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VERBATIM REPORT

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SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House met at 10:30 A.M.

MR. SPEAKER: Order!

Presenting Petitions:

MR. U. STRICKLAND: I beg leave to present a petition, which has been signed by exactly 1,000 residents who live in the area from Heart's Desire East to and including Red Cove. Not only has this petition been signed by 1,000 residents Sir, but it has been endorsed by no less than eight or ten business interests who carry on their business both in the district represented in this House by the hon. the Speaker, the hon. the Minister of Municipal Affairs, and the hon. the member for Harbour Grace, the hon. member for Bay de Verde. The prayer of the petition is that, and I am glad that the Minister of Highways has already indicated from this House, or in this House that part of the prayer of this petition will be granted because they are praying that the road from Heart's Content to Victoria would be upgraded and paved this year. That is only part of the petition Sir. The rest of the petition covers the road from Winterton East to Old Perlican, and part of that road is included in the district represented by my hon. friend the member for Bay de Verde. The petition points out Sir, that in 1967 a reputable group of citizens gathered information relating to local production from business firms in the area, and the information revealed that in 1966 \$1.25 million was paid by those firms for local produce and labour. And since that time a new industry has been started in the area, which at this date, and I checked on this on Saturday, has 200 employees engaged at processing in addition to those engaged in production. But Sir, the petitioners also point out that if the industry in the area is to survive, then the roads in the area must be upgraded and paved, because the conditions of these roads is a handicap to production in industry, and the petitioners feel that the condition is unjustified having regard to the best interest of the whole Province. The petitioners are praying Sir, that both the road from Heart's Content and Victoria, as well as the road from Winterton, through to Old Perlican should be upgraded and paved without further delay.

As I said Sir, signed by 1,000 residents and endorsed by several business interests, who do business in that whole area. I heartily support the prayer of this petition Sir, and beg leave to lay it on the Table of the House and have it referred to the Department to which it relates, which of course is, in this instance, the Department of Highways.

MR. SPEAKER: It is moved and seconded that this petition be received and referred to the department to which it relates.

MR. WILLIAM SAUNDERS: Mr. Speaker, I wholeheartedly support that petition as the hon. member for Trinity South said, part of the petition concerns the district of Bay de Verde which goes towards Old Perlican, but sometimes they do not realize that the center of the Heart's Content bounds where the line is drawn is a mile and three quarters in the Bay de Verde district. So it is Trinity South on one end and Carbonear on the other, right in the center of Heart's Content bounds is a little spot there, it gets rubbed into me once in awhile that it is the Bay de Verde district.

Mr. Speaker, in supporting this petition, you have to live in your district to realize how important this road is. As all this past winter it has kept the plant at Carbonear going with their longliners fishing from Heart's Content and New Perlican, going down to Cape Bonavista and that area, bringing their fish over to Heart's Content and trucking it across the barrens. It has kept 100 men going working all this winter, that road has. So I have much pleasure Mr. Speaker, in supporting the petition on behalf of the district of Bay de Verde and the town that I live in.

HON. E. N. DAWE (Minister of Municipal Affairs:) Mr. Speaker, I would like to rise and add my support to this petition. I do so mainly because as indicated by the hon. member for Trinity South, that he has support from various business people from my particular district, and I would like to point out to the House that I estimate that we have at least 100 various sized trucks delivering various supplies, and the products for this area of Trinity Bay - they are operating out of Cupids, Clarke's Beach and Bay Roberts. And as well we have large quantities of coal and fishery salt delivered to this part of Trinity Bay, and they are in

constant use of this road, and we have a ready mix concrete plant at Makinsons, and they deliver ready mix concrete to this general area as well, and I am sure that I speak on their behalf, that if this road would be paved it would be a blessing to them and it would naturally reduce the maintenance on their trucks, and I have much pleasure in lending my support to this petition.

MR. A. H. MURPHY (Leader of the Opposition): Mr. Speaker, I too would like to add my support to the petition, not being as much aware perhaps of the problem as the members are, but anybody who has driven around the area and see the condition of the road and so on and so forth, can easily see why those people using heavy trucks, transporting supplies to a very vital area, it is so necessary to have really decent roads in that area. So Mr. Speaker, I too would like to add my support to that petition because I feel that that particular area is a very, very vital part for employment on the East Coast, and I think it affects not only the immediate areas, but I think it has a great effect on the other parts of St. John's and so forth. And I am very happy to support the petition.

MR. J. C. CROSBIE: Mr. Speaker, we would like to support the prayer in this petition. It is essential that the roads in question be reconstructed and paved and not just for purposes of distribution of goods around those districts, but because of the fish plants in the area. And of the important economic activities that take place in all those areas. They need good roads to truck fish, as well as supplies, and for ordinary communications. Now Mr. Speaker, in a statement made by the Minister of Highways in this House, I think some ten or twelve days ago, he outlined that there was some work to be done on these roads under that program this year. The Minister of Highways did not give any estimate of what the cost of this great program of his is going to be. And one is led to suspect that someone thing may be amiss when sees that the estimates of his department are \$10 million lower this year, than they were last year. So how the

Minister can undertake a great road reconstruction of paving program in those circumstances is not clear - presumably when we get to the Estimates, it will be cleared up. These were roads which are not included under the DREE program that the minister outlined there ten or twelve days ago. But we hope that the minister is going to pave and reconstruct the roads that this petition is concerned about, and we certainly feel that it is necessary both socially and economically.

MR. HAROLD STARKES (Minister of Highways): Mr. Speaker, I would like to assure the House that if this petition is received and referred to the department to which it relates, as indicated by the hon. member for Trinity South, it will receive very careful and serious consideration.

MR. SPEAKER: I do not wish to cut off the debate on this very important petition, but if nobody else wishes to comment or support it, I will be forced to put the motion. It has been moved and seconded that this petition be received and referred to the department to which it relates. Those in favour "aye" contrary "nay" Carried.

ORDERS OF THE DAY

On motion that the House go into Committee of the Whole on Supply: (Item 7)

HON. J. R. SMALLWOOD (Premier): Mr. Chairman, I have not given any explanation of this amount of \$39,500; The Department of Justice had seven. \$10,000 of it is accounted for by the fact that we had to do a renovation and refurbishing of two vacant magistrates' residents. One at Harbour Breton and one at St. Anthony, before the appointment of new magistrates to those areas. And secondly, \$12,000 to refurbish the office on the top floor of the Court House, the Court House building in St. John's, so that staff could be relocated within the building. This is a move that was made possible because of the installation of an elevator, a new elevator. And then also at the same time, that amount covered rewiring of the top floor of the library area of the Court House. And then there was \$11,000 spent on major repairs and extensive renovation to the Traffic Court in St. John's, to provide additional office space that was needed.

And finally an amount of \$6,500 that was spent to landscape the grounds and pave the lot around the new fire station on Portugal Cove Road. These are the four individual items that make up the \$39,500. I move it.

MR. CROSBIE: Mr. Chairman, the Items that have been outlined by the hon. the Premier Mr. Chairman, are all Items that could have been foreseen before the Estimates were brought into this House last year. These are all matters that should have been included in the Estimates when they were presented to this House about a year or so ago, and therefore, these are again illustrations of the fact that the Government is not bringing before the House at the time of the ordinary Estimates, accurate Estimates. But the Government is bringing before the House Estimates that are artificially reduced by having Items either left out or Items underestimated to the Government's knowledge they are underestimated, because the Government wishes to present a picture when the Budget is brought down, a better picture than the actual fact would indicate. And these items here landscaping the grounds, painting a lot around a new fire station. It was well known last year that that had to be done. Repairs to the Traffic Court. Expenditures to the top floor of the Court House - those renovations started in the Court House well over a year ago. The Department of Justice knew this money had to be spent, and renovations to the vacant magistrates' residents are in the same category. So these are all Items that do not fit within the Parliamentary rule laid down by Beauchesne, that the Supplementary Estimate should be for matters that are unforeseen, and could not be foreseen when the ordinary Estimates were presented. And these Items are again an illustration of the fact that the Government is not observing the proper Parliamentary rule in the matter of Estimates, that the Government is treating this House with contempt when it comes to Estimates, secure in the knowledge that with its great majority when Supplementary Supply comes around the following year, the Government will force through authorization of what the Government ^{has} already done through Lieutenant-Governor's warrants. Mr. Speaker, in connection with the Magistrate's Courts - the situation in Magistrates' Courts, the

Minister of Justice might let the House know what progress there has been with reference to the transcribing of evidence taken in the Magistrate's Courts outside St. John's. I notice that there has been some recording equipment bought. Is there now in being a system whereby in Magistrates Courts outside St. John's, the evidence is transcribed by recorder or otherwise?

MR. SMALLWOOD: Mr. Chairman, to a point of order! The Government are not asking for anything about reporting. There is nothing in the Estimates about that. We are not asking for Supplementary Supply on that. When we come to the Estimates for the current year, it will doubtless, under the Department of Justice Estimates, be proper to raise that question. But where this Supplementary Supply for last year has nothing to do with Courts, or with their reporting of cases. It has to do with repairs made to residences and so on and the top floor of the Court House.

MR. CROSBIE: Mr. Chairman, on that point of order. When the Estimates are presented to the House, the whole management of the department can be discussed in a general way when the Committee of Supply considers the first resolution of the Estimates of the Department. Page (201) Beauchesne. This is Supplementary Supply. The Items that we are presented with here are Block Items for each department of the Government. We are now dealing with Item (7) Justice. And it is my submission that we can discuss in this Committee on Supplementary Supply the Department of Justice Estimates for last year. This is a supplement to those Estimates. The amount is not broken down in this Bill under any specific item. There is an amount of \$39,500 requested in a Block vote for the Department of Justice. And I therefore submit that we can discuss the Estimates of the Department of Justice last year, and in those Estimates are included amounts having to do with Magistrates' Courts outside the City of St. John's, the amounts for Legal Aid, or amounts for any number of things, all of which I submit to Your Honour we can discuss now in this Committee

of Supply.

MR. SMALLWOOD: Mr. Chairman, the opportunity to discuss all these matters lies before the Committee in the House when the Estimates for this year come up. What happened last year, past tense, over, done, gone, dead, cannot be debated now on Supplementary. But what can be debated is that when the Estimates for this year proposed, asked for by the House, by the Government to be spent this year, to be obviously debated. We are asking now to indemnify us for money that the Governor authorized us to spend. To repair certain residences. I give him the detail of it. The amount in the Bill is \$39,500 and I have given the four items that make it up. \$10,000 for refurnishing and refurbishing two vacant magistrates' homes. That does not give rise if we can debate that. \$12,000 to refurbish the offices on the top floor of the Court House in St. John's. And rewiring the top floor and library area of the Court House in St. John's. Major repairs and extensive renovations to the Traffic Court to provide additional office space. That is \$11,000. And \$6,500 to landscape the grounds and pave the new lot around the Fire Station on Portugal Cove Road. Now these are the four Items that make up the \$39,000. Surely these can be debated. But not the whole Department of Justice, not the administration of Justice, not the taking of evidence in Courts, surely that is a matter to be debated on in the main Estimates for this year. The Estimates are still before us, and ample opportunity will be provided to the Committee and to the House to debate all these matters. Surely it is completely out of order at this stage.

MR. CROSBIE: Mr. Chairman, with reference to the Premier's remarks on this point of order. What happened last year is not over and done with, gone and finished. The very illustration of the fact that that is not so, is that the Government has got a Bill now before this Committee in connection with an expenditure of \$21. million that the Government made last year that was not authorized by this House. So last year's activities are not over and done with and gone. If the Premier's argument was

accepted, then what is the point of having Supplementary Supply at all? A Government can simply go out and spend millions, and hundreds of millions without the authorization of this House, and then when they come back to the House the following year, try and argue that we can debate nothing in Supplementary Supply except certain Items that they say the money was spent on. I submit Your Honour and in Committee of Supply we can discuss all of the whole range of the Estimates for last year.

MR. SMALLWOOD: Mr. Chairman, before Your Honour gives a ruling, may I say that I have already made it clear in my own opinion, and I hope in the opinion of everyone in the Committee, including Your Honour, the Items that make up the \$39,000 are debatable. And that is all that is debatable at this stage. When we come to the Estimates of this year, not Supplementary Supply for last year, but the Estimates of expenditure for this year. When we come to that under the various headings, there will be the greatest possible freedom, but even then the rule of relevancy will apply, even then. But here where we are asking the House to sanction what the Governor did. The Governor sanctioned every dollar of this. The Governor issued his warrant, and on the authority of the Governor's warrant, we spent this money. Now we are asking the House to ratify it. And the debate should be on the Items that we asked for. Not other Items. We are only asking for \$39,500 for these four Items. Surely these are debatable and under this Heading nothing else is debatable, especially as the opportunity is lying before us to have a thorough-going debate on every aspect of Justice.

MR. CROSBIE: Mr. Chairman, before you make a ruling, there is one statement that cannot be accepted. The Lieutenant-Governor is not responsible for these Lieutenant-Governor's warrants. The Government takes responsibility for the actions of the Lieutenant-Governor.

MR. CROSBIE: Should not be put in that position.

MR. CHAIRMAN: (Noel): The way I see this is in this light, that if the argument put forward by the hon. gentleman from St. John's West is correct, that this schedule is simply a continuation of last year's estimates, then it follows that the debate should have been on the heading which it was last year, and that the individual items would not be debated. On the argument put forward by the hon. member for St. John's West, it would be out of order to debate generally the affairs of the department when he had passed the heading itself and we are down to the individual items in these things. So if the committee looked upon this as being simply a continuation of last year's estimates which was the argument advanced by the hon. member for St. John's West, then it would be out of order to debate the general conduct of the department when we had already passed the heading and were down to the individual parts put forward.

I think that the matter should be dealt with more on the basis of reality rather than argument. The position the committee finds itself in now is this, it is that the committee is asked to deal with certain particular expenditures which have been incurred. Is that not the position? These expenses have been incurred and the only question, the practical question before the committee now is, whether the committee is going to recommend to the House that the sum of \$21 million be voted to pay for these expenses which have occurred. I really do not see how that brings up any basis for debating the whole operation of the department.

It is common sense as well because, the operation of the department will be debated when the estimates are before the House for the year. It seems to me I might say that it is possible to raise all kinds of arguments in committee here, but these arguments I believe are being raised because members do not really understand that unless there is cooperation, unless there is an adherence to the time and the traditional ways of raising things, we are only going to have delay after delay after delay caused by the fact that members are not following the procedure in the traditional way.

Now when it comes to relevancy, as I said on a previous occasion relevancy is the most difficult decision, the most difficult thing to apply.

Members are entitled to speak on the item before the Chair, but I must rule that the purpose of the committee is simply to make the decision as to whether or not the recommendation is going to be made that the House vote \$21 million for particular purposes and debate must be limited to those particular purposes and the rule of relevancy will apply. I cannot say any more than that.

Shall item (7) carry?

MR. HICKMAN: On the \$10,000. vote for the renovation of two magistrates residences in Harbour Breton and St. Anthony, this expenditure obviously was made necessary as the result of the expansion of the magistracy in Newfoundland during the past fiscal year. I use the word expansion advisedly, that may not be the word. The fact is, up until about six or seven years ago at Harbour Breton and St. Anthony were both magisterial districts, and I believe that we must bring the magistrates courts to the people of this Province rather than bringing the people to the courts.

This necessitated the appointment of the two magistrates and an expansion of the magisterial service and the expenditure of \$10,000. to renovate their residences. What I would like to know from the hon. Minister of Justice at this time is, that now that the expansion of the magisterial service has taken place, necessitating this expenditure he is undoubtedly aware of the fact that two of the magistrates, one is going to pension and the other is going to law school this year, and as the magistrates must go through a period of training before they can accept an assignment and also another relevant fact is that there seems to be a large influx of Newfoundlanders coming back to Newfoundland now to practice law, which means lawyers are now available to the magisterial service, could he indicate to the House when appointments will be made to maintain the magisterial services that required this additional expenditure.

MR. SMALLWOOD (J.R.): Mr. Chairman, this vote asks the committee to authorize the Government to spend what it has spent on refurbishing a couple of magistrates houses, that is all it is asking.

MR. CROSBIE: Mr. Chairman, the hon. the Premier does not wish to give any information in connection with supplementary supply. There is \$10,000. spent

on the renovations of these magistrates residences. Now the question is are there enough suitable magistrates to fill these residences and the other residences of magistrates that the Government has around the Province. The Premier said that there was \$12,000. spent on the top floor of the court house. For what purpose? Whose offices were established there? Who is now using the offices? Surely these are legitimate questions that the Government should be prepared to answer. \$12,000. on the top floor of the court house, whose offices were renovated? Who now occupies the offices? What was the purpose of the expenditure? \$11,000. on repairs to Traffic Court, St. John's. What kind of repairs? What work was done there? These are all legitimate questions but apparently the hon. the Premier does not want to answer any questions in connection with this money.

MR. SMALLWOOD: He does want to answer. He has already answered these very, very, very, very questions.

MR. CROSBIE: He has not.

MR. SMALLWOOD: This morning, within the last twenty minutes I answered. I am not answering them again so there can be no doubt about my willingness to give the information.

The \$10,000. the total amount is \$39,500. is made up of four items. \$10,000. to renovate and refurbish two vacant residences of magistrates. One at Harbour Breton and the other at St. Anthony. That was a total of \$10,000. I do not know if that was exactly \$5,000. each or \$6,000. for one and \$4,000. for the other, or \$9,000. for one and \$1,000. for the other, I do not know. I can find out if it is important. Then an additional \$12,000. was spent to refurbish the offices on the top floor of the St. John's Court House building. The top floor, the attic floor. I have worked there myself. I worked there once for four or five months going through old documents. I am very familiar with it but I have not been there now for twenty-five years.

MR. CROSBIE: Whose offices are they?

MR. SMALLWOOD: To refurbish the offices on the top floor of the St. John's Court House so that staff could be relocated within the building. Now I do not know what staff they are. They are staff paid for by this Government.

Staff could be relocated within the building, something was made possible by the installation of a new elevator. There was a new elevator installed in the court house building. This made it feasible to re-do the upstairs and move some of the staff up there. Their names I do not know, their ages I do not know, their sex I do not know, but they were staff and they were moved up to the top floor.

Finally the rewiring of the top floor, and also rewiring of the library area of the court house. That is the Law Library I would take it. Now any more detail needed than that? This is not something we are proposing to do. Remember this is something that has been done and the money has been spent on the authority of Governor's Warrants.

Next, major repairs and extensive renovations to the Traffic Court, to provide additional office space required. This was \$11,000. Now any more detail than that I do not know but I can always get it. I can get blue prints of the building and table them here in this House if there is any point in it. I can get the name of the people who did it. I can get what wages they were paid. The detail is all there I suppose in the Department of Public Works.

MR. CHALKER: It is

MR. SMALLWOOD: It is. Then finally an amount of \$6,500. to landscape the grounds and pave the lot around the new fire station on Portugal Cove and I gave all this before. This is the second time, and yet I am told that I refuse to give information.

MR. CROSBIE: Mr. Chairman, the Minister of Justice is in this Legislative Assembly also, so presumably the Premier does not know, the Minister of Justice should know whose offices these are on the top floor of the court house.

MR. CURTIS: Ask the hon. member, the former minister. I do not know.

MR. CROSBIE: Or why extra space was needed in the Traffic Court, St. John's, and how many people are now at the Traffic Court. What is the situation at the Traffic Court. These are all legitimate questions. We have heard the Premier say that there was \$12,000. spent on offices in the court house and \$11,000. Traffic Court, St. John's. We are entitled to ask why. If the Premier cannot answer it he has officials or he has the Minister of Justice whose department it is who should be able to answer it.

MR. HICKMAN: Mr. Chairman, at the request of the Minister of Justice I can answer the \$12,000. item for the hon. member. The \$12,000. covers the installation of the Sheriff's Office, the Sub-Sheriff, the Baliff, the two secretaries and the court reporters consisting of four. That is the total number on the top floor of the court house.

The \$11,000. for major repairs to the Traffic Court I am not able to answer that. It did not to my knowledge take place during my term of office. I do not know anything about the Traffic Court.

MR. CURTIS: I do not know anything about it.

MR. MURPHY: Mr. Chairman, just before this is carried. The \$12,000. for the court house and the \$11,000. for the Traffic Court were these projects carried out by the Department of Public Works or were they done outside and if so we would like to know who did them.

MR. CHALKER: Both were done by the Department of Public Works.

MR. MURPHY: Public Works themselves.

MR. EARLE: Mr. Chairman, I just want to comment on this before it is carried. The hon. member for St. John's West is absolutely right in assuming that these items could have been foreseen, and who should have known better than I as Chairman of the Treasury Board at the time. They should rightfully have been put in the estimates. I heard less than an hour ago a comment on the radio to the effect that truth had perished. Actually truth perished in 1949 and obviously this is manouevring, where these things were left out in a hectic effort to balance the budget.

MR. SMALLWOOD: Mr. Chairman, I would like to comment on that. He is completely right. I leave out the word "hectic." It is the duty of the Government to balance the budget and we make every possible attempt to do it, and we succeeded. We set out to balance the budget and we put down on the expenditure side so much money. And on the revenue side our estimate of what that should be and there was a balance. Now, and we have done the same in the estimates that will come before the committee and the House a little later, the estimates for this year. We have down estimates of what we propose to spend, the total. And estimates of what we think we will get and we have balanced with a \$1.5 million surplus which Your Honour knows we recently eliminated. All right, it is just

a balance without any surplus. Now, we will watch it from month to month and week to week. If the things that we wanted to put in on the expenditure side and did not put in during the year we find that the revenue is more than we expected, then we will spend the money on the things that are not in the estimates.

We wanted to put them in the estimates. Last year when the estimates were brought down here, and the Budget Speech, there were many items left out of the expenditure because we did not think we might have the money to pay for it so we whipped it out. What else would we do? What else would the minister the hon. gentleman who just spoke, who was then the minister, what else would he have done as President of the Treasury Board, as Minister of Finance? What else would he have done in bringing his Budget before this House other than this? What else that this? Namely, he would put on the expenditure side only as many items as he thought there would be revenue to pay for. If during the year after that was done and the House passed the estimates, during the year the revenue was more bouyant than forecast, then we could spend the money that we had not put in the estimates and it will be the same in the present estimates. We ended this past year with a surplus of \$2 million. Yet, we spent \$7 million more than we had budgeted for.

How could we spend \$7 million more than we had in the estimates last year, and on top of the \$7 million more that we spent, have a surplus of \$2 million? That is \$9 million. The reason is, that the revenue turned out to be more bouyant than we forecast, than we estimated which is conservative with a small "c", prudent, sensible, level-headed budgeting. That is what was done. My hon. friend brought in a level-headed, sensible budget. He did not put on the expenditure side all these items that are in supplementary supply now, today. He did not put them all in. He thought there might not be enough revenue, so he balanced his budget at \$2 million. O.K., that was the level-headed thing to do, but during the year the revenue was much more than we expected it to be therefore, we could spend those things that we had taken out of the estimates.

Budgeting Mr. Chairman, is about ninety per cent or ninety-five per cent a case of all the Ministers putting in what they want to be put in the estimates. The Treasury Board looks at them, the Minister of Finance looks at

them. his officials look at these estimates and he comes to an estimate of what he thinks the revenue might be and he says " well we cannot allow this expense, no we cannot do all this spending, this is out of the question, we cannot spend all this money because there will not be enough revenue to pay for it. We will end the year with a deficit. So out it goes. This goes out that goes out, the other thing goes out" and finally he gets it in whack as they say, he gets it in balance. He even budgets to spend a little less than the revenue so that there will be a surplus.

Then as the year comes, the revenue turns out to be better so now we can put back some of the things we had taken out. But when we put them back we have done it after the House closed because the bouyancy of the revenue becomes apparent after the House closes. We will know in the month of August this year, and September and October and November and December, we will know how the revenue this year is showing up. If it is showing up better than we estimate in the budget, if it shows up better, then we can spend more and still have a surplus. Now that is level-headed, that is good budgeting. But, you have to come back when you spend more, you cannot spend more without going to the Governor and getting his warrant to do it. But when he gives his warrant to do it, and the House next meets you bring in those expenditures you made that were not authorized in the House in the year before.

It is a poor argument to say it is poor budgeting. It is excellent budgeting. It is sound and prudent and level-headed business-like budgeting. Budget only for those spendings that you think you can meet out of your revenue and do not budget for any more. Budget for a little less, budget for a balanced budget and a surplus, that is the way to do good budgeting. If the revenue turns out to be better

MR. CHAIRMAN: Order please, I think now I have allowed the hon. Premier to reply to the remark of the hon. member

MR. SMALLWOOD: Exactly, that is what I was doing. I was

MR. CHAIRMAN: I think we are getting a little far away now from Justice.

MR. SMALLWOOD: I think perhaps I have answered his argument adequately and I am very happy to fall in line with Your Honour's suggestion.

MR. EARLE: Mr. Chairman, this is not an argument, just if I may be permitted to comment on that. I agree with the Premier that the budgeting last year was as good and as efficient as it possibly could be. In fact, it is no credit of mine but a very excellent Treasury Board that helped me and assisted me in doing this. What I am pointing out, and where I agreed with the hon. member for St. John's West was that these items were foreseen and at times during the year I insisted that the items should not be spent, because, I could foresee that we were headed for a deficit and it was only through the most careful budgeting that we came up with a small surplus.

This also could have been eliminated if advice had been taken.

MR. SMALLWOOD: May I say for the sake ^{of} the hon. gentleman, that we did not come up with a small surplus

MR. EARLE: \$2 million

MR. SMALLWOOD: Plus. \$2 million plus. Take it from me.....

MR. SMALLWOOD: Take it from me.

MR. CROSBIE: Mr. Chairman, what the Premier has said is confirmation of what we have said here that the Government pays no attention to Parliamentary control expenditure, that the Government, if it gets extra revenue, it will spend it anyway. This is what he said and come back to the House, and we will have to approve it a year later. The items under the Department of Justice here are all items that the Department of Justice knew a year ago, would have to be spent in the last twelve months, but which were deliberately left out of the estimates, because the Government wanted to make the situation appear better last year than it actually was. This is not proper budgeting, as Beauchesne says, "when Supplementary Estimates are treated as customary and a matter of course, instead of being restricted to occasions of unforeseen contingencies, then effectual Parliamentary control over spending is gone." That is what is happening here. There is no effective Parliamentary control over spending, when the Government does not restrict Supplementary Estimates to the unforeseen, when it treats them as a matter of course, and these are items that the Department of Justice knew ^{year} last would have to be spent, but they were deliberately left out of the estimates, and this is not good budgeting. This means that this House has no control over what the Government is spending.

MR. ROBERTS: Mr. Chairman, if I may be permitted to add a word or so both as one who has listened with a great deal of interest and as one who worked with my former colleague, the member for the district of Fortune, quite intimately, throughout the budgeting process. The facts just put, as the basis for the argument by the member for St. John's, are correct, but his deductions and conclusions, I suggest, are quite incorrect. The reality of the proposal is this: that each year, we have to cut the garment to fit the cloth, and we do. That means that we have a

a great number of projects that we should do. Each of those items, Mr. Chairman, should be done, and we rate them on our priorities as to what we should and should not do. Then if the revenue turns out to be a little more buoyant than we estimated, we are able to look at some of these expenditures and they come back to Treasury Board and through the Cabinet and if they are approved, the money is spent. If we do not get the money, Mr. Chairman, we do without. We just do without. It is that simple, and when we come to the later heads, we will see some of the items that we have done without.

Now the only way the hon. gentleman from St. John's West has a valid point is as if the Government were to come in and table two sets of estimates. One would be the estimates that we are asking the House to give us authority to spend. The second would be the items that we would like to spend, on which we would like to spend money, if we get more money.

Mr. Chairman, to say that there is no Parliamentary control is completely wrong. The entire Government are here. The hon. gentleman has twenty-five per cent of his party and another twenty-five is just standing outside having a cigarette. The entire Government are represented here. Well over twenty-five per cent of our membership are here. We are here in Parliament, Mr. Chairman, going through a process that is the very essence of Parliamentary control. It will carry on until the House is satisfied. When the House is satisfied, they will either give us authority to spend this money or not. If they do, so be it. If they do not, so be it and that is Parliamentary control, Sir.

MR. HICKMAN: Mr. Chairman, I commend you for your latitude in permitting this debate, and I think it is quite proper, but I think it has to be borne in mind that in effect a Supplementary Bill is a new budget. I would direct your Honour's attention to Beauchesne which reads as follows

and it is very significant to this debate and to the remainder of the debate on this Bill: "The introduction of Supplementary Estimates of any considerable amount is really a breach of contract between the Government and Parliament, for when this is done, the budget statement is destroyed, and in effect the Supplementary budget is set up .."

MR. SMALLWOOD: Read the sentence between those ⁱⁿ two sentences.

MR. HICKMAN: "For when this is done, the budget statement is destroyed."

MR. SMALLWOOD: Read the whole section.

MR. HICKMAN: Oh! I will read it again, very carefully.

MR. SMALLWOOD: Do not leave out that essential sentence.

MR. HICKMAN: I did not leave...

MR. SMALLWOOD: I will quote it from memory..

MR. HICKMAN: I did not leave out one word. It is on page (202) of Beauchesne..

MR. SMALLWOOD: Not one word. He does not leave out one word.

MR. HICKMAN: Not a word.

MR. CROSBIE: Not a word.

MR. HICKMAN: "The introduction of Supplementary estimates of any considerable amount is really a breach of contract between the Government and Parliament, for when this is done the budget statement is destroyed, and in effect a Supplementary budget is set up." Not a word, not a comma, not a punctuation mark left out and what I say, Mr. Chairman, is what we have been trying to say here for the last several hours that Supplementary Supply is, in effect, a debate on a new budget and this is why your Honour is right to permit this latitude and to permit this laxity and to permit a debate on the general financial position of the Province. So it is not simply..

MR. CHAIRMAN: Order please. As I take it now the argument being advanced

by certain members is, that the sum of \$39,500 for Justice ought not to be voted, because it could be anticipated. The Chair is not permitting any general debate on the financial position of this Province or anything else; simply on the one point. As I understand it, the argument before the floor now is that the sum of \$39,500 ought not to be voted, because the expenditure could have been anticipated. That is the relevancy here.

MR. SMALLWOOD: The answer to that, Mr. Chairman, is in the quotation from Beauchesne which my hon. friend did not read.

I will read it, page (202) and the citation is 240. "It is extremely difficult to make a close forecast of the amount which will have to be provided." Now that is the part that was left out. That was the one that was left out. That is the very essential sentence that was left out of the citation. It is extremely difficult, in fact, Mr. Chairman, it might almost be put far more forcedly. It is impossible but certainly it is extremely to difficult to make a close forecast of the amount which will have to be provided. We know from experience that it is not only extremely difficult, it is quite impossible to do it.

MR. EROSBIE: Mr. Chairman, here is the whole paragraph, Supplementary estimates, as I referred to before. Let us have the whole paragraph. This is what Beauchesne says: "Supplementary estimates, when treated as customary and as a matter of course, which is how this Government treats them..

MR. ROWE (F.W.): Are we on a point of order. Are we on a point of order Mr. Chairman? There are two questions I would like to answer your Honour. Are we on a point of order? If not, then what is my hon. friend doing. We are supposed to be on a single item, are we not?

MR. CROSBIE: On that point of order, Mr. Chairman, I am putting it forward,

the proposition that this \$39,500 under the Department of Justice estimates, are for items that were customary and as a matter of course and which the department knew last year must be spent in any event and that the proper rule is that Supplementary estimates, when treated as customary and as a matter of course and that is these items here, instead of being restricted to occasion of unforeseen contingencies, these were not unforeseen contingencies. The Department of Justice knew last year that the money had to be spent this year, that the fire station constructed out on the Portugal Cove Rd had to be landscaped and paved. They knew that. They knew that the traffic court had to have repairs. They knew that the top floor of the court house had to be finished - the work was started. They knew that there ^{WERE} two magistrates - one going to Harbour Breton and one going to the other place and that their residences had to be renovated. They knew that. These were not unforeseen contingencies. The Government treating this as customary in the matter of course to follow Beauchesne does more to destroy effectual Parliamentary control than any other indirect method that could be devised. That is the principle. And Beauchesne goes on: "they are, however, for one service or another annually recurring necessities. They may be presented either (1) for a further grant to a service already sanctioned and voted for or (2) for a grant for a further occasion of expenditure arising where the estimates were presented. (a) For expenditure and newly imposed on the executive by statute, (b) To such an unexpected emergency."

These are not matters of unexpected emergency. He then goes on to say that: "it is extremely difficult to make a close forecast of the amount which will have to be provided. The introduction of Supplementary estimates of any considerable amount is really a breach of contract between the Government and Parliament, for when this is done the budget statement is destroyed, and in effect the Supplementary budget is set up." That

is what happened last year, Mr. Speaker, and that is what happened the year before and the year before that. The increased revenue has nothing to do with it.

In 1967, the Government spent \$53 million in Supplementary Supply and in 1968, \$54 million and the Government never had increased revenue in those years of \$30 million or \$40 million or \$50 million - increased revenue has nothing to do with it. This is deliberately omitting from the estimates items that the Government knows have to be spent during the year to make the budget look better, when the budget is delivered and the same process is happening this year.

MR. ROWE (F.W.): On a point of order, Mr. Chairman. I would like your honour's ruling on this. How many times are we going to have to listen to that read out? This is about five times I have heard it since we started Supplementary Supply last night.

The other question I would like to direct to your Honour is, when Interim Supply was brought in here, certain members on the other side attempted to have a general budget debate on Interim Supply. Now they are attempting to have another general budget debate on the grounds that this is something unusual apparently or something is out of order or something that is uncalled for. The fact of the matter is, Mr. Chairman, that for twenty years, we have done this and for twenty years and more, every government across Canada has done it and every government in the democratic world has done it. There is nothing heinous about it. There is nothing unusual about it. There is nothing underhanded about it. No government attempts to predict, to anticipate to the letter or to the million dollars what the expenditure is going to be and here we are now being subject to this repetitious, obstructionism - that is all it is, Mr. Chairman, obstructionism..

MR. CROSBIE: Mr. Chairman..

MR. ROWE (F.W.): Here, obstructionism..

MR. CROSBIE: Mr. Chairman, what is the gentleman's point of order, Mr. Chairman?

MR. ROWE (F.W.): May I finish the point of order?

MR. CROSBIE: There is no point of order here. The gentleman is making a speech, not a point of order.

MR. SMALLWOOD: Sit down, you are out of order. There cannot be two points of order.

MR. CROSBIE: The gentleman is making a speech not a point of order.

MR. SMALLWOOD: There cannot be two points of order. There is one here now.

MR. CHAIRMAN: Order please!

MR. CROSBIE: There is no point of order being made.

MR. CHAIRMAN: Order please.

MR. SMALLWOOD: The Chairman has to decide that.

MR. CHAIRMAN: The hon. Minister of Education has not raised a point of order. I take it that he is speaking in reply to what has been said on this side of the House. It is perfectly irrelevant to carry on and do so.

MR. ROWE (F.W.): Mr. Chairman, what I want to know is this. Are we contrary to the practise in this House for this last twenty years and contrary to the practise across Canada to have a general budget debate on every single item that comes up in Supplementary Supply. If so, then hon. members on this side will have to take cognizance of it. We, too, can make speeches. We, too, can make those extreme charges that were reported on the radio this morning, coming from the hon. member for St. John's West about the things that this House and this Government have done during the past year. We, too, can do that kind of a thing. We have been playing the game as it has been played here for the past twenty years and it is played right across Canada, treat Supplementary Supply for what it is, additional expenditure in respect of specific items, Mr. Chairman, and

these items may be debated. I have never heard and certainly it has never been done before, and may I say on that, Mr. Chairman, we have had Parliamentarians in this House before. The hon. member for St. John's West is not the first Parliamentarian, not the first authority on Parliament to be in this House - no other member ever here before - the hon. W. J. Brown who forgot more about Parliamentary practise, not only here but all over the world than the hon. member will probably know. He never attempted to do what the hon. gentleman is trying to do right now, and I ask your Honour, are we to have a budget debate on Interim Supply, on Supplementary Supply and then another budget debate, when the budget itself is brought up.

