is declaring this area an economically depressed area of the Province and they are presently preparing a list of the unemployed. We know about the twenty-five former employees at Carino.

The former Quick Freeze plant in South Dildo, the minister knows about these because they were here on May 27 and met with the minister and the Minister of Finance and ourselves.

AN HON. MEMBER:

That place has changed its name.

MR. CALLAN:

No, just Dildo has changed its name. We are talking about South Dildo. That is where the Carino plant is, where Newfoundland Quick Freeze is and the Fur Farmers Co-operative.

The member for Bonavista North (Mr. Lush) earlier talked about salmon licenses being part of the culture and the heritage of older people. Some of these plants, like the Fur Farmers Co-operative Plant that was out there when the mink ranching was in its hey day, when the pot head whales were

driven ashore and slaughtered and the meat being used for mink feed -

AN HON. MEMBER:

Is this the same association that operates the trout farm?

MR. CALLAN:

Yes, the very same one that operates the trout farm, the Upper Trinity South Regional Development Association, Ray Jerrett, co-ordinator.

They are all good Tories. They go to Liberal rallies trying to elect the weaker Liberal candidate, but that game is played all over. They attended Dave Rooney's nominating meetings, voted for Dave Rooney because they knew that he would be the weaker of one or two candidates.

The gentleman Mr. Ray Jerrett, co-ordinator, on June 17, the same day that he wrote a letter to the Minister of Finance (Dr. Collins) here in this Province, talking about the disaster area, he also wrote a letter to Captain Morrissey Johnson, and, of course, he copied me and he copied the Provincial Minister of Fisheries (Mr. Morgan) on his letters, and also the member for Trinity - Bay de Verde (Mr. Reid). He talks here, Mr. Chairman, he says, "I realize that you are well aware," I guess Captain Johnson is well aware.

I wrote the hon. Flora MacDonald myself on March 21, that was three months ago on Friday past, asking that a make work programme be made available for these people, and she said no. It took her three paragraphs to say it, but she said no, no money.

"I realize," he says, "that you are well aware of the desperate

situation in the Upper Trinity South area with regard to the high unemployment. You may say that we are no different from other areas, however, we believe our situation is worse due to the fact that four plants have closed, three fishing and one sealing, the Carino seal pelt plant, and the crab plant in Hants Harbour may operate on a smaller scale this year. This plant takes in many workers from our area as well." And so Mr. Ray Jerrett goes on in his letter of June 17.

I am wondering, Mr. Chairman, obviously there is no help forthcoming from the federal government, obviously. That should be obvious after three months of wait and see, do nothing and so on on behalf of the hon. Flora MacDonald and on behalf of the member, Captain Morrissey Johnson, who represents all of that area in his federal constituency. Since there is nothing done, Mr. Chairman, it must be obvious to Mr. Ray Jerrett and to everybody the federal government is not prepared to help.

So I am asking the Minister of Fisheries (Mr. Rideout), and/or the Minister of Finance (Dr. Collins), what is this government prepared to do? I mean to talk about a few caplin coming ashore next week when some of these people will get two, three, perhaps four weeks work is not enough. In any event, it will not help the Carino workers. They will not get jobs in these plants. They are specialists.

You see, Mr. Chairman, I do not know why, there was not one mention made of the fact in The Evening Telegram, in the weekend edition, that there was somebody

in this Legislature talking about the plight of these twenty-five employees. I do not want it for my own publicity. I have copies of Hansard which I will be sending to each and every one of these twenty-five employees to prove to them that I am speaking up on their behalf, and that I asked for the resignation of the federal member.

But The Evening Telegram, there was not one word mentioned made of the fact that during the debate on Friday morning that this topic came up. There was not one mention made of the fact that I also talked about that Friday, June 21, was the day on which we were supposed to have an announcement from the Premier, or the Minister of Finance, about the future of Come By Chance.

The bids closed on May 21, and Petro Canada said at that time that they would examine the bids for a month and then come out with a decision. The month has gone by, no announcement Friday, nothing again today and no mention made of it in The Evening Telegram.

AN HON. MEMBER:

It could be in tomorrow's paper.