MR. HICKMAN: Mr. Chairman, may I..

AN HON. MEMBER: Making their own ground rules.

MR. HICKMAN: It is not a question of making your own ground rules at all. It is a very simple fact. There are two things - one I will direct your honour's attention to is this: two years ago on the debate for Supplementary Supply, the hon. Minister of Education will recall this. When the Supplementary Supply Bill was introduced this House was advised that this is the last Supplementary Supply Bill that will ever come before this House..

MR. SMALLWOOD: Oh! nonsense.

MR. HICKMAN: We have a new...

MR. SMALLWOOD: If that is not a lie..

MR. HICKMAN: Just let me remind hon. members. We have a new accounting procedure. Mr. Ottenheimer was then the hon. Leader of the Opposition, and he stood, and he looked the Premier straight in the eye, and he said, "does this mean, no more Supplementary Supply." The answer was "yes."

MR. SMALLWOOD: Mr. Chairman, I cannot call that a filthy lie, because it

would be unparliamentary, but it is an absolute untruth. There is not a syllable of truth in that. He has just made it up.

MR. HICKMAN: Your honour recalls it?

MR. SMALLWOOD: He has invented it.

MR. HICKMAN: Your honour recalls it? Of course he does.

MR. SMALLWOOD: No one recalls it.

MR. HICKMAN: Your honour recalls it.

MR. SMALLWOOD: It did not happen.

MR. HICKMAN: Do you recall it?

MR. SMALLWOOD: We would be the first Government since the world began.

MR. HICKMAN: The new accounting system..

MR. CHAIRMAN: Order please!

MR. SMALLWOOD: Oh! nonsense.

MR. HICKMAN: Oh! remember the new accounting system.

MR. SMALLWOOD: Nonsense.

MR. CHAIRMAN: I would just like to say this that the hon. Minister of Education and now the hon. member for Burin are directing questions to the Chair in a rhetorical kind of way and involving the Chair in the debate.

Now the Chair sits here, and these questions are put in a rather, personal, direct fashion, but I hope that the hon. members do not expect the Chair to express any opinion on these questions. These questions are simply put to the Chair rhetorically, and I hope not in any expectation that the Chair is going to take part in the debate and decide one way or the other.

MR. SMALLWOOD: Mr. Chairman, your Honour has allowed a fairly, far-ranging debate on constitutional procedure and practice and precedence in this matter. I was wondering, if your Honour is going to allow that same kind of debate on each individual item in this Bill? When, at last, we adopt this

Head VII, Justice, \$39,500 and then your Honour calls Head VIII, Mines, Agriculture and Resources, \$2,125,000, do we then have the same kind of a debate all over again that we are now having under this Head VII? Do we do this on each heading, constitutional discussion? Are we going to have it now? Is it understood that the rule of relevancy is out the window, that we do not have to be relevant, that we do not have to stick to the item that is before the Chair. We may have a general discussion on the constitutional procedures and will Beauchesne be quoted at every item now and so on? Is this the kind of debate Supplementary Supply is going to have?

MR. CROSBIE: On a point of order, Mr. Chairman. It is improper for the hon. the Premier or anyone else to address that kind of a question to the Chairman. The Chairman can only make his rulings..

MR. SMALLWOOD: That is not a point of order, Mr. Chairman.

MR. CROSBIE: The Chairman can only make his rulings as the debate proceeds..

MR. SMALLWOOD: That is not a point of order, Mr. Chairman.

MR. CROSBIE: It is a point of order.

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

MR. CROSBIE: The Premier is improperly addressing this kind of question to the Chairman, who will have to make his rulings as the points come up.

MR. CHAIRMAN: Order please.

MR. CROSBIE: And it was the Premier, himself, who started the irrelevancy..

MR. CHAIRMAN: Order please. The Chair just finished speaking and it hopes that hon. members do not expect the Chair to reply to rhetorical questions and if members, in the course of debating the question before the Chair, asks rhetorical questions, they do so rhetorically and not with any expectation of getting a reply from the Chair.

MR. CHAIRMAN: Shall Item (7) carry? Carried.

Item (8), Mines, Agriculture and Resources, \$2,125,000.

MR. SMALLWOOD: Mr. Chairman, I move that this Item pass and in so moving, I give this explanation: The amount of \$2,125,000 is made up of a number of items. First, there is Bell Island, there is the assembling of ore at the pier at Bell Island and the loading of ore into carriers . This required \$40,000. It was subhead 816-04-01. However, this very same ore produced a revenue of \$104,000, which, of course, is an offset against the additional expenditure and when all the expenditures involved were paid and we offset against it, the \$104,000 we got for the ore, it cost the Province net \$64,000.

Second, \$60,000 for the mineral survey program at Bonne Bay Park, that is the silica deposit. This included diamond drilling. There was an additional \$60,000 spent on that. Then next, in the estimates of last year, subhead 812-03-26, there was a token vote for forest insect spray program against the hemlock looper. We put in a token vote, in actual fact, we spent an additional \$2 million on spray, far more that is than the token vote. This amount of \$2 million was authorized by special warrant by his Honour, but actually by means of very stringent control, we were able to hold the expenditure to \$1.6 million.

The estimates of last year that the House passed had a token amount. We went to the Governor and we got his warrant to spend \$2 million on spray. Actually, we spent \$1.6 million and seventy-five per cent of that - seventy-five cents to the dollar of that was paid us by the Government of Canada and the two major paper companies so that actually the Government of Newfoundland spent, out of its own funds, \$400,000 of that \$ 1.6 million. Nevertheless, we spent it. True there is offsetting revenue we got from the paper companies and from Ottawa - seventy-five cents of every dollar we got, but we spent the \$1.6 million, and we are

asking the committee now to recommend to the House that the Government be authorized to spend that \$2 million - that was revenue, offsetting revenue. This is only expenditure that we are dealing with here today. That is the total, Bell Island, the mineral survey program at Bonne Bay, including the drilling and the forest insect spray program.

MR. CHAIRMAN: Shall Item (8) carry?

MR. CROSBIE: The amount asked to be voted under this heading is \$2,125,000, and I do not know exactly how it is arrived at. It is \$2 million on spraying (but the Premier says)- and forest insect control, but the Premier says and the estimates show that the total amount spent in the revised estimates was \$1,605,000 and there was \$60,000 for Bonne Bay Park mineral exploration; \$40,000 on Bell Island, assembling of ore. There is offsetting revenue of \$104,000 so the whole - I do not see how the amount of \$2,125,000 is arrived at. What happened to the \$400,000 that was not spent on the forest insect control program, although authorized by the Lieutenant-Governor - what \$2,125,000 was spent, because it does not add up to \$2,125,000 - \$1.6 million on spraying; \$60,000 on the Bonne Bay Park; \$40,000 on Bell Island, assembling of ore and that would \$1.7 million. You are asking for authorization for the spending of \$2,125,000 and there was not \$2,125,000 spent.

MR. CALLAHAN: It has already been explained. It was not all spent.

MR. CROSBIE: Exactly, but why ask for the authorization of \$2,125,000.

MR. CALLAHAN: Because the authority has to be validated.

MR. CROSBIE: Oh, I see. You mean you are asking - in this you are just asking for the total of the Lieutenant-Governor's warrants to be approved, whether the money was actually spent or not. I certainly did not understand that. Well to get back to these items then, Mr. Chairman. This is Supplementary Supply, money that was spent last year on the ore.

Now, in my view, this would be the time for the Government or the minister to tell us what the result of this program on Bell Island

was. There was \$40,000 spent on assembling the ore and loading ore on Bell Island. What price was the ore sold for? What happened to the net profits from the operation, if any? What is that money being used for? What happened last year with respect to this whole Bell Island program? This is the time, Mr. Chairman, when, in my view, the Government should be explaining what happened last year on this item, the Bell Island ore, and how was it that this expenditure could not be foreseen. Obviously, the Department of Mines, Agriculture and Resources knew that, at Bell Island, last year, there was going to be ore sold or it had been agreed to be sold and it had to be shipped, and there were going to be expenses for it - why was not the item in the estimates last year? It could not be an unforeseen item. Bonne Bay Park, Mr. Chairman, the whole question of silica in that park started in the Fall of 1968.

Now, obviously, the Minister of Mines, Agriculture and Resources knew last year, when his estimates were being prepared that he had to spend money on mineral exploration in Bonne Bay Park. I mean that was obvious. The people of the Bonne Bay area were told - the people of Newfoundland were told that the Government had to look into this silica - the matter of the silica deposits before there could be further advancement in connection with the establishment of the Bonne Bay Park. So the minister knew that last year, he knew in the Fall of 1968 that he had to spend money in mineral exploration of the lands that are going to comprise of Bonne Bay Park; yet this amount of \$60,000 was not in his estimates, when his estimates came before this House of Assembly last year. Why not?

MR. CROSBIE:

are not. It is certainly worth an unforeseen contingency that Bonne Bay Park had to have mineral exploration done.

MR. CALLAHAN: I explained that about ten days ago in this House and I would be glad to do it again.

MR. CROSBIE: The hon. Minister is now on supplementary supply and he should be explaining to this House and to the country why he could not foresee last year that he was going to have to spend \$60,000 on mineral exploration in the Bonne Bay Park area when he told the whole world that he was going to do that.

MR. CALLAHAN: The answer was given to the question on the Order Paper about two weeks ago.

MR. CROSBIE: The answer has not been given here this morning. Why was this \$60,000 spent? What kind of mineral exploration took place, was it just mineral exploration for silica or was there mineral exploration for oil or was this all in connection with silica and if it was all in connection with silica what results were found in the Bonne Bay Park as a result of this \$60,000? What are the results of these investigations?

MR. SMALLWOOD: That is shown in the White Paper.

MR. CROSBIE: The White Paper shows nothing, we have been all through that White Paper. The White Paper is a masterpiece of deception and certainly does not supply the answer as to what the results are.

MR. CALLAHAN: Mr. Speaker, on a point of order, I object to the use of those words. Would the hon. gentleman withdraw them?

MR. CROSBIE: No, no.

MR. CALLAHAN: Well, I am not trying to sit here, Sir, and listen to the hon. gentleman talking about deception. I do not think that is the word that should be used in this House and the question has been answered.

MR. SMALLWOOD: The Minister's White Paper is called the masterpiece of deception.

MR. CROSBIE: Yes, exactly. Now, Mr. Chairman,

AN HON. MEMBER: Withdraw, withdraw the words.

MR. CROSBIE: No, I am not withdrawing. That is the whole burden of my speech here last Wednesday was that that White Paper is a masterpiece of deception and that is my view of what it is.

AN HON. MEMBER: The hon. member should withdraw, Mr. Speaker.

MR. CROSBIE: So, Mr. Speaker, what was the \$60,000 spent on and what were the results? This is the time when the supplementary supply estimates are before the House to have the answers. I doubt very much whether we are going to get them.

MR. CALLAHAN: You will not get it if you keep up that stuff and we have not got to either.

MR. CROSBIE: You see it is not a personal matter for me. I would have thought that the hon. Minister would be glad to outline for the people of Newfoundland what the results of his mineral exploration were and why the Minister did not have it in his estimates last year? We know why, he wanted to keep to his estimates down. Mr. Speaker, of course, the Minister does not like to give information to the House. He will not tell the House for example what the situation is with respect to the Parsons Pond oil exploration or whether the requirements of the legislation have been met by NALCO.

MR. CALLAHAN: The Minister gave that information to the people of that area Saturday night.

MR. CROSBIE: The hon. Minister gave no information. The Minister gave no relevant information at Rocky Harbour last Saturday night.

MR. SPEAKER (NOEL): Order please!

MR. CALLAHAN: The hon. gentleman does not know, he was not there.

MR. CROSBIE: Mr. Speaker, mineral exploration in the Bonne Bay Park area \$60,000. Has NALCO forfeited its right to the Parsons Pond oil concession or not? Has NALCO observed the terms of the legislation? Why does the Minister not spend some money exploring that, he has refused.

MR. SMALLWOOD: I do not know what that has to do with this vote.

MR. CROSBIE: This is a vote to do, Mr. Chairman, with the Bonne Bay Park mineral exploration.

MR. CALLAHAN: It has nothing to do with the Parsons Pond.

MR. CROSBIE: \$60,000.

MR. SPEAKER (NOEL): Order please! The vote of \$60,000 was for a silica surveyor or some such thing.

AN HON. MEMBER: No.

MR. SPEAKER (NOEL): What was it for?

MR. SMALLWOOD: Doing a survey in Bonne Bay, not oil in Parsons Pond.

MR. SPEAKER (NOEL): Yes, a mineral survey in Bonne Bay Park.

MR. SMALLWOOD: Not park, Bonne Bay.

MR. SPEAKER (NOEL): Bonne Bay

MR. SMALLWOOD: There is no park.

MR. CROSBIE: The hon. the Premier, Mr. Chairman, said that this \$60,000 was spent for mineral exploration in the Bonne Bay Park area-

MR. CALLAHAN: In the Bonne Bay area, the Premier did not say Bonne Bay Park.

MR. CROSBIE: Well, in the Bonne Bay area. He has not said it was all spent to conduct a silica survey and he has not explained really what the results of the survey were. Is silica there in commercial quantities? Would it be profitable for anyone to mine the silica deposits?

MR. SMALLWOOD: It was said in the White Paper in this House.

MR. CROSBIE: It was not said in the White Paper.

MR. SMALLWOOD: It was, it was.

MR. CROSBIE: The White Paper made a silly statement that there were five or six million tons of silica and the silica would be worth so much a ton.

MR. CALLAHAN: That is the hon. gentleman's opinion. The answer is given in the White Paper and twice that question was answered in the House.

MR. CROSBIE: The White Paper did not go on to say that it would be economical to mine that silica. The White Paper explained nothing. The White Paper was an attempt^{to} oscillate the whole situation, confuse it. It did not explain whether the silica found at Bonne Bay would be economically mineable. It did not give an conclusion on that. It pretended that five or six million tons of silica was worth so much a ton not explaining whether it could be mined commercially or not. It did not say what the grade of the silica was. It is the kind of silica that is economically viable for a mining operation, none of that was said in the White Paper because the hon. Minister has dropped the silica argument now, he is gone on to an oil argument and a White Paper argument to justify further delay in connection with the Bonne Bay Park.

Insect control, Mr. Chairman, the estimates were passed last March or April. No vote, just a token vote. Mr. Chairman -

MR. CALLAHAN: Information has been given in answer to questions on the Order Paper twice.

MR. SPEAKER (NOEL): Would the hon. member for St. John's West proceed please.

MR. CROSBIE: Mr. Chairman, the Minister knew, the Government knew that they were going to have a forest insect control program last year. They knew that, they knew it full well but they did not put any expenditure in the estimates for it other than a token vote. It could have been there. It was not an unforeseen contingency, it was not an emergency that cropped up during last year. It was a matter that they knew had to be done last year, they knew the spraying had to be done last year, they knew that there were a lot of insects had to be controlled last and there is a lot have to be controlled this year too yet the \$2. million was not put in the estimates and the Minister knew the cost of that program long before the House closed last year.

MR. CALLAHAN: Nobody knew about that program.

MR. CROSBIE: The Minister knew. We give the Minister credit enough that he does know a few things and one of the few things he does is he knew last year that that forest insect control program was going to cost about \$2. million and that Ottawa was going to advance seventy-five-per-cent of it. So, Mr. Chairman, I doubt whether we will get any explanation but why was not the \$40,000 in connection with Bell Island ore foreseen? What is the picture on the Bell Island ore? Is the money being used for the benefit of the residents of Bell Island? Just what is the situation? Apparently \$64,000 was made on this ore, at least, last year. What are the results, the real results of the mineral exploration of Bonne Bay and the silica? Not silly statements that there are so many tons there at so much a ton without showing whether it is commercially feasible to develop or not and what happened with the forest insect control? Why could the Minister not include that in his estimates last year? These are some of the questions that come to mind if this House is to have any control over the spending of the Government.

MR. CALLAHAN: What if the hon. member takes his seat, Mr. Chairman, he should withdraw his remarks he made..

MR. CROSBIE: No, I cannot withdraw that.

MR. MYRDEN: Mr. Chairman, I would like to have a few words on this \$60,000 mineral survey and I would like to have a few questions answered..

MR. CALLAHAN: If he had come Saturday night he would have had all his questions answered.

MR. CROSBIE: He was not invited.

MR. MYRDEN: Nobody was invited.

MR. CALLAHAN: Everybody was invited to go. It was a public meeting and the hon. gentlemen were afraid to come.

MR. MYRDEN: Oh, do not talk such bull, hysterics just like a child for Cripe's sake, you could not answer the question that you were asked.

MR. CALLAHAN: I am like a chicken.

MR. CROSBIE: Yes, you got egg all over your tie.

MR. MYRDEN: Mr. Chairman, if the Minister do not mind getting away from the Rocky Harbour egg program. What amount was used for the silica survey of this \$60,000 and was there a general survey in the whole area? This is what the people would like to know and will there be more mineral surveys made this year? I would also like to know if there were outside contractors for this \$60,000 survey and were they employees of the department? But I guess we will not get any answers, Sir, they are too busy.

MR. SMALLWOOD: The answer, Mr. Speaker, to that question is that it was all spent in Bonne Bay, it was all spend on investigating silica, it was all spent on diamond drilling, all of the \$60,000. The answer to the other question, will any more money be spent is time will tell.

MR. CROSBIE: Mr. Speaker, there have been a number of questions asked about the Bell Island ore situation as well as the Bonne Bay park situation. Time will tell, what is time will tell. Time will tell has nothing to do with it. That is the attitude of this Government. You are not going to get any information. There is nothing in the estimates this year for mineral exploration of Bonne Bay as far as can be seen. We have ask the question, was the silica deposits proved to be present at Bonne Bay Park, were they commercially mineable, were they economically fesible to develop? We have not had an answer to that and 390' another question is the Bell Island ore situation. This ore was sold last year

MR. CROSBIE:

and the Government spent \$40,000 seeing to its loading and received \$104,000. What is the picture with respect to this situation on Bell Island where the assets of Dosco were sold and ore is being sold and the Government had to spend certain monies in connection with it? What is the picture there? These are questions we are asking in connection with that \$40,000.

MR. SMALLWOOD: Mr. Chairman, every last individual scrap of information about the disposition of the assets on Bell Island every last scrap has been given in this House. A complete accounting for every dollar spent and received has been given in this House on the assets of Bell Island.

MR. MURPHY: Now, Mr. Chairman, there is only one or two remarks I would like to make and that is in reference to when the budget is being prepared and not being able to foresee expenditures. Now we are talking about \$60,000 here for the necessary funds to conduct a survey of mineral resources in the proposed Bonne Bay National Park area. I think the House closed last year about the end of May, I do not know but it was a bit later than that, but this request for the \$60,000 is dated the 26th of June which is just about a month after the House closed. We are talking about a twelve month period but I think if you looked up these warrants you will find that many of them are issued immediately, within a month of the House closing. Now if that is not to general appearance a fact that we will not put it in the budget but as soon as the House closes we will request it and it strikes me very forceably, this one particularly. The warrent was issued on the 4th of July just about one month after the House closed.

Now if anybody is saying that this Government are really projecting economic picture of the Province I fail to see it. If within thirty days after coming in here looking for millions and millions and millions of dollars and then the House closes and the hot air is no sooner dispelled out of the Chamber when they come back looking for the - and this is the actual date of the warrant, you know and if anybody wants to check the warrants they are all here. This one here is requested on the 26th of June and there is another one the 16th of June, two weeks after the House closes. Well, if this is good business management. \$2, million that was dated the 4th of July actually but -

MR. WELLS: We requested it the 16th of June.

MR. ROBERTS: Let us deal with these two items.

MR. MURPHY: If we are going to listen to this great talk that it is not our purpose to make the budget look good, I think these facts here when you read them would give another impression entirely. After all if you are doing business with someone and say, on the end of May look I only need \$2. million, well, alright if this is not there we will close up what business we are doing and two weeks afterwards we are going to look for another \$2. million or another \$60,000 or \$70,000. To me it does not appear to be good budgeting or good Government management of our affairs and it certainly appears that Government do not want to put in the budget the actual monies they are going to spend. We will say; "Look, we will wait for a few weeks, the budget is being received, we are going to have a surplus and as soon as the smoke dies down we will come and request it."

MR. SPEAKER (NOEL): (Inaudible).

MR. MURPHY: I want to make my point, Sir, that is all I want.

MR. CALLAHAN: I would be very pleased, Sir, to reply to the hon. Leader of the Opposition who is a gentleman and who respects this House more than other members do. This information, Mr. Chairman, already has been given on two occasions during this session but I will give it again.

In respect to the warrants for the purpose of providing funds for the examination of the mineral area at Bonne Bay, the authority originally was given, and I have explained this previously in the House and it is in Hansard, the authority originally was given in November of the previous year, November of 1968 and as I said here the other day, Mr. Chairman, about ten days ago, I think I have to say there was a breakdown of communication to this extent that it was assumed because when the authority was given it was planned to begin the work in the fall but in fact we ran into unexpectedly bad weather and we were unable to move the drilling equipment from the South Coast to Bonne Bay and could not do the work within the time frame that had been projected when the authority was given. This is what in fact happened and the work had to be postponed until the spring but the officials of the Department of Finance assuming that the work had proceeded as planned did not, in terms of communication,

MR. CALLAHAN:

it did not occur to them that they should advise our officials that in fact the authority that had been given them in the ordinary would not extend beyond the 31st of March.

When it came time to do the work and this was long after the estimates had been drawn it was found that there were no funds in fact for this project. So new authority had to be obtained.

On the other matter, Mr. Chairman, as I again have explained in the House, at the time the estimates were drawn, not at the time the House closed that is not the material date or the germane date of reference, at the time the estimates were drawn it was not possible in any way, shape or form to know or to determine or to forecast what the nature of the insect problem would be. Indeed it was not really known until mid-June what the nature of the problem would be and it was at that point during the short space of time from the first two weeks of June to the first week of July that the program essentially in detail had to be mapped out and planned and until that was done it was not possible to have any kind of reliable cost estimate. Indeed the fact that the final cost was some \$400,000 less than the amount estimated three weeks before the program started is pretty good indication of the unreliability of the situation. In addition to that, Mr. Chairman, and of much more significance, is the fact that at the time the estimates were drawn, in addition to the fact that it was not known whether there would be a program or on what scale, we were in negotiation both with the paper companies and with the Government of Canada for funds to support this program. These negotiations were not concluded and indeed did not even look hopeful at the time the estimates were drawn, at the time the House opened or at the time the estimates of the department went through the House. I referred hon. members the other day and I do not again, Mr. Chairman, to the fact that the time the estimates went through the House last year I fully explained and gave this exact same explanation I am giving now for the second time in this session that it was not possible to know (a) what the program, the nature of the program, or the ultimate cost would be or (b) whether there would be any sharing because at that point there was some hope that the Government can or might do what they did in Quebec the year

MR. CALLAHAN:

before and bear the full cost. We were not going to put our cards on the table or committ ourselves while in negotiation with the industry and the Government of Canada at a time when we were in negotiations with them.

As it turned out, Mr. Chairman, instead of the Province having to bear, as it appeared we might, a \$2. million cost we actually came out of it at \$400,000. This was the purpose of the negotiation but I say again it was not possible to estimate either the cost of the program, the scale of the program or what the real cost to the Province might be. That, Sir, as I have explained just now is the fourth time, is the reason that figure could not appear in the estimates realistically and did not appear and the reason that authority subsequently had to be obtained.

MR. EARLE: Just one point, Mr. Chairman. I think the hon. Minister has given a very accurate explanation so I think the point that should be emphasized here that this is in a sense sloppy accounting because the \$60,000 for the mineral survey was authorized the previous November and his officials and himself, I think, should have realized that that automatically ran out at the end of the year and it was not renewed in the new budget.

MR. CALLAHAN: That created an unforeseen contingency did it not?

MR. EARLE: Yes, but it was sloppy accounting on somebody's part.

MR. CALLAHAN: Yes, I agree.

Motion, Item 1X, carried: Public Works.

MR. SMALLWOOD: I move that it carry Head 1X: Public Works. In so moving I give this explanation of the amount requested \$231,735. \$11,000 more was needed to meet salary committments under general administration, \$11,000. Another \$1,000 was needed for office equipment such as copying machines and supplies and for office expenses generally. Another \$60,000 was needed for putting in greatly improved telephonic services in this building resulting in, of course, in higher rentals. This was in sub-head 902 (02) (03) and this included the installation of a direct line to Grand Falls.

\$25,700 in sub-head 911 (01) salaries for maintenance and building staff, there was not enough voted last year so-

voted last year, so abide by this amount. Then \$12,000 more was spent last year as a result of additional buildings that came under the supervision of the Department of Public Works and also additional travelling required for the maintenance and alteration staff both on this island and in Labrador. By the way some of those buildings were in the buildings division, hospital extension projects at Springdale, Burin, Channel, Bonne Bay, Burgeo, Marystown, and the upgrading schools at Stephenville, Happy Valley and Carbonear. There was \$12,000 more travelling by the building division staff. Then finally there was an underestimate in the estimates last year of \$122,000 in the provision of an interest payment on loan No. U-3 with Central Mortgage and Housing Corporation, for residence No. 9 at Memorial University. This is subhead 911-03-01. So the \$231,000 is made up of \$122,000 this building residence No. 9 at Memorial University. This is Central Mortgage and Housing loan, I must confess that it sounds like a lot of money to me, in the provision of an interest payment on loan U-3 with Central Mortgage for residence No. 9.

Residence means college residence, it is not a dwelling house it is one of the big, the big second dining hall at the University. That is understandable. That is \$122,000 and \$12,000 for the additional travelling for the buildings division covering back and forth to these various buildings and \$25,700 for salaries of the maintenance and building staff and \$60,000 for the insulation of the new PBX and the higher rentals consequent upon them in this building and the introduction of the direct telephone line to Grand Falls, and \$1,000 for office expenses additional expenses, and \$11,000 for salary commitments general administration of the Department of Public Works.

MR. CROSBIE: These expenditures Mr. Chairman are all in the same category, There is nothing here unforeseen. These are not unforeseen contingencies at all. A department knows what salaries it will have to pay in the next year the Department of Public Works knew whether last year whether or not it was going to spend money on improvement of the telephone services in Confederation Building here, the \$60,000 item was not an unforeseen emergency that cropped up during the year. The department knew that they were going to have to pay

pay salaries for maintenance and building staff. They have an underestimate there. The interest payment itself is, that was not an unforeseen emergency if this was a payment on a mortgage on a direct obligation of the Government. A mortgage from the Government is CMHC, \$122,000 is a large amount so it must be quite a large mortgage. How could the department underestimate this interest payment. What that means that someone forgot that this interest payment had to be made. It certainly is not in the range of an unforeseen emergency, The Government knows what mortgage payments they have to make during the year. All of those expenditures Mr. Chairman are not in the category for which supplementary supply should be used. These are not emergencies, they have propped up during the year. This is the result of artificially reducing the estimates by the Government so that the picture will look better when the budget is brought down, This is what, this is the result of. And all those items are in that category.

MR. EARLE: Mr. Speaker, just one comment on the quite heavy items for PBX rentals I believe that the large portion of this was accounted for by the installation of telecommunications machine in the department is not that correct Mr. Minister? I could not see the reason for this because there was already one in the department of Finance which was in fairly frequent use. And there was a second machine put in the department of Public Works. I think it was a duplication of unnecessary expenditure.

MR. SMALLWOOD: I hope to have one put in my office as well.

MR. EARLE: Is it necessary?

MR. SMALLWOOD: Yes, necessary yes.

MR. EARLE: Well there were periods Mr. Chairman, when the machine certainly in the department of Finance to my close knowledge was not in operation.

AN. HON. MEMBER: All telegrams now come in

MR. EARLE: I think there is another answer to it than that.

MR. SMALLWOOD: Mr. Chairman, I move Head 10 Department of Health, \$2,502,050 and in so moving I give these explanations. An additional \$520,000 a little over half a million dollars was required for salaries at Cottage Hospitals, that is subhead 1038-01. The reasons for these additional requirements were as follows: Salaries increases to medical staff \$100,000 and over-estimate

in savings due to inability to recruit \$120,000, not that the explanation of that is this. Every year in the estimate you put in a saving on account of the staff that you do not think you are going to be able to recruit. Based on experience the doctors you do not think you are going to get though you want them you are eager to get them but you do not think practically speaking that you are going to get them. The engineers that you would like to have but you do not think you would be able to get. You put the vote in and then put a countervailing saving for non-recruitment. But in this case we had a \$120,000 in for non-recruitment of doctors and then we did in fact recruit them. So that \$120,000 had to be spent. And then there is another amount of \$300,000 saving that was to have been made last year, in the estimates last year, by closing down two hospitals, one at Botwood and one at Markland. That \$300,000 was not saved because these two hospitals were not closed down. So we had to find that \$300,000 in the Department of Health.

But on the other hand there was some additional revenue from the Government of Canada, that came into our Treasury of \$130,000. So that \$130,000 additional revenue reduced the actual spending to \$390,000. Then there was another provision of \$1,520,000 for expenditure under the hospital insurance programme for patients services, non-government. This is subhead 1041-03-01.

MR.ROBERTS: Those subheads by the way Sir, are in the old estimates and not in the new

MR.SMALLWOOD: Right, this has been made clear here, that these subheading references that I have been giving refer, ate to the estimates of last year not the

MR.ROBERTS: Health has been changed -

MR.SMALLWOOD: Yes, and it has been changed in quite a number of sections of the estimates. This resulted mainly from a carry-over of costs from the previous year and increased payments to pathologists and radiologists. However, increased federal revenues of \$380,000 came to the Province under

those headings increased federal revenue not budgeted for of \$380,000 that left the net cost to the Province at \$1,140,000 rather than \$1,520,000; \$380,000 less. Now the original expenditure estimate for services rendered to children in hospital under the free medical care plan. That was subhead 1041-04-01 was too little by \$188,000 gross. Actually we got another \$35,000 under that heading from the Government of Canada which reduced the \$188,000 to \$153,000 and incidentally Mr. Speaker, that is the closing out of the children's health plan. This Province was the first Province in Canada and for years we were the only province in Canada with the children's health, children's hospital plan free, free hospitalization for children.

It was absorbed into the National Plan when the national plan came. But for a number of years we carried on that plan giving free hospitalization to every child in the Province up to the age of, free medical care of every child in the Province up to the age, up to the sixteenth birthday. The only the only Province in Canada that did it. We spent quite a few million dollars on it when the larger plan National Plan came in it absorbed our own provincial plan. And in the year just past all outstanding bills were cleaned up, running to a total of \$188,000 less \$35,000 we got from Ottawa which reduced it to a \$153,000.

Then there is another amount of \$15,000 to complete the interior renovation and put in the new heating system and insulation of the doctor's residence at Hampden and to provide new clinic facilities at St. George's \$15,000 for these two items. Then \$11,000 for the insulation of new equipment and relocation of existing equipment and the repairs and improvements to the bathroom and shower room facilities at the Central Laundry. \$11,000 for that. That is subhead 1031-09-03.

Then another item of \$70,000 under heading subhead 1037-09-03. The new heating boiler and the new electrical service and the re-wiring of the Mental Hospital Annex. And also the replacement of floors in the rear wards and the fire escapes, and major repairs to the Nurse's Residence at the Mental Hospital. All of that was \$70,000.

Then there was an amount of \$100,000 extra, additional \$100,000. Under

subhead 1038-09-03. This was for the re-wiring of the St. Lawrence Hospital. And for the water supply for the Fogo, Old Perlican, and Bonavista Hospitals. And for extensive plumbing repairs and additional electrical services to the Brookfield Hospital. And also to cover installation of X-Ray equipment at the Hr. Breton Hospital. All of these together amounted to \$100,000.

Another \$15,000 spent at the James Paton Memorial Hospital at Gander. This was \$15,000 for re-tubing and repairs other repairs of two heating boilers at that Hospital. Then there was an amount of \$35,000 in the Sir Thomas Roddick Hospital. The re-tubing of boilers, the installation of X-Ray equipment, and the re-zoning of the heating system at the Sir Thomas Roddick Hospital. Then there was another amount of \$15,600 for increased phasing in of the hospital facilities at Sir Thomas Roddick Hospital. This increase phasing in of the facilities in that hospital required of course more heat and more light, fuel and light.

Then there were several amounts, \$3000,000 for repairs and maintenance of the Central Pharmacy, that is an additional \$3,000, over the amount voted by the House last year. An additional \$5,000 for repairs and maintenance at the Templeman Hospital on Bell Island. And then there was another \$5,200 for heat and light and so on at the Central Pharmacy. Then there was \$4,000 for heat and light and so on, at the Central Laundry. And there was \$5,250 for the Water Templeman Hospital on Bell Island. \$5,250, that is for heat and light etc., and the other amount of \$5,000 was repairs and maintenance at the same hospital. All these amounts Mr. Speaker, come to a gross total as shown in the Bill. \$2,502,050.

MR. CROSBIE: Mr. Chairman, most of the amounts that the Premier has just listed Mr. Chairman fall right in the place with the ^{rest of these} supplementary estimates and further show that the estimates presented to this House each year are not accurate the knowledge of the Government. You just look at the two items, one item in particular the hospital insurance \$1,525,000 which is quite a large increase under any one heading. This is the operation of non-government hospitals and government hospitals. And the Government of Canada pays roughly

fifty per cent of the cost of operating the hospitals, under the federal-provincial health insurance plan. It might be fifty-two or fifty-three per cent I am not sure what the proportion is now. In the estimates this year, or in the estimates last year revised, there is \$28, 891,000 for hospitals not operated by the Government, \$6, 686, 000 for hospitals operated by the Government. Total \$35, 577,000. That is the revised expenditure in this head for last year. In the estimates for this year, there is an increase under those headings of only \$762,900. Now Mr. Chairman, next year, the Government will come back to this House and it will ask for Supplementary Supply under this heading of at least another \$1,500,000 or \$2,000,000. Because the Government knew last year that the amount voted in the original estimates was not enough to operate the hospitals in Newfoundland.

What happens is that the Treasury Board or the Cabinet or the Premier says there must be a cut in the department of Health budget. There has to be one or two per cent or some amount come out of it. There has to be a \$2,000,000 cut. So the Minister of Health and his officials has to look at their estimates, what is the biggest amount in their estimates? The operation of these hospitals, where can we most easily make the cut that has been demanded by the Government in that amount. So they artificially cut out of the estimates \$1,500,000 that they know they are going to have to spend during the year. And they know that they are going to have to go back to get it from supplementary supply. It is well known in the Government. You cut it out now, you take it out now while the estimates are going through you will get it back in supplementary supply. And that is what happened in these estimates of health has happened the year before and the year before that. And will happen this year and the next year, as long as this system continues.

The million and a half dollars that the department of Health knew would have to be spent in the operation of Hospitals last year was not in their estimates, because they were forced to cut

MR. CROSBIE: were forced to cut it out artificially, so that the Budget would look better last year when it was brought down. \$520,000; salaries in Cottage Hospitals. The officials in the Department of Health Mr. Chairman, can tell you within \$50,000 certainty, what they are going to have to spend on any of those votes during the coming year. \$520,000 additional for salaries in Cottage Hospitals, that was known about last year when the Estimates were brought in. It was known that that vote was underestimated. And the same principle apply last year as the year before - it was the same when I was there. I brought in the same situation the year before. That is why I know what I am talking about. And the year that I brought them in, we had to cut out \$1 million or \$2 million that we knew would have to be spent during the year. That is why I am saying it now. And the hon. minister there, a successor, the gentleman has done by the way, a very good job in the last few days, negotiating with the hospital workers, an excellent job. Yes, he saved the Government actually in our view. Our successor in the Portfolio of Health. It was the same thing last year - oh the Premier does not like my "pronunciation,"

MR. SMALLWOOD: Or his pronunciation either.