MR. CALLAN:

It may be in tomorrow's paper. Mr. Chairman, and I want the member for Placentia (Mr. Patterson) to take note of this, just in passing I say this. I think it was last Thursday, when The Evening Telegram made mention of the fact that the member for Placentia had gotten kicked out of the House, one little paragraph said, "This was the first time in almost ten years."

AN HON. MEMBER:
Totally wrong.

MR. CALLAN:
Totally wrong, I guess it was. I do not give up my record to the member for Placentia, Mr. Chairman. It was three years ago in 1982 that I got kicked out of this Legislature for calling the Premier a liar over the closure of the Markland Cottage Hospital and the recent campaign just before that.

But, Mr. Chairman, I want to get back, and I want to sincerely ask the Minister of Fisheries -

AN HON. MEMBER:
Was I in the chair then?

MR. CALLAN:
I do not know who is in the chair.

Mr. Chairman, I want to ask the Minister of Fisheries, is there any help forthcoming -

MR. CHAIRMAN (Greening)
Order, please!

The hon. member's time has elapsed.

MR. CALLAN:
I ask the minister is there any help, Mr. Chairman.

MR. RIDEOUT:
Mr. Chairman.

MR. CHAIRMAN:
The hon. Minister of Fisheries.

MR. RIDEOUT:
Mr. Chairman, the hon. gentleman is correct. The Minister of Finance (Dr. Collins) and myself, along with the hon. gentleman, our colleague from Trinity - Bay de Verde (Mr. Reid) met some time ago with representatives from that

particular area. In terms of the operation of fish plants in that area, there is a big problem, there is no doubt about that.

There is the problem that the seal fishery finds itself in as far as Carino goes and then there is the problem of supply of product or resource to the other plants from inshore fishermen.

Historically it has just not been the case that the supply was there to be able to warrant the kind of operation that you obviously like to see in that area.

MR. CALLAN:
The former Nickerson plant is FPI's now.

MR. RIDEOUT:
I realize that. FPI officials told the group that we met with what their plans were and nobody is happy with it. I do not blame the people for not being happy with it. The problem is, as I said, and FPI was very candid about it, the problem was and still is a problem of supply. The hon. gentleman knows that.

It is not enough to have to depend on three or four or five weeks of processing of caplin, more than that is needed, there is no doubt about that. We indicated to the Development Association people that we would do whatever we could do as two ministers representing the government there. If they have any ideas, let us have them. If they got a proposal, let us have them. If they got something that we can sink our teeth into, put it on the table and we will have a look at it.

So we indicated that we did not close any doors, we did not bang any doors, whatsoever. If they

have some ideas then we are prepared, certainly my department and the Minister of Finance (Dr. Collins), to sit down with them and see if and when and where we can help?

On the business of Carino, I do not mind telling the hon. gentlemen that within a few days after I met with him and his group I, too, wrote Mr. Johnson. I do not know if I sent the gentleman a copy or not. I reminded the federal government, through the federal member for the area, again as we had done back, I think two or three months ago, certainly before I had become minister anyway, that we would be prepared, as a department, to participate with the federal government in some kind of programme relative to the operation of Carino. I have done that, again, since we have met with them. Obviously, I do not have an answer back yet because I believe that was perhaps only two or three weeks ago but I really feel, Mr. Chairman, that something has got to be done.

I know those problems exist in all parts of the Province and some areas are worse than others but when you are talking about that particular area and the high rate of unemployment relative to some factors that people in that area had no control over then I really believe, as an individual, that we got to try to do what we can to help those people. It was in that light that I wrote the federal government, again, and committed, certainly through my department, that we would participate with them in whatever kind of make work programme or funding that they could come up with for the twenty-five people that were displaced at Carino. So, I have done that, Mr. Chairman, and I

have done it because I believe it was the right thing to do.

On the overall question of fish plant operations in that area, there is no easy answer and the hon. gentleman is aware of it, just as I am.

MR. CALLAN:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. the member for Bellevue.

MR. CALLAN:
I want another word on that and this will be the final word on it. This will be the final word. Perhaps the press will pick up this, and if they want to, they can, I could not care less.

AN HON. MEMBER:
(Inaudible).

MR. CALLAN:
Well, they may crawl out from under the rocks, because what I am going to say I probably should not say. But, Mr. Chairman, here is what I want to say - and I may be accused of discrimination. The Minister of Justice (Ms Verge) is in her seat and perhaps she will pick up on it, I do not know.