MR. CROSBIE: Imagine, he is such an expert the hon. the Premier in the use of English, that he will not forgive us poor illiterates who do not pronounce all our words correctly. However, the hon. Minister of Health, the present incumbent is in the same position we were in. He did the same thing last year or his predecessor did as I did. He cut out artificially from his Estimates a million and a half - two million dollars that he knew he had to spend, because that was the direct from Government. We must appear to have a balanced budget. Now last year the Government was lucky, the revenues increased more than they thought, or there would be no balanced budget. And there will be no balanced budget this year Mr. Chairman. We are going to have a very good deficit on current account at the end of this present fiscal year. There will be no surplus, that is for sure. Nothing like it. So that is why Mr. Chairman, under two Items in Health, \$2 million had to voted in Supplementary Supply. Hospital

Insurance, the Operation of Hospitals and salaries for Cottage Hospitals. Now the other Items are all smaller. The Children's Health Plan, that could have been unforeseen. But these other Items, the small Items; Boiler and Electric Service to the Mental; heating and so on at doctors' residences. The other Items listed. The wiring at St. Lawrence Hospital. Water systems at Fogo, Old Perlican etc. All this was known about last year Mr. Chairman, that this would have to be done - these things would have to be done. Heat and Light; \$5,000 needed for Heat and Light down at Central Pharmacy. The Government knows to a nickel what it is going to cost the heat and light to Central Pharmacy every year, if \$5,200 had to be voted in Supplementary Supply. The Central Laundry is the same. Years of experience operating the Central Laundry - they know to a nickel what it is going to cost to heat and light the Central Laundry, but \$5,000 had to be voted there. What is the point in going on Mr. Chairman? The Government does not appreciate these remarks. Poke fun at you about your accent. In fact if that continues, I am not going to stay anymore in this House, if they continue to do that. I do not pronounce my words right. But quite seriously Mr. Chairman, this is the point we are getting at. That whole amount there for the Department of Health, \$2,500,000 - not ten dollars of it unforeseen expenditure. All of it foreseen last year, the hon. Minister of Health saw it all. He may get up now and say he could not foresee it all. And even if the minister was ignorant, his officials are competent, and they foresaw it all. So this codology goes on and the Government coming in with Supplementary Supply, knowing with their majority they are going to get it anyway. And careless therefore, what they have in their Estimates. And that they are going to do the same this year as they did last year. That is all I have to say in the matter.

MR. SMALLWOOD: Mr. Chairman, before you carry it, I wonder is there use saying what I am going to say? Probably not. But what would any hon. member of this House do. What would you do Your Honour? What would any member of this House do if he were a member of the Government? If he were

a member of the Government and he was helping to draw up the Estimates for the coming year. Estimates of expenditure. He has to put down a certain amount for education and that amount is a lump sum - it is \$103 million. And it is made up of hundreds of Items, hundreds of different Items. Teachers' salaries, maintenance, hundreds of items. It is \$103 million. But it ought to be \$105 million. Now we make up the Estimates of Public Health and it is down we will say, about \$80 million, a little over \$80 million. It ought to be \$90 million. And we go right through the Department of Municipal Affairs, the Department of Highways, Maintenance - We put down an amount for the maintenance of roads. We put down an amount for snow-clearing. But we know it ought to be more. But we do not put down enough. We know it is not enough. Should we put down what ought to be spent regardless of the revenue? Should we make the Estimates out this way? Here is what we are going to spend. Here is what we are going to take in. We are going to take in \$10 million less than we are going to spend. We are going to take in \$1 million less than we are going to spend. We are going to take in \$100,000 less than we are going to spend. We are going to take in \$1,000 less than we are going to spend. We are going to budget for a deficit. Should we do that?

MR. HICKMAN: Some Provinces do.

MR. SMALLWOOD: No. You have to be a rich and powerful Province, or a rich and powerful nation to budget for a deficit, because if you do not your credit will be ruined. What you do Mr. Speaker, is this. Here is what you do, and here is what anyone ought to do. This is the right thing to do. Find out what revenue you think you are going to get and then cut your garment accordingly. But suppose Mr. Chairman, throughout the year your revenue increases, which of course you hope will happen. What do you do then? You ask the House to give you \$103 million to spend on education, because you figure that is all your revenue would allow you to do. But your revenue goes up. What do you do? Do you spend more on education than the House authorized to spend more than you asked them to authorize you to spend. We are going to ask the House in this Session

to authorize us to spend \$103.5 million on education as an example. It is not enough. Everybody knows it is not enough, but that is all we are going to ask the House to authorize us to spend, \$103.5 million on education, that is all. We are asking the House to give us the authority to spend so much on Municipal Affairs, on Housing, on Welfare, and so on and so on. And none of it is enough. But it is all cut according to the amount of revenue we estimate we are going to get. But now Sir, through the year, as the year goes on, the revenue becomes buoyant. It is much easier to estimate expenditure than to estimate revenue. Much easier. Very, very easy to estimate your expenditure. But it is not easy to estimate your revenue. How much will your S.S.A. bring you in? Well that depends on how much the people spend on the things that pay the S.S.A. How much beer will people drink? That will tell you how much profit you are going to make on beer. How much hard liquor will people drink? That tells you what revenue you are going to get from that. How many people are going to buy cars? How many people will pay licences to drive? How many people will buy gasoline in cars and in trucks and in skidoos Your Honour? Ottawa has to make the same stab at it. They have to try to estimate how much money they will take in for corporation income tax. To figure that, they have to figure how much profits the corporation will make - all the companies across Canada, what will they make in the next year? Well they know whatever they make, they are going to get a certain share of it. How much will that come to? That depends on how much profit they make. You estimate your revenue, and you cannot be exact. You can look at your whole economic situation, and you can say well it looks as though it is going to be a very good year. How do you know? You talk to Bowaters. You talk to Price. You talk to the Mining Companies. You talk to the various large corporations and you say to them, "what do you propose to spend in the coming year?" And you get your estimate in that way, and many other ways of how much money the people are going to spend. How much they are going to have. How much they are going to get, and how much of that they will spend, and how much of what they spent, we can hook out of it. at an

average of fifteen cents to the dollar. So it is not easy to estimate your revenue, and if you are a fool, if you over-estimate it, you are living in a complete fool's paradise, if you over-estimate your revenue. Because if you over-estimate your revenue, then you are bound to over-estimate your expenditures. You are bound to and end in a mess. So you underestimate your revenue. As a matter of fact I do not mind telling the Committee this Mr. Speaker. They may find it amusing, or they may find it something else, I do not know. But I do not mind telling that the Treasury Board and the Minister of Finance and the Premier, and for years and years, it was mainly the Premier, but in recent years it has been more the Minister of Finance and the Treasury Board, enter into a sort of genial conspiracy against the rest of the ministers, especially the big spenders, the Minister of Highways, the Minister of Public Works, the Minister of Welfare, the Minister of Health, the Minister of Education, the big spenders. You have to put on the poor mouth until you get the Estimates adopted by the Cabinet. You underestimate your revenue and you would be very, very wrong if you did not. You underestimate the revenue you think you take in for the year, and then having done that, you cut your garment accordingly. To the Minister of Education you say, "what do you want, do you want this added deficit? Do you want to go before the people of Newfoundland and end up with a deficit. Do you want that? " No, I do not want that - well all right, you cannot have any more than \$103.5 million in the coming year for education. You say to the Minister of Health, "I know, I know what you are proposing is good, it is needed, it is very necessary, sure, sure, now do not go resigning because you are not getting it, because you still will not get it, because we have not got that kind of revenue." You say to the Minister of Highways, to all the ministers. "Look this is all we can get, so we can only give you this much." Now having done that, having brought down the Budget, having brought down the Estimates for the coming year, all these having been passed. And the year goes along and the revenue turns out to be

much more buoyant.

AN HON. MEMBER: In a month?

MR. SMALLWOOD: In a month. Yes, but do not forget that the month is
were made
after the House closes, but the Estimates six months before the House
closed. Oh yes, the Estimates that this House will be discussing shortly
for this present financial year, the new year. These Estimates were
started in October. Why? I will tell you why. The reason is this. That
late in September the Treasury Board, or the Minister of Finance as a
rule sends word to all his colleagues and says, "start getting your Estimates
ready." And in the month of September and October, the Deputy Ministers
of all the departments have got their Estimates up for the coming year.
The year that begins April 1 coming. This is back the year before. Six
months before they get up their Estimates. They talk it over with their
minister, and they start scheming - how to fool the Cabinet, how to fool
the Treasury Board, how to hook a million out of them and get some concealed
fat in there. That is the game of all ministers, especially the heavy
spenders. They all want to do a good job. You cannot do it unless you
have the money to do it with. So they all are into a conspiracy against
the Minister of Finance and his officials and the Treasury Board. But
when he and his deputy agree, well we will try it, in they go to the
Department of Finance, and all the ministers hand in their Estimates, their
proposed Estimates, their draft Estimates to come into effect April 1 coming,
hand them in October or November. By December, the butchery has taken
place. The slaughter. The slaughter, not of the innocence, but the
slaughter of the guilty. Guilty ministers who try to hook more money than
the Treasury Board and the Minister of Finance figured they could have.

MR. CROSBIE: They get it from Supplementary Supply afterwards.

MR. SMALLWOOD: No. You cut it down in accordance with your estimated
revenue. You have to balance your budget, not only your budget, you have
to try to make a surplus. A million dollars, two million, whatever you
can make to use that surplus for capital account spending. Okay. It
finally comes to the Cabinet and what is the picture? The picture is
there is a deficit of five millions, or ten millions. I remember one
year there was a deficit of twenty odd million when it came to the Cabinet.

A deficit of twenty odd million. What did we do? We ended up that particular year with a surplus of two or three millions, but only by sending the Estimates back to the Ministers, say, "take it back, take it away, forget it, you will never get anything near that. Cut it down and they cut it down and we brought it before the House. The House passed it. The revenue was such as to pay every nickel of it with the surplus, a little more revenue than we actually spent. But we have had put before the House the Estimate as the ministers drew them up in the Yellow Book, well we would not dare do it. I remember one time the Yellow Book was sent around to all the ministers in a sealed envelope marked "secret and confidential" stamped on, and a special messenger took them around to the ministers. One minister received it at his house, the draft Estimates - the yellow not the red, not the one comes here finally after the Cabinet trims it down. He resigned the next day from the Cabinet. He said that Newfoundland was bankrupt. Here we were budgeting he said for a deficit of twenty millions. And he walked across the floor of the House. That is twenty years ago, Newfoundland was bankrupt, twenty years ago, because he took the Yellow Estimates, just the draft Estimates that are sent around for the ministers to look at and say "well for God's sake are we going to go and have a deficit of twenty million, that is the end of Newfoundland if we do. We have to do away with that twenty million somehow. We have to eliminate it and balance the Budget." Now I ask finally this simple question, this simple question. When this Committee of Supply Mr. Chairman, considers the Estimates of expenditure for this year that began on April 1. When we come to do that, and we find that there is an amount there for education for \$103.5 million, and the Committee votes it, and then the House votes it. Now the Government have authority to spend \$103.5 million on education. Now, that is the authority we have. So the House is dissolved, not dissolved but prorogued, unless we do dissolve it, that was a slip. Anyway we leave here. There is no House here not in Session at any rate. Now we go along with every education authority in Newfoundland is hammering at us. The NTA are hammering at us. School Boards are coming

in endlessly interviewing us. Delegations deputations begin coming in. The churches begin making pronouncements. And the \$103 million is just not enough Mr. Chairman. It is all the House has voted, so that we could balance the budget, that is all there is. And if no more revenue comes in then it has to stay at \$103 million. We cannot put it up, unless the revenue goes up. But suppose the revenue goes up. The House is not going to meet until January, February, March next year - and let us say in the month - what month is this June, July, what month are we in? May. We are in May. We are in the month of May. All right. Suppose the House ends the end of June. Say this Session is completed the end of June. And by the end of July or up in August it is clear that the revenue is coming in better than we estimated. And there has not been a year since Confederation when it did not. I do not believe there has been one year of the twenty-one since Confederation when we did not take in more revenue than we estimated. We obviously underestimate our revenue. What do you want us to overestimate it? You cannot get it exact, unless we have the wisdom of God. We cannot tell exactly what revenue we are going to take in. No. So we underestimate it, which is the right thing to do. All right. But it turns out to be more than our Estimates. It turns out that it was underestimated. Now at that point. What do we say to the churches? To the School Boards? To the people, to the parents? To the NTA, what do we say them? Oh the House voted \$103,500 not another nickel are you getting. You see, you have to. Now we know we can do it. We know the money is coming in. We know we can afford to do it because the revenue is better than we figured. What do we do? You know what we do? We spend it. You know what the Government of Nova Scotia does? Same thing. New Brunswick? Same thing. P.E.I. with its glorious Liberal victory, twenty-seven to five (the poor old Tories) They do the same thing. Quebec? Another great Liberal victory, Ontario, every Province does the same thing. Every Province has Supplementar: Supply. If their revenue

MR. SMALLWOOD:

Their revenue is better than they estimated and they underestimated some things of expenditure that ought to have been more but they were afraid to make it more, then they make it more if the revenue goes up. Now what is wrong with that. We will be told now we will have Beauchesne quoted at us again to the effect that it is not unexpected. What is that argument? Is the argument this namely that unless it is unexpected you must not spend, unless on something that was unexpected. Well, is there anything unexpected, in all the estimates is there anything unexpected, in the whole gambit, the field of public expenditure in Newfoundland is there anything unexpected? In the literal meaning of the word, yes, a crisis, a great forest fire breaks out. You go out and you spend \$1. million or an election is held sooner than you planned, you did not budget for it so that is unexpected.

There are certain things that are unexpected in the literal sense of the word but except for these few things, tell me what is not unexpected? Everything is unexpected, everything. You can only vote the money that you think you are going to have and get that money that you are voting the Government authority to spend. The House knows, the committee knows, the Government knows, the public knows, the churches know, the NTA know, the school boards know, every teacher knows it, everybody in Newfoundland knows that it is not enough; \$103,500,000, it is not enough: What will we do? Will we follow this blind, narrow, barron idea that unless it is unexpected you dare not spend a dollar on it even if you have it to spend? You will wait until the next year comes and go in and vote for the year but then you have lost a year. What do you do? You do the level-headed thing, the sensible thing, you spend it if you have but always try to end your year not only with a balanced budget but with a surplus. We ended our year just past with a surplus of \$2. million plus. In my budget speech I said \$2. million. \$1.96 million it rounded out at \$2. million. Now I say \$2. million plus but I will not say how much plus.

You try to end each year with a balanced budget or even better than that a bit of a surplus, take in more than you spend, a bit more but if you do that it is only because your revenue is going up more than you expected and if it does are you going to starve education, are you going to starve welfare, are you

MR. SMALLWOOD:

going to starve the Highways Department, are you going to starve the Health Department and all the other departments of Government or will you spend it or will you say, no we will not spend it because the hon. member for St. John's West is against it.

He will get up and he will filibuster, he will make eloquent speeches with impeccable english, he will make the most magnificent oratory opposing it all next year. Every time over there, if he is in the House that is where he will always be, every year he will be telling us we should not have supplementary supply, we should be the only Government in the world without supplementary supply, we should be the only Government in the world that can estimate so exactly what the revenue will be for the coming twelve months that we will be able to estimate exactly what the expenditure will be, we are the only Government in the world we should do it. He will argue that but he will grudgingly admit that if it is literally ~~an~~ unexpected sort of thing, really that you could not possibly foresee, you could not expect it to happen such as a great forest fire, he will grudgingly admit that in that case you can spend it and I suppose he will go so far as to say, and if he did he would be right, to say even if you have not got it you should spend it. You should end your year with a deficit you should spend more than you have and contract bills and try to pay off those bills as soon as you can. We did that three years ago. We ended our year three years ago with a deficit. We spent more money that year than we took in. I think it was largely forest fire, was it not? Was it not large and enormous unexpected -

MR. CROSBIE: No, it was not forest fire.

MR. SMALLWOOD: Well, I forget what it was but it was \$3. million more that we spent than we took in. We had a deficit of \$3. million. Last year we took some of our surplus and we paid off part of that debt. We were going to take part of our surplus this year and pay off another section of that debt and then take a surplus next year and pay off the remainder of the debt. This year we are not doing it because we are using our surplus this year for other purposes. The House committee knows what these purposes are increase salaries about which we will be talking when this committee discusses the estimates for the coming

MR. SMALLWOOD:

year rather than supplementary supply for last year.

I asked a question when I started, is it any use my saying this, and I answered my own question by saying probably not because none so blind, none, as they that will not see. If you have an hon. member stand up in this House and invent a statement and attribute it to me, invent it, just make it up out of the whole cloth, make it up out of nothing, just invent it, create it as an artist takes brushes and he paints a picture, he is creating the picture, it is not real, it is just a picture and he has created it with his eyes and his brush he created the picture in the same way that an hon. member of this House creates a fiction about me and says that I said that this Government will never again have supplementary supply. That hon. gentleman will not be convinced by anything I am saying because what he is asking the committee to believe is that I was so stupid, so ignorant, so unrealistic that I would actually say because I believe that the one Government on the earth that would be able to estimate for twelve months ahead exactly what revenue will come in, exactly what money you can spend so there would be no need of any supplementary supply that this would be the only Government on the earth that would not have supplementary supply. That is what the committee would have to believe for them to believe the statement attributed to me that I had said that this will be the last supplementary supply.

Mr. Chairman, if the hon. gentleman can produce any evidence of that I will resign ten minutes after he produces it. I will go down to Government House and I will hand the Governor my resignation as Premier of this Province. I will do that and I will deserve to do it because any man who would be such a fool, such an ignorant clown as to get up and say in any given year this is the last year there will ever be supplementary supply brought by the Government into this House. Any man who would say that should not be Premier, he should be locked up, he is a fool and a dangerous fool.

AN HON. MEMBER: (Inaudible).

MR. SMALLWOOD: Well then the Minister of Health might object. He might ask the Treasury Board for a little increase in his appropriations.

AN HON. MEMBER: There is nothing from Ottawa.

MR. SMALLWOOD: Ottawa does not contribute towards the cost of running the Mental Hospital. This would be a dead expense on the Government of this little Province. Anyone who is locked up here from this House I suppose he would be allowed to have some books sent in to him and if he smokes I suppose he would be allowed to have a few packs of cigarettes but it would be otherwise a dead expense on the Province.

There you are, Mr. Chairman, yet how am I going to convince an hon. member who has had hallucinations because he did not lie, obviously he did not lie, obviously he did not say something with the deliberate intention of deceiving. That is what a lie is, it has to have the intention to deceive. He must know the facts, he must know the truth and then he says something else with the purpose, the motive must be there, to deceive. That is what a lie is so we cannot attribute motives especially unworthy motives to him yet he says -

MR. HICKMAN: Would the Premier like to have his memory refreshed?

MR. SMALLWOOD: I would like to have the evidence.

MR. HICKMAN: Would you like to have your memory refreshed? Do you remember the afternoon when you -

MR. SMALLWOOD: My memory, if the hon. gentleman lives to be ninety he may get a memory half as good as mine.

MR. HICKMAN: Well anyway, let me remind you -

MR. SMALLWOOD: Yes, if I have anything it is a pretty good memory especially for what happens in this House. Mr. Chairman, it does not matter what is happening in the House I hear every word that is spoken unless there is a couple of men whispering to each other and even then I try to hear that.

MR. HICKMAN: Do you remember the afternoon -

MR. SMALLWOOD: I cannot sit in this House and just daydream, I cannot sit here and let my mind go wandering. I listen to every syllable that is spoken here and while a man is speaking especially if he is on the other side of the House while he is speaking if one of my hon. friends comes to me and starts whispering in my ear I am trying to hear the hon. member across and at the same time listen to what he is trying to whisper in my ear and the man I give preference to is the man across the House. I want to hear what is said in this House and I will remember every word that is said.

MR. HICKMAN: Does the hon. Premier remember the afternoon he invited the hon. the Leader of the Opposition to be his Minister of Finance on or about March 21st, 1968? Does he recall it?

MR. SMALLWOOD: The hon. gentleman now in his usual way when for instance he said on television on Sunday on two occasions that I bawled and screamed at him, two occasions.

MR. HICKMAN: So you did.

MR. SPEAKER (NOEL): I think now that it is getting close to 1:00 o'clock but we are on Health, Item (10).

MR. SMALLWOOD: I think you will agree this is very healthy and perhaps in some ways a useful discussion but I do not expect to convince the hon. gentleman who has hallucinations. I have made the hon. gentleman an offer. The offer I have made him is ten minutes after he produces the evidence I will go down and hand in my resignation to the Governor. I will do that. I am saying it here publically and I hope it will be reported.

AN HON. MEMBER: Weasel words.

MR. SMALLWOOD: No weasel words. Let him produce the evidence that satisfies the House that I made such a statement.

MR. SPEAKER (NOEL): Order! The political future of the hon. member is not germane to Item (10).

MR. SMALLWOOD: Mr. Chairman, you would be surprised. Your Honour might be surprised if Your Honour knew how germane the political future is to every speaker, every person who makes a speech in this House. There is not an hon. member in the House who is not thinking of the termination, the imminent termination, that depends on when the rug is pulled, that depends on when the date is set for the election, that is how long some members have to remain in this Chamber here Your Honour.

MR. CROSBIE: Good-bye, you are finished.

MR. SMALLWOOD: Yeah!

MR. CROSBIE: Good-bye. I will see you in the gallery next year.

MR. SMALLWOOD: Oh, yeah!

MR. ROBERTS: We heard this from him before, this is the second or third time he crossed the House.

MR. SMALLWOOD: He has only crossed the House three times.

MR. CROSBIE: Well, I would cross it again if I have to.

MR. SMALLWOOD: Only three times, he has crossed only three times.

MR. CROSBIE: Mr. Chairman, can somebody else speak in this committee or is he going to -

MR. SMALLWOOD: No, not until I finish.

MR. CROSBIE: Oh, you are not finished.

MR. SMALLWOOD: No, I am not finished.

MR. CROSBIE: Oh, excuse me. What about the filibuster? The hon. Premier has been speaking for half an hour now.

MR. SMALLWOOD: Fifteen minutes I am taking.

MR. CROSBIE: He will be on VOXM tomorrow morning. Filibuster!

MR. SMALLWOOD: Yes. Filibuster, obstruction.

MR. CROSBIE: Tell us the truth on spending now, give us the truth on spending.

MR. SMALLWOOD: Yeah! Ask for more divisions. Challenge the Chairman's ruling two or three times more and then have a division on it. Challenge Mr. Speaker's ruling and have a division on that, that is not obstruction.

MR. HICKMAN: I am delighted with this speech because this afternoon Mr. Chairman will be able to talk about anything including the Royal Commission on radiation in St. Lawrence far more relevant than what we have heard. So I commend you for your -

MR. SMALLWOOD: I wonder could the hon. gentleman manage if he tried really hard when I am not screaming and bawling at him, in between my screaming and bawling at him, in between that I wonder would he tell us sometime in this Chamber something about, make some allusion to it, some reference to it, just a glancing reference of some part of this Province other than Burin.

MR. HICKMAN: Repeat that, repeat it. Go on. I will put it in the Burin post as an advertisement.

MR. SMALLWOOD: He is probably limiting his horizons now to Burin.

MR. SPEAKER (NOEL): Order please!

MR. CROSBIE: Mr. Speaker, I gather that the hon. the Premier -

MR. SMALLWOOD: On a point of order. I am not yielding, Mr. Chairman, I am not yielding. If he is on a point of order he is in order but -

MR. SPEAKER (NOEL): I was going to say that the hon. the Premier should be a little closer to the question before the time to close.

MR. SMALLWOOD: Perhaps Your Honour would be willing to call it 1:00 o'clock.

MR. SPEAKER (NOEL): It being now 1:00 o'clock I left the Chair until 3:00 o'clock.



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SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House resumed at 3:00 P.M.

MR. CROSBIE: Before Item 10 carries, Mr. Chairman, just a few last words on it. Particularly with reference to what the Premier was saying just as we adjourned for dinner. Mr. Chairman, the question of revenue or what revenue the Government will have or will not have in the coming year as nothing to do with the estimates of expenditure that this House. In Committee of Supply we are considering the estimates what money the Government is going to spend next year. The Government's estimates have no relation to what unexpected revenue the Government hopes to pick up during the coming year, nothing at all. The point that we have made is that there are items left out of the estimates are too low a vote put in by the Government and the Government knows full well that this money has to be spent during the year. But at the time the budget is brought down, the Government does not want to give the true picture. So for example, with these items here in Health the \$2,500,000.00 that money was not included in the estimates last year, although the Government knew full well it would have to be spent, because the hospitals in this Province would not be able to operate without that money. So the Government is presenting artificial estimates to the House, not accurate estimates, that is what this points up. And the Premier, can be as loquacious as he likes, as a matter of fact, Mr. Chairman, the Premier reminds me of a character from Dicken's with all this talk about unexpected revenue that might come up during the year, and that character is the "Artful Dodger", when you hear these long winded explanations of the Premier, you can depend it, but he is imitating the "Artful Dodger". What unexpected increments the Government may get this year or next year in revenue, has nothing to do with the estimates of expenditure presented to the House. The Government is supposed to present to the House estimates of the monies that they feel are required to operate the Government for the coming year, And the supplementary supply that is being presented to this House now and in previous years points up the fact that the Government is not doing that, that the estimates are made by Government direction lower, and the Government knows that the amounts are required to carry on the years' operation.

MR. CROSBIE: And to talk about surpluses and revenue is red herring, entirely beside the point. In 1964 a deficit of \$21 million, in 1965, \$25 million, 1966 \$20 million, 1967 \$75 million, 1968 somewhere around \$88 million, in everyone of those years deficits, and if the Government got any unexpected revenue during the year, it could very well go to meet those deficits. So the revenue has nothing to do with the estimates of expenditure that this House has asked to pass. Now there is an Item under Health, Mr. Chairman, the Botwood and Markland Cottage Hospitals, and if I understood the Premier correctly the operation of those hospitals during the past year resulted in the need for supplementary estimates in an amount of \$390,000. Well how could that be so? It was announced by the Government after the budget last year, it was another one of those magnificent retreats, in the budget speech last year the Government that they were closing the Botwood and Markland Cottage hospitals. And two or three days later there was a complete reversal, and the Government stated that they were going to continue to keep these two hospitals operating, and that the money required would be raised through an additional increase in the price of liquor sold in bars and clubs and the like. But apparently now the Government says, that although they made the decision to keep the Botwood and Markland Cottage hospitals opened, they never asked this House to vote the necessary money in the estimates last year, when they made that decision. Why not? The main estimates were before the House last year, why did not the Government then last year increase the estimates while the House was opened in March and April buy this amount of \$390,000, why was it left to go into supplementary supply? It was not unforeseen last March that the Government was going to continue to keep Markland and the Botwood Cottage hospitals operating. But the Government failed to include any amount for their operation in the estimates, and that is just the point that we are getting at in connection with this supplementary supply. In this House supplementary supply, the way the Government has operated is not just to meet the unexpected or other matter that

MR. CROSBIE: might crop up during the year. It is used to provide the Government with ordinary running funds for the operation of Government services which the Government knows, when the main estimates are tabled that they are not a true and accurate picture of what money is going to be required to operate the Government through the year. But it makes the budget look better at the time, and then they came back a year later and ask for supplementary supply, as they are doing this year. If this was supplementary supply in an amount of \$5 million, or \$6 million or \$8 million or perhaps even \$10 million there might be some excuse for it, but to come back year after year arranging from \$20 odd million dollars up to a high of \$60 million, I believe, no the highest is \$54 million in 1968, that is not supplementary supply, Mr. Chairman, that is a frank admission by the Government that it pays no attention to the main estimates, that they are designed to have us believe, when the budget is brought down that there is a surplus on current account or a smaller deficit than there is in fact. And this vote of \$2.5 million for the Department of Health was known last year, that that would have to be asked for in supplementary supply. The Premier painted a great picture of how the Cabinet Ministers are told by the Premier and the Treasury Board, no cut your estimates, you cannot have it, you big spenders, you must cut down. What it has actually told him is, "now look here boards, we know you need more money. We know this is not enough to run your departments, you will get it in supplementary supply". That is actually what is told to them, and here is the supplementary supply now in connection with the Department of Health for last year \$2.5 million. So the Government might as just as well admit it, and not try to kid us along, that this is only extra expenditure that the Government made, because the Government revenue happened to be higher than they forecasted it would be. That is nonsense, that is not the fact. The fact is that the budget estimates are artificially kept low, that they do not properly estimate what it requires the Government to have to operate for a year.

MR. SMALLWOOD: Mr. Chairman, in drafting our estimates each year, we have our choice of doing it in one of two ways; make out a list of all the spending we want to do, regardless of what revenue there may be, pay no attention to the

MR. SMALLWOOD: revenue, just make out a list of what we propose to spend present that to the House, get the House's authority to spend it. If we do that there will be no supplementary supply or very little. Anything that is genuinely unexpected, that crops up in the year, that could not have been foreseen, that will be supplementary supply and nothing else. Make out a complete list put down what we ought to spend, what needs to be spent make a list of it, bring it to the House, get it passed and it is so many millions or scores of million of dollars. That is one way to do it.

MR. CROSBIE: That is the right way.

MR. SMALLWOOD: That is the wrong way.

MR. CROSBIE: That is the right way.

MR. SMALLWOOD: That is a wrong way.

MR. CROSBIE: That would be a Parliamentary way.

MR. SMALLWOOD: That would be the stupid way, and a dishonest way. There is only one intelligent way to do it, and one honest way to do it, and that is to limit your expenditure by your expected revenue. There is no other honest way. There is no other intelligent way. You may know very well that you need to spend this much on education, you know you need to spend this much on public health, you know you need to spend this much on welfare, you know you need to spend this much on public works, and on roads, and on everything else, you know you need to do it, but you also know you have not got the money to do that. So, what do you do? You make out your list of your estimates for the coming year in accordance with your estimate of the revenue, that is what you do, and everyone of these items of expenditure that you have made out is less than you know you should spend, you know it is not enough, you know it ought to be more, you know you need to spend more, but you are confirming with your idea what your revenue will be. All right, you do that, you bring it to the House, the House passes it, the Government now has the authority to spend that much money in conformity with the Government's own estimate of the revenue, but Sir, throughout the year the revenue increases beyond and above what you expect beyond and above what you estimated, you have actually more revenue. Now your expenditures are deliberately less than you know you should spend, because you kept your rate of expenditure in line with your expected revenue. So you balanced your budget.

MR. SMALLWOOD: But through the year, all the time you are haunted by the fact that the authority you received from the House at your own request to spend this much on education, that much on health, the other amount on roads, the other amount on municipalities, and all kinds of things, the amount you have asked the House to authorize you to spend and which they have authorized you to spend is dreadfully too little. You know that, and your revenue goes up beyond and above what you estimated. Now what do you do in that case? What is the right thing to do in that case?

The right thing is to use your increased revenue to make increase expenditure on these things, that you did not get authority to spend enough on. But if you do that, you can only do it in two ways; First, you go to the Governor, an Order in Council is passed, that His Honour be moved to issue his warrant for the spending of that much extra on education, or to spend that much extra on health, or to spend that much extra on whatever it is. You move the Governor to issue his warrant, if the House is not in session. So he issues his warrant. That is the first thing you do. That is the constitution, that is what is laid down in the Law. This gives you the authority to spend it, it does not prove cash. You do not ask him for that authority, unless you know you have the cash. If the revenue is coming in better than you estimated, then you can go to the Governor and ask him for his warrant, knowing you have the cash. The warrant does not create money, the warrant only gives you the authority to spend it, if you have the cash, when you know you have the cash, if the revenue is better than you expected, then you know you have the cash. Then you go to the Governor and you ask him to issue his warrant to you to spend money over and above what the House authorized, when the House was in session. Now that is your first step.

Your second step is to do what we are doing here today, you come in you have tabled all the warrants that the Governor issues since the House last met, since the last session of the House, last year. You table the warrant, and then you come in with a Bill, this Bill asking the committee and later the House to approve the spending that we did last year on the Governor's authority, the authority of the Governor's warrant. Mr. Chairman, this is so transparently true, this is so transparently the case, that you cut your garment according to

MR. SMALLWOOD: your cloth each year, not just this year, every year since Confederation, that is twenty-one years, and nearly one hundred years before that in this Province and the former country of Newfoundland, since 1832 that is how it has been. Supplementary supply authorized in the first place by the Governor, His Excellency the Governor now His Honour the Lieutenant-Governor, authorized by him in the first place, and then brought to the House for ratification, that is the process, that is the procedure in Newfoundland. But also in every province of Canada, also in the Parliament of Canada, at Westminster in the United Kingdom, in Australia, in New Zealand, in every British country in the world, this is the normal procedure. It is normal, perfectly normal, yet you have someone filled to the teeth with hate and passionate bigotry. You have someone like that claiming that this is all dishonest.

MR. CROSBIE: This is tripe.

MR. SMALLWOOD: This is dishonest. Yes, this is tripe exactly, tripe from a passionate and hate filled person, of course it is tripe. That this is dishonesty. What the Government of Canada does every year since 1867 is dishonesty. Liberal Government, Tory Government, Diefenbaker, Pearson, St. Laurant, MacKenzie King, Trudeau, all of them, all dishonest. Any Premier across Canada is dishonest. Any Prime Minister in England is dishonest, because they carry out traditional way-of doing it. Dishonest, they have got to be dishonest so that he can prove that I am dishonest. He will drag them down into the dirt, so that he may drag me down with them.

MR. CROSBIE: Ah! do not be so pityfull.

MR. SMALLWOOD: That is it, Mr. Chairman, he has got somehow to prove that the procedure in this Province under Smallwood is dishonest. How did he prove that? By showing that what I do, is what I do, but what I do as Leader of this Government is exactly what is done -

MR. CROSBIE: Mr. Chairman, on a point of order. I submit that this is quite irrelevant to this debate, but if Your Honour is going to permit these irrelevancies by the hon. the Premier in allegations of hate and the rest of it, I will respond and I will respond in time when he is finished, and I will demand the same rights now this is quite irrelevant to this debate, whether any hon. member of this House

MR. CROSBIE: hates another, and that kind of pityfull tripe is irrelevant to what we are discussing here.

MR. SMALLWOOD: The hon. the Premier, Mr. Chairman, will answer the hon. gentleman across the way, and he will take all the time he wants to do it.

MR. CROSBIE: He will defy the Chair.

MR. SMALLWOOD: I will not defy the Chair.

MR. CROSBIE: He will defy the Chairman.

MR. SMALLWOOD: I will not defy the Chairman at any time for one moment. But I will take full advantage of my rights as a member of this House.

MR. CROSBIE: Filibuster.

MR. CHAIRMAN: Order, please.

MR. SMALLWOOD: Are we going to have some entertainment?

MR. CHAIRMAN: Order, please. Visitors to the gallery are reminded that they are not even suppose to make their presence heard by noise, or movemant or laughter or anything of that manner in the House. Will the hon. the Premier continue please.

MR. SMALLWOOD: In short, Mr. Chairman, the only one who has a right to be heard in this House are those who have been elected to the House, no one else. That again, is a rule that I did not make. Before my great, great, great grandfather was born that rule was made, and it has been carried out ever since. You have to be elected to this House to be heard.

Mr. Chairman, I asked a question earlier

asked a question earlier today, this forenoon, as to whether we are going to have this debate on every item that is in this Bill. If we are, I claim the right to join in the debate. I have equal rights with every other hon. member to join in that debate, if there is to be a debate on each individual item. At the moment, we are on Head X, Public Health, \$2,512,000, and we have been debating that for the last hour, except for the lunch - an hour or more before lunch and now since lunch. For the last hour I have been debating it. It is now 3:22 p.m. We came in here at 3:00 p.m.

MR. CROSBIE: A quarter of an hour before dinner.

MR. SMALLWOOD: The hon. gentleman did not speak before dinner?

MR. CROSBIE: For the last three-quarters of an hour, the hon. Premier has spoken.

MR. SMALLWOOD: That is not true. That is a gross exaggeration - not a lie, but a gross exaggeration.

MR. CROSBIE: Not at all.

MR. SMALLWOOD: The hon. gentleman, this morning, occupied at least half the time or more of the House, of the committee. From the time we met at 10:30 a.m. until we adjourned at 12:55 p.m., he occupied at least one half of all the time.