Let us face it, in that area there are four plants. In the Carino plant there are thirty-five employees and all of them are males, number one; but, number two, Mr. Chairman, they are all heads of households. It is imperative that these twenty-five gentlemen get something to do within the next couple of weeks, I would say. In the case of some of them, their UIC ran out three weeks ago, a month ago. I was talking to one gentleman, I think it was on Thursday night, who told me his UIC ran out the week before

that, and so on it goes.

Mr. Chairman, unless these gentlemen get, say, \$100,000, if they could get \$100,000 from Morrissey Johnson, the good captain, and the hon. Flora MacDonald, for a make work project, there are lots of good make work projects out there. They will not be putting a second fence around a graveyard as the Premier talks about. They will be doing something worthwhile, something lasting, something beneficial. So \$100,000 from the feds will also bring some money from the provincial Department of Fisheries, as the minister just said. It will also bring some money from Mr. Nygaard and Carino, as they have promised.

If they do not get this, in any event, they are going to be asking for government money because there is nothing else for them to do, there is nowhere else for them to go. They are gentlemen who are skilled in processing seal pelt skins, so therefore, they are skilled people, the only group in all of Newfoundland.

Mr. Chairman, they have been forgotten. They are the twenty-five forgotten people in all of the controversy and the bawling and shouting and so on that has gone on regarding the seal industry or the seal fishery or the seal hunt or whatever, they are the forgotten few.

Mr. Chairman, I am going to say this, even though, as I said, I may be accused of saying something that I do not mean to say. If the people who work at the former Nickerson plant, which is now FPI, only managed to get, say, three weeks work. If they only managed to get that. It is not nearly as

serious - and I apologize to the Minister of Justice (Ms. Verge), they are all ladies but they are not the head of their households - so in that regard it is not as drastic if they do not get, say, enough UIC contributions to keep their families because they are not the head of the house anyway. But the Carino workers, they are all. To them that is not just a part-time job for them because their wives are directors of some companies hauling down \$80,000 and \$90,000 a year. They are the head of their households. The other people who want work at the former Rickerson's Plant, at the former Newfoundland Quick Freeze, at the Fur Farmers Co-operative and perhaps even the Crab Plant in Hearts Desire, I mean these, most of them, 98 per cent of them are ladies whose husbands are employed anyway and for them it is just a second income and if it last for three or four weeks of the year it is not drastic. The family will not have to go to welfare. But the twenty-five employees at Carino are the breadwinners. They are the heads of their houses.

So, Mr. Chairman, I cannot stress how important it is that something be done for these people. I am wondering why the Minister of Labour (Mr. Blanchard), is it Labour and Manpower -

AN HON. MEMBER:

Career Development.

MR. CALLAN:

Career Development (Mr. Power), he is the one who should talk to Flora MacDonald about getting some work for these twenty-five employees. Somebody should talk to her. But anyway, Mr. Chairman, I wanted to say that. As I said I do not say it in any way to discriminate against women, number

one, because 98 per cent of these plants workers are women and I do not say it to mean that they are not as entitled to employment as say the twenty-five workers at Carino. I am not saying that. But if they only get two or three or four weeks, you know, it is not earth shattering, it is not the end of the world. It does not mean that they have to go to welfare next week. But the former employees of Carino if they do not soon get something to do then they will be on welfare until hopefully Mr. Webber or Mr. Nygaard, who the Carino plant, have something for them to do, say, a year from now.

Thank you, Mr. Chairman.

MR. RIDEOUT:
Mr. Chairman.

MR. CHAIRMAN (Greening):
The hon. the Minister of Fisheries.

MR. RIDEOUT:
Mr. Chairman, I will not make any comment on the hon. member's thinking as far as the role of women in the labour force is concerned, but the point he is making on the Carino workers is certainly correct, and that was the very reason why I reiterated again, shortly after we met with that group, that my department certainly would be prepared to participate with the federal government in a programme that would hopefully benefit those people and that commitment stands, Mr. Chairman.

Motion, that the Committee report having passed a resolution and recommend that a bill be introduced to give effect to same, carried.

MR. MARSHALL:
Motion 3.

MR. CHAIRMAN (Greening):
The hon. the Minister of Finance.