MR. CHAIRMAN: Order please.

MR. SMALLWOOD: But who raised it, Mr. Chairman.

MR. CHAIRMAN: I do not think it really matters. The rules provide that members are permitted to speak as often as they wish, but repetition is the rule to which the hon. the Premier is referring and hon. members know that once they have made an argument, repetition of the argument over and over and over again is not desired by the members of the committee or by the rules of the committee.

MR. SMALLWOOD: Not desired or not permitted? But, if that rule is broken..

MR. CROSBIE: Mr. Chairman, on the point of order. That is exactly the rule that the hon. the Premier is contradicting here this afternoon, because everthing he is saying now is repetition of what he said before dinner..

MR. SMALLWOOD: That is true.

MR. CROSBIE: And that is what the point of order is about.

MR. SMALLWOOD: I concede that, Mr. Chairman. I concede that what I am saying now, I said before lunch, but the reason is that he said what he said before lunch and I answered him and now I am answering him again. He has said it again since lunch. Oh! yes, I am answering it. I am answering it in the way the hon. gentleman does not like.

All I want to know, Mr. Chairman is this: whether, under the rules of relevancy on every single individual item that comes before this Committee of Supply, we can have this argument all over again. If somebody raises it, I claim the right to answer it. So whether I speak on it or not depends on whether someone raises it. If someone uses the contrary argument, your Honour can depend on me to give the answer to it. If it is raised seventy-nine times, between now and 6:00 p.m, then I will answer it seventy-nine times. After we dispose of this vote X Health, we will come to Public Welfare and after that we will come to Municipal Affairs and Housing and after that, we will come to Fisheries and after that, we will come to Economic Development and after that, we will come to Highways and, if on each of these, we can have this same constitutional argument, I am content that it is wrong, but if anyone does it, I insist on having the same right to do it.

Now, Mr. Chairman, that is all I have to say at the moment on this point, and I move that the vote be carried.

MR. EARLE: Mr. Chairman, I hope that if I wander, I will be given the

leniency as the previous speaker. We had had upwards of an hour of this before lunch and since lunch and while it has been very interesting, I do not think half the story has been told.

The inference is that we are just using delaying tactics here, which is not the fact at all. We are questioning these items by items; particularly the last one..

MR. SMALLWOOD: Nobody accuses the hon. gentleman of that. Nobody. Nobody thinks it.

MR. EARLE: We are questioning these items as we go along, because we think the public is due an explanation of these over-expenditures. After all, there are \$21,000,046 involved and this is not a small sum of money. Now in the budgetary process, as was outlined at length by the Premier this morning, this is not just something that crops up the last ten minutes of the Government's year. It is a continuing process. As the Premier says, it starts roughly September or October and the departments are asked to get together their various estimates and come up with their estimated expenditures.

The fact is, of course, that these estimates are revised from time to time to time, right up until almost the last minute, when the final booklet is issued, and there is ample opportunity for the Government to adjust the expenditures within that period. Now the only..

MR. SMALLWOOD: Would the hon. gentleman allow me to ask him a question?

MR. EARLE: All right.

MR. SMALLWOOD: Would he say that the adjustment, the re-adjustment, the endless and continual re-adjustment that goes on up until almost the day that the budget is brought down in the House is done in conformity with one yard stick, one measuring yard stick; namely, how much revenue we expect to have? Is that the yard stick, mainly?

MR. EARLE: That is correct, but if it were adhered to, explicitly by this Government, I do not think I would be here talking on my feet this afternoon. The fact is that for the past number of years, we have had unexpected bonuses of the increases in revenue which could not be counted upon..

MR. SMALLWOOD: Right.

MR. EARLE: Last year there was \$5 million in transfer payments from Ottawa, yet we come up with a surplus of \$2 million. This money was actually spent before we received it. One year, several years ago, we had an unexpected transfer payment of up to \$30 million. This had also been spent and committed by the time we received it. All I am saying that as Minister of Finance at the time, any minister of Finance who is worth salt does not just see at the last gasp, when the budget is being prepared that you have to suddenly rush into cover up all these things. This is a continuing process throughout the year, where the minister will point out to his colleagues that there are danger signals flying, that the expenditure is going too high. This I did continuously and I do not think that expenditures such as are outlined here in these estimates should have been undertaken, knowing the close position and the very narrow range within which we were operating. I have continuously pointed out these. I was always a bearer of bad news, because I kept a pessimistic outlook on it and it was just as well we did last year, or there would not be any surplus. As a matter of fact this whole surplus position here in the budget is not correct, because last year, we transferred \$7.5 million from current account to capital account.

Now in order to bring us back to the same picture we were in previous years that should have been replaced, and I think the amount this year will be upwards to \$10 million. The picture is completely wrong. These particular expenditures which we have disputed here today could and should

have been anticipated. This is the point that we are making.

MR. SMALLWOOD: They were. They were. We knew that we would have to spend them and would if we had the money to do it with. We knew that.

MR. EARLE: Yes, but Mr. Chairman, what is the budgetary sense of having a saving such as on the Botwood Hospital of \$300,000 and within twenty-four hours of the time that that budget was brought down, that decision was changed. This was changed for no other reason but political reasons - political expediency and this was changed. That was the day, I wrote my first resignation, and I carried it until the Liberal convention, hoping that things would improve. But the haphazard method of spending money, before you have it was a thing that offendéd all my sensibilites and any Finance minister would feel the same.

Now all these things, practically ninety per cent of them, I would say, in these estimates were known last year, when the budget was brought down and yet they were not included in the budget.

MR. ROBERTS: Mr. Chairman, if I may add just one point of fact. I do not intend to get into the debate, but the member for the district of Fortune Bay has just said that we had a windfall of \$5 millions from Ottawa this past year. When the minister, as he then was parted company with us, that was correct, but I should tell him that Ottawa have recalculated their figures a number of times and these are adjustments, Mr. Chairman, of the Federal-Provincial ..

MR. EARLE: This is done twice a year.

MR. ROBERTS: Mr. Chairman, it is done more often than twice a year. It has been four months since the hon. gentleman held the Queen's commission and Ottawa have changed their methods substantially and the adjustments...

MR. EARLE: Well are you spending the money before you get it?

MR. ROBERTS: Mr. Chairman, the adjustments now are made on a much different basis. The point I am trying to get across to the hon. gentleman and I do it, if he is trying to give us information, then I am happy to give him information. The way it turned out for the fiscal year in question, we owe Ottawa money, so rather than have a windfall of \$5 million - I will grant him the impression that the last information he had, as a minister, and, of course, he is no longer able to receive this information - instead of a windfall of \$5 million, in fact, our account with Ottawa on these tax agreements now, as of the end of the year showed a net deficit and so we had to pay them back money which, of course, we did, and still showed a surplus for the year in question.

MR. HICKMAN: Mr. Chairman, the \$500,000 of the cottage hospital increased cost and the fact that the money that was proposed for, we saved for late recruiting, and some of the other expenditures from the Department of Health, I think have to be considered in the light of the medicare implementation that took place during the past fiscal year. And that created certain unknowns. One of the unknowns, but hopefully, I do not think we can stand here and say we said less \$100,000 for late recruiting and say this vindicates it. The simple fact of the matter is that for years, there has been a program of attempting to recruit doctors to this Province and what is far more important, to retain them and these programs had been an abysmal failure. Come medicare, come the increase in income to the medical profession which is absolutely essential, if they were to be retained and come a new recruitment program that was implemented about sixteen or seventeen months ago and the thing that had been anticipated and had been planned by the implementation of the increased salary to the tune of \$100,000, came to pass, that no longer would the \$100,000 for late recruiting be available, because the doctors stayed in the Province this year and more doctors were attracted to this Province, as the hon. Minister of Health is aware, and I think this is something which is very comendable and something that has been on-going

now for about seventeen months, but it is not correct to say that when the budget is being prepared, you simply say now, here is the estimated revenue. We know that other monies - there are two categories. There are certain things and the hon. the Premier refers to Education and that is as good an example as you can find. Everyone in Government is aware of the fact that school boards have tremendous demands, legitimate demands for monies from the Government purse and obviously, somewhere along the line, a decision has to be made as to the amount of money that is going to be made available during the fiscal year for the school boards.

Now you can argue and probably argue with some justification that if a surplus is created, if the economy is more buoyant than had been anticipated, then it would be nothing short of criminal to deny these boards the money that they are looking for. But not all the Education vote, in fact, most of it does not fall into that category, because, Mr. Chairman, may I remind you that teachers' salaries, bus transportation costs and that sort of thing, they have to be paid regardless of the buoyancy of the economy. If a deficit started to build up, the teachers would still have to be paid, the bus transportation costs have to be paid, the maintenance, the fixed maintenance on the per-pupil basis, must be paid. When a budget is being prepared, be it for Education or be it for Health and you have certain fixed costs, if you know, as was known last year, say the salary for nurses. You cannot reduce that and say if we get a surplus, we are going to pay it out of that surplus. That cannot be done. That is the incorrect approach to budgeting and this is what is wrong with the budgeting as we now know it. This is why I said at the very beginning, because of the implementation of medicare, it was more difficult for the Department of Health than any other department of Government last year to estimate what its budgetary requirements would be..

MR. EARLE: Improved health programs including the carrying out..

MR. HICKMAN: That is right and commitments that had to be made and following

on medicare's implementation.

MR. ROBERTS: Which were carried out.

MR. HICKMAN: Right. That is why I say in the Department of Health, during the past year, there would be justification but there would be no justification this year. The cost would be pretty reasonably fixed for this year.

MR. ROBERTS: If anybody can estimate the costs on their medicare this year, he is better than I am..

MR. HICKMAN: The cost of nurses' salaries, the cost of the cottage hospital doctors, the costs of utilization..

MR. ROBERTS: All hospitals?

MR. HICKMAN: in the hospitals,

MR. ROBERTS: Utilization in all hospitals..

MR. HICKMAN: Utilization of hospitals by now should be..

MR. ROBERTS: My people are good, but not that good. They are good.

MR. HICKMAN: We should have a pretty accurate assessment now and what other governments do in preparing their budgets, they do not simply try and come up with a surplus or with a balanced budget for the sake of balancing the budget, because if there is one way that you can destroy the credit of this Province, is not by coming up budgeting for a deficit. Indeed, many provinces have budget^{ed} for a deficit, but the thing that has a far more serious affect on the credit of a Province is the size of the Supplementary Supply Bill, that comes in particularly in^v relation to the total Bill that was brought in the year before. In order to guard against that, spend considerable time and take advantage of new economic studies in processing, to try and arrive at a realistic budget in the beginning. You find now, particularly, under the Trudeau administration that you have pretty fine budgeting, not only pretty fine

budgeting..

MR. ROBERTS: Look at their Supplementary Supply, (a), (b), (c) and (d), four separate Bills..

MR. HICKMAN: If you compare their Supplementary Supply with the Supplementary Supply of the previous administration, there you will see the considerable reduction that has taken place, prorata, since that time, and the reason for it is this, Mr. Chairman. That in preparing a budget, a part from looking at the overall detailed estimates of each department, the Government of Canada and the government of many provinces rely on studies, one in particular, I can think of, it is called, "Cana-data processing,"

MR. ROBERTS: We use P.P.B.S ..

MR. HICKMAN: which is an on-going, monthly study availed of by Canadian governments to try and project accurately what the economy is going to be. Some of it does not give very pleasant news. For instance, in the Province of Newfoundland, the construction industry is one of the yardsticks as to the fiscal buoyancy in any particular year. For the twelve months ending September of last year, we were down sixteen per cent - sixteen per cent below the previous year. The Canadian nation generally, on a Canadian wide basis was up twenty per cent and that is the sort of information that is used when preparing an accurate budget, because what you want to be able to do, Mr. Chairman, is to look Aines and Company straight in the eye at the end of the year and say, look! the only things that are contained in the Supplementary Supply Bill are matters that were totally and completely unforeseen, insofar as any reasonable budgeter is concerned, and I say, in reply to the hon. the Premier's argument that this may apply and it does apply to a great extent in Health this year. It does not apply in Education. When you see

the big vote for teachers' salaries and for bus transportation and these things had to be paid, budget or deficit or surplus or deficit or what else.

Mr. Chairman, insofar, as the Department of Health is concerned, I would like to ask of the minister, if he would give us some indication-- I think I can take some credit for this cottage hospital recruitment and retention program, and I am curious to know what the situation is right now, within the Department of Health, insofar, as the retention of the cottage hospital doctors and medical staff is concerned and the retention that brought on and necessitated this request that we now have for \$500,000 or a portion thereof in the Interim Supply Bill. This is the reason for it. If they had not been retained, we would not be called upon to vote for this, if the recruitment program had not been successful, and it was a good one. It went to the smaller communities rather than to the big cities and looked for doctors experienced in practising in smaller towns. We are entitled, this committee is entitled to know what the present situation is during the past twelve months, the past fiscal year, which now requires this additional sum to be voted at this time and approved and spent last year, and I would like very much to hear from the hon. Minister of Health as to what increase there was in the number of doctors moving into the cottage hospital system during the last fiscal year and how the rate of retention compared to the previous years?

MR. ROBERTS: Mr. Chairman, I will answer it very briefly, because I really think on main estimates, we can go into this in detail. The situation is substantially improved - most of our cottage hospitals are now operating at greater strength in medical sense than ever before, for example, the other day, the member for the district of Bonavista North brought in a petition and requested further medical services on the

north side of Bonavista Bay. I was not sure how many doctors there were, but I thought there were more there on the north shore of the bay than there had been for fifty or sixty years and that is correct, as the hon. gentleman and I later discussed. The \$100,000 extra - I do not know just how many extra doctors we have, but since we start our doctors at a minimum of \$20,000 a year that would be five. The only other comment I will make now. On the main estimates, I will gladly go into it any detail, and I think it would be more appropriate there. The important point is that not only are we operating at something close to full strength in our cottage hospital service as of today, but we have made substantial improvements, especially, at the senior medical officer level. We have moved Dr. John Ross from Placentia to Channel- Port aux Basques, and I think that will make great benefits. We are moving Dr. O'Dea across from Burin into Placentia, and I think that is a good thing...

MR. HICKMAN: Good for Placentia, bad for Burin..

MR. ROBERTS: Burin, will be well looked after. We have good medical officers on the Burin Peninsula.

MR. HICKMAN: I realize that.

MR. ROBERTS: The hon. member for Bonavista South has a nephew going up to Grand Bank cottage hospital, so they are in good hands.

AN HON. MEMBER: Is he a liberal?

MR. BARBOUR: He is a liberal doctor..

MR. HICKMAN: He is going to Burin?

MR. SMALLWOOD: Is he a loyal liberal?

MR. BARBOUR: Loyal! loyal! loyal!

MR. ROBERTS: Mr. Chairman, it is good to know that there are some loyal liberals left in Burin district. I suspect there are a lot, but briefly in reply to the hon. gentleman's question, the situation is much, much better..

AN HON MEMBER: You will get one vote.

MR. ROBERTS: We still need more doctors and we are hopeful of getting more.

MR. CROSBIE: Mr. Chairman,

MR.CROSBIE: Mr. Chairman, before we leave this item, I just have several brief comments. I am not going to reply to all that the Premier has said, because most of ~~it is~~ ^{it is} childishness. And I put it down as second childhood. But, I said to the minister of Health last year, the then minister of Health, the member for Burin, that into the estimates for the Department of Health there was not sufficient money being requested to operate government and non-government hospitals. I was not here when the estimates were debated. I was not in the House when they came up. Sure enough, when supplementary supply came into this House this year there has to be voted an extra \$1,525,000 for that purpose. Because it is obvious to any one who knew anything about the Department of Health there was not sufficient money voted last year to carry on the operations of those hospitals. And it would not matter a darn Mr. Chairman whether the government's revenue went up a hundred million or whether it went down a hundred and fifty million or whether it stayed where it was. This \$1,525,000 would have had to be spent this year anyway or hospitals would have had to be closed. So the Premier's argument it all depends on whether the revenue goes up or down is nothing but obucation, bluff. It is not the truth.

MR.SPEAKER: We have had the situation now where the hon. member for St. John's West raised this question of foreseeability or whether the expenditure could be foreseen. Then we had the Premier reply and give his views on it. Then we had the member for St. John's West stand and go through the same thing again. Then we had the hon. Premier go through the same thing again only each time getting larger. Now, the hon. Premier has replied to the hon. member for St. John's West. Now the hon. member is now going to reply to the Premier, using exactly the same arguments that have been used here before. Now I have not, the Chair has not heard anything new in the last hour.. The only member speaking have been dwelling on the same point namely whether or not these expenditures could have been reasonably foreseen at the time the budget was drafted and whether they ought to, that aspect of it. And we have been discussing this since early this morning and nothing new has been added.

MR. CROSBIE: If the Premier makes a statement which needs correction I do not see how we have any alternative but to correct it. Now I do not mind accepting your opinion on this matter now that you do not want another reply. That you do not want another reply on this particular issue. But this is the issue behind all of these estimates. And if, naturally we are entitled to, one of the reasons why we are in committee is that we can each speak more than one time on these matters. And as long as the Premier continues to confuse the issue I will continue to try to clarify it.

MR. SPEAKER: Item 10 carried.

Public Welfare, \$21,500.

MR. SMALLWOOD: I move that this item carry. Head 11. Public Welfare \$21,500 This is \$21,500 spent during the past year, by the department of Welfare but not voted last year, by this House. We ask the House now or the committee and then the House to authorize us to spend what we have in fact spent and the amounts were spent as follows: \$8,000 for the installation of additional kitchen equipment and a certain alteration that were needed to facilitate that installation in the Hoyle's Home. This was under subhead 1112-09-03. Then, next an amount of \$2,000 in respect of repairs and maintenance to the Children's Home and an amount of \$5,000 for repairs and maintenance in respect of the Boys Home and Training School and \$5,000 in respect of repairs and maintenance for the school for the Deaf. And \$1,500 for repairs and maintenance for some welfare offices and welfare residences making the total in all for that department for \$21,500.

Mr. Chairman, in rising to move that this item be passed I give the following explanation: Head 13, Department of Municipal Affairs, \$819,400. Well, we needed to spend and we spent \$246,000 for grants to local councils throughout the Province. As a result of a new councils being incorporated during the year, in respect of water and sewer systems that were completed during the year and in respect of increases in municipal taxation. Now, the committee I am sure will understand why it would cost the Government more money under this heading if there was an increase in municipal taxation.

The reason of course is this, that if the revenue coming into any town council throughout the Province increases in amount either because they impose new taxes or the existing taxes yield up more revenue or for any other cause the revenue of a council increases then than entails automatically an increase by the Government which of course gives them revenue grants. Grants of money each year depending on how much tax money they raise themselves. There is a direct ratio of one to the other. That is \$246,400 of the amount resulting from new incorporations, new town councils that were formed to whom we had to give money under the law. The completion of water and sewer systems, now on that I confess I am not clear why it costs us more money cost the minister of Municipal Affairs more money last year than was budgeted for because of the completion of water and sewerage systems. And thirdly, increases in municipal taxation which I have already explained.

Then next an amount of \$573,000 this is in respect of a loan that the Government made in 1952 to the St. John's Housing Corporation. No, I am sorry, this is a loan that was made to the St. John's Corporation in 1952 by the City of St. John's, for the development of the housing area, commonly known as The Housing Area. So in 1952 St. John's made a loan to the St. John's Housing Corporation of \$573,000 or more than that but there was a balance due of \$573,000 which was to be repaid in November 1969. But Sir, this was not, this was inadvertently omitted from the proper vote which was subhead 1321-05-06 in the preparation of last year's estimates. The amount not having been inserted in the estimates of last year but having to be paid through the year we paid them. Having got the necessary authority in the absence of the Legislature from the Governor. . And having got it from the Governor and having paid it we now ask to be to have the payment ratified by this committee and later by the House itself.

Perhaps the minister of Municipal Affairs would tell us why the completion of water and sewerage systems in the Province would involve him in the spending of more money that was not budgeted. I do not understand it

myself, may be he does.

MR.DAWE: On that Mr. Chairman, as you know, once municipal services is provided, that is the water and sewerage is completed the council then automatically starts to collect what we call user charges. There are based mostly, the average runs to six dollars per month per family. So if we assume that any council's water and sewerage system came into operation during the middle of the year, say, we will say in May for comparison, during the month of June they will be collecting user charges for the use of the services of water and then automatically then they would submit their claims under the revenue agreements we have and grants to furnish municipalities they would submit their claim based on the money they had collected say, for the month of May and then we would automatically have to match that with the revenue grants and this is the reason for these grants being increased.

MR.CROSBIE: Thanks Mr. Minister that is clear.

MR.SMALLWOOD: Mr. Chairman, by the way this \$573,000 is a statutory amount, my colleague the minister of Health who is a member of the Treasury Board

MR.DAWE: And that is the final payment on that agreement.

MR.SMALLWOOD: That is the final payment but it is a statutory amount my colleague tells me. he is gone off to find the copy of the statute.

MR.CROSBIE: Mr. Chairman, the connection with this \$819,400 for the department of Municipal Affairs. There is not too much you can say about the \$575,000 loan to the St. John's, it had to be repaid this year under the agreement because the Premier has said that inadvertently it was omitted from the estimates. By saying that, the Premier is saying that this is \$573,000 that should have been in the estimates last year for some reason some one forgot to put it in the estimates. It is quite clear that this is something that was known about but was omitted the Premier said inadvertently, so that position of that is quite clear. It has nothing to do with revenue, whether the Government got more revenue or less revenue or revenue went up or revenue went down or revenue stayed stationary

that amount would have had to be paid anyway if the Government of Newfoundland was going to meet its obligations. There was no arguing about that, and it should have been in the estimates last year. But it was not. Now there is an amount of \$246,4000 additional in supplementary supply for the grants to local councils. Now, Mr. Chairman that does not tell us too much. Because there are all kinds of grants to municipal councils in Newfoundland. There is a revenue grant, they get in some cases a dollar for every dollar they collect locally in revenue or as their revenue goes up it becomes seventy-five cents to every dollar they collect locally they are revenue grants. There are special grants when a town is first incorporated or community council. There are emergency assistance grants made for every kind of purpose under the sun. Sometimes they do help meet the deposit in the water and sewerage system. There are grants made in connection with paving. There are all kinds of grants made to municipalities so the \$246,400 was needed, now it has not been explained to us for what particular kinds of grants they were needed. Now in looking at the estimates the revised estimates for last year show grants to local councils revised \$2,400,000, which may or may not include some of this \$246,000.

In this year's estimates \$2,200,000 this illustrates the point I have been making Mr. Chairman. Here is an estimate this year for grants local town councils that is \$200,000 less than the amount voted last year and we can already see here in supplementary supply \$246,000 additional had to come up in supplementary supply last year. So quite obviously we will be here next year if we are all in this House and when supplementary supply comes in next year there will have to be an amount of two or three or four hundred thousand voted again on grants to municipal councils. That is grants, that is if this is grants to local councils. Grants to, initial grants to municipal councils \$48,000 last year revised.

Emergency assistance grants revised amount last year \$315,000 emergency assistance grants to municipalities. In the estimates this year \$300,000 now part of this \$246,000 the minister can correct me if I am wrong, is to

beef up the emergency assistance to municipalities last year. The minister shakes his head perhaps it is not. It has not been explained then what is this \$246,000 for? So there will be supplementary supply for emergency assistance next year. Water and Sewerage system, \$1,410,000 last year, paving grants \$790,000, so Mr. Speaker that \$246,000 may or may not have been foreseeable. But the department of Municipal Affairs know every water and sewerage system that is going to come into effect this year in Newfoundland they know it, they are helping finance them, they know if there is two, four, six or eight. They know what the water and sewerage rate is going to be. They know what the subsidy is going to be if the Government has to pay. They know all that. They can estimate what this is going to cost. But they may not be getting voted sufficient money in this House, again in this department as it is true in so many others. But the \$246,000 is not a tremendously large amount when the municipal affairs has spent last year \$9,674,000. But there is no argument in the \$573,000 it was inadvertently omitted.

Head 14 Fisheries:

MR. SMALLWOOD: I move that it be carried and in so doing I give this explanation it is Head 14, Fisheries. The amount is for \$800,000. The explanation is that it is connected with the Harbour Grace Fish Corporation Limited, which was a Crown Corporation established by the Government to take over and operate the fish plants at Harbour Grace, Old Perlican, Ship Cove; or Port de Grave, and Fermeuse. The four fish plants of North East Fisheries or the Unilever Birds Eye Corporation that decided to pull out of Newfoundland. Newfoundland Government decided that we could not, Newfoundland could not afford to have these plants closed down. So the Government took them over, bought them, paid for them, and set up the Harbour Grace Fish Corporation Limited as a Crown Company to operate the plant at Harbour Grace in behalf of the Government. The Government gave them \$800,000 for that purpose. And that is what this \$800,000 is, \$800,000 working capital until they could dispose of their outstanding inventories of fish. Well the fish sale are estimated by

us to yield \$500,000, which will mean that the net cost to the Government will be \$300,000. In other words although it is \$800,000 we have to vote \$800,000 because that is what we spent. That is gross. As against the \$800,000 there is an income of \$500,000 for the sale of fish which will leave us in a nett position of \$300,000 for that transaction. I think I may say justly that it was a good investment, for Newfoundland to keep that plant operating it cost us \$300,000 including I think, including the fare, I am not sure of this, whether it includes the - what is it they call it - the golden hand clasp when the Government sold the property again we gave all employees a bonus. I am not sure if that is included in \$800,000 on second thought I think it is not. I think that the \$800,000

MR. SMALLWOOD:

\$100,000 was for straight working capital and the so called golden handclasp was included in the purchase price that we paid for all those properties.

MR. HICKMAN: Would the hon. the Premier advise the House whether there are any fish docks still on hand in Harbour Grace belonging to the Harbour Grace Fisheries Corporation? That plant, I believe, was sold sometime last summer at the end of the trap season and I would assume that any fish docks would have moved to the market by now particularly if the market is a very going one and could he at the same time give the House some indication as to what is presently happening in Harbour Grace with respect to the three or four plants that were formerly owned by the Crown Corporation and the draggers we know are now at Fermeuse and the Fermeuse plant is gone?

MR. SMALLWOOD: Gone.

MR. HICKMAN: Well, it is gone in the sense that it no longer belongs to the Crown, it no longer belongs to Government, it no longer belongs to Harbour Grace Fisheries.

MR. SMALLWOOD: None of them belongs to the Crown.

MR. HICKMAN: The Crown Corporation is -

MR. SMALLWOOD: None of them belongs to the Crown.

MR. HICKMAN: It is now owned -

MR. SMALLWOOD: They have all been sold, all of them.

MR. HICKMAN: Well, this is what we want to know.

MR. SMALLWOOD: Well everybody knows, that is public knowledge.

MR. HICKMAN: They do not know anything about it, they do not know the details.

MR. SMALLWOOD: It was announced publicly by me that the Government had sold these plants. We sold the draggers and three plants to a company called Ocean Harvesters Limited and the fourth plant, the one in Fermeuse, we sold to Bonavista Cold Storage Limited, the company in fact which had managed the Harbour Grace plant for the Government while the Government were the owners. We have sold the Harbour Grace plant and Ship Cove or Port de Grave plant and the Old Perlican plant together with certain homes, houses, dwelling together with the boats, no not the boats one boat, we sold all these to Ocean Harvesters Limited. The draggers and the plant at Fermeuse we sold to Bonavista Cold

MR. SMALLWOOD:

Storage. So the Government disposed of all property and sold them and made money on the sale in fact. We made more than we had paid to buy them so we thereby not only accomplished the purpose of getting these four plants activated and operating, employing men and women and buying fish from fishermen and operating the draggers but made a little money in so doing.

With regard to the stocks of salt fish I quite frankly do not know whether any of them are still on hand or whether they have all been disposed of. I would think that practically all have been disposed of and the cash realized because the sale is \$500,000 and I imagine that that has been received.

MR. CROSBIE: Mr. Chairman, in connection with this item, the Premier says that on this whole transaction the purchase of these fish plants from Lever Brothers Birds Eye Company and their operation and sale the Government ended up with the net gain and my question is this, when will the whole transaction be explained to the House so that we can see what costs were involved and what net gain was involved? In the estimates for last year the operating loss Harbour Grace Fish Corporation Limited is given as \$975,000. Presumably this \$800,000 here that is covered in supplementary supply is included and the figure of the revised estimates. If the operating loss was \$975,000 was there a greater revenue than that that went against the loss? How did the whole transaction turn out? What is the arrangement now? The Government has sold the plant and facilities to several different concerns, have they sold them for a greater price than they paid Birds Eye for them? What are all the details of this transaction?

To my knowledge the details of this whole series of transactions has never been given either to the public or in the House. Can the Government give us the details now or will we get them when we come to the main estimates? What is the position in this whole series of transactions?

MR. SMALLWOOD: Mr. Chairman, all this information has been given publicly by me, the sale of these various properties to the two companies to whom they were sold, the price at which we sold them was given, the prices at which we had purchased them in the first place was given. The whole thing was made public. The only thing that has not been made public is the actual cash

MR. SMALLWOOD:

operation of the Harbour Grace plant from the day we took over its operation to the day we sold it to Ocean Harvesters Limited and that will be given on the main estimates. Full information will be given on the main estimates that has not been given. Most of it has been given but what has not will be given on the main estimates.

MR. CROSBIE: Mr. Chairman, in connection with the Lieutenant-Governors warrants, one of these warrants, August 20th, 1969, is a special warrant in the amount of \$500,000 to provide the necessary funds to enable Harbour Grace Fisheries Corporation Limited to dispose of outstanding inventories of fish, why would \$500,000 be needed to dispose of inventories of fish? If they were inventories of fish for sale why would the Government have to provide \$500,000 for their sale? If the fish was there you would sell the fish and you would have some expenses selling the fish but you would recover them as you sold the inventories so why was this \$500,000 needed as the warrant says to assist in disposing of these inventories? If the inventory was there why was \$500,000 needed?

MR. SMALLWOOD: The \$500,000 would obviously form part of the \$800,000 which was the cost to the Government of operating the plant and against that cost of \$800,000 we took in \$500,000 for the sale of fish leaving a net cost of \$300,000. But the full detail of that will be given in the main estimates.

On motion, carried:

Item XV:

MR. SMALLWOOD: I move that this be carried and in so doing I proceed to give the explanations.

Head XV - Department of Economic Development \$12,172,700.

The main item in this, Mr. Chairman, is an amount of \$10.5 million (\$10,496,000) not originally provided in last years estimates sub-head 1512 (05) (01). This is an amount that was lent to the Newfoundland Industrial Development Corporation, a Crown Corporation, the NIDC, to enable the NIDC to make a loan to the Newfoundland Steel Company, primarily to make a loan to the Newfoundland Steel Company at Donovan's and the money having been lent to NIDC was promptly repaid to the Province in respect of short-term money which it had borrowed over the previous year or more than that. There was no actual

MR. SMALLWOOD:

outlay of funds in this part of the transaction but only an exchange of cheques, nevertheless if you issue a cheque it is a payment out and even if you get the cheque back immediately it is still a payment out and on the expenditure side it would show as an expenditure out but on the revenue side, of course, it would show as a receipt, show as payment received. This was merely an exchange of cheques nevertheless it has to be entered and shown as an expense.

The remaining \$1. million of it was deposited in the Franklyn National Bank in New York where we have decided to keep approximately \$1. million on deposit in that bank. It is the only American bank in which we do keep a deposit and the Franklyn National Bank is, I think, the only bank, I am speaking from memory and I think my memory is good on this, it is the only bank in the United States in which we do keep a deposit. This is the bank incidently which lent us the money for the interim financing, the bridge financing, in connection with the oil refinery at Come by Chance.

There was an amount of \$180,000 that the Government gave to buy houses on Bell Island, \$180,000, this is the scheme, Mr. Chairman, the committee will remember under which we bought homes from people in Bell Island who lost their jobs and who left the Province or if not the Province certainly left Bell Island and were anxious to turn their houses into some cash and the Government bought a number of these houses. I am not sure whether, at this moment, a full account of the number bought and the prices paid and all that has been given to the House. If such an account has not been given it will most certainly be given when the main estimates are under debate here but the Government did spend \$180,000 additional money, now they might have spent more than that, It is sub-head 1512 (06) (01) of last years estimates and I take it that there was some amount voted in the estimates last year but this is over and about that, an additional \$180,000.

Now as against that \$180,000 the Government received \$135,000 from the Government of Canada which means that the net cost to the Province was \$45,000 but we have to show it as \$180,000 and then on the revenue side there would be this amount of \$135,000 from the Government of Canada.

There is an amount of \$6,700 under general investigation, sub-head 1512

MR. SMALLWOOD:

(03) (01), payment to a consulting firm which performed for the Government a cost benefit study relating to potential industrial plant. This is a case where instead of having the cost benefit study done by our economists and statisticians we engaged a firm to do it and now I know that someone is going to ask me the name of the firm and if they do I will have to say quite candidly that I do not remember it.

MR. CROSBIE: Stone and Webster.

MR. SMALLWOOD: Was it Stone and Webster? I do not know. It was a consulting firm which performs for Government a cost benefit study relating to potential industrial plant. It might be Stone and Webster, I do not know. How long will it take to find out? We have had a good many studies made but what this one is \$6,700 I do not remember and as I am the Minister I confess candidly that I ought to remember but I do not know which particular firm this refers to. The amount is no clue to me, the amount of \$6,700, I do not know the name of the firm to whom we paid that particular amount of money. We might have paid other amounts to other firms but this is no clue to me.

We paid the Newfoundland and Labrador Power Commission \$65,000 additional money for capital expenditures by them for rural electrification in respect of the installation of electricity for the communities of Red Harbour in Placentia Bay to which the people of Port Elizabeth moved or removed. The whole population, the committee may remember, moved away from Port Elizabeth which used to be known as Flat Island in Placentia Bay to a place in on the main known as Red Harbour and there the REA or the Newfoundland and Labrador Power Commission, I guess it was the REA, installed electricity and also at Boyd Arm in White Bay. Now this, of course, is one of the classic cases of a devout and devoted clergyman, the Rev. Booth Reid, Pastor Reid, one of the most remarkable men we have in our Province today. A man of towering personality, a man of very great ability who if he were not a minister of the gospel and an evangelist would I feel be a great politician or a great businessman or a great industrialist. He would have made a magnificent lawyer if he had the right kind of training, a magnificent professor at a university, a man of towering original talent and ability, all of which he is devoting to the service of his faith and of

MR. SMALLWOOD:

the people of Hooping Harbour in White Bay to help them to get moved to Boyd Arm. Never, never I suppose in our history has there been such a case of towering ability, devoted to a popular cause, the cause of common men and women and families and getting them moved.

In the Government we are never so pleased, every Minister in the Government, as when we see the Rev. Booth Reid come into this building. Well, he gets things done, Mr. Chairman, and he would make a magnificent Minister of the Crown and if ever the present Minister of Health should feel that the burden is really too heavy to carry despite his youth and wonderful health I would say that the Rev. Booth Reid would make a magnificent replacement for him to represent the great district of White Bay North. Boyd Arm in White Bay Your Honour, is a remarkable place with a remarkable people led by a remarkable man.

Now that covers all of it except the amount of \$1,350,000 which is an amount that we had to pay to the Newfoundland and Labrador Power Commission and the reason we had to pay it to them^{is}, I do hope the committee will do me the honour to hear this explanation carefully, the Power Commission, Mr. Chairman, if it does not sell a single horsepower of electricity in the whole Province is under exactly the same expense as if they sell every last kilowatt hour that they can produce. Whether they sell all or none, half or quarter or three-quarters, regardless of the amount of power they sell or do not sell the Power Commission are under exactly the same expense. Is that literally true? Yes. When the big plant at Duff's out here at Seal Cove near Holyrood is in operation it will not be the case but until any fuel plant, any power plant consuming fuel that has to be bought is in operation and the only power produced is hydro power then the cost of producing that power is unvarying because the cost of producing power is the cost of the money you borrowed to develop the power.