DR. COLLINS:
Mr. Chairman, this is a resolution that regularly comes before Committee each year, and it relates to our borrowing requirements. Hon. members will remember that the budget laid out our borrowing requirements, and these are made up of our capital market issues and treasury bill issues, but they also include the amounts we need to repay and renew our securities of the past.

Now, last year, the loan bill was for the amount of \$220 million. As a result of our borrowings to date, there is authority for only a further \$55 million borrowing left. Now, if we pass this resolution, and subsequently the loan bill, the authority under last year's bill lapses, so that \$55 million that is still there on last year's loan bill does not continue after we pass this bill.

Our budgetary requirements for this current year total \$316 million. We expect to be faced with about just under \$100 million in debt retirement, giving us approximately \$415 million to borrow. Under the Canada Pension Plan, we expect to borrow \$40 million, which will leave us about \$375 million in the capital markets. So the amount that we can borrow without including the loan bill is the amount that we will need for debt retirement.

So, strictly speaking, the amount we will need for new debt is \$275 million. The loan bill itself is actually for \$325 million, so there is approximately the same amount of flexibility in this loan bill as in last year's. Last year, as I said, there was a total

amount of \$55 million, in this loan bill there is an amount of \$50 million for flexibility. That is why the total adds up to \$325 million.

I am sure that hon. members understand these figures, which I have laid out, but if there are any further details needed, I will be glad to give them. I think that is the essence of things, but just to go over it again, our total borrowing requirements total \$415 million, we will get \$40 million from the Canada Pension Fund, we already had the authority to borrow \$100 million because of the roll over of debt situation. That gives a net amount of \$275 million, then we put in that \$50 million for flexibility, so that is why the total amount is \$325 million.

MR. CHAIRMAN (Greening)

Shall the resolution carry?

MR. LUSH:

Mr. Chairman.

MR. CHAIRMAN (Greening)

The hon. the member for Bonavista North.

MR. LUSH:

Mr. Chairman, after hearing the Premier's reaction to the federal budget today, and looking at the monies that the Province is going to lose, there is little wonder that the Finance Minister (Dr. Collins) has to come today looking for extra monies for the Consolidated Revenue Fund of the Province.

Mr. Chairman, one also wonders what is going to happen to our public debt when just about every day we come into this House we are talking about guaranteed loans and loans in other areas. Our public

debt, Mr. Chairman, is going to sink this Province if the hon. crowd opposite do not soon get their house in shape.

MR. SIMMS:

What about the horse and sparrow theory?

MR. LUSH:

Mr. Chairman, I spent some time on that. I am not going to deal with that again, other than to say that the Premier today agreed with me. The Premier agreed with me when I talked of this philosophy based on the private sector to be the motor, to be the engine, to be the generator that is going to generate the growth and expansion of this Province. And the horse and sparrow philosophy, where one feeds the horse and hopes there is going to be enough left over for the sparrow, I condemned that philosophy, Mr. Chairman, a few days ago to such an extent that hon. gentlemen must realize that there is no way we can operate under that philosophy in this province. And the Minister of Finance (Dr. Collins) must be tremendously ashamed today, he must be tremendously embarrassed, because the hon. member stood in his place and lauded this philosophy as the only philosophy, really, that was going to get this Province moving, the only philosophy that was going to generate jobs and cause an expansion in the economic growth of this Province. Today the Premier disagreed with the Minister of Finance and said what I have been saying all along, that we must have an infusion of public funds in this Province particularly, where there does not exist a private sector. The Premier came short of saying there does not exist a private sector, he said the private sector is very

weak, very fragile. Well, Mr. Chairman, that is just splitting hairs and we are not going to get into that. But the Minister of Finance must be tremendously embarrassed and ashamed really, when he tried to defend this policy and the Premier today unequivocally agreed with members of this side that this was not the philosophy by which this Province must operate, that we must have a mixed economy, we must have a dual economy, we must have public participation and government participation to stimulate the economy, and the business sector, the private sector, cannot get this Province going of its own accord, that they must receive assistance.