If you borrow money to develop a million horsepower of electricity you pay interest on that money, that money costs you so much and it is the annual cost of that money that is the cost of producing the power. Now this is notoriously true all over the world except power plants that buy fuel, natural gas, bunker sea, uranium or developed uranium. Any fuel plant that has to buy the fuel

MR. SMALLWOOD:

then the cost of producing that power would depend largely on the cost of the fuel whose price will vary from year to year. A hydro plant has as its cost the cost of the money it took to build the plant and the transmission lines. Now, Sir, therefore the cost is unvarying no matter what happens to the power. You have borrowed the money, you have spent it, you have built the plant, you have put in the turbines and the generators and the penstocks and the dams and the canals and then you are getting the power and you put in the transmission lines so if you do not sell a single horsepower your cost is the same, no variation in the cost.

You hope to get income and you get income if you sell the power but if you do not sell the power you do not get any income. If you sell more power you get more income, if you sell less power you get less income and that is what happened last year they got \$1,350,000 less income from ERCO last year than they expected. Now why would that be? Yet they were under the same expense and when they did not get it from ERCO they had to get it from the Newfoundland Government because they had to service their debt. They had contracted the debt, they had borrowed the money, they had to pay interest and sinking fund on that money whether they sold the power or not. They did not sell so much power to ERCO, there was a big fall in the sale of power and therefore in the receipt of money from ERCO they did not get that money from ERCO because they did not sell the power to ERCO because ERCO did not buy the power.

Why did they not buy it? Two reasons (1) a late start-up, they did not begin buying the power as soon as was expected and (2) having started up they had to be closed down for the reason that they were accused of polluting the waters of Placentia Bay and killing the fish stocks in the bay. So first because of a slow start-up and second because having started up and then only in part having started up they had to close down altogether and then gradually start up again they did not buy as much power as was expected therefore they did not pay the Power Commission as much as the Power Commission expected to get therefore the Government had to pay the Power Commission because they are our creature. The Power Commission are owned by the Government and the Government are ultimately

MR. SMALLWOOD: owned by the Government, and the Government are ultimately responsible for the Power Commission meeting its bills, and it had to pay the interest and sinking fund on the money it borrowed to produce that power. And when they did not get that much money, they sell short by that much money, the Government had to make it up. Now this could not happen again, this could not happen again because now and for sometime ERCO are on it take or pay basis, but the take or pay aspect of the agreement did not come into effect until some months ago, I do not remember the exact date. Now whether they take it or not, they have to pay. So the Government will not be called on to pay the Power Commission an amount which ERCO failed to pay on account of their not taking the power. I think, I have made that clear, Your Honour. And this is an amount of \$1,350,000 for last year.

MR. CHAIRMAN: Shall the Item carry?

MR. T. BURGESS: Mr. Chairman, on this Item, I think, if the member will recall back with reference to the approximately \$10.5 million for the Newfoundland Industrial Development Corporation for Newfoundland Steel, I think, the Newfoundland Steel Corporation became completely evident to all concerned when it was in deep trouble in 1968, and at that time, it was early 1968, at that time the Government was keeping a close eye on the situation and trying to make efforts to revitalize this industry. And yet, here we are looking for supplementary supply of \$10.5 million in the estimates for 1969-70, Now this reverts back, Mr. Chairman, to the argument that has been consistently presented by the members on this side of the House about the essence, the principle of a budget. The principle of a budget, Mr. Chairman, is being to convey to the people of the Province the true financial picture of the Province to the people, and the principle of supplementary supply being that the end of the fiscal year you look for more money to defray costs that were unforeseen.

But, Mr. Chairman, I would respectfully submit that what has been happening was that in a desperate effort to balance the budget that has been practice deceit on the part of the Government. Because they know that the various departments need more, but in order to balance the budget, we say, we will give it to you in a back end load on supplementary supply. Now this was well known to this Government in 1968, that it would be necessary to loan money to the Newfoundland Steel Company, but obviously it was not included in the budget

MR. BURGESS: because it is too big a sum and it would have presently a completely unbalanced budget. And nobody can but say, Mr. Chairman, that it was not evident to this Government in 1966, that it was going to be necessary to provide this money for buying the houses on Bell Island. Because we all know this is the time the decision was made in 1966 relative to Bell Island, and yet here we are looking for supplementary supply once again for 1969-70.

Now it is becoming obvious to me, particularly based on the argument which I have listened to, or the debate which I have listened to this morning, that there is no doubt about it, that there is a practice deceit on a part of Government to balance the budget and at the end of the year, or the following year to come in and look for supplementary supply. And I think, it is all wrong, Mr. Chairman.

MR. SMALLWOOD: Mr. Chairman, I think the hon. gentleman is hopelessly wrong, this amount of capital account has nothing to do with balancing the budget at all, it does not enter the picture. So it is completely wrong.

MR. CROSBIE: Mr. Chairman, in connection with this vote \$12,172,700. I will start with the first item first. The first item is the payment to the Power Commission of \$1,350,000 additional by way of supplementary supply. On February 10th. 1970 there was a special warrant passed authorizing the Government to pay an amount of \$1,350,000, sub-head 1520, payments under ERCO Agreement to cover the payment of additional funds to the Newfoundland and Labrador Power Commission in the current financial year pursuant to the said agreement. There is an amount in the estimates, 1520, which is headed payments under the Industrial Incentives Act \$3 million last year. Now presumably this \$1,350,000 is a part of that \$3 million.

The situation is that the Government has entered into an agreement with ERCO, the Electrical Reduction Company of Canada to operate the phosphorous plant at Long Harbour that ERCO is to get electric power from the Newfoundland and Labrador Power Commission at a price of 2.5 mils per kilowatt hour delivered to the plant at Long Harbour. The Power Commission cannot deliver power at a price of 2.5 mils per kilowatt hour to ERCO at Long Harbour without

MR. CROSBIE: having a heavy loss on the sale of that power. The power costs the Power Commission to produce and distribute to ERCO at Long Harbour, I would at least five mil~~ars~~, possibly six mil~~ars~~. So ERCO is getting its power at half of the cost. The Newfoundland Government has had to agree with the Power Commission, that it will pay to the Power Commission the amount of any loss it suffers on the sale of power by the Power Commission to ERCO. And that amount last year, as far as we can ascertain, the Premier has not said, was at least \$3 million, in addition of \$1,350,000 had to be arranged for supplementary supply for that purpose last year. In actual fact, much more would have had to be paid, if the ERCO plant at Long Harbour had been in full production for the whole of last year. If the plant at Long Harbour is in full production this year, and I see by the papers today, that it is suppose to be in full production all this year, then the amount that the taxpayers of Newfoundland will pay, and that the Government of Newfoundland will pay in connection with the power subsidy to ERCO will be in excess of \$3 million. ERCO last year was shut down for a period of several months, during the whole time that the plant was shut down, there was a savings to the taxpayers of this Province, because the plant was not consuming power which is cost the people of Newfoundland considerable money to subsidize. So the shut down of the ERCO Plant last year, for whatever period it was shut down, helped this Government financially last year, not the opposite way.

MR. SMALLWOOD: No, no.

MR. CROSBIE: For me to accept that, I would have to see the agreements and go through them and see the matter thoroughly discussed. I could not accept that without that being done, because it is definitely my understanding that if that plant is in full production all this year, it will cost the Government of Newfoundland far in excess of \$3 million to subsidize the sale of this power. The longer the plant is in operation in any one year, the more power it will use, the greater will be the loss to the Power Commission and therefore a loss to the Government of Newfoundland.

Now the Power Commission is building a steam plant at Duff's in Holyrood. That power is going to cost to manufacture the power at Duff's, in the steam

MR. CROSBIE: plant at Holyrood at least seven or eight mils per kilowatt hour. I think a mil, Mr. Chairman is one-tenth of a cent. It is going to cost seven or eight mils, and if that power has to be used that will all going to the grid, but it is going to increase the cost of the power to the Newfoundland and Labrador Power Commission overall, and it is going to increase their loss on the power that they sell to ERCO at this 2.5 mils. So last year the Government had to spend on this subsidy about \$3 million, and Mr. Chairman, that is a subsidy which the Government is going to have to pay for the next twenty-two years, or twenty-three years under the agreement. The taxpayers of this Province will have to be putting that money out every year as a subsidy for the next twenty-three or twenty-four years. So that is apart from all other costs that the Government has in connection with the plant at Long Harbour. So that for every worker engaged at Long Harbour in that plant, the taxpayers of Newfoundland are paying \$3 million per year for 400 workers down there, then the subsidy comes to some \$8,000 or \$9,000 per year.

MR. CHAIRMAN: This \$8,000 or \$9,000 is not subsidy, it was to pay to the Newfoundland Power Commission for power that was not taken.

MR. CROSBIE: Mr. Chairman, I am going by the special warrant here, which this is the amount of \$1,350,000 in favour of sub-head 1520, payments under ERCO agreement to cover the payment of additional funds to the Newfoundland and Labrador Power Commission.

MR. SMALLWOOD: For power that they did not buy.

MR. CROSBIE: I do not care what it is, it is a payment that has to be made to the Newfoundland and Labrador Power Commission because of the ERCO agreement, Mr. Chairman. And I am discussing this ERCO agreement, the agreement that requires the Government to pay this to the Newfoundland and Labrador Power Commission. Not for power, not used in my view, that is for power that was used.

MR. SMALLWOOD: No for power that was not used.

MR. CROSBIE: Well, could the Premier tell us when he replies what the indication is that the amount of subsidy will have to be this year with ERCO in full production for the whole twelve months? And is that not an amount in excess of

MR. CROSBIE: \$3 million? It is at least \$3 million and probably more. The power was agreed to be sold to ERCO at too low a price. Any cost benefit analysis of that situation would not come out on the side of benefit, it would come out on the side of cost, too much cost to the taxpayer of Newfoundland for the benefit we are receiving from the employment at Long Harbour. And that is not to mention the guarantees, or bonds and houses at Dunville and the road and the rest of it. So that is what that Item is, Mr. Chairman, as far as we know the more power that, that plant uses, the greater the loss to be borne by the Newfoundland taxpayer will be. And that is not an operation from which other industries are going to come, there is nothing else going to come from it nor other industries to follow out of it, no petro-chemical industry to come out of it or anything else, it is one of the mistakes that the Government has made in its rush to get industrialization in Newfoundland at any cost whatsoever. I do not know of any other government that has ever agreed to an annual subsidy of the amount that the Government has agreed to in the case of ERCO for so little direct benefit from it. Now that is the \$1,350,000. The Premier mentioned \$65,000 at Red Harbour and Bide Arm, and these are expenditures of course that are justified.

Bide Arm is not far from Englee, and I have seen the community myself, Mr. Chairman, and that Pastor Booth Reid of course is a remarkable man, for many of the reasons the Premier has outlined and others that he did not bother to mention.

MR. SMALLWOOD: He is a great Liberal. A Loyal Liberal.

MR. CROSBIE: There is a difference between a great Liberal and a Loyal Liberal.

MR. SMALLWOOD: He is both.

MR. CROSBIE: There are great Liberals in this Province who are not loyal in the interpretation the Premier puts on it, they are Liberals, the backbone and the core, but not slavish liberals, not loyal in the sense that they are going to approve of everything that their leader does.

MR. CHAIRMAN: Order, please.

MR. CROSBIE: Well, the Premier raised that issue, Mr. Chairman.

MR. CHAIRMAN: If the Premier or anybody else makes some remark out of order, that does not give everybody leave to go off on a frolic of their own.

MR. CROSBIE: Mr. Chairman, the rationalization was used this morning that I had said something, therefore the Premier should wander all over the map.

MR. CHAIRMAN: I want to correct that impression. I want to say that now, so far everything has been permitted by the Chair in this debate has been relevant, no member has been allowed to wander all over the map, members may feel that other members were not relevant, but the Chair felt that they were. Now in the present case, the hon. member is out of order in replying to a comment that was made and it has got nothing to do with the matter before the Chair.

MR. CROSBIE: Mr. Chairman, I will bow to your ruling. There is another item in this amount, Mr. Chairman, \$12,172,000. \$182,000 to purchase houses at Bell Island. Now there is nothing wrong with that program on Bell Island, the Minister of Welfare agrees. But, look, Mr. Chairman, at the estimates for last year, or look at the estimates this year under that heading 1512-06-01, purchase of houses Bell Island capital. The total amount spent last year including the \$180,000, supplementary supply \$180,100, so that when the estimates came before the House last year, what amount was put in the estimates for purchases of houses on Bell Island - \$100.00.

Now, Mr. Chairman, the Government well knew that it had a program to purchase houses on Bell Island. The program was instituted about two years ago.

MR. NEARY: It was a Federal/Provincial Program and it terminated, and then it was renewed.

MR. CROSBIE: Is that the reason?

MR. NEARY: The Program terminated.

MR. CROSBIE: And it was not renewed until after the House closed. Well the hon. the minister says, that it had been terminated and it had got started up again.

MR. NEARY: Inaudible.

Q.

MR. CROSBIE: That sounds so reasonable coming from the minister, that I will accept it. But there must have been some suspicion that it was going to be renewed because a token vote of a \$100.00 was put in. Now there is no vote at all in the estimates this year presumably the program is over.

MR. NEARY: It was extended up until the end of March, now it is terminated again.

MR. CROSBIE: What is the date of those warrants for Bell Island housing? Well that is \$180,000, well the minister gives a reasonable reason for that.

Mr. Chairman, another item is a payment of \$6700 to a consulting firm. Well according to the Lieutenant-Governor's warrant the consulting firm is the Firm of Stone and Webster Incorporated of New York. And a year and a-half ago in this House the Premier announced that there were a series of studies to be done which were going to show whether or not Newfoundland could get hydro-electric power from Labrador. They were going to show whether it was feasible. They were going to show whether the Government policy of subsidizing the sale of power, whether that was their reasonable policy or not. They were going to show whether the Government would sell power two and a-half mills or three mills or three and a-half or four or what? They were going to show whether it would be cheaper for Newfoundland to have power come to the Island from Labrador, from the Lower Churchill or whether it would be cheaper for us to build our own atomic plant or steam plants or whatever on the Island of Newfoundland.

And one of the firms who were doing these studies was Stone and Webster of New York for which \$67,000 has been paid. The Power Commission was doing a study, the Department of Finance in Newfoundland was doing a study, the Department of Finance of Canada were doing a study, the Power Energy Board of Canada were doing a study, and there were two or three others. And according to an answer tabled to a question in this House, in this session, all of these studies have been received by the Premier or by the Government, which means the Premier, whether or not all the ministers have seen it, I do not know. And Mr. Chairman, we are told that this House is not to hear or not to see

MR. CROSBIE: What these studies conclude. Probably the most important issue that effects the future of this Province is whether we obtain power from Labrador at a landed cost to Newfoundland at a suspicion for it to be used here to help industrialization of Newfoundland. That is certainly one of the most important issues facing the Province. And all of these studies including the Stone and Webster study are done, yet there is not a word from the Government as to the results of them. None of them are tabled in the House. None are given to members to read. The public of Newfoundland and we are left in the dark as to what the results are. How can this be? And this House is now asked to vote \$6700 to pay Stone and Webster for a report that is kept secret. What did all these studies conclude? Did they conclude that we can get power from Labrador at a cost of under say six or seven mills a kilowatt hour, or whatever it might be? Do they show that we cannot get power from Labrador cheap enough because of the cost of bringing it here? What do they show? Do they show that the Government can rationally sell power at a price of two and a-half mills or three mills or three and a-half mills or four mills? What do they show? \$6700 to get the result of these studies, Stone and Webster and the rest are not to be given to the members of this House, or apparently to the Government of Newfoundland. Are there conclusions contrary to what the hon. Premier wants them to be? Is that the reason why we are not to see these studies and their conclusion? Do they show that the power policy of the Government has been madness, it is ^{not} irrational or right policy? The only conclusion you can come to from the fact that they are being kept from us is that they do not report what the Government would have liked them to report. That is Stone and Webster, \$6700 and we do not know how much they were paid last year.

And another amount, Mr. Chairman, \$10,496,000, the Newfoundland Industrial Development Corporation. The Premier in his introductory remarks said that, that amount was advanced to the Newfoundland Industrial Development Corporation by the Government to enable the corporation to make a loan to the Steel Company at Donovan's primarily.

Now Question No. 222 was tabled in this House on March 10th. and has been answered, and that question was in connection with the Newfoundland

MR. CROSBIE: Industrial Development Corporation as to what companies they had advanced money by way of loans? What was the amount of the loans and so on? The answer tabled, Mr. Chairman, shows a loan to Newfoundland Steel Company Limited of \$3,250,000. Well there is a big difference between \$10,496,000 and the loan actually made to the Newfoundland Steel Company Limited by Newfoundland Industrial Development Corporation of \$3,250,000. Now for what

MR. CROSBIE: For what purpose was the other seven million odd dollars used? The \$10 million was not used primarily according to the answer of this question to advance monies to the Newfoundland Steel Col. Ltd. According to the answer that was tabled on April 24th., the Corporation has loaned Atlantic Sugar \$2,631,000. mortgages on trawlers actually. It has advanced \$3 million to Fish Buildings Ltd. I believe that those are the buildings that are on the south side of the harbour here. The Ross-Steers group \$3 million. The Corporation advanced \$6,450,000. to Hotel Buildings Ltd. and Hotel Buildings Ltd. is the company that owns the hotels that are operated by Atlific Nfld. Ltd. or the Holiday Inns Chain they are known as. They are owned by a Crown Corporation. \$5,060,000. to Marystown Shipyard Construction Ltd. That is the company that operates the shipyard or owns the shipyard at Marystown. \$1,847,000. To Mooring Cove Building Co.Ltd. That is the Crown Corporation that owns the fish plant at Mooring Cove down near Marystown. \$2.5 million to Newfoundland Pulp and Chemical Co.Ltd. \$2,500,000. to Newfoundland Pulp and Chemical Co. Ltd. That is the third mill which is supposed to be constructed at Come by Chance.

That money, some of it was spent on the site down there. There is a building down there constructed for the third mill. Newfoundland Steel Co. as I said \$3,250,000. Paragon Hotel \$143,000. Provincial Building Co.Ltd. that is the company that is going to own the Oil Refinery at Come by Chance, \$4,167,714. Sea Mining Corporation Ltd. \$2,800,000.

By the way, the Premier says that of the amount of \$10 million, \$1 million has been left on deposit in the Franklyn National Bank in New York. Mr. Chairman, the Franklyn National Bank in New York, is the bank that provided the interim financing for the Shaheen Enterprise at Come by Chance.

MR. SMALLWOOD: I said that, I just said that

MR. CROSBIE: Now we have borrowed, or Provincial Building Corporation Ltd., no Newfoundland Industrial Development Corporation presumably has borrowed \$4,167,000. from them and has had to leave \$1 million on deposit up there as part of the agreement. The Government does not have millions lying around that it deposits in the Franklyn Bank and this bank and that bank. The Government at the end of

March 1970 owed the Bank of Montreal \$14 million in demand loans. Why would the Government have \$1 million on deposit up in the Franklyn National Bank when it owes the Bank of Montreal here in St. John's \$14 million? The only reason is \$1 million on deposit in the Franklyn Bank of New York is because that was a term of the agreement between the Franklyn Bank and Newfoundland Industrial Development Corporation.

MR. SMALLWOOD: No it was not.

MR. CROSBIE: Well there is some other explanation required. The Government does not have these millions to put in the Franklyn National Bank or any other national bank not when it owes money to the banks here in this Province.

Sea Mining Corporation Ltd. \$2,800,000. that is a loan advanced by Newfoundland Industrial Development Corporation. Steers Ltd. \$750,000. I do not know what that is in connection with, probably Ross-Steers. Of these loans Mr. Speaker, we were told that Sea Mining Corporation defaulted last year on their interest which the Government or somebody had to pay. Perhaps the Newfoundland Industrial Corporation had to pay. Sea Mining Corporation which is the magnesium plant on the West Coast defaulted last year to the amount of \$303,872. interest which Newfoundland Industrial Development Corporation as the guarantor or the Government had to pay for it. The Paragon Hotel, \$38,995.

Now according to this return filed here in April these are the loans that Newfoundland Industrial Development Corporation has made. These were the two defaults, so Mr. Speaker, Mr. Chairman, when the Premier says that Newfoundland Industrial Corporation had to be advanced \$10,496,000. primarily to enable it to make a loan to the steel company at Donovans, this is not correct according to this answer. The only loan it has made to the Newfoundland Steel Co.Ltd. is \$3,250,000. we are due some explanation as to what the rest of the somewhat in excess of \$7 million was that the Government had to advance the N.I.D. C. last year. And, just what is this \$1 million doing in the Franklyn National Bank? Because, the Franklyn National Bank is somewhere involved in a loan or was involved in a loan to Provincial Buildings Co.Ltd. That loan has probably been taken over now by Newfoundland Industrial Development Corporation.

What is the position with respect to Sea Mining Corporation Ltd.

Mr. Chairman? It defaulted last year on its interest. We know that it did not operate for a certain period last year. It is supposed to produce magnesia. Is the company going to be able to operate this year? In answer to a question the Premier said that they had requested further assistance. What further assistance? Further loans? Are they going to be able to meet their obligations this year? What was that \$10 million actually used for by the Newfoundland Industrial Development Corporation?

MR. SMALLWOOD: Mr., go on.

MR. HICKMAN: Does the hon. Premier want to answer the hon. member first?

Mr. Chairman, on two of the items that are before this committee, one the \$6,700. for the appraisal or investigation that has been carried on by presumably Stone and Webster for the account of the Government, my view is that this House should not be called upon to vote for that kind of money which I think is money down the drain. If we are going to have proper economic development of this Province, then we are not going to have the economy proved or jobs provided or employment provided by simply making ad hoc studies brought on at the whims of any one particular member of Government.

I would think that I share the concern of most hon. members of this House, and this is related as well Mr. Chairman to the vote that we are now asked for the Newfoundland Industrial Development Corporation. As I understand it, the Newfoundland Industrial Development Corporation, if it was to function the way industrial development corporations function in other jurisdictions, if it was supposed to carry out the purpose intended, that we would not be called upon now to simply approve \$3 million to the steel plant. Here there is apparently some great confusion. The question answered in this House that \$3 million, the hon. the Premier has indicated \$5 million, the other \$5 million could be any of the list of many millions of dollars. If this Industrial Corporation was to serve the purpose intended it would be doing exactly what its name implies, and that is developing.

I think one of the most shocking, and most disturbing things that we have heard in this Province for a long, long time was an announcement yesterday, and something that goes to the very roots of the industrial development

of our primary resources. Yesterday we heard announced that the New Brunswick Development Corporation has now presented after two years of detailed study, which is what this development corporation that we are voting on here is all about, after two years of detailed study has now presented to the Government of Canada a plan, a detailed plan for the development at a cost of \$60 million of a fish port for the Atlantic Seaboard of Canada.

What has happened to the Province of Newfoundland? This is the sort of thing Mr. Chairman that when we are called on to vote for development monies, when we want to talk about getting jobs, this is what this corporation should be used for, not to pump \$3 million or \$4 million or \$5 million into the steel company out at Donovans that obviously started without the slightest conception, the slightest - and without, as I recall the first announcement, it was long before I was in Government, as I recall the first announcement there was great rejoicing that the steel company was going to start out there without any money from Government. We had several first class businessmen who were doing to be involved but then we were up to the old trick of getting something going and coming to Government and saying " we have made all sorts of mistakes, we do not know what we are talking about, bail us out. Throw us \$3 million to keep the plant going." This is a great way Mr. Chairman to bring on pressures, public pressures on the Government. Get everybody then to come in with a petition and say " we have made all sorts of mistakes, now you go in without any studies or some sort of an ad hoc study." Now we see, now we see the real benefits that would come out of a properly organized Department of Economic Development, and a properly functioning Industrial Development Corporation.

When we take a look at New Brunswick which can jeopardize, imagine the Province of New Brunswick is going to set up the fish port for the Atlantic Provinces and we are going to sit idly by and watch this and be called upon to vote \$3 million for the steel company?

MR. CHAIRMAN: Order please

MR. SMALLWOOD: Do not pay any attention, do not mind the Chairman, do not sit down

MR. HICKMAN: I will sit down when the Chairman asks, but I will not sit down

for any one else

MR. SMALLWOOD: You are not supposed to be asked it is the rule

MR. CHAIRMAN: Order please, order. What I was going to say was that I think the hon. member is getting a little bit far from the point. It is a long distance from New Brunswick fishports that might be to a loan to the Newfoundland Industrial Development Corporation which is actually taking place. I do not see the connection.

MR. HICKMAN: The point I am making is this Mr. Chairman, that this is \$3 million that the Government of Newfoundland should not be called upon to pay, should not have been called upon to pay, and it is \$3 million, I do not know if it is three or five, but whatever the figure is, it is either three or five that this House should not be called upon to approve now, because, that is not what industrial development is all about.

What I am saying Mr. Chairman is this, that if the \$3 million that we are now being asked to approve, or the \$10 million that we are now being asked to approve or the \$67,000. that we are now being asked to approve for a study had been used in the proper purpose, in the purpose intended and the very reason why you have a Department of Economic Development, we would not be sitting idly by and watching our primary industries being jeopardized by other jurisdictions where they are doing their industrial development on an orderly basis. On a planned basis and where the money is being well spent.

Mr. Chairman, all we know here, is that we do not know this here. I remind this committee we do not know whether it is \$3 million or \$5 million that we are talking about in this committee.

MR. CROSBIE: We are told that it is almost \$10 million

MR. HICKMAN: No, no, not \$10 million for the Newfoundland Steel Co.

MR. CROSBIE: But he said primarily

MR. HICKMAN: I have the figure \$5 million in the beginning, but it is \$10 million it is all the worse. But there were some notes, short-term notes that have been outstanding as I understand if from the hon. the Premier's opening remarks. Short-term notes that had been discounted and, or monies borrowed and secured by way of short-term notes presumably for industrial development.

The Industrial Development Corporation has now been called on to redeem these notes and some of the \$10,496,000. has been used for that.

Surely Mr. Chairman, you may say that on a vote of \$21,000. for the Department of Health that you cannot expect the Minister to have the details or the Department of Welfare, but when you are talking about \$10,496,000. one fell swoop, one vote for the Newfoundland Industrial Corporation that this House is entitled to the minutest details. Not simply \$3 million or \$5 million or a substantial sum to the Newfoundland Steel Co. but how does it get into this? What happens, is it being paid under the statutory agreement that was enacted by the House of Assembly last year? Or, is it additional monies that have fallen due this year out-side the terms and scope of this agreement? What is it all about? I do not think any hon. member can be accused of being inquisitive or any other reason and I would direct to the hon. the Minister of Justice if he is within hearing of my voice, the deposit of the \$1 million at the Franklyn National Bank.

Now it was my understanding that under the appropriate legislation that governs the depositing of monies belonging to the Government of Newfoundland that such monies cannot and I repeat, cannot be deposited outside of Canada. I would like to be shown by the hon. the Minister of Justice the legislative authority which gives the Government of Newfoundland the right to take \$1 million be it money that is borrowed, or be it money that has accrued by way of revenue, the right to take that \$1 million and deposit it in the Franklyn National Bank and I would look forward to hearing from the Hon. the Minister of Justice as to where the authorization comes from to take money and deposit it, Newfoundland money, outside this Province.

Indeed, I think the answer he will have to give is this cannot be done. It is not the question of authorization at all. Mr. Chairman, the simple getting up and saying " well there is a small matter of \$10,496,000. a large portion of that goes to the Steel Co. out at Donovans and the rest is for the redeeming notes, short-term notes and the balance is \$1 million down kicking around in the Franklyn National Bank in New York." It certainly is not a satisfactory explanation to this House for this huge sum of money.

MR. SMALLWOOD: Mr. Chairman, first of all without going all over the ground again which I do not intend to do, may I say to the hon. member for St. John's West that this amount of \$1, 350,000. was paid to the Power Commission in respect of sales that they did not make to ERCO. It was only the other day that the take or pay aspect of their contract came into effect. Until it did come into effect they paid only for the power they bought. Now they failed to buy the power they were expected to buy and for the two reasons that I have already explained. (1) is the fact that they were late in starting to buy power because they were late in starting up and did not start up on the scale that they had expected to do. Secondly, because having started up on a relatively small scale, relatively, they were then closed down by order, not by order, they were closed down because I phoned them and I said " I do not want to order you but, my advice to you is to close." and they did. That is how ERCO closed by the way. I have never told that before.

It was assumed that Ottawa had closed them down. Ottawa did not close them down, no one closed them. They closed voluntarily at my request. Because they were slow starting up and started up only partly and then having done that they were closed down for a period, they did not buy the amount of power that they expected to buy and therefore, the Power Commission did not make sales in that amount. Yet, their costs were going on just the same as though they were selling the power. Because, as I have already said, if the Power Commission sells every last kilowatt or even every last kilowatt hour of power it produces, or not one or anything in between their cost is exactly the same, it goes on exactly the same because their cost consists of the interest and sinking fund that they are required to pay on the money they borrowed to put the plant there.

They go out and they borrow the money and they use that money to dig canals to connect one pond with another, one lake with another. To build dams and walls to keep the water from overflowing in the wrong place and bring it all down finally to pen stocks and then they build the pen stocks and the water rushes down into the building which they built with that money, into turbines

and generators which generate electricity. That costs money and then it is sent over transmission lines and that costs money to build. All that money was borrowed and they have to pay interest on it and sinking fund. That is the cost of producing the power, because the cost of operating.....

MR. SMALLWOOD: of operating is trifling compared with the cost of putting the plant there to produce the power. So the cost of hydro-electric power, power produced by falling water, the cost of that power is the cost of the money that you have to borrow to build it. Other power it is the cost of the money you have to borrow to build it, plus the money you have to spend to buy the fuel. But with falling water God provides the fuel. Hydro-electric does not cost you anything to operate once you have harnessed it. But it is the cost of harnessing it. Now if they sell all that power, well and good, that gives them that much revenue. If they do not sell it, that is that much less revenue. If they sell it too cheap, that is that much less revenue. But in this case, this \$1,350,000 was to service the debt that they could not service through revenue received from ERCO that they did not receive from ERCO because they did not sell that much power to ERCO, therefore they did not make those sales to ERCO. Now that is the reason for that. All the talk from here to Timbuktu will not change that fact. Now with regard to - and by the way, that cannot happen again for that reason. That reason will not occur again because if they close down and stay down forever, they have to take it or pay. It is a take or pay contract now dating back from a certain date, I do not remember what date. Anyhow, it is in effect. It is the past that this date was reached and from that date onward, permanently onward, from that date onward, it is take or pay. If they do not take the power they pay for it anyway. But before that date, they did not take it, they did not pay for it. Now they pay for it whether they pay for it or not. It is a take or pay contract from that date. Now may I say a word about the Steel Mill. The genesis of the Steel Mill is this, that a company in Ontario who operate a steel mill, and who operated one in British Columbia and sold it and then built and operated a steel mill in Ontario - this company came down here and they enlisted three of the shrewdest businessmen we have in our Province. Mr. Lundrigan, Mr. Pippy, and I forget who the other one was. Albert Martin. Three of the shrewdest

and most successful businessmen in the entire Province. Not politicians Sir, but hard-headed shrewdies. If ever there was shrewdies, it is Mr. Pippy, Mr. Lundrigan and Mr. Albert Martin. They were three shrewd Newfoundland businessmen. They joined with this Ontario company which was and is a successful owner and operator of a small steel mill. They are quite outstandingly successful. They came down and joined with these three shrewd Newfoundland businessmen, and they came to the Government, all of them and said, "would you back us in a steel mill in Newfoundland?" We did so. And to everybody's disappointment, I will not put any more strongly than that, the management which was supposed to be supplied by the Ontario Company - the management of the steel mill left an awful to be desired. The design of the mill was poor. They lost \$1 million of ADA money, just under nine hundred and something, nearly a million dollars they lost by a foolish ignorance of the rules of the ADA rules. They put in one big piece of equipment which was secondhand, good, excellent, tip-top shape, efficient, but not new. And therefore, it forfeited the ADA Grant, because you have to have a plant ninety something percent new - ninety-five percent of the plant had to be brand new, spic-span new to qualify for the grant, and by putting in this big piece of equipment that was not new, tip-top condition, but not new, they lost nearly a million dollars. It is a pretty heavy blow for a new enterprise. You might say ^{is} it their own fault, maybe. Maybe so, but it is still a million dollars. Cash they had to find. Now it all ended in failure. It collapsed. And it was taken over by a new group headed by Mr. Lundrigan. I do not know who was with him. I do not know who else is in it with him. But our own group went out - the Ontario firm, lost everything that they had in it. I do not think they had an awful lot in it. But whatever they had in it was lost, whatever anyone had in it was lost. Every last nickel was lost. The company sale was wound up. I think there is some action in Court, or there was an action in Court. Is it on now? Some action, there was, or there is, or there is going to be an action in Court from the old owners, or some of the old owners, some of the old shareholders. The

thing failed and flopped and was wound up and that was the end of it, and a new outfit took it over. And that new outfit was lucky or shrewd, I do not know which - enough to get an absolutely brilliant man to take it over, a Welshman, a Welsh steel master, a young man from Wales who had been working with DOSCO in Sydney, in charge I think, of steel production. One of their tip top men, a young man. And as Mr. Lundrigan explained it to me, this man whose name is Shields I think. Shields said to Lundrigan, I am not in the least interested going down and running your small steel mill. I could not be less interested in anything, in taking on that job. It is only a small mill, I can double it and maybe treble it in size, but even when I do, what are we talking about. We are talking about seventy or eighty or ninety thousand tons of steel a year, which to me is only a joke. I am not interested. But I will tell you what I am interested in. I would be willing to take over your steel mill and make a success of it provided you can offer me something bigger when I do it. And then he spelled out what he wanted, and Lundrigan agreed and took him on. He is gone in there and he is making a brilliant success of the steel mill, making an absolutely, brilliant success of it, and he is even exporting steel. He has got the production up and up and up, and he is taking on more and more men. He is working three shifts around the clock now I think. He is delighted with the Newfoundlanders. He says they are good steel men. They are good steel makers. They are good men in a steel mill, and they are nearly all from the district of Harbour Main. I do not know whether that is the reason. Harbour Main has produced the best steel riggers in North America I would think. Are there a few from Bay Roberts? But the Harbour Main crowd are the real, the great steel riggers, and now they are turning out the tip top steel men in a steel mill. They have been exporting steel to England. They have been exporting steel to Germany. Think of that. Newfoundland exporting steel to England. Newfoundland exporting steel to Germany. That is hard to believe is it not? It is true though. This man Shields is a brilliant producer, and he is making

a great success of that steel mill. But it is going to take I suppose easily ten years before they will make it pay off their debts to the Newfoundland Government. But thanks be to God they will pay it off. Thanks be to God. The Newfoundland Government will deserve all the credit for the success of that mill that Mr. Shields does not get, and we will deserve the rest. Or you may put it the other way about. He will deserve what we do not get. But between the two of us, we have the courage to back it with public money, public funds, and Shields has the skill and the drive and the know-how, and the combination of the Newfoundland Government's money, and the skill and the talent and drive of this young Welshman is the combination that is making that mill a success. Now I will be quite frank about it. I do not remember the exact breakdown of the ten million. There is nine and a half million. There is \$9,496,000. The total amount is \$10,496,000, \$1 million exactly of that will bring you down to \$9,496,000, \$1 million of it is on deposit in the National Bank. We have it there on deposit. It did not form part of the \$5. million it was gone long long after the \$5 million was advanced. It was gone I would say the best part of a year after the advance of the \$5 million. We just think it is good business. We have made friends with this National Franklin Bank, and we have made a good friendly relationship, and it is one of the big banks of America, not one of the biggest, but one of the big banks, and we think we have a good relationship established there that will do this Province good in the years to come. Anyhow we are keeping the deposit there. The only deposits I know that the Government ^{are} maintains outside the Province in England with the Crown Agents, and I do not think there is much of that, and this one deposited in the Franklin National Bank. If the House will go on with the debate and let me disappear for a moment, I may be able to give a little information.