So, Mr. Chairman, how can we expect any improvement in the economy of this Province when we have a conflict of philosophy on the other side, the Minister of Finance (Dr. Collins), who obviously is a believer in the right wing philosophy of the private sector, and the Premier, who is more to the center, more on the Liberal Party line, saying that we must have a mixed economy? Mr. Chairman, how can the people of this Province get any confidence in terms of granting this government loans, when we know that there is a conflict in philosophy? I expect there must have been some row between the Premier and the Minister of Finance when the Premier agreed to come up with this statement today in terms of condemning outright this philosophy by the federal government that the private sector, the business community, must be the motor, must be the engine by which we generate the economic expansion and the growth and development of this Province.

Mr. Chairman, there must have been one awful row in Cabinet today when the Premier decided to disagree with the Minister of Finance (Dr. Collins) and to agree with this side on the philosophy we have been espousing for the last couple of months.

Mr. Chairman, one is already beginning to see the unfavourable aspects of the federal budget, one is beginning to see the negative impact of the federal budget, with the loss of millions of dollars to the economy of this Province, and now, no doubt, this has affected the degree to which this loan must be, quite obviously, if the Finance Minister (Dr. Collins) does any estimating at all, if he looks at the economy at all in terms of what it is going to be by next Fall, by next March, and he sees the loss of dollars that the federal budget has inflicted upon this Province.

I wonder, Mr. Chairman, what the people of Newfoundland are saying today when they hear the figures being released by the Premier, the tremendous loss of dollars from the federal government that we are going to see to the general economy, what are they going to think of Mr. Mulroney's philosophy that he was not 'afraid to inflict prosperity in this Province'? Well, we now see that he was talking about another word, that it was not prosperity that he had in mind at all, it was hardship and poverty, he was not afraid to inflict hardship and poverty upon us. Now, Mr. Chairman, because of the loss of these monies, the Province is forced to borrow more money for the Consolidated Revenue Fund in this Province. Quite obviously they are losing all those dollars and now they are forced to go out and borrow these

monies themselves, which is going to sink this Province deeper in debt, deeper in the hole by \$350 million.

Mr. Chairman, I do not know that any of us can fathom the meaning of \$350 million. It might sound like peanuts, but I am doubtful that there are any members presently sitting in the House, unless it is the member for St. John's North (Mr. Carter) - it might be he - who can fathom the enormity of \$350 million. That is a lot of money.

MR. SIMMS:

It is not \$350 million, it is \$325 million.

MR. LUSH:

I thought the Minister of Finance (Dr. Collins) said, in terms of rounding off the figures, that it was going to be \$350 million. That is what the bill says, \$350 million. As I read the bill it says \$350 million. Does it not?

DR. COLLINS:

No, \$325 million.

MR. LUSH:

Anyway, Mr. Chairman, it is \$325 million and that is a third of a billion. It is a lot of money. It would build a lot of roads in Newfoundland, it would provide a lot of water and sewer systems to the people of Newfoundland. It is a lot of money, it is too bad that hon. gentlemen opposite were not able to manage the funds of this Province better, that they were not able to impress upon their federal counterparts the financial situation of this Province so that they could get more money, so that we would not be forced to borrow this money, so we would not inflict this terrible debt upon our people.

One can only hope, in the meantime, that the monies that we now get will be spent equitably, prudently and wisely. But, Mr. Chairman, if one looks at the track record of this government, I am not sure that one can get the confidence that was inherent in the previous statement that I made. It is unfortunate that because of those federal cutbacks, and because the government was not able to manage their funds properly, that we have to come to the Legislature today to get approval to borrow this excessive, this exorbitant, and this horrendous amount of money.

And one wonders again how accurate the Minister of Finance (Dr. Collins) is in projecting what the expenditures of this Province will be over the next few weeks and the next few months. I do not want to be a prophet of doom and gloom, but I predict again that the Minister of Finance will be in this House by Fall with another readjustment to his estimates, saying that he again underestimated what the expenditures of this Province would be and that he is going to have to do a readjustment. But I hope that this time he puts the blame in the right place, that he blames his federal counterparts for the tremendous cutbacks, the slashing, the pulverizing, and the emaciating of the various programmes from which this Province has received large amounts of monies over the years.

Mr. Chairman, I could go on, but I am going to give my colleagues a chance to carry on.

AN HON. MEMBER:

Tell them about the horse and sparrow.

MR. LUSH:

No, I am not going to go through the horse and sparrow now, I think I have dwelt on that sufficiently. The press understands the horse and sparrow philosophy, but, Mr. Chairman, I do want to go down in the annals of this House, I want to go in the records of this House as being the person who talked about the inappropriateness of this horse and sparrow philosophy to generate Newfoundland's economy, to expand the economy of this Province and thereby create jobs. If we have to depend on that philosophy, that philosophy alone, I am afraid that our people do not have much to look forward to in terms of getting jobs, in terms of generating employment for this Province. All we will do is cause the unemployment rolls to go higher and higher and, Mr. Chairman, that will be disgraceful.

Talking about employment, I would like to clue up by saying that we have been talking about the various benefits that other Provinces have received, particularly the Province of PEI, and Cape Breton with respect to its tax incentives. I believe the only step the federal government has left in view of the high unemployment in this Province, in view of the high cost of living, and the low amount of money per capita, is that this Province has every reason to be classified as a national disaster area. Nothing short of that will suffice this Province. And I would certainly hope the Premier, in his representations to the federal government, will let them know the incredible state that this Province is in so that next year we will not have to come looking for this guaranteed loan. Mr. Chairman, I will now let my other

colleagues say a few words.

DR. COLLINS:

Mr. Chairman.

MR. CHAIRMAN (Greening):

The hon. the Minister of Finance.

DR. COLLINS:

Mr. Chairman, just a few brief words. The hon. the member for Bonavista North (Mr. Lush) has likened the budget to the internal workings of a horse which gave rise to a certain result that only the sparrows could pick on. The hon. member's conversation reminds me of the internal workings of a bull, and gives rise to a result that not even the sparrows would look at.

Mr. Chairman, just let me answer in more definitive terms about our debt. I would not like it to be left on the books that our public debt situation is out of control, because that is what the hon. member suggested. If we relate the public sector debt to personal income, in the period from 1977 to 1983 the percentage went down from 87.6 per cent to 69.6 per cent. Now, that was at a time when those percentages for New Brunswick and Nova Scotia went up. Ours went down as a percentage of personal income, whereas New Brunswick's and Nova Scotia's went up. In the same way, in the same numbers of years as a percentage of Gross Provincial Product, our percentage, if you relate the total public sector debt to Gross Provincial Product, went down from 88 per cent in 1977 to 68.9 per cent in 1983. During those same years New Brunswick and Nova Scotia went up. For instance, Nova Scotia went up from 43.7 to 53.9. I just mention those figures again to show that the impression that the hon. member is

inadvertently, I am quite sure, leaving, that our debt is going out of control, when in actual fact our public sector debt in coming more into control whereas our neighbouring provinces are going upwards and really reaching more and more on a level with ourselves. I just wanted to make sure that hon. members, and, indeed, if anyone is listening to the hon. member, which I am sure they are not, or if anyone reads Hansard, which I am sure they do not, but if anyone should happen to do that, I would not like them to be left with any wrong impressions.

MR. DECKER:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for the Strait of Belle Isle.

MR. DECKER:

Mr. Chairman, somehow I cannot appreciate that just because someone else is worse off than we are that we are somehow good. That sort of escapes me, but I suppose we are improving. The whole idea of coming to borrow \$325 million is so vast that it is frightening. You cannot relate that in individual terms.

MR. WARREN:

Get wound up now. I would like to see you get going. Come on!

MR. DECKER:

No, I am not in the mood today to row, because this is too serious. When we have a Province which is like something on a roller coaster, is going further and further into debt, the whole end that we could come to is so frightening, I am much too concerned.

PREMIER PECKFORD:

Signs and wonders.

MR. DECKER:

It is signs and wonders, yes. But, Mr. Chairman, there is nothing wonderful about it. As the Premier is aware, in outport Newfoundland the word wonderful has two meanings: When something is wonderful it can be outstanding, it can be good, but when something is wonderful it can also be terrible.

Mr. Chairman, this indeed is wonderful in that other sense that Newfoundlanders use the word wonderful, it is terrible. If there was some way that I could put myself in the position of the lender and someone came to me to borrow \$325 million, my first question would be, What are you going to do with all that money? Then I would look at the borrower, and in this case I would look at the Minister of Finance (Dr. Collins), and the logical answer to my own question would be that you must want to borrow this money to waste. The reason I would say that is I would look at the mess that the Minister of Finance has made of this Province.