MR. HICKMAN: I would like to hear the Hon. the Minister of Justice on this. I direct his attention to Section (19) of the Revenue and Audit Act. The Lieutenant-Governor-in-Council may authorize the Minister to invest any portion of the Consolidated Revenue Fund not immediately

required for expenditure and stocks, debentures or securities of the Government of Canada or in any debentures or securities payment of which is guaranteed by the Government of Canada -- then it goes on to say that when it is necessary and expedient he may dispose of such investment. Does the hon. minister agree that under the Revenue and Audit Act that sort of deposit is not permissible? Not authorized under the Revenue and Audit Act?

MR. SMALLWOOD: Mr. Chairman, I now can give the information - the amounts that are mentioned for the most part in the Warrant's Hotel Holdings Limited, \$550,000; Newfoundland Steel,; \$750,000. Newfoundland Pulp and Chemicals, \$2.5 million. Fish Buildings Limited; \$3 million. Mooring Cove Building Limited; \$225,000. Marystown Shipyard Construction; \$1 million. Atlantic Sugar Refineries, that is the people who built the Atlantic Fish Plant and are operating it, they did not build it, the Government built it at Government expense but they have a contract to operate it, and pay back the Government's investment; that is \$2,471,000. This makes a total of \$9,496,000 and the other one \$1 is on deposit to the Bank, making a total of \$10,496,000.

MR. CROSBIE: Mr. Chairman, this of course, is quite a different picture that we got originally. When a special warrant was taken out and the Minister of Finance says, insufficient provision has been made in the Estimates of Expenditure, approved by the Legislature of the Province for the current financial year for the expenditure of \$10,496,000 required to provide an additional funds or advancement of funds to Newfoundland Industrial Development Corporation, October 13, 1969. Now, what was the emergency? This is hard to understand Mr. Chairman. What was the emergency that Supplementary warrant was needed, so that the Newfoundland Industrial Development Corporation could obtain \$1 million and put it in deposit in the Franklin National Bank down in New York. \$1 million of the \$10,496,000 gotten through a special warrant, not in the Estimates, was obtained by the INDC, the Industrial Development Corporation which reports to the Premier, and put on deposit in the Franklin National Bank

New York, which in any event it appears may not be accordance with the Revenue and Audit Act. What justifies the Government getting Supplementary Supply for \$1 million to put it on deposit in a Bank down in New York. Now that money had to be borrowed. This is capital account. The Newfoundland Government has had to borrow that \$1 million, and the Newfoundland Government is today paying oh in a range of nine or nine and a half percent on the money that is borrowed. And if \$1 million is being put on deposit down in New York then that stays on deposit in New York - it would not be earning more than six or seven percent. What is the sense of it, that Supplementary Supply should be asked for \$1 million item to put on deposit in a bank down in the United States? And we are up here in Canada the same time at the end of March with a demand loan owing to the Bank of Montreal in excess of \$14 million. And if we get the best rates possible from the Bank of Montreal which doubtless we do. I presume we are paying eight percent or nine percent at the Bank - on that loan at the Bank. It makes no sense unless there is some reason that has not been explained by the Premier, now why it is important to deposit \$1 million down to the Franklin Bank. It makes no sense, and it is not justification for a special warrant. When the Premier introduced this explanation originally, he said the primary purpose of the whole \$10,496,000 was the Newfoundland Steel Company, but the figure that he has now obtained presumably from officials show \$550,000, that had to be advanced to Newfoundland Steel Company Limited, and here is an Item Mr. Chairman that is inexplicable, that needs to be explained. The amount of \$2,500,000 of this \$10,496,000. \$2.5 million of it was advanced to Newfoundland Pulp and Chemical Company Limited. Now Mr. Chairman, as far as I know, Newfoundland and Chemical Company Limited had a loan guaranteed by the Government at least three years ago. Certainly it is two or three years ago of this \$2,500,000. So why is the Newfoundland Industrial Development Corporation, why has it just recently since October advanced \$2,500,000 to Newfoundland Pulp and Chemical? Was that for Newfoundland Pulp and Chemical to pay back an earlier loan guaranteed by the Government?

MR. SMALLWOOD: Yes. That is exactly right. That is exactly right.

MR. CROSBIE: The Premier says this is what happened, and he has confirmed that that is what happened. But surely Mr. Chairman, my point is, when the Government comes to ask for Supplementary Supply, we should be told the reasons. \$2, 500,000 was Newfoundland Pulp and Chemical, Newfoundland Industrial Development Corporation used the \$2.5 million to pay back an old loan we had guaranteed, so our position has not changed, but now the \$2.5 million is advanced by NIDC. But instead of that the Government does not want to give us any information. It does not want to give us any information. And there is nothing harmful in that piece of information. Now the \$10,496,000 as the Premier says that \$2.5 million to Newfoundland Pulp; \$3 million to Fish Building. Well that is the same kind of transaction probably, why should it not be explained? That there is some other loan that was repaid off with if that is the case. \$225,000 to Mooring Cove: is that an additional amount over and above what has been loaned- this fish plant at Mooring Cove before, or is to replace some other loan? \$ 1 million to the Shipyard?

MR. SMALLWOOD: Every single individual item was exactly that. It was the paying off of the maturing loans. All these items except for the \$1million.

MR. CROSBIE: The Premier now tells us that, but what I am pointing out is that this could have been explained by the Premier and we could have been told this when he made his introductory remarks. So apparently this \$9,496,000 all consolidates loans, or all of the loans are now being made by the Newfoundland Development Industrial Corporation, and repays old loans. But \$1 million, a mysterious million is shipped off to the Franklin Bank in New York to go on deposit there and that makes no sense unless there is some reason that the Premier is not disclosing. It just makes no sense, that this Government which owes hundreds of millions and which owes the Bank at the present time ten or fourteen million dollars for our Government to put a million down on deposit in another Bank where it will earn less interest than the Government is paying on the money it borrows. That makes

no sense. Now Newfoundland Steel Company Limited, Mr. Chairman, which the Premier has just been relating to us, and as far as I know his recitating of the facts is correct. But Newfoundland Steel Company Limited, is an illustration of how not to go about economic development, because although now Mr. Shields and Lundrigans are operating the Newfoundland Steel Company seem to have it on its feet. When it was originally mooted to the Government that this project should go ahead, the estimated cost was \$2.5 million, and the involvement of our Government in it was only \$1 million. We had to advance or guarantee \$1 million. But because our Government did not have any analysis it is self-made. Any feasibility study is self-made of the whole proposal, because our Government did not have competent people watch what was happening while construction was under way. Because we took the promoters at their word, because the Government felt well there are well-known businessmen involved in this, we do not need to check, because we took that attitude, the whole situation ended with the people of Newfoundland through the Government being involved to the tune of \$8.5 million or \$8.25 million.

Mr. Crosbie:

whereas, if the whole scheme had been vetted from the start, studied for its feasibility by outside people, if we do not have people in the Government competent to do it, we would not have gotten in that situation, which it looks now, as though, it is going to turn out all right over a period of time. The Government will get its money back, but we should never have been in that situation. We should not take proposals from anyone at face value. We should have them checked out ourselves, so something that was originally going to involve this Government in \$1 million has ended up at \$8.5 million, which it appears now, over a period of time, we are going to come out of it. But it is an illustration of the fact that we need a different kind of organization in the economic development department. Faith alone is not enough, Mr. Chairman, to develop the Province's economics..

MR. SMALLWOOD: Good works besides.

MR. CROSBIE: Faith is necessary too..

MR. SMALLWOOD: Faith and good works.

MR. CROSBIE: You have to have the doubters and you have to have the people who can do feasibility studies and you have to have the experts to check it out and see that it all adds up. We cannot just accept proposals that people put in and hope or feel that they are going to see that it is going to be carried out correctly. Because in the case, the Premier cites, as he says himself, "it did not happen." It did not happen that way. This is a good illustration of how not to go about it.

I think this is one of these Crown corporation arrangements now, where the shares are going to be bought back over a period of years out of profits from the Newfoundland Steel Company. That is how it is being

arranged now. It illustrates perfectly, Mr. Chairman, what is wrong with the present approach to Economic Development in Newfoundland, unless it is being changed very recently, and it does not sound like it.

Now, Mr. Chairman, there are other questions that the Premier did not touch on. What is the position with reference to Sea Mining Corporation Ltd at Aguathuna, I think, - Is that where it is located? There is \$2,800,000 loaned by Newfoundland Industrial Development Corporation that defaulted on its interest last year. Why? Is it capable of turning out the product that it is supposed to turn out? Are there difficulties in production? Is it a proposition that is not economically feasible? Why could it not pay its interest last year? What are the prospects for this year? These are questions that the Government must be looking into and should let us know about. This is one illustration. If it is not going to let us know now, when are we going to find out about it, when the main estimates come up?

There is \$303,000 interest that had to be paid in connection with their default last year. Was it paid by Newfoundland Industrial Corporation or did the Government have to pay it? And if the Government had to pay it, where was it paid from, Mr. Chairman? It is not mentioned in the Supplementary Supply here at all. It is a large item - \$303,000. Where did the Government - from what ^{amount} vote did that come last year for the default on interest in Sea Mining Corporation Ltd? I think that that should be explained.

The Premier says that the \$1,350,000 was for sales of power that were not made this year to ERCO. But the Premier has not said what it is going to cost the Government in the coming year, when the power will have to be bought by ERCO take or pay at 2½ mils and what that is going to

cost the Government of Newfoundland. He has not denied that it is going to cost in excess of \$3 million and in fact, in the estimates, the estimates for this year show, where last year \$3 million was voted for Industrial Incentives Act and this year, it is going to be \$6,752,000. Is that all the subsidized power to ERCO? Well that will be explained, perhaps, on the main estimates, but ERCO is going to cost some \$3 million odd this year in the power subsidy.

Mr. Chairman, the Premier has not mentioned Stone and Webster or these power studies. Why not? Will he tell us why not? Quite seriously, why cannot the members of this House of Assembly find out what these studies have revealed? Is the news too bad for us to hear about? Or is it being saved for some other occasion or what? Because the Premier himself has pointed out year after year that the future of this Province hangs on power, for at least four years, he has been saying that. The Lower Churchill and the rest of it. He has ^{had} all these studies made. He has had them now for, at least, six months. Stone and Webster have been paid, but the Premier refuses to tell us anything about them, why? Will he answer that question?

If there is misapprehension or if there is confusion about the power policy or what it is costing, it is confusion because we do not have the facts, Mr. Chairman. The Government is not giving us the facts or does not seem to want to give us the facts so can the Premier clarify some of those points?

MR. SMALLWOOD: Mr. Chairman, with regard to the report by Stone and Webster, I can say that this is one of a number of studies the Government had made with a view to enabling the Government or assisting the Government to formulate policy and it is quite unusual for governments to make public, special studies that it gets made, either by the Civil Service or consultants who are retained for the purpose to help the Government to

formulate policies. It just is not done. It is not normally done at all. We have had - I suppose I have down in my office now, seventy-five or eighty special studies that I have had made in the last year, on this that and the other industry. They are made to assist me and my colleagues in the Cabinet to arrive at conclusions of this that or the other industry. Continually, we are having studies made and the result of some of them is, an industry and the result of most of them is, no industry, as it turns out not to be practicable. For instance the Mohawk plant at Stephenville, we have had studied almost out of existence and all the studies proved it to be sound. Well we have had other studies made of proposals that turned out to be unsound. That was the end of it, and we will go on, and every government will go on forever having special studies made.

Now we had this question of power to be developed on this Island from hydro, from falling water, from the bunker sea oil, from atomic energy, from steam electric and from hydro brought in from Labrador. We have had many, many studies made - many studies made. The first one of all was made by the big firm in England, Preece, Cardew and Ryder, who are the world's greatest authorities, without any comparison, in the field of long distance transmission of power and especially submarine delivery - delivery by submarine cables laid along the ocean floor. Beginning with them and coming right down through and including Stone and Webster, including International Engineers of California, including Myers and Mac Callan of London, England, including the Energy Board in Ottawa and the Bank of Canada in Ottawa and the Bank of Montreal in Montreal and several other departments of the Canadian Government. We have had all kinds of studies made to assist us to formulate policy - to assist the Government to formulate policy. It is the policy that it is our duty to state, to make public, but in the formulation of policy, we have to make all kinds of studies. Some of them are done by ministers. Some of them are done by high-ranking officials. Some of them are done by other departments of other

governments and some of them are done by private corporations. We have had all kinds of studies done. Take, for instance, the steel mill. Why did we not have some studies made of the steel mill? Well we had two made. We had two made. No, we had two made at a point where we had to decide whether to go forward or not after the plant had started, with a very small commitment from the Government and with three of the biggest business men in Newfoundland running it, in charge of it, at that point, when it failed, before we went ahead with it anymore, we had two separate studies made.

One was made on a financial basis by Peat, Marwick, Mitchell or Keats, Peat, Marwick, Mitchell - is it called now?

AN HON. MEMBER: Kates.

MR. SMALLWOOD: Kates, Peat, Marwick, Mitchell who are the economic study branch of the auditing firm of Peat, Marwick, Mitchell. They made a very thorough going study of the steel mill enterprise from a financial point of view, and we have that report. It is highly confidential.

Then we brought in from Toronto a firm who are Canada's leading firm in the own field, the field of steel production. I wish I could remember their names at the moment. I cannot..

MR. CROSBIE: Atkins, Hatch.

MR. SMALLWOOD: I just got the last name, Hatch. What is the other one?

MR. CROSBIE: Atkins, I think.

MR. SMALLWOOD: Atkins, Hatch, the leading firm in all Canada from Toronto and we had them make a very thorough going study, and I may say that most reports or rather negative. Both reports were unenthusiastic about the prospects of that steel mill. They were both wrong. The Government were right. We went ahead, notwithstanding, those two reports, and we were right, and they were wrong. On the facts, they were

right, but we took a chance on personalities, and we turned out to be right.

Now another point that was made, the plant at Aguathuna or near Aguathuna, the magnesia plant. It is not a magnesium plant. It is "magnesia - i a - magnesia." Now you can take magnesia and manufacture into magnesium which is another product altogether and the plan out there is to turn the magnesia into magnesium and that will be the second great stage. The third great stage would be to take the magnesium, metal and turn it into shapes, manufacture magnesium shapes, actual articles used primarily in the motor car industry, in the automobile and truck industry of North America.

Now so far they are only at the first stage, which is the manufacture of magnesia. Now what has happened out there is this: the one-half or more than one-half owner were Continental ore of New York. Continental ore are a firm seventy or eighty years old, I think, and they are on both sides of the Atlantic, and besides being producers of minerals that is to say miners, producers of minerals, owning mines and operating mines themselves, they are also merchants. They buy and sell minerals of all kinds and ores of all kinds, and in fact they are more merchant than they are producers, but they are pretty big in both, and something has happened to them. There has been a shake up in that firm, and in the meantime another firm whose name I will not reveal, but their name is known up and down this continent of North America and every one in this House has heard the name and have seen the name advertised, seen the products of this firm, with the name of the firm down at the bottom of the ads. Everyone in the House have seen it. This firm is big, but big all up and down North America. They are negotiating to move into this plant and start the second stage - the manufacture of

magnesium, magnesium metal. Magnesia, I believe, is a sort of white powder. It is a fascinating operation there, your Honour. There is a great pipe that goes down to the edge of the water and out of the water, and it is covered in by a building which is out over the edge, out over the water, beyond the shore line and there is a pump, which pumps the salt water in from the bay, sucks it in, pumps it back, through this great pipe, up into the plant, and up in the plant with the copious use of limestone of which there is a great supply there, a great deposit, they extract - quicklime is it? They first make the quicklime and then use the quicklime on the salt water with some other reagents, I suppose and chemicals to extract the magnesia out of the salt water and it is the only plant in Canada.

Now there are plants in the United States that manufacture magnesia from the ocean. The other plants in Canada manufacture - they take it out of the ground. They quarry it. They do not take it out of the salt water. The plant has worked well. It is producing a high quality of magnesia so I am informed. Dr. Fred Gormley who is founder of the thing is running it, but the next stage is the big one and then there is an even bigger stage to come after the magnesium is undermanufacture, the third and final stage is to manufacture the magnesium into shapes, into actual commercial products. It can be used in motor cars and trucks. I think these are the three points that were raised that needed some comment from me, and I have now given the comment.

MR. EARLE: Mr. Chairman, after all these elaborate explanations just a simple question - on the \$1 million that the Franklin National Bank - it seems to me that our friends are extremely expensive and have a habit of making very, very expensive friends, because in the first place, they advance something over \$4 million by way of a loan,

which was in turn loaned to Shaheen. I believe the interest on this \$4 million is one per cent over the normal bank rate in America, so they are getting the interest on this money for over \$4 million which they have borrowed, yet they want \$1 million on deposit to play around with, which they can use at our expense, which I imagine they are paying at a lower rate of interest.

It seems to me that this is a type of extravagance, a type of thing which rather annoys our people in Newfoundland, when they are looking for trivial things, because this is cost of in the vicinity of \$400,000 to \$500,000 a year and it really makes me weak, when I find the sort of things that I cannot get done in parts of my district and so on, costing a \$1,000 or \$2,000 and there is no money available for it, yet on interest alone, you will be paying out perhaps \$400,000 to \$500,000 on something like this, which to this date has not accomplished nothing. I feel that this particular thing is very expensive friendship.

MR. HICKMAN: Mr. Chairman, I still did not get an answer to the question that I proposed to the hon Minister of Justice. There seems to be very little doubt in my mind that this \$1 million had been illegally invested in the Franklin National Bank in New York. There is no authorization - there is no legislative right for the Government of Newfoundland to do that and if that is so, then obviously, we should not be called upon to approve an investment and expenditure or whatever you want to call it of \$1 million that had been made to the Franklin National Bank. Forget all the other benefits or the expense of it and the benefits seem to be hard to ascertain at this time, because of the simple fact is that we cannot do it, and Government has no right to come to this House and ask us to approve or vote for something that is not authorized under existing legislation. Indeed it is set forth

very clearly in the Revenue and Audit Act as to what Government can do, and this is one thing it cannot do.

The other question, Mr. Chairman, I think we are entitled to an explanation on and that is the \$2.5 million that has now been transferred or redeemed on account of a Government guaranteed loan for Newfoundland Pulp and Chemical, and Newfoundland Pulp and Chemical has been on the go for a long, long time, many years, Mr. Chairman, before you and I became a member of this hon. House.

The paper mill was announced on Christmas Eve - one announcement I recall was back about ten years ago, and as I said, once in an earlier debate here, I, like so many Newfoundlanders accepted it. After all the head of the Government ^{has} said the word is "go." Newfoundland Pulp and Chemical is going to build a great new paper mill at Come-by-Chance.

Now any of us who drive by there and who try and get in and have a peep inside the iron curtain at Come-by-Chance, we see a large concrete building to the right, there is a gate there now, I am told, but before this, there was access at one time to the general public. You see a large concrete building. Now I do not know if that concrete building belongs to Newfoundland Refinery, if it belongs to Newfoundland Pulp and Chemical, if it does belong to Newfoundland Pulp and Chemical, is that where the \$2.5 million went? That is the only thing on the ground that I can see out there that would conceivably belong to Newfoundland Pulp and Chemical. Two buildings that is right, a large building and a smaller building that has the ear marks if it is ever finished of becoming an office building and my recollection is that the watchman out there told me a couple of years ago that this building, if and when construction should ever start, would be used as a headquarters for the construction companies for the paper mill, and after the work had been completed and the mill became operative, it would then be converted into an office for the Pulp and Chemical operations.

Now is that where the \$2.5 million has been spent? Because if it has, it is a pretty expensive way to spend money. The large building has nothing on the inside. The hon. member for Trinity South can correct me on this, if I am wrong and my recollection is that it is four main concrete walls and just a dirt floor. The floor is not completed. It has been completed? I do not think it has or it certainly had been, when work was going on out there many years ago and if that is the extent of the investment in Newfoundland Pulp and Chemical, what is the Government's security? What are our chances of recovery in the event that this mill that we have waited for for ten years does not become a reality? Maybe the \$10.5 million has been spent on something that hon. members of this House know nothing about, but if the \$2.5 million rather was spent on that little building or two buildings out in Come-by-Chance or part-buildings or shells of buildings, then, "we have been took and we have been took pretty, pretty badly."

MR. SMALLWOOD : Mr. Chairman the \$2.5 million is the bridge money that was advanced by the Government to Newfoundland Pulp and Chemical pending their floating a bond issue and pending our guaranteeing a bond issue for them and it was spent in part on those two buildings, but only in part. The two buildings are first the office building which is presently used as an office building, it is used by the architects and engineers. I have been in it, and I have seen the engineers there and it is an office. The second floor of it. It is not completed. The building is not completed. It does not need to be completed for the purpose of a construction office. It will be the main office building of the paper mill. Then immediately next to it or just fifty feet or more from it is the large concrete building of which it has been said has not yet had the concrete floor poured in it. so you are just walking on the gravel as you will in any building, before the concrete floor is poured. It

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is not poured yet. That building is to be mainly the machine shops of the paper mill and the paper mill is to be built almost, in fact, contiguous to it on the other side, so that the office

the office building would be here, the machine shop here, then next to it the main machine room for the paper machines. All of it at right angles to the shoreline. The site is all prepared. The excavation has been done, they have moved millions of yards of earth. But for the paper mill \$2,5 million bridge money is represented chiefly by these buildings and the preparation of the site. The hon. gentleman is wrong when he says it is ten years since this talk started about the paper mill. It is nineteen years. Nineteen years ago when I first started to talk about the third mill. Nineteen years. And I have negotiated with eleven different companies, eleven. And one by one they for one reason or another they dropped out. The most promising prospect was the great Crown Zellerbach Company. When the Crown Zellerbach Company pulled out and decided no, they would not go ahead, in this Province, Sheehan said "well, you have given them these concessions, and they have thrown them back at you how about giving them to me?" To which my answer was: "Look what so-and-so do you know about paper mills? He said: "I do not know anything about paper mills, I do no something about oil." "Well, he said, do you know anyone else?" I said, "no," He said, "Crown Zellerbach have thrown it back," I said, "Yes." "Well he said, let me try it. Let me try my hand at it." I said, "well alright go ahead, try." -after I had consulted the Cabinet and the Cabinet had agreed--okay--let him try. So he has been trying.

Now he would have had the paper mill except for one important fact. And that is the fact that it has taken much more time and energy and battling to get the oil refinery. He is capable of a certain amount of energy and enterprise, and drive, and ability to battle the most fierce and fightful odds. And by the way Pinkerton's detective agency are now on the trail of the people who sent the latest telegram.

The telegram of 600 words. A telegram of 600 words was sent to all the people in the British Government, the British Banks, ECCD and many many other people. They must have spent many many thousands of dollars, many, many, many, many thousands of dollars must have been spent, to send those telegrams around. A last desperate but futile effort. Well Pinkerton's

will report shortly and I think we may know who sent them. They have tried they have tried to cover their tracks for one city to another, from one address to another, one name to another. They have tried to cover their tracks but I think we will find out, who did it. I know now who did it. I know who did it, I know who caused it to be done, and who paid the bill. The same outfit that paid hundreds of thousands of dollars of bills. I know who did it. I know who has brought this thing not to a standstill, it is not their fault they did not fight it to a standstill. But who tried to fight it to a standstill, and are fighting to the last ditch, and it is because of this fierce battle ~~xxxx~~^{to get} the great oil refinery going that Shaheen has slacked up on getting the paper mill going. But you will see that paper mill. Mr. Chairman. You will see that paper mill just as sure as you will see the oil refinery. You cannot keep a good man down. You can spend your hundreds of thousands, you can spend a cool million but you cannot keep a good man down and we will have the oil refinery and we will have the paper mill both.

MR.CROSBIE: Mr. Chairman, before, I do not want to speak too much longer I just want to point out of course, that the Premier has not answered any of the questions that were answered and we have now heard the bogey man theory about Come by Chance. Some bogey man that is supposed to be around -

MR.SMALLWOOD: Not a man, it is not a man -

MR.CROSBIE: Bogey man.

MR.SMALLWOOD: Not a man.

MR.CROSBIE: Bogey woman.

MR.SMALLWOOD: Not a woman.

MR.CROSBIE: Bogey corporation

MR.SMALLWOOD: Yes.

MR.CROSBIE: That is supposed to be spending -

MR.ROVE: How much did those telegrams cost do you think?

MR.CROSBIE: I do not know. They would be expensive.

MR. ROWE: Some poor widow probably sent that

MR. CROSBIE: I would not think it was an old widow.

MR. ROWE: No. Obviously there was no bogey man. There was no bogey man. There was nobody willing to spend hundreds of thousands

MR. CROSBIE: Did anyone send the hon. Doctor a telegram? They would not waste their money. Mr. Chairman, to get back to the point, Mr. Shaheen and the third mill started in 1960, that was when the legislation was passed. The old refinery project did not appear on the scene Mr. Chairman until I think it was the winter of 1967. So there was seven years in between for Mr. Shaheen to work on the third mill project. And if that project is not preceeded as yet, it is because there are doubts about it, about its feasibility. And there are doubts as to what the , as to how much the Newfoundland Government can properly do to assist it on a cost benefit basis. If the Government of Newfoundland has to do so many things as to give so many subsidies that the cost will outweigh any possible benefits of this Province then the Government has to think twice before doing it and that is what has been holding up the third mill. Because in my information at least two years ago if/^{you}took the cost of everything that the Government of Newfoundland would have to do to get that mill established those costs far outweighed any benefits there could be to this Province in jobs or any other way you looked at the picture, We would have subsidized the cost of the wood coming from Labrador, that would cost millions every year. We would have put highways that could take heavy loads within a mile of all wood that had to be cut for the mill. We would have put the water system at Come by Chance and so on and so forth. And all of these things added up together the cost far outweighed/^{what}any possible benefits could have been. That is what held it up at that time. The oil refinery has not held it up. There was seven years before the oil refinery came on the scene, before Mr. Shaheen had a chance to get the third mill going. Now perhaps it will still go. Perhaps it will we are all waiting, we are all waiting to hear what the conditions are going to be and what it is going to cost the Government of

Newfoundland and the people of Newfoundland. We hope we will hear that before it goes.

Now Mr. Chairman, briefly, the Premier mentioned studies that were done in connection with the steel mill at Donovan's by Kates, Peat, Marwick and Company, management consultant firm and Atkins Hatch, whatever their names are, who are experts in the steel industry engineers and so on. These studies illustrate my point. These studies, these people were called in to do studies at least a year after the steel mill went there and when the Newfoundland Government was already involved up to about five or six million dollars. So they were called in then to do their studies. We would have been saved. The fiasco of the steel mill if we had had Atkins, Hatch and Kates, Peat, Marwick Mitchell called in in 1965 or 1966 before the project started to go over. That is when they should have been called in originally. Management consultants experts in the steel industry. They^{should} have been called in then to vent it and they should have been asked then to supervise it for us, to check in everything that was happening. If that had happened we would not have had the \$8 million edifice that we have there now. We would have had perhaps a four or five million dollar expenditure a plant that is every bit as good as the one that is there now, and so on and so forth, we would not be involved in \$8 million. And that is what makes some of us worry about the oil refinery project and the fourth mill at Melville and the third mill if it gets going also. Who is going to check on what is happening? and competent people to do it. So those people were called in but they were called in a year or two later than they should have been called in. They should have been in and advising us before the whole project started and the Government was involved.

Sea Mining Mr. Chairman, the Premier gave us some information I suppose you would call it on magnesum and magnesia but the Premier never answered the important question, why did sea mining corporation limited last year default on its interest payments to Newfoundland Industrial Development Corporation in the amount of three hundred odd thousand dollars and what is

happening now if the company that the Premier mentioned Continental ore apparently wanting to pull out or sell out or something. There must be some reason to it. There is more to the sea mining situation that we have been told yet.

MR.SMALLWOOD: They are not pulling out. There is no suggestion that they are pulling out.

MR.CROSBIE: Well then I do not know why they came into the picture.

MR.SMALLWOOD: There is an upheaval within continental ore some corporate changes pretty serious ones.

MR.CROSBIE: Right. Well there is something wrong at the sea mining corporation and that is set up and this is another industry Mr. Chairman that so far as I know the Newfoundland Government agreed to back and guarantee its bond without any prior investigations by any competent people. Sea Mining Corporation Limited, the Government guarantees their bonds without any investigations by people qualified technically and otherwise to examine that project. And, if, it does not succeed I would not be too surprised. It is another perfect illustration of the difficulty you get into when the proper studies and investigations are not done before the assistance is given. We can only hope that it is going to be alright this year although we have no information on it we hope we will get more later but there is something wrong at Sea Mining and it is an industry that this Government did not investigate the feasibility of before it agreed to assist it.

Finally Mr. Speaker, because there is no point belabouring all these points. The one million dollars on deposit at the Franklin Bank is unnecessary it is a misuse of government funds. That one million dollars on deposit at the Franklin Bank can only have one purpose because Mr. Shaheen in his relationship with the bank is helped because that one million dollars is there. And that is not a valid enough purpose. We are losing money by having that one million dollars there. It was improper for supplementary supply to be asked for for that one million dollars just to be put on deposit

up in New York. It is costing this Government and the people of this Province somewhere in the neighbourhood of forty or fifty thousand a year at least just in the interest deferential. It is doubtful whether it is in accordance with the revenue and mining Act of this,,revenue and audit Act of this Province and I therefore move that supplementary supply under Head 15 Economic Development be reduced by \$1 million.

MR.MURPHY: Mr. Chairman, there is one thought I would like to add, extensive discourse on this but one point strikes me very forcibly and that is when we talk of ERCO and the subsidization of power and the figures always mentioned approximately \$3 million, it has never been confirmed whether it is true or false. But I am thinking of the plant that is going into operation at Holyrood costing about \$40 million. that we have borrowed and I think it is to assist us to supply power to ERCO and I am just wondering if not when we total up what ERCO is costing us if not some of this eight per cent or seven and a half per cent we are paying on this \$40 million and the cost would not also be a subsidy to ERCO. So if so I think it would amount to considerably more than \$3 million that we are subsidizing ERCO for and would consequently drive up the cost of employment of jobs considerably more than the figures stated and when we talk of these things it just crosses my mind that all these things should enter into, industry and industrial loans such as we are considering today.

MR.CHAIRMAN: The motion is that Item 15 Economic Development be reduced by the sum of \$1 million. Carried.

Highways Head 17: \$17,000. This is the acquisition of one new road depot major repairs to the Clarendville Depot and new heating system for buildings acquired from the Harmon Corporation. That is a building that was acquired from the Harmon Corporation by the Highways Department for a road depot, and the whole thing is \$17,000 additional to what had been budgeted for.

MR.BURGESS: Mr. Chairman, it is relief that I hear that explanation of that \$17,000 because I heard rumours that it was to be used to pave all the roads this Government has provided in Labrador. Carried.

Mr. Speaker resumed the Chair.

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and directed me to report having passed a certain resolution and recommend that the Bill be brought in to give effect to the same. On motion Bill read a first time, ordered read a second time.

MR. CROSBIE: Mr. Speaker, are you calling second reading now?

MR. SPEAKER: Yes.

MR. CROSBIE: It says 6 o'clock now. We want,

MR. SPEAKER: I do not see it six o'clock. May I say this,

MR. CROSBIE: We understand that on second reading we can debate the principle of the thing we have now debated the details in committee-

MR. SPEAKER: I am now going to call it six o'clock now, but I want to say this in connection with the supply Bill as every hon. member knows our custom is and the rules say, that when we are through with the Bill that has been discussed in detail and the whole thing has been done in committee that the Bill is then given, it has been done in detail in the committee in every respect, that is the assumption, and therefore the Bill, the only Bill, Supply Bills, Interim Supply, Supplementary Supply, and the main Supply Bill are given their first, second and third reading right then and there. That is what the rules say. Now if there is any understanding we can defer second reading, we can do as we please if it is with the assent of the House. But the rules say that these Bills are given first, second and third reading forthwith.

MR. CROSBIE: Mr. Speaker, we agree that the details will be discussed in committee and that the principle would be discussed on second reading of the Bill. Although there is not much more to be said I would like to say a few words on the general principle at second reading.

MR. SPEAKER: I can only, I do not know what arrangements was made any arrangement that was made of course cannot bind the Chair. I can only say that the Bill should be read according to the rules, first, second and third but we can have a debate, if it is with the assent of the House, if the House consents, to have another debate on the second reading which any

hon. member feels has not been covered when it was covered in committee. Personally, it appears that all that could be said about this Bill has been said in the committee but I have to be bound by the rules, but the House is master of its own rules and I only do as I am directed by the House. If the House wishes to go on and have another debate on the second reading I am in the hands of the House but otherwise I have to put the reading first, which is done, we have to put the second reading and the third reading and accordance with the rules otherwise I have to have the assent of the House that we now debate second reading.

MR.CROSBIE: In view of the fact that it has been well ventilated I will not press the point any further, Mr. Speaker.

MR.SPEAKER: It is moved and seconded that this Bill be now read a second time. ordered read a third time.

On motion Bill read a third time, ordered passed and title be as on the Order Paper.

MR.SPEAKER: I now call it 6:00 p.m. I do leave the Chair until 8:00 p.m.



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VERBATIM REPORT

TUESDAY, MAY 12, 1970

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House resumed at 8:00 P.M.

MR. SPEAKER: Committee on Bills Item 4 to 14 inclusive. Chairman of Committees.

MR. CHAIRMAN: Shall Clause X carry?

MR. CROSBIE: Mr. Chairman there was an amendment moved, was the amendment voted on in connection with it? Well, it is just as well to vote on this. I want to vote against it, Mr. Chairman. Will you call the vote, Mr. Chairman, so we can vote against it?

MR. CHAIRMAN: Shall Clause X carry?

MR. CROSBIE: No.

MR. CHAIRMAN: Those in favour "aye" contrary "nay" Carried.

MR. CROSBIE: Nay.

MR. CHAIRMAN: Shall Clause X carry? Carried. Clause XI?

MR. CROSBIE: I do not want to be too hasty on this important piece of legislation. Clause XI, Mr. Chairman, states that the commissioner; that is the ombudsman may appoint certain officers and other employees that may be necessary for the efficient carrying out of his powers under the act. Sub-section 2 states that the number of persons that may be appointed under this section, whether generally or in respect of any specified duties or functions or class of duties or functions shall from time to time be determined by the Lieutenant-Governor in Council. There is a same objection to this Clause, as there was in relation to the other clauses, Mr. Chairman. Where the Lieutenant-Governor in Council is too much power over the ombudsman. And in the case of this particular clause here, the Lieutenant-Governor in Council are going to decide how many persons he can appoint to assist him. If the Lieutenant-Governor in Council decides that he should have no one to ^{assist} ~~assist~~ him, of what use is the office going to be. But they are given the power under this Act to do that.

And, I, therefore would like to move, Mr. Chairman, that sub-clause 2 of Clause XI be amended by deleting the word in the last line, "the Lieutenant-Governor in Council" and inserting the word, "the House of Assembly". So the number of persons that might be appointed would be from time to time determined

MR. CROSBIE: by the House of Assembly rather than by the Lieutenant-Governor in Council. Well there is another amendment needed in sub-section 3, but that is the amendment for now. The same objection for this clause, Mr. Chairman, as the previous clauses, The Lieutenant-Governor in Council are going to have absolute power over the Parliamentary commissioner, or ombudsman, he is not going to be an independent official with independent powers. The Government is interested in the form, but not in the substance. This legislation is not prepared to give the ombudsman the independent power he needs and this is another illustration of that.

MR. CHAIRMAN: Motion is that Clause XI(2) be amended by deleting the words, "The Lieutenant-Governor in Council", and substituting therefore the word, "The House of Assembly". Those in favour please say "aye", contrary minded "nay", the motion is defeated. Shall Clause XI carry?

MR. CROSBIE: Mr. Chairman, I would like to move an amendment in connection with sub-Clause 3 of Clause XI. And that is the word, "the Lieutenant-Governor in Council in the first line be deleted and be replaced by "the House of Assembly". The effect of which would be that the House of Assembly should fix the remuneration in terms of service and prescribe the duties of persons appointed under this section.