I am going to look at some of the places where the minister has wasted money in this Province: Number 10 of the places I was going to mention concerns the Premier, but since the Premier is so anxious to get in on this conversation, I am going to move number 10 up to number 1. The Minister of Finance is wasting far too much money on pictures of the Premier, pictures which the member for Torngat Mountains (Mr. Warren) says students in our schools are trampling over. Did you say students or teachers?

MR. WARREN:
Teachers.

MR. DECKER:

Teachers are trampling over the pictures. Mr. Chairman, how much did the picture of the Premier that is hanging in the airport cost this Province, I wonder? They took an image that would be very difficult for even a mother to do anything with and they made a perfect image. I mean, the man looks perfect on the picture.

SOME HON. MEMBERS:

He is perfect, boy.

MR. DECKER:

I am reminded of artists in the middle ages when they would be called upon to paint a picture of the king and they tried to bring out all his best features; they would not dare paint a picture which would not be complimentary. And, of course, those pictures cost an awful lot of money. Because when you have something to work with which is not all that good looking to begin with, you have to put a lot into it. So, Mr. Chairman, if I were a lender I would have to say to the Minister of Finance, if you are going to continue to waste your money on getting Rostotski to make pictures of the Premier which look attractive, I will not lend any more money to this Province. And, Mr. Chairman, those pictures are not only in the airport. During the previous election, when I was not fortunate enough to be sent to this hon. House, I stayed in hotels in Baie Verte - White Bay district where the picture of the Premier hangs where a picture of Her Majesty should hang or, in some other places, where you would see a picture of the deity or of Christ. Because of the money this Province is wasting on getting

pictures of the Premier put around, pictures which are trying to do justice to an object which it is very difficult to do justice to, I would have to say, Mr. Chairman, if the Minister of Finance were coming to me, and I had control over that kind of money, I would not be able to lend it. Because it is a waste of money to take the Premier and try to make him attractive on those pictures. So this is one of the places where I see this Province has been wasting too much money. Did the Premier want to address that?

SOME HON. MEMBERS:

Oh, oh!

MR. BARRETT:

Zero. Zero.

MR. TULK:

I will tell you they do not have any money back guarantee.

MR. DECKER:

Zero? The props are completely shot out from under me, Mr. Chairman.

MR. YOUNG:

Those pictures did not cost one cent, not one copper.

MR. DECKER:

Well, why would Rostotski do the thing? Why would he hang those pictures?

MR. BARRY:

They were going to have a picture of David (inaudible).

MR. DECKER:

No, both hands are shown in the picture. There is no slingshot. There is definitely no slingshot.

Another place I would look for waste, if I were lending this kind

of money and the Minister of Finance were coming, would be at some of the propaganda which this government is sending out. Take the schools. There is hardly a day passes, if you are a teacher in this Province, but you receive a whole mess of propaganda from the Premier's office.

MR. MARSHALL:
Rise the Committee.

MR. DECKER:
I move that the Committee rise, and I will adjourn the debate. Is that right?

MR. MARSHALL:
Yes.

MR. DECKER:
I am getting good at the rules, am I not?

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

MR. SPEAKER (McNicholas):

Order, please!

The hon. the member for Terra Nova.

MR. GREENING:
Mr. Speaker, the Committee of the Whole has considered the matters to it referred and has directed me to report that it has adopted a certain resolution and recommends that a bill be introduced to give effect to the same.

On motion, report received and adopted, resolution ordered read a first and second time.

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 of loans to and the guarantee of the repayment of bonds or debentures issued by or loans advanced to certain corporations.

On motion, resolution read a first and second time.

On motion, a bill, "An Act To Amend The Loan And Guarantee Act, 1957," read a first, second and third time, ordered passed and its title be as on the order Paper.

MR. MARSHALL:
Mr. Speaker.

MR. SPEAKER (McNicholas):
The hon. the President of the Council.

MR. MARSHALL:
Mr. Speaker, I move that the House at its rising do adjourn until tomorrow, Wednesday, at 3:00 p.m. and that this House do now adjourn.

On motion, the House at its rising adjourned until tomorrow, Wednesday, June 26, 1985 at 3:00 p.m.

Resolution