MR. CHAIRMAN: Motion is that Clause XI(3) be amended by deleting the word, "the Lieutenant-Governor in Council in the first line and substituting therefore the word, "the House of Assembly" Those in favour please say "aye" contrary "nay". I declare the motion defeated. Shall Clause XI carry? Carried. Those in favour again, carried.

Shall Clause XI carry?

MR. CROSBIE: Clause XII, Mr. Chairman, is a pension for the commissioner. I have no objection to it.

MR. CHAIRMAN: Shall Clause XIII carry? Carried.

Shall Clause XIV carry?

MR. CROSBIE: Mr. Chairman, Clause XIV is the clause I relate to the duties and functions of this commissioner. And it says, its principle duty and function shall be to investigate any decision or recommendation made including any

Mr. Crosbie; recommendation made to a minister or any act done or omitted relating to a matter of administration and effecting any person or a body of persons in his or its personal capacity in or by any department or agency or by any officer, employee or member thereof, in the exercise of any power or function conferred on him by any enactment. I feel, Mr. Chairman, that this piece of legislation in this Clause does not give the ombudsman proper jurisdiction and proper power. I have the clause here that is in the New Brunswick legislation, it is quite a bit different.

The New Brunswick Legislation, Mr. Chairman, states that subject to sub-section 2, the ombudsman may investigate the administration by a department or agency or officer thereof of any Law of New Brunswick, whereby any person is agrieved or in the opinion of the ombudsman may be agrieved either on a written petition made to him or on his own motion. And it goes on to say that he shall not investigate a decision where there is a right of appeal under a legislation or a decision that has to deal with legal advice been given to the Crown.

Now the wording of a New Brunswick section, Mr. Chairman, is much broader than the wording of this section here. The ombudsman that is to be appointed under this legislation can investigate any decision or recommendation made including any recommendation to a minister or any Act done or omitted relating to a matter of administration and effecting any person or body. He cannot investigate apparently the actions of a department or he cannot investigate the actions of a minister, which in my opinion, Mr. Chairman, means that he is very restricted in what he can investigate. The grivance that someone is suffering or the injustices of their suffering may be the act of the Department, it may be the act of the department confirmed by the minister. Yet under the wording of section XLV as it is in this Act here, the ombudsman would not be able to investigate that. In New Brunswick he can investigate the administration by a department or agency or officer thereof of any Law of New Brunswick. In other words he can investigate an action that is taken by a minister, the head of a department or the head of an agency. Here in this Province his

MR. CROSBIE: activities are going to be very, very restricted, Mr. Chairman. Any decision or recommendation made including any recommendation made to a minister not any action taken by a minister or any decision taken by a minister and it is not the administration by a department or the administration by an agency, it is very, very restricted wording. And I do not know whether the minister could tell us, what precedents the wording of this section 14 follows. Is it following the wording in some other Act?

MR. NOLAN: Yes, if you will permit, Mr. Chairman. Yes, I believe, that this may be similar to the Alberta Legislation and based pretty well, I do not want to commit myself on this, on the New Zealand Legislation, and if I could refer the hon. member for St. John's West to Clause XV he will find that some of the items that he referred to a moment ago, such as any decision, recommendation, act or omission of any person acting as a solicitor for the Crown or acting as Counsel for the Crown in relation to any proceedings is provided for in Clause XV rather than in XIV which may be combined in the New Brunswick Legislation.

MR. CROSBIE: Mr. Chairman, I have the report of the Alberta ombudsman for the year ending 1969, legislation is given on Page 11. He refers in his report to the fact that the ombudsman in Alberta applies to the Supreme Court of Alberta for a declaratory order on a matter of jurisdiction. But the question of his jurisdiction is in dispute in Alberta.

But, Mr. Chairman, it is very important that people realize just what the powers of the ombudsman are under section XIV. He can investigate decisions or recommendations made apparently up to the ministerial level. He can make an investigation on a complaint made to him or on his own motion, but it has to be a decision which is final as no appeal lies in respect thereto and it cannot otherwise be squashed. And a committee of this House under sub-section 4 can refer a matter to the ombudsman. But those are the limits of his powers, Mr. Chairman, and in my view, if this legislation is to add to the civil rights of persons in this Province then the duties and functions of a commissioner in this section XIV are unclear and they could not be thought of as being broad in any way. The Alberta section is I think somewhat the same, it is the function and duty of the ombudsman to investigate any decision or recommendation made, including

MR. CROSBIE: any recommendation made to a minister or any act done or omitted relating to a matter of administration and effecting any person or body of persons in his or its personal capacity. It is about the same as this section, in or by any department or agency or by any officer or employee or member thereof, yes, it is the same as the Alberta section. The Alberta section is therefore is deficient also.

MR. NOLAN: I thought, you would agree.

MR. CROSBIE: And the Alberta section is now under appeal to the court, they are going to decide what the jurisdiction of the Alberta ombudsman is. But, the New Brunswick definition is much clearer, Mr. Chairman, and it still has not been decided just what the powers of this ombudsman are going to be in connection with Government agencies. That section still stands, section 2 there, so I feel myself, Mr. Chairman, that it would be much better to have the New Brunswick jurisdiction to investigate the administration by a department of agency or officer thereof of any law of New Brunswick whereby any person is aggrieved, that is easily understood. Any act of department or agency of the Government or any officer who is administering any law in New Brunswick that is his jurisdiction if a person is aggrieved. Under the section that is in here, section XIV is much more restrictive and it is clear that he cannot investigate an act done by a minister, only the recommendation that it be made to a minister.

MR. ROWE (F.W.) Mr. Chairman, I think, perhaps the one point that we have to keep in mind about the ombudsman applies all over the world, wherever there is an ombudsman, and that is he is not an executive officer. The hon. gentleman just said, it is not clear what his powers are, I think it is very clear, the powers of the ombudsman here and elsewhere, the powers are to investigate and report. And that is all he can do. He is not a police officer, he is not an executive officer, he is not part of the executive of any administration, he is an investigation officer and he has the great power of being able to report to the Legislature, and that in itself is a power that no one else possesses, no one within the jurisdiction would possess that power, not even a judge of the Supreme Court, the power to investigate and also to report, and his report would carry tremendous moral weight, assuming, and we must assume that any man in that position

MR. CROSBIE: would be a man of impartial stature, and when he did report to the Legislature certainly there would be a moral obligation on the part of the Legislature and one might also say, I think one would almost assume there would be a political obligation on the part of a Legislature on the part of the controlling party in the Legislature to take action on that or suffer the political consequences as well of course as the normal stigma or having ignored a recommendation made by an ombudsman.

MR. NOLAN: Mr. Chairman, I believe, that in Sweden

MR. NOLAN:

where the Ombudsman dates back if not in the form that we know it today to the fifteenth century that Ministers are not responsible, as I understand it, for, believe it or not, the administration of the departments concerned at all. There is that difference in Scandinavia particularly in Sweden. There is no such power for example in New Zealand or in Great Britain. There are a number of weaknesses I think in the system that they have in Great Britain, for example the only that an Ombudsman can be reached in England is by going through the member of Parliament concerned which I would certainly disagree with. In New Zealand I think you have to pay four pounds in order to file a complaint and there is a five-dollar fee in the Province of Alberta. Of course we never considered that, we think it should be available to the Ombudsman at no charge and also the other reference in another part of the Act that we may or may not have considered yet is this business of having to write to the Ombudsman. I think it is important but by the same token we should not discriminate against someone who may not have the ability to write.

On motion, Items XIV and XV carried:

MR. BURGESS: Mr. Chairman, with reference to what the hon. Minister has just said about discriminating against people who cannot write Section XVI reads: (1) "Every complaint to the Governor through the Commissioner shall be made in writing and (2) notwithstanding any other Act, where a letter written by (a) any person in custody on a charge or after conviction of an offence; or (b) any patient of a hospital, as defined in sub-section (3) and for that purpose : "hospital" means the Hospital for Mental and Nervous Diseases. Would the hon. Minister agree that it might be better to word that, "Notwithstanding any other Act, where a letter by or on behalf of any person", this is Section 16 sub-section 2 (a).

MR. NOLAN: I am not quite clear on what I just asked my colleague to take a look at this point that you have just brought up, not that I dispute your intention, Sir, but merely the wording of the Act. Could you repeat that again if you would, Sir?

MR. BURGESS: Yes, Section 16 (1) Every complaint to the Commissioner shall be made in writing. (2) Notwithstanding any other Act, where a letter written by

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MR. BURGESS:

and I am suggesting, or on behalf on any person in custody on a charge or after conviction of an offence; or, and this is the point I am trying to make in (b), any patient of a hospital as defined in subsection (3) and subsection reading: For the purposes of subsection (2), "hospital" means the Hospital for Mental and Nervous Diseases. So ordinarily it would mean if a person is in a place like that if they were in a position to draft a letter outlining their set of circumstances maybe they would not be in there in the first place, I do not know.

MR. ROBERTS:Mr. Chairman, I think I understand the hon. gentleman's point and, of course, there is a considerable deal of merit in it. I do feel though that a letter written "by" would cover it because the person sending the letter would have to make some mark to indicate it was his. The hon. gentleman with the seat belt, Mr. Speaker, is back at it again. As long as the person indicated it was his letter with an "X" or some sign. This is a very good section and the point of it is to ensure that a patient in a hospital such as the Hospital for Mental and Nervous Diseases does have direct access to the Commissioner or the Ombudsman.

We already have a group who were, in my view, very badly named, the Commissioners in Lunacy, to whom appeals can be made and who review cases but this is an added safeguard and let me just add one thing there are many, many people who for good and sound reason are confined under statutory authority to the Hospital for Mental and Nervous Diseases who can write lucid letters and who indeed in many ways appear to be at least as sane as any of us who are not confined to that hospital, in particular people for example with psychopathic disorders, often those there under criminal sentence are suffering from psychopathic disorders and so forth. Well, the members point is well taken, Mr. Chairman, the section as it stands would certainly cover it and I sure an Ombudsman would consider even two words saying, "Dear Ombudsman, Help me" to be an appeal or a letter within the meaning of the Act.

MR. ROWE: Mr. Chairman, this is probably one of the most important clauses in the entire Bill. Mr. Chairman, am I to understand that no hon. gentleman is permitted to speak unless he is in his own seat, am I correct on that?

MR. ROBERTS: Would the hon. gentleman permit a question?

MR. ROWE: Mr. Chairman, we will get serious again. We know that unfortunately many people not only here but elsewhere have to be confined to institutions for one reason or another and those who have to be confined to psychiatric institutions are the ones who are most in need of constant supervision and attention by the outside world because by the very nature of their illness there is a tendency for the outside world to pay no attention to what they have to say. Also by the very nature of their illness these are the ones and we know this, we do not have to look at the Snakepit or any of these old movies of the thirties and the forties which depicted life in those institutions but we do know there is always a very real danger that inmates or patients in those institutions can be subjected to abuse and ill-treatment of one kind and another. And there is always a danger that that abuse and that ill-treatment can go on, can go on unbelieved, undetected. We know and I do not think it has ever been demonstrated here in Newfoundland, I do not think it is true but we do know that in some of these institutions or in work of that kind there is a tendency for the sadistic minded person to attach himself to those institutions just as there is in some parts of the world a tendency, we all know, for the sadistic minded to try to attach himself to some penal institution where he can give vent to his sadistic impulses. So I say that it is most important that every inmate no matter what the reason for the incarceration in the institution that every inmate have the right to write or contact some person in authority and to be able to do that without in any way being interfered with and this Clause here makes that possible. That is why I say it is one of the most important clauses, in my view, in the entire Bill.

MR. CROSBIE: Mr. Chairman, this as the hon. Minister said is a very important clause and there are still illiterate people so I think this clause would be greatly improved if it read, "Every complaint to the Commissioner shall be made or taken down in writing," then if the person goes to the Ombudsman's office he can dictate or the Ombudsman or one of his officials can take down as the Minister mentioned the other day what the complaint is and the person can make his mark. So I think it would improve it if we just added after made, "Every complaint to the Commissioner shall be made or taken down in

MR. CROSBIE:

writing" and I think that the suggestion made by the member for Labrador West certainly would improve the section too. Notwithstanding any other Act, where a letter written by any person in custody would be strengthened if we put in written by or on behalf of because there may be illiterate persons in custody and somebody could write the letter for them, it might be another inmate or it might be an official at the hospital. So I think the Minister should consider those two suggestions and I think they would certainly improve and not weaken the section.

MR. NOLAN: Mr. Chairman, I indicated the other day that I was certainly concerned about this business of writing to the Commissioner although I think it is absolutely essential. You have to protect the man appointed to this office in some way and he has to have something to protect himself. I would suggest and I mentioned at that time that if someone, for example if someone were to visit the Ombudsman's office with a complaint who may not have the ability to write then he should have his secretary take down the complaint and then have the person concerned make his or her mark. This was intention and frankly I am all for anything that can improve on that. If the wording is wrong by all means let us go to work and change it. As for the wording in connection with the suggestion made by my hon. friend opposite, if it can strengthen and improve this clause again I am certainly in complete agreement. Whether it is necessary or not I would certainly be open to any suggestions from anyone in the House.

MR. BURGESS: Mr. Chairman, the explanation given by the hon. the Minister of Health was very adequate but I do not think this wording, or on behalf of, could detract or, I think it only could strengthen the Bill because there maybe a set of circumstances where a person who is incarcerated in a, let us say, a home would have no concern about putting his X on a letter anyway and it could be a relative of that person who wants to contact the Ombudsman on this matter or for any number of reasons of that nature. So I do not think that that wording would in no way detract from the clause itself, it could only strengthen it.

The explanation given by the Minister was essentially correct but this cannot detract from it.

MR. CROSBIE: Could I move, Mr. Chairman, that Clause 16 (1) the first line that

MR. CROSBIE:

we add after the word "made" the words "or taken down" to be inserted before the words "in writing."

MR. NOLAN: Would the hon. gentleman read his remarks again?

MR. CROSBIE: That the first line of sub-clause (1) of Section 16 be amended by adding after the word "made" at the end of the line the words "or taken down" so that the first line would read, "Every complaint to the Commissioner shall be made or taken down in writing."

MR. HICKMAN: What is the difference between made in writing and taken down in writing?

MR. CROSBIE: The complaint shall be made in writing means that the person has to put in a written complaint whereas if he cannot read or write but goes to the Commissioner's office he can have his complaint taken down in writing.

MR. ROBERTS: Mr. Chairman, I wonder if perhaps my hon. friend, after reflection, might want to withdraw that. We are concerned here mainly with patients at the Hospital for Mental and Nervous Diseases and presumably with prisoners held under various legal actions.

MR. CROSBIE: No, no, not in one we are not. One is every complaint.

MR. ROBERTS: I know one is every complaint but I am particularly concerned about the question of, you know, I do not want some person in custody at the Mental Hospital to have a legal right to have a taxi to carry him down to the Ombudsman's office where he dictates his complaint. Every complaint to the Commissioner shall be made in writing, that is fairly general wording. It does not say the complainant has to make it. Indeed I would be prepared to move an amendment to Section(2) to take care of the point raised by the member for Labrador West on behalf of, or words to that effect, that we would on behalf of my colleague who cannot amend his own Bill. But Section 16 (1) I think perhaps that is a little more than we should do right now.

MR. CROSBIE: The suggested amendment of Section 16 (1) would not mean that anybody could leave a Mental Hospital and go down to the Commissioner to make his complaint. Sub-section (1) of Section 16 stands by itself and it says, "Every complaint to the Commissioner shall be made in writing." in other words it must be made in writing and the implication of that is that it has to be a

MR. CROSBIE:

written complaint which the person hands in. Now if it is an illiterate person he is not going to be able to hand in a written complaint, he is going to have to go to the Ombudsman's office and make his complaint verbally and then they will have to put it in writing and then have him make his mark or something like that.

MR. ROWE: Would my hon. friend permit a question on that very point? Is there anything, and I ask this question because I do not know the answer, I have this Bill two or three times but is there anything there that prevents one person from making an appeal to an Ombudsman on behalf of some other person? I do not think there is, is there? If that is so then, of course, the point made, and the point made by the member for St. John's West, in my view, is a very valid one but if it is already there, as I think it is, in the Bill already that is the right to have someone else make the petition or make the complaint for another person, if that is already there then, of course, we would only be gilding the lily to amend it.

MR. CROSBIE: I do not think there is any section in the Bill which specifically says someone else can make a complaint for a person.

MR. NOLAN: If I could just read the Alberta one you could perhaps compare, Mr. Chairman, "Every complaint to the Commissioner shall be made in writing," that is Item (1). (2) Notwithstanding any other Act, where a letter written by (a) any person in custody on a charge or after conviction of any offence; or (b) by any inmate of a Mental Hospital within the meaning of the mentally Incapacitated Person's Act is addressed to the Commissioner it shall be immediately forwarded, unopened, to the Commissioner by the person for the time being in charge of the place or institution where the writer of the letter is detained or of which he is an inmate. I believe ours is comparable whether it is as effective as the one I just quoted is a matter of opinion.

MR. CROSBIE: Well, I think this would be an improvement but anyway I have moved the amendments.

MR. CHAIRMAN: The motion is that Section 16, Clause (1) be amended to read, "Every complaint to the Commissioner shall be made or taken down in writing."

MR. NOLAN: I cannot see how we can if it is the spirit of the thing. We are

MR. NOLAN:

interested in seeing that the people there who cannot reach someone such as the Ombudsman for the purpose for which we are creating hopefully this position of this House, you know, we cannot do anything that might deny any such person confined to any such institution. Therefore if it is in agreement I can only vote for it as I am sure my colleagues will.

MR. CHAIRMAN: The question has been put and carried. Was there a further amendment moved?

MR. ROBERTS: Mr. Chairman, with reference to Section 16 (2) in the first line at the end of the line I would move that three words be added, "in behalf of" or four words, "or in behalf of" so that Section 16 (2) as amended would read, "Notwithstanding any other Act, where a letter written by or in behalf of" and then it goes on, any person in custody and so forth.

MR. CHAIRMAN: The motion is that Clause 16, sub-clause (2) the first line be amended to read, "Notwithstanding any other Act, where a letter written by or in behalf of:"

On motion amendment carried:

MR ROBERTS:

I might say, nobody seems to have mentioned it, but in Clause (b) the writer of the letter is detained, it might be that the writer of the letter is not detained and possibly the words there "where the writer of the letter" perhaps the words "writer of the letter" should be substituted as "complainant" and perhaps with the assistance of the law clerk Your Honour could make the necessary consequential amendments, if that is in order.

MR CHAIRMAN: Section (2), to of page 11 where it says "writer of the letter", to read; "...where the complainant is detained".

On motion amendment carried:

Clause 17:

MR HICKMAN: On Clause 17, Mr. Chairman, Clause 17 (1) provides that if in the course of any investigation of a complaint it appears to the commissioner that other remedies exist at law or that having regard to all the circumstances of the case, any further investigation is unnecessary, he may in his discretion refuse to investigate this matter further. I think that section should go a wee bit further. I think there should be imposed on the Commissioner

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MR. HICKMAN:

An obligation to state his reasons as to why he is refusing to carry out this complaint or to investigate the complaint. We must bear in mind that generally speaking, unless the fellow is some sort of a nut, when a citizen reaches the stage where he or she decides to go to the Ombudsman to make a claim that he or she had been discriminated against they at least believe that they have serious and good grounds to maintain this investigation and I think that we need something a bit more -

MR. BURGESS: Would the hon. member permit a - this is included on the next page, (3) on top, "Where the Commissioner decides not to investigate or -

MR. HICKMAN: Yeah, you spoiled a great speech.

On motion Clause 17 carried:

MR. CROSBIE: Mr. Chairman, as the hon. member for Labrador West pointed out sub-section (3) on page 12, "Where the Commissioner decides not to investigate or decides to cease to investigate a complaint, he shall inform the complainant of his decision and he may, if he -

MR. CROSBIE: And he may if he thinks fit state his reasons therefore. I feel myself that the commissioner should not be given the discretion to give his reasons if he thinks fit. If somebody has made a complaint and the commissioner decides that it is not worth investigating further, surely we should require the commissioner to inform the complainant of that, and not give the commissioner a discretion as to whether he does or not. I feel that that should be amended Mr. Chairman, to say, where the commissioner decides not to investigate or decides to cease to investigate a complaint he shall inform the complainant of his decision and just take out he may if he thinks fit, so it will read " and state his reasons therefore." I do not know what the minister thinks about that. Just take out the words " he may if he thinks fit" so it will read " and state his reasons therefore."

MR. ROBERTS: Mr. Chairman, we have no objection to that. I am not so sure that will achieve the results because the commissioner may merely say " my reason for not proceeding is that in my opinion there is no ground to proceed further." But we certainly have no objection to it, it is quite consistent with the Act.

MR. HICKMAN: Mr. Chairman, 23, this came up during the second reading debate and the hon. the minister undertook to give some more thought to 23. Section 23 now says " subject to sub-section 4, a person who is bound by any Act to maintain secrecy in relation to or not disclose any matters not required to supply any information etc. or to answer any questions.

Now this Act could become inoperative because, as I understand it every public servant is sworn to secrecy. We cannot have an Act that is going to function in such a manner that if the ombudsman goes in to see an official in some department of Government and says " will you please let me have the documents and give me your reasons and what actions you took to arrive at a position where we now have a complaint before us and a complainant," and he says " I am sorry I cannot give it to you I am sworn to secrecy," well then, we might as well tear up the Act.

The hon. the minister recall undertook to, he and the hon. Minister of Health to discuss this with the law officials at the Department of Justice in an effort to provide the protection that is so obviously intended and so obviously

necessary to the complainant if this Act is going to be effective. I am wondering if he would report to the House as to what conclusion they arrived at, and if a remedy can be provided. Has any amendment been prepared or drafted to...

HON. J.A.NOLAN (Minister of Supply): No they have not Mr. Chairman, it seems to me now that the hon. member for Burin has mentioned this, that he has brought it to my mind. It seems to me that I have discussed it with some of the officials in the Department of Justice and just briefly on the phone for a second or two and I think they indicated to me that it was based on the Alberta legislation. I do not want to go on record as saying that it is a categorical fact without referring to the Alberta legislation.

MR. HICKMAN: It is

MR. NOLAN: Is it

MR. HICKMAN: The Alberta Act, and my concern is this, the oath of secrecy that prevails in the civil service of Newfoundland.

MR. NOLAN: I would think that an oath of secrecy applies in the civil service in every Province.

MR. HICKMAN: I do not know, there was a great guff-huffle over it when this was enforced here about ten years ago. It seemed to be something new.

MR. ROBERTS: (Inaudible).

MR. HICKMAN: No, no, there was confusion and dismay and complaint at the time.

MR. CROSBIE: The request really is that this oath of secrecy or whatever oath there is in Newfoundland's civil service. I remember that there is supposed to be one. Just what is its effect is the real question. Is every civil servant, does every civil servant take an oath of secrecy that he will not disclose any information he has learned during his employment. If he does, when the ombudsman goes to investigate any complaint he is going to run into this problem immediately. What needs to be checked is the effect of the oath of secrecy if there is one in the Newfoundland civil service. I wonder if the minister would let this stand over until he looks into that because, if every civil servant is bound not to disclose anything he learns in the course of his employment the ombudsman is not going to get very far when he starts to investigate a complaint.

MR. NOLAN: If you will permit Mr. Chairman, there is and I would hope also a provision of the Act we have here, a provision I believe in most other areas that I

have studied that in the first instance the ombudsman or Parliamentary Commissioner is required to notify the administrative head of the department concerned or agency of any such complaint, and he would in the first instance not merely go to some civil servant, but to that head of the division or in fact to the minister or the deputy minister, and it is in that way that he would go about attempting to look into the complaint received and through the minister and deputy minister I am quite sure that he would get all the cooperation that is necessary. It is my personal opinion, and this has been very much in evidence everywhere in the world where the ombudsman concept has been initiated and is now being tried for a number of years, since 1962 in New Zealand and in the Scandinavian countries for a generation, that senior people in the civil service and agencies are very much aware of the ombudsman. It is not a matter of fear, it is a matter of understanding the job he has and he understanding the position that they are also in, and I think that to the best of my knowledge from talking to say Professor Rowitt for example, who studied this far more than anyone in Canada or North America for that matter, and also from reports that I have received from Alberta and New Brunswick that accommodation and agreement and consideration is always the one thing that has been evident.

If anything he has made the job of officials easier by being able to really dig in to some of the things that heretofore may not have been able to come to the attention, particularly to an administrator in some large department and so on that may very well get lost down in the files, and he with his own staff, the ombudsman has gone and been able to get the information. I do not think that we will in any way be depriving the ombudsman of any such information.

I would think that somewhere later in the Act, there is a provision where certain documents may not be available to the ombudsman and this I believe would be defined by the Minister of Justice if I am not mistaken and I think we will come to that later in the Act.

MR. HICKMAN: That still does not meet the point Mr. Chairman. You may have a situation where a civil servant says, regardless of how cooperative I wish to be, and no matter how anxious I am to help the ombudsman, I am prohibited by

my oath of secrecy from giving him this information and I will not do it.

MR. NOLAN: You have ignored what I said. If he goes to as he will to the head of the department concerned

MR. HICKMAN: No, no

MR. NOLAN: Indeed the individual down the line will be instructed by the minister or by - to make this information available to the ombudsman. Now why do you try to read things in there that are not there all the time.

MR. HICKMAN: What you are saying now is that a minister of the Crown can instruct a civil servant to break his oath. That is nonsense, he cannot do it.

MR. NOLAN: No, no, no. He is not breaking an oath, he is providing information on the request of the minister. You were a minister you have some idea of what I am talking about.

MR. HICKMAN: What I am saying is that if a civil servant decides that he is bound by his oath of secrecy nobody can direct him to break it.

HON. L.R.GURTIS (Minister of Justice): (Inaudible):

MR. HICKMAN: I do not know

HON. E.N.ROBERTS (Minister of Health): Let us have a look at this section. It says, I have not got it in front of me but it says "where under any Act" and further down in the same section

MR. CROSBIE: A person who is bound by

MR. HICKMAN: Bound by an Act

MR. ROBERTS: Bound by an Act

MR. HICKMAN: This is the

MR. ROBERTS: Mr. Chairman, the oath in the civil service as my hon. friend the Minister of Justice just pointed out is not under an Act to my knowledge. Furthermore, the commissioner has all the powers that can be given him under the evident Public Investigations Act, and furthermore Mr. Chairman, sub-section 8 of section 20 - No person is liable to persecution for an offence against any Act by reason of his compliance with any requirements of the commissioner under this section. Really I do think we are making too much out of too little.

There is also I might add, you know my colleague the Minister of Education said earlier Mr. Chairman that the commissioner's power is really to

report. That is his weapon Mr. Chairman, and any minister who dared hide or instruct any of his officials to hide behind " executive privilege " would be censured at great length in the commissioners report to this House. That is the sanction Mr. Chairman, with respect I think, we really are going too far in reading too much into it.

If it so happened that this ever came, then is the time to deal with it Sir, but not now. This, no really, you know, not just some amendment that the hon. gentleman opposite can suggest Sir, then let us go on with it.

MR. HICKMAN: You undertook to find out for us under what Act this oath of secrecy that the civil servants are required to take

MR. ROBERTS: I did not say that

MR. HICKMAN: Well somebody did

MR. CURTIS: The civil servants shall if required take the oath of allegiance to Her Majesty and such other oaths as may be prescribed by the Lieutenant Governor in Council.

MR. ROBERTS: That is all they do

MR. CURTIS: Now I do not know if the Lieutenant Governor prescribed any other oaths.

MR. HICKMAN: But it is a fact that the civil servants taken an oath of secrecy.

MR. CURTIS: Well, I do not know.

SOME HON. MEMBERS: They do, yes they do Mr. Chairman

MR. ROBERTS: They do Mr. Chairman, I do not have the wording of it here, but it is an oath not to, you know, ring up my good friend Ron Pumphrey and annojace what is coming to Cabinet next week, you know.

MR. CROSBIE: Why not? It is done on V.O.C.M. every morning "conversations with the Premier."

MR. ROBERTS: Aw, jealousy will get the hon. gentleman nothing

MR. CROSBIE: " Conversations with the Premier."

MR. ROBERTS: Better conversations with the Premier than crumbs from Crosbie

MR. HICKMAN: 21, Mr. Chairman, this

MR. ROBERTS: Here we go again

MR. HICKMAN: 21 Mr. Chairman, this section follows the Alberta section and I think the New Brunswick section. Where the Minister of Justice certifies the giving of any information etc. which might involve the disclosure of the deliberation of the Executive Council, that is all right, and proceedings of the Executive Council, could it be argued that this would also restrict a complainant from obtaining access to or obtaining minutes of Council. I do not think it does, but take for instance the many contractual relationships that entered into between the public and the Government or departments. The subject matters of minutes of Council and the terms and conditions that are set forth in the minutes of Council which is not generally speaking held to be a secret document although I believe the emphasis is that you get it not as of right but as a matter of grace.

Now a difficult minister if he wanted to could suggest that by giving the minutes of Council, particularly ^{lengthy} minutes of Council that set forth in great detail all the particulars, would in effect be involving disclosure of the proceedings of the Executive Council. Again I would like to hear some of my friends who are on the Select Committee on this before we move on.

MR. SMALLWOOD: Mr. Chairman, Order in Council is nothing more or less than the tendering of advice to the Queen or to the Queen's representative and that is the Governor. Every Order in Council is nothing more or less. It is precisely the tendering of advice to the Monarch or the representative, the person who is representative of the Monarch the Governor General in the case of the Government of Canada, and the Lieutenant Governor in the case of a Province.

I am just trying to think now how privileged is an Order in Council.

MR. CURTIS: It is not, the debates are privileged

MR. SMALLWOOD: The secret debates of the Council are secret and oath bound. Every member of Cabinet is bound on the Holy Bible to keep secret the debates of Council. It could not be a Cabinet without that oath. When the Cabinet has discussed a matter as much as it feels like doing, it finally makes a decision. That decision is nothing more or less than the tendering of advice to the Queen. The Queen's advisors are the Cabinet, the ministers. The Queen's ministers are the Queen's advisors and they tender advice and the Queen's rules, the Queen

reigns and governs on the advice of her ministers, of her advisors, and minutes of Council are the way in which the ministers tender the advice to the Queen or the Queen's personal representative.

I frankly cannot make up my mind as to how privileged an Order in Council is. It could be Supreme Court demand the production of an Order in Council and of whom would they demand it? Would they demand it of the Queen? Would they demand of the Queen that Her Majesty deliver the advice that has been given to Her by Her ministers. That is what an Order in Council is. Would they demand of the Cabinet what advice did you tender to Her Majesty? That is what an Order in Council is. I would incline without further study of the matter, and I will give this some study because it is an extremely interesting and of course important matter. Until I give it more study I would incline to the feeling that the Order in Council is very, very privileged indeed.

Now, if that is so, then the interesting question arises, what kind of publicity is proper? Is it a statement made in behalf of the Queen by Her ministers, is that what is allowable? Or is the actual publication of the Order in Council? I do not think this House can command the production of Orders in Council. I do not think so, not this committee, but the House, the Legislature. I do not think the Parliament of Canada can command the production of Orders in Council, I do not think so. Yet these Orders are frequently published because, in the Canada Gazette the Orders are frequently published on recommendation of the Right Hon. the Prime Minister to His Excellency the Governor General on the recommendation of the Right Hon. the Prime Minister, on the advice of the Right Hon. the Prime Minister which is the form in which Orders in Council in Ottawa are written and delivered to the Governor General.

Here they are not couched in precisely those terms, but they mean exactly the same thing and the advice to the Governor is delivered through the Premier. He does not actually go do it personally, it follows through the regular channels. The clerk of the Council drafts it and it is agreed by Cabinet and it goes forward to the Lieutenant Governor. It is a most interesting point. It is only a draft Order in Council until the Governor has approved it. The Order is made by the Lieutenant Governor in Council. The Lieutenant Governor in

Council, and the Cabinets may or may not go to call on the Lieutenant Governor and the Orders may or may not be read out aloud, and in the presence of the Lieutenant Governor and the members of His Council the Order may be made by the Lieutenant Governor acquiescing, giving his assent and signing it. But, it does not have to be done in that way. It is not done in that way in Canada except here in Newfoundland.

In Newfoundland the Cabinet will actually go and call on the Lieutenant Governor and the Orders are, the draft Orders are read aloud and the Lieutenant Governor assents. Then it becomes an Order of the Lieutenant Governor in Council. Of course that does not answer my own question, how proper is it that these Orders thus made may be published? I am going to look further into this it is a fascinating subject.

MR. CROSBIE: Mr. Chairman, in my opinion it is not the Order in Council that is secret or forbidden to be published it is up to the Government whether they want an Order in Council published or not. An Order in Council is just, just expresses a decision taken by the Lieutenant Governor in Council. It is the deliberation of

MR. CROSBIE: deliberations of the executive council or their proceedings to their secret, deliberations that lead up to the decisions they make, that is why a Cabinet minister, under Cabinet Government Convention cannot reveal what discussion took place in the Cabinet. But decisions that the Cabinet took as expressed in Orders of Council are not secret and are often published or you can get a copy from the Clerk, if you are effected or some company is effected dealing with the Government, so it is not the Order in Council that is secret, it is the deliberations of the executive council. But I do not see myself, Mr. Chairman, any objection to this section, because if the Minister of Justice has to certify that the answering of any question in the productions of any document would involve disclosing deliberations of the executive council or proceedings of the executive council, and I do not think that either of those terms applies just to Orders in Council or Minutes in Council embodying decisions of the executive council. So I do not see that there is much harm in this particular section.

MR. CHAIRMAN: Clauses XXI, XXII carried. Shall XXIII carry?

MR. BECKMAN: Mr. Chairman, XXIII (4), this is after the commissioner has completed his investigation, makes his report to the appropriate minister, and to the department and makes certain recommendations to secure the faults or grant the remedy that he the commissioner comes to the conclusion should be implemented in this case. Section 4 provides that if within a reasonable time after the report is made and no action is taken, it would seem to the commissioner to be adequate and appropriate. The commissioner in his discretion after considering the comments of any made by or on behalf of the department effected may send a copy of the report and make recommendation to the Lieutenant-Governor in Council, and may thereafter make such report to the Legislature on the matters he thinks fit.

If we are to accept the philosophy that has been espoused in this House during the last few days, that the great weapon that the commissioner has is that of the right of unbridled publicity. Then surely section 4, the second last line "may" should be changed to "shall" to impose on the commissioner the obligation to submit his report to the Legislature, where his recommendation has not been

MR. HICKMAN: carried out by the minister or by the department or agency effected by his investigation.

And I move, Mr. Chairman, that "may" be deleted in the second last line in sub-section 4, and "shall" substituted therefore.

MR. CROSBIE: I do not know, if the word "shall" is going to do much good.

MR. HICKMAN: It is left in his discretion on his recommendation to the Lieutenant-Governor in Council.

MR. CROSBIE: May send a copy of his report to the Lieutenant-Governor in Council. Shall thereafter, as he thinks fit.

MR. CHAIRMAN: The motion is that the word "may" in the first word, the second last line of sub-clause 4 be changed to "shall". Those in favour please say "aye", contrary "nay" carried.

Shall Clause XXIII as amended carry? Carried

On Motion Clause XXIV to XXXIII carried.

Shall Clause XXXIV carry?

MR. CROSBIE: Mr. Chairman, Clause XXXIV states that the commissioner shall not make an investigation into any act or omission that occurred before the day of the coming in force of this Act. Now if that is to be left as it is, the commissioner is going to have very little business in the first few months of his appointment, because he cannot investigate anything that occurred before the day of the coming into effect in the force of this Act. So the Act is proclaimed and the commissioner is appointed and anything that happens after the Act is proclaimed, he can look into. I think it would be far more sensible, I think, there has to be some limitation because you cannot be going back five, ten or twenty years. It would be far more sensible if we went back at least a year, so that anything that had happened within twelve months before the day of coming into force of the Act, if there is a complaint made he could investigate, and this will give the commissioner something to do in his first six months of the year in office. But if we do not make some provision like that, his first year in office is going to be relatively a pretty tame one. I do not know what the hon. ministers think, but I would like to see an amendment there, that the commissioner shall not make an investigation into any Act or omission that occurred more than twelve months before the day of coming into force of this Act. What do the hon. minister think of that?

MR. NOLAN: Mr. Chairman, I would like very much for the hon. the member, if he would not mind to repeat that, I believe that if it is based on twelve months feature, that this would be similar to the Acts in most parts of the world that I know of, or to the best of my knowledge.

MR. CHAIRMAN: The motion is that Clause XXXIV be amended to read, "the commissioner shall not make an investigation into any act or omission that occurred more than twelve months before the day of the coming into force of this Act". Those in favour please say, "aye", contrary "nay", carried.
Shall Clause XXXIV as amended carry? carried.

Shall Clause XXXV carry?

MR. HICKMAN: I would like to direct to the hon. Minister of Justice, Clause XXXV(a) Should that not read "judges, magistrates and functions of any courts of the Province". Because magistrates are not judges in this Province. And if the hon. minister agrees I would move the amendment to "judges, magistrates".

MR. ROBERTS: Mr. Chairman, in that case I move that the word "magistrate" be added to sub-clause (a) of Clause XXXV. Because magistrates, are not judges.

MR. CURTIS: There should be a comma after judges.

MR. HICKMAN: A comma after judges, yes.

MR. CHAIRMAN: The motion is that Clause XXXV (a) be that judges, magistrates and functions of any court of the Province; or. Those in favour please say, "aye", contrary "nay" carried.

Shall Clause XXXV as amended carry? Carried.

On Motion Clause XXXVI and XXXVII carried.

Shall sub-clause 21(a) carry? It was left standing.

MR. HICKMAN: There was an amendment moved.

MR. CHAIRMAN: Shall Clause 21(a) carry?

MR. HICKMAN: There was an amendment put, to me-

MR. CROSBIE: There was an amendment suggested I believe, Mr. Chairman, or moved and the minister was going to check into it, as to whether the wording was suitable or not. It is not clear, the way the present definition of agency now is, which states any agency of Her Majesty or of Her Majesty's Government and

MR. CROSBIE: includes the Workmen's Compensation Board referred to in the Workmen's Compensation Act, 1962. And subject to sub-section 2 in this section 2, anybody deemed to be an agency for the purposes of this Act by Order of the Lieutenant-Governor in Council. It is not clear the way the definition is drafted, that this Act is meant to apply to all Government agencies such as for example, The Newfoundland and Labrador Power Commission, or the Newfoundland Liquor Commission, or other bodies, because it specifically says it includes the Workmen's Compensation Board, but it does not mention any of these others. And we feel either that specific reference to Workmen's Compensation Board should be taken out, or other bodies should be put in.

MR. ROBERTS: Mr. Chairman, the reason for the inclusion of the specific reference to the Workmen's Compensation Board, the draftsman has told us that, that is because there is some question in law as to whether or not the Board is an agency of Her Majesty, in view of the fact, it is a trustee operation. All other agents of Her Majesty are included, and I do not think the legal maxim, which I will not try in Latin which says, the inclusion of one is the exclusion of others, does apply here. There is a reason why the Board is named, it is not an agent of Her Majesty apparently, Mr. Chairman, and the draftsman wanted to be sure that the Workmen's Compensation Board was covered by the terms of this Act.

MR. CROSBIE: The minister's understanding of this definition includes the Power Commission.

MR. ROBERTS: Oh, definitely, they are agents of Her Majesty.

MR. SMALLWOOD: Does any hon. member here know the Latin of the expression that the Minister of Health just said, to include the thing by name, is expressly to exclude "exclusio". Well, apropos that, Mr. Chairman.

MR. CURTIS: Apropos what?

MR. SMALLWOOD: That Latin tag. I was present at a very great and historic meeting in Ottawa, about the second last meeting that was ever held before we signed the Terms of Union, the second last meeting, and the Newfoundlanders were arranged right down one side of this long table, we and our advisors, and on the opposite

MR. SMALLWOOD: the Canadian delegates and the Ministers of the Crown and their advisors, and at the head of the table, perhaps the greatest single lawyer in all of Canada, the Right Hon. Louis St. Laurent, who had appeared some thirty or forty times before the judicial committee of the Privy Council in the United Kingdom and he was a very great lawyer, one of the greatest lawyers that Canada has ever known, and he was presiding when one gentleman whose name I will not give or any hint of his identity, but one gentleman who was present and who was a lawyer, looked up at him and wagged his finger at the Prime Minister of Canada, this great lawyer, and argued about the inclusion with specific reference to a particular item he said, if you do that, you are forgetting, then he quoted this Latin tag or, he did the Prime Minister the great favour or in English he gave the Hon. Louis St. Laurent the English of it, in case he did not understand what this gentleman was speaking of, this is one of the funniest things, I think that ever happened since the human race was on the earth. I used to remember the words, the only one of the words I remember now is "exclusio". How does it go again.

MR. ROBERTS: Mr. Chairman, the Premier was killed, I was taught by law, what little law I may know by a very great lawyer named C.A. Wright, who of course was called Caesar, the Laws biblical injunction that there is, "no law, but Caesar's". And the Dean Caesar always told us that the Latin maxims were an excuse for Legal thought, and that we were never allowed to use them in our Law School. So I cannot give it in Latin.

MR. CROSBIE: That was a big help.

MR. CURTIS: Ah! it is good for the Latin.

MR. NOLAN: Instead of given a verse or two of the Confiteor, Mr. Chairman.

MR. COLLINS: Or the Ava Maria?

MR. CHAIRMAN: Will Clause 21(a) carry? Carried.

Shall Clause II carry? Carried:

Motion, that the committee report having passed the Bill with some amendment, carried :

"An Act Further To Amend The Alcoholic Liquors Act", (Bill No. 36)

Motion, that the committee report having passed the Bill with some amendment, carried:

A Bill, "An Act Further to Amend the Local Government Act, 1966":

MR. CROSBIE: This Bill, Mr. Chairman, this is the Local Government Act is it not? The Minister was going to bring in amendment.

MR. DAWE: Mr. Chairman, are you prepared to accept an Amendment to the Bill?

MR. RICKMAN: If you read it out, somebody will move it.

MR. CURTIS: I think you will have to move it, the Minister cannot move his own Act. Page 5, 1(h)(a). If a person proposed to appeal under this section, he shall within thirty days after the service on him, under Sub-section 1(d) of the copy of the order from which he proposed to appeal, service on at least the majority of the members, service on at least the majority of the members of the Governing Appeal Board. And the same thing in (c) the appellant shall not less than fourteen days before the hearing of an appeal service upon at least the majority of the members of Governing Appeal Board. I will ask the minister to move these amendments.

MR. CHAIRMAN: Shall the amendments carry? carried.

Shall Clause 18 carry? carried.

Shall II as amended carry? Carried.

Committee of the Whole on Bill, "An Act Further To Amend The Local Government Act, 1966. passed with some amendment.

A Bill, "An Act To Consolidate And Amend The Law Relating To The Raising Of Local Taxes For Schools."

Clauses 1 through 40 carried.

Clause 41:

MR.CROSBIE: Mr. Chairman, I wonder if the minister could tell us why the discount allowed, it seems to be at a very high rate, the school tax authority may allow a discount in respect of the school tax at a rate not exceeding ten per cent of the tax. The tax is payable in thirty days after it first becomes due. I know for property taxes in St. John's the discount was five per cent if you paid within thirty days. Ten per cent would seem very high to me and it favours too the people who have the money to pay their taxes immediately. Does the minister have any explanation as to why the discount would be allowed at ten per cent if you pay your taxes within thirty days, it seems to be very high?

MR. ROWE: Mr. Chairman, I was looking for the 1957 Act which this one replaces which will be repealed if this Bill is put through here. And I wanted to check to see whether or not this is an innovation or any change, I do not know if any hon. member recalls. I do not know if my hon. friend the colleague on the right would remember better or not, he used to administer this Act under, was that ten per cent always there? It is of course taken for granted that everywhere I think that there is a premium paid or a discount allowed, a discount allowed with prompt payment of Bills right here in St. John's. I had the, the only point of course is whether or not the ten per cent, the two points, whether the ten per cent is an innovation and if not why has it been put so high as ten per cent and I think customarily it used to be ten per cent ^{in St. John's} ~~by the way.~~ Now it is five per cent. If my hon. friend would hold a minute I would -

MR.ABBOTT: Mr. Chairman, I do not think it is statutory. But is left to the school tax authority. I notice here it is the maximum ten per cent. Most school tax authorities have the five per cent I know that.

MR. ROWE: Yes, this is not an innovation at all. This is part of the parent Act Mr. Chairman as I suspected it was, and I frankly do not, the rationality of it because I was not, I had no hand in the preparation of the parent act back in 1957. But the parent Act reads: Section 41, says: that authority may allow discount in respect of the school tax at a rate not exceeding ten per centum of the tax if the tax is paid within thirty days after it first becomes due. So it has been in force for thirteen years and I presume that there was no . It may and it does not have to be and I presume under certain circumstances they use that as an inducement there. I do not know frankly the rationality of it. One time it used to be ten per centum . I remember first when I was a householder in St. John's. A house owner. I am pretty sure the rate was ten per cent within one month and five per cent within three months, or six months, but right now of course it is lower than that. I do not know the answer to it but in any case it is not compulsory it is optional it is discretionary and presumably it has worked well over the past thirteen years.

MR. SMALLWOOD: Before you carry it Mr. Chairman, I do not know if this will throw any light on the point that is presently under discussion. But it is, I would like to quote from a letter from Bonavista Bay; *Inclusio unius est exclusio alterius.* This letter was not written in, it was not written in this letter in comment on the Bill that is before, that we are now discussing, or the particular clause. It is before Your Honour at this moment and possibly Your Honour may rule that it is not strictly relevant. But Your Honour will see after he hears it. It is difficult to judge a thing before hearing it. This is a letter that was sent in to the Minister of Health by a lady in Bonavista Bay, it goes on and on and there are three pages, the bottom of page 2 she says "I appreciate the way you spoke on TV Sunday afternoon. (I think the Minister of Health was on TV) and it is a good thing to know there is someone to speak kind about the poor and if the Premier asks you to go into politics, you do it." This is very, very good advice. If he should be invited, and if the Premier asks you to

go in politics, it is in Bonavista Bay.

MR.MURPHY: Not White Bay North is it?

MR.SMALLWOOD: No, it is Bonavista North." It is people like you that make the Liberal Party so good. And then it goes on: "What happened to Mr. (I will not say who it was) I do not know whether that throws any light on this clause.

Clauses 41 through 45 carried.

MR.CROSBIE: Section 46 permits the Minister to consent to a school tax being imposed and the proceeds of the school tax being used for purposes other than capital purposes. Now until this legislation came before the House the law has been since the fall of 1966, that the school tax or the school fees can only be used to finance the construction of new schools or the enlargement of existing schools or the equipping of schools, or to provide salaries for special teachers or staff or to augment salaries provided out of public funds for teachers. But under this section now in order to liquidate indebtedness that has been incurred in the past with respect of those matters. Now under this section the minister, where he is satisfied that except in circumstances exist he can make an order authorizing the authority to pay to his school board monies raised from school tax for other purposes, for current account expenses, or for the operation of schools or whatever. Now this is a departure and is being debated already when we were debating second reading, it was discussed. But I do not want to stress the point too much. But has the minister already received requests from boards for permission to use school tax or school fees for these other purposes. Are there now requests waiting for the minister to act upon. Is there not a danger that the minister is going to be put in a very awkward spot? If this permissive power is left there are there likely to be two school boards, five, ten, fifteen, next year that will want to use school fees or school tax monies other than for capital purposes. And is this not concrete of the one per cent increase in the S.S.A tax that was imposed I think it was in the fall, in the winter of 1967, to enable the Government to replace school fees and school taxes

for current operating purposes. That was the purpose of the increase in the S.S.A Tax. And this would seem to be contrary to that principle that was expressed then. In particular, has the minister already had many requests for this kind of permissive power to be given him so that he can permit boards to use these monies for other than capital purposes.

MR. ROWE: Mr. Chairman, this is one of the most important amendments I think all hon. members will agree, one of the most important amendments, in the Bill before us. And it is one which occasioned a very considerable amount of discussion and I might say of heartburning because the hon. member has pointed out it is a departure from the principle which was adopted by this House on the advice of the Government on the recommendation of the Government some two years ago, at the time when we introduced a payment of boards in lieu of operational fees.

Last year there were several boards, and frankly I do not know which ones they were. But there were several boards who found themselves with crises of one kind and another, financial crises on their hands, who were relatively - and I have to use these words carefully - because I do not want to give anybody the impression that any board of Education in Newfoundland has ever been floating in wealth, but there were boards which were relatively capital rich, and maintenance poor, for example. And I sighted a hypothetical case the other day in second reading. This did not occur, and as far as I know, it is not likely to occur, but let us consider a town like Buchans, which is a relatively static town because it is a mining town and it is away from all others, It is not a growth centre in the ordinary sense of the word. You have a population in Buchans there something over 3,000 people and you have a couple of satellite towns, or communities as well. You also have a company there which initially gave some very considerable help to the capital cost of education. Indeed the company originally provided the schools there as was the case I think in some other towns as well.

You have a town where the average income is above the average in Newfoundland. For the simple reason practically every person there is gainfully employed and relatively well paid. The wages being paid in

Buchans while not excessive are nevertheless relatively high by comparison with some of the other wages being paid in say a fishing town like Twillingate or Bonavista. And you have a people who are education conscious and who are prepared to contribute to education and indeed even to make sacrifices. And let us assume then that the board has no great capital need but it has either money in hand or it has the potential there it can collect the money and you have a people, a community willing to subscribe, willing to contribute. And its maintenance grant from the department of Education, from the Government is of course identical with the maintenance grant to some small or relatively poor fishing community. And so you could have that board capital rich with no great capital needs anyway, but able to collect or having on hand more money than there are needs for capital need and maintenance poor. Not even in the, because remember in a community like Buchans the janitor in that community or any custodial officer, or any maintenance officer or any extra help will have to be paid by Buchans standards and not Twillingate standards or Bonavista standards. Which means of course that the, if Twillingate is receiving barely enough to carry on its maintenance and pay its janitorial staff and so on, Buchans could very well be receiving an inadequate amount. from this same grant because it gets it on a per capita basis. It is prorated by the population.

And here, there could be a crisis. Now that is number one. You could have a crisis of that kind. Did we have any last year? There were several cases last year where boards were in distress. Not capital wise but were in distress. I am sure that any member who, any man here, and there are four or five of us at least who have been chairman of boards and most of us I think chairman of large boards. The member for Bonavista North was chairman of one of the largest boards in Newfoundland. The member for Burin was chairman of one of the largest boards. The member for Fortune Bay was chairman of one of the largest boards. I, myself, was chairman of one of the larger boards in Newfoundland. And the hon. member for Trinity South here, on my right, was also chairman of one of the largest school boards. We all know how these crisis can arise. Now a Government grant or formula

normally is restricted. Normally it has to be universal, and therefore it has a tendency to become a bed of Procrustes, where you set up the bed and you try to fit every board into that, and if the board is too short then it has to be stretched out and if it is too long you have to lop off, and this often, not often but certainly could on occasion cause hardship and perhaps avoidable hardship.

Now the other point I would make and I make it again because perhaps there were some hon. member absent. This clause which is in here ~~was~~ recommendation and with the approval of the general advisory committee which the House knows, the committee knows, is representative of all the major educational interest in the Province. Now, and we put it in there we submitted it to the Government, the Government submits it to the House, knowing full well there are certain dangers implicit in. Implicit in this amendment there are some dangers. But it is a danger we have to run, it is a risk we have to run. The danger being of course that a minister could become lax and boards in general could simply by, if they could get the energy to make the request in theory they could automatically get the right to use this money in any way. This will not happen, this I can assure the committee for a number of reasons, certainly will not happen, I am sure that any minister there would be aware, as I am aware of the potential dangers in that amendment there. Also the other authorities are aware of the potential dangers there and any minister will inevitably take advice on the matter like this and certainly in my case and I am sure in my successor if and when a request does come in, number one, remember the key words, are exceptional circumstances, exceptional circumstances not normal circumstances, exceptional circumstances.

That is the basic criteria, exceptional circumstances, and certainly any minister will submit a request of that kind to the educational, the major educational bodies including, I have no doubt the general advisory committee, and I would suggest also -

Mr. Rowe F.W.:

I would suggest, also, that normally a request of that kind will be funnelled through the denominational committee concerned that is if a Roman Catholic Board, on the Port-au-Port Peninsula runs into some sort of an abnormal situation where they have money on hand, but because of the present law, they are unable to spend it to meet this crisis. They would normally make application through their denominational committee, which is a body representative of the entire Province, the Chairman of which is the Archbishop of Newfoundland - of St. John's and members of which are the bishops and the other leading churchmen and other leading laymen as well. That committee, that denominational executive committee would examine this request and, in practise, the minister would not receive the request direct from a board. I certainly would not. I do not have dealings with boards. I do not think any minister - I do not think my predecessor had any direct dealings with boards. He dealt with the denominational authorities, which is what we are supposed to do under the legislation anyway and, in practise, that board on Port-au-Port, that Roman Catholic Board on Port-au-Port Peninsula would refer its request, channel it through the executive committee of the Roman Catholic Church for all Newfoundland and that committee would then, in its wisdom, direct a request to the Minister of Education or it might go back to the board and say, we do not believe that there is a crisis which requires this special consideration, and we do not recommend and that being so, of course, the minister would either not know about it at or if it came, ^{all} it would come with a recommendation from the executive committee of the Roman Catholic Church that it not be exceeded to.

In that way, of course, there would not be any particular danger of abuse. I would like one further point and sit down. This is an experimental amendment. This is a trial amendment. If it is ascertained in the experience of the next twelve months or even less than that period, that

this is thing is creating all kinds of anomalies and all kinds problems, then I am quite sure whoever is Minister of Education, when the next session of the House comes around that he will be bringing in an amendment to modify or amend this amendment in one way or another.

MR. EARLE: Mr. Chairman, I am not quite sure that I understand this Clause fully, but it does seem to me that it permits a number of things to be done with the tax inspector, as was not the case before. Just to refer to one item in particular, the augmentation of salaries provided, the augmentation of teachers' salaries. This was a very, very strong argument at one time in my experience as chairman of the board, where it led to a great deal of hard feeling and bitterness on the part of certain boards, certain schools. But, personally, I never went along with the argument that there should not be augmentation of teachers' salaries, but there was always the excuse made that these schools could afford to pay for certain teachers would have the advantage of having better qualified teachers by being able to offer more.

If this opens up that same argument, which indeed was very bitter some years ago, it may be extremely difficult for a minister, any minister to control, because, supposing - assuming that one denomination, through its representatives come to him and says that we are wealthy and we want augmented salaries of all our teachers in all of our schools and another group of schools, under another denomination are not as well off and they say, "no, we cannot augment the salaries of our teachers." These schools might well be within the same area. How on earth would the minister decide that augmentation is justified or is not? This proposes a very difficult problem for him and this was the sort of experience we had when the high school system was being set up. I would hate to see it revert to open-strike, as it did in those days and in this Clause - Section C, Clause (46), it seems to me, would open up this whole battle

ground again. I do not see, for the life of me, how any Minister of Education could be put in that position where he would have to make such a decision with, possibly, different pressures on him, from different denominations.

MR. ROWE (F.W.): Mr. Chairman, the fact of the matter is that this particular amendment does not change the situation at all in respect of that specific problem or specific matter that my hon. friend from Burin has referred to; namely, the augmentation of teachers' salaries by boards of Education from their own resources, because under the present legislation which was adopted here by this House two years ago, money collected, not money collected, but money received from the Government for operational grants, money received for operational grants could be used to upgrade teachers' salaries in the discretion of the board. This is not affected at all by this amendment.

MR. CURTIS: It adds a lot of new taxing authorities. It is not enough to say that the present law, its restricted tax areas, is as is, but you are adding a lot of new areas, for instance, they are probably going to add Twillingate District.

The hon. minister is trying to be funny. He has to say, yes and no and I hope he will restrain his enthusiasm, if he is asked to extend the salaries of so many supervisors, I hear, are being appointed enormous salaries and that they are building places to operate from and I do hope the people of areas which can ill-afford it, will not be taxed to pay for luxuries or exorbitant salaries.

MR. ROWE (F.W.): I, of course, and all members of the committee will concur with the hon., would concur in -- no, with. We concur in an idea, with a person. We do not concur in a person. We are having a lot of disputes about propositions tonight. The point made by hon. friend is, of course, an extremely important one and all I can say is this, that the right, the basic right for any area to take on taxation rests with

that area. It does not rest on the shoulders of the Minister of Education. That is number one. This Act does nothing to change the principle which has been in effect every since the first School Tax Act ever came in in 1957. That is number one.

Number two this: this amendment does not change in any way the law, the present law regarding the rights of boards to use operational grants to augment teachers' salaries. They have that right. It was established here and passed by this House two years ago and it does not change it, in one iota. The danger was there two years ago and the danger is a real one, as my hon. friend has just mentioned there, the danger of some boards could be in its enthusiasm or in its desire to get hold of some particular teacher or principal or supervisor or superintendent might very well ^{be} inclined to go off the deep end and use his money. But that danger was there two years ago and this does not change it at all. It is still there.

MR. HICKMAN: What has been the experience with this? Mr. Chairman, I found myself in agreement with the hon. Minister of Education insofar as (3) is concerned. There is (2) which repeats what already is in existence, as the right to augment teachers. This, I think, is absolutely necessary, particularly when we have to go abroad quite frequently to bring in specialist teachers, and we find that they are graded in other jurisdictions. I know of Newfoundlanders who have gone abroad to study in England and come back highly qualified, but because of the schools they attended for the gradings or the degrees that they grant, they find themselves at a much longer grade than if they had gone to a school in North America. Well a school board that wants to retain the services of that individual quite often will have to augment the salary and bring it up equal to what a North American trained teacher is getting under the standard salaries - the salary that is approved by this Legislature, but 3(c), I believe is necessary, if we are going to make an attempt to implement the foundation ^{having} program in this Province. You have to have, establishing the foundation program and having said that this is the minimum standard below which no board

is allowed to go. If the people of Corner Brook or Grand Falls or some other place decide that they want more sophisticated programs in their schools or if they decide, if they find that there is a need or an economic factor, and I can think of one in my district, in St. Lawrence where you have such a high proportion of widows who will be exempt, higher than any place per capita in Newfoundland, from this School Tax Act in the event that there is ever a school tax imposed in that area. That board may find itself very restricted in its maintenance - in its day to day operations, because of the lack of income as compared to say Carbonear and I again I think if they come to the minister and say, because of exceptional circumstances that prevail in St. Lawrence, we would like to be able to use some of our surplus funds, if we have them for the maintaining of our schools, but again, if it is decided on the professional advice that a board wants to implement, and this one, I must confess, keeps coming back to me all the time, because there is such a dreadful need in Newfoundland for reading consultants and reading programs in our schools.

I believe two years ago there was one - one in Newfoundland, and she was not a Newfoundlander. It cost the board, who retained her, a great deal of money to bring her in. She was worth every nickel of it, but this is something over and above the salary grants that will become as a normal course - in the normal course of events from Government and it seems to me that the smaller the districts and the smaller the schools, the greater the need for that type of program, and if an area is prepared to implement that program, I think, again, if it can come to the Director of Education - if the Director of Education can come to the minister and say, here are my findings as a result of professional surveys that I have conducted in a particular town, and we want a reading consultant on our staff. We desperately need

this individual. I would think that this is one of the exceptional circumstances that should be envisaged in this section, and whilst it may be very onerous for the minister, and he can be subjected to a fair amount of pressure and if it comes all through the tortures route of advisory councils and churches and everything else, they, too, have varying degrees of - I will not say influence, but different philosophies from one superintendent to another. I do not envy the minister his task, but I think it is a responsibility, whether he likes or not, he has to assume and to my way of thinking this section is long overdue.

MR. ROWE (F.W.): I think, Mr. Chairman, without labouring the point too much, I think, the hon. member for Burin has hit the nail right on the head. After all, what is our basic purpose. Our basic purpose is not to build schools per se or to pay teachers. Our basic purpose is to improve the quality of education for the boys and girls of Newfoundland. We have a desperate need for specialists of all kinds but particularly and I am merely repeating what the hon. gentleman just said - the greatest single need in Newfoundland today, and I hope this noised abroad and spread abroad - the greatest single need in Newfoundland today is for reading specialists in our schools, reading specialists who could be made available, whose services would be available to those schools and even the most - these are the isolated schools, the smaller schools, the schools where you have had inadequate teaching in the past and on that point, Mr. Chairman, I was very gratified. Within the last week, I have had the privilege of opening two separate conferences, education conferences; one yesterday morning at the University, where the place was packed - a reasonably large auditorium in one of the big buildings at the University. It was packed with specialists in special education in the education of handicapped children, of retarded children and children with special handicaps

of one kind and another. The place was overflowing with them and then a few days before at the Battery Motel, again I had the pleasure of opening a conference, again a specialist conference and this time made up of domestic science, teachers in Newfoundland and again I was amazed at the number, Mr. Chairman.

The fact of the matter is that even fifteen, twenty years ago, we had in all Newfoundland, probably, a half dozen specialists in every field. Certainly the number was no more than a dozen or so and practically all of them were right here in St. John's and most of them in St. John's were attached to the denominational colleges. Even in St. John's here, twenty years ago, the pupil in the average school here had no more chance to get a proper and adequate education than did the child down in Mings Bight in White Bay South. Today that situation is changing and this is why I find myself, and I do not want to make a lecture on this thing, but I find myself puzzled to hear people say that we are not making any progress in Education, when the figures given me the other day is that at this very moment, boards of education over and above all the ordinary teachers, over and above the supervisors and the administrators and principals and the vice-principals, over and above all that, we have, at this moment, in the schools of Newfoundland, 290 specialists - 290. We have just changed the regulations - I announced it a few weeks ago. The Government have changed the regulations in favour of the boards so that starting in September, boards in Newfoundland will be able to engage another forty-five or fifty of such specialists on top of the two hundred and ninety. In the coming school year, there will be as many perhaps as 330 or 340 specialists in various fields and I mean "specialists." Specialists in music; specialists in speech, specialists in this thing and that as^a part from the ordinary instructions in schools.

My hon. friend is entirely right in, if this Act by this amendment does not change it anyway, but if it does make it even more - if it

does facilitate this program of giving our children specialized education, where they need specialized education in such things as reading, the greatest single drawback in our Newfoundland schools today, then this amendment would be well worthwhile. As it happens, it does not do much to change the situation, because it is already there in the law anyway, but it certainly will not impede; it will not inhibit that particular program. It will accelerate this process of providing specialized instruction in our schools.

On motion, Clauses (46), (47), (48) (49) carried.

MR. HICKMAN: Mr. Chairman, as matter of curoosity, can the hon. minister advise the House or the committee, if any school tax authorities have, to date, appointed or negotiated with city councils to be the collecting agencies. Personally, I think it is something that should be encouraged. In some areas already in Newfoundland, you have two taxing authorities competing with each other. I think Corner-Brook is one very good example where you have, in the same building, two separate taxing authorities, the City Council and the school tax authority, each with its administrative staff doing the same thing, taxing the same people and I would hope that this section (50) is broadcast, for want of a better word and that school tax authorities will be encouraged to avail of the efficient operation of municipalities now have in the method of collecting ^{being} taxes. I do not know if this is done anywhere in Newfoundland now or not.

MR. ROWE (F.W.): I do not know, Mr. Chairman. I cannot cite any specific example where you have just the one body, where the council, the municipal body is also the tax body, although that may be so. I do know that there are areas in Newfoundland. My own district of Grand Falls is an example, I believe this is true, also, of Lewisporte, where there is a close co-operation and liaison between the two bodies, where they are working almost as one body in practise and if one^{of} the - one of the desirable,

I think, one of the desirable features or results of this legislation here, at least, this is the opinion of my advisers on the matter is that this new legislation will facilitate the bringing together of the local government and the local tax authorities as well.

On motion Clauses (50), (51) and (52) carried.

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Clause (56)

MR. A. J. MURPHY (Leader of the Opposition): Out of curiosity Mr. Chairman, on Clause (56) Every final penalty recovered shall be forwarded, by the Court imposing the same, to the Department of Justice of payment for the credit of the authority to which it relates. A fine? Say you are find \$100 for not paying and you give them the \$100 fine.

Motion, that the committee report having passed the Bill without amendment, carried:

A Bill, "An Act Further to Amend the Trustee Act":

MR. CURTIS: Section (2) the amendment that I will ask the Premier to make is to have it read as follows: Section (2) of the Trustee Act, Chapter 166 of the Revised Statutes of Newfoundland, 1952, as enacted by the Act Nos. (55) and (64) and amended by the Act No. (47) and (65) and the Act No. (40 to 66, 67 is further amended by and then strike out a,b,c, and just say by deleting from Paragraph (e) the words "sinking fund bonds or debentures," and substituting the words "sinking fund or serial bonds or debentures." This amendment is made at the request of the City of St. John's. The section in question was passed in 1964, and refers to investing in any sinking fund bonds or debentures issued or to be issued by the City of St. John's or the City of Corner Brook. Now this new amendment will delete from paragraph (e) the words "sinking funds or debentures" and to place those words by substituting therefore, the words "sinking fund, or serial bonds or debentures." It is a very non amendment but it is requested by the City, and the Premier would move that, and that will mean that will be the end of Section (2). We are dropping the Clauses about the investments in stocks. The market stocks we recently had makes it a poor time to bring in any legislation to invest in the Stock Market. The Premier moves that amended Section (2).

Motion, that the Committee report having passed the Bill some amendments.

A Bill, "An Act Further To Amend The Crown Lands (Mines and Quarries) Act, 1961.

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On Motion that the Committee report having passed the Bill without amendment: Carried.

A Bill, "An Act To Amend The Youth Administration Act, 1968."

Motion, that the Committee report having passed the Bill without amendment. Carried.

A Bill, "An Act Further To Amend The Newfoundland Teachers' Association Act, 1962."

MR. EDWE: Mr. Chairman, perhaps I can obviate any lengthy discussions at all by saying that the matter which gave members I might say, on both sides of the House some concern in this Bill, was contained in Section (6) Sub-section (11) and I am not going into any details about it, say that it was an unfortunate set of circumstances actually that led to this being put in there with phraseology that was never intended by the principal party concerned in the first place, an unfortunate set of circumstances. No one person is to blame. It was one of these things that happened, but of course it was bound to be caught up anyway here in the House in Committee. And I could inform the Committee that I had several meetings, not I, but the Cabinet Committee, the Liason Committee, the members of which are my hon. friend, the Minister of Provincial Affairs, and the hon. Minister of Finance who is absent from the Province, and myself. And we went over this with them, and of course they were the executive of the NTA and were in complete agreement with some hon. members of the House that that particular section should not be there. And the simplest thing of all is the one they requested me to recommend to the Committee in writing. They requested in writing that I should recommend to the Committee and that is when we come to this Section (6) that we will move an amendment deleting sub-section (11) completely from the Bill. Just take it right out of the Bill completely. This is their request which I have formally in writing from them this morning, and that I will ask my hon. colleague the Minister of Justice to move when we come to it. I might say that several other minor points ^{were} mentioned here.

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We went over these with the NTA, and they do not see and we do not see, while this is a private Bill essentially, nevertheless there are no other serious matters here that would require amendment in their view at this time. They have gone into it pretty exhaustively I can assure the Committee. I might also pass on this piece of information to the Committee Mr. Chairman, that this is an interim measure, this particular Bill. The NTA have been working on a new Constitution and they have now completed it. As a matter of fact, if the House were open long enough, they could probably, although it would be under pressure, get it ready for us. But they have agreed that they will not try to get it in this year. They will it ready for the next Session of the House, and in my opinion the next Session of the House will be January. But it is purely a personal opinion on that. So if there is Mr. Chairman any point here perhaps, any little doubt in anyone's mind here - my own feeling is that if this is a private Bill, apart from that sub-section (11), there is nothing really serious or objectionable in the Bill that I recommend to the Committee that we proceed with it and give it third reading. We gave it approval in principle in second reading on the condition that I would be dealing with this particular clause and so as I say when we come to it, I will recommend or at least my colleague will recommend that this sub-section (11) will simply be deleted that will end the whole affair.

On Motion Clauses 2, 3, 4, 5 Carried.

MR. CURTIS: Mr. Chairman, with the instruction from hon. and learned friend I move that Section (11) be deleted. I might say in explanation that I believe that a few words were left out of this which made it so offensive. I think the intention was to enter any building or other premises or place in the Province where these school records were kept. I think those words were supposed to be there, and those words escaped and that made the Section very offensive. I move the Section be deleted.

MR. CROSBIE: Mr. Chairman, in addition to the amendment that the hon. the President of the Council has moved, is there a further amendment, for

example Sub-section (25). For the same Clause it says "the Council may on behalf of the Association authorize and pay a sum not exceeding \$250 towards legal fees and costs." I understand that the word "may" is supposed to be "shall" at the NTA if a member appeals - if the NTA appeals to a judge of the Supreme Court that they do not intend it to be discretionary but they intend that they should pay up to \$250 to any one of their members who appeal. Would the hon. minister of Education explain - is that your understanding?

MR. ROWE: Is it in order for me to refer to this Sub-section - we are dealing Clause (4). I think Mr. Chairman, we should deal with the amendment first.

MR. CURTIS: I do not think you will get anywhere by changing "shall". Because if it made "shall" they may just pay one dollar and carry out the term. I think this is purely an optional clause.

MR. CROSBIE: Mr. Chairman, in connection with Clause (25) as it at present reads. Supposing a member of the NTA has been through the disciplina Committee and has been suspended or some action has been taken against him. He has the right to appeal to a judge of the Supreme Court from the decision of the NTA Council. And as this Section reads, "the NTA Council can discriminate upon among teachers who have been suspended and pay towards the costs the appeal of one, and not pay toward the costs of appeal of another," which I think is wrong. If they are going to have any provision at all that the Council of the NTA will pay towards the cost of one of their members appeal, and that should apply equally to all - why should they be able to discriminate between teachers X,Y,Z who are suspended next year? Now I understand from talking to NTA officials that what they requested when draft went in, and their draft was called Sub-section (10) and that stated the association will in the case of an appeal to a judge of the Supreme Court provide a sum not exceeding \$250 for payment or partial payment of legal fees and costs incurred by a member under Sub-section (9). So their intention is that it is not to be mandatory. Now whether they pay five dollars or \$250 -

of course that still a matter at their discretion. But I think - or at least they are obliged to pay something that was of legal cost of everyone who appeals. What I do not like about this Mr. Chairman, is that if there are ten teachers disciplined next year, and four of them decide to go to the Supreme Court, the NTA Council under the Clause as it is now, may pay up to \$250 to one teacher to appeal against the Council's decision. It is unusual anyway because there has been an appeal against their own decision. They may under this Clause give \$250 to one teacher to appeal against them, and not give anything at all towards the legal cost of one of the other teachers who wants to appeal. I mean it is repugnant that they should be able to discriminate in that way. And I understand from them that they intended to be "will". They call it "will" here, and it should really be "shall." It is an unusual Clause anyway.

MR. ROWE: Mr. Chairman, my hon. friend says he has been in contact with some member or members of the NTA on this matter, and I can only tell the Committee that I drew to the attention of the NTA executive, the fact that some criticism had been voiced in respect to Sub-section (25). But they assured me that they were prepared to stand by it. They saw nothing objectionable in that particular sub-clause, and that being so I am I think, honour bound to recommend to the Committee, at least to inform the Committee to that effect. I personally do not think it would make one iota of difference whether you change it from discretionary to compulsory or not. Because if they can discriminate in one way, because the "may" is there, the discretion is there, they could equally well discriminate if we made it compulsory because the exact amount is not specified. They could if they wanted to be discriminatory, I am not suggesting they ever would, but if they wanted to and we did make it compulsory, they could then achieve discrimination simply by paying one dollar in respect of one person and \$250 in respect of the other. I frankly do not see

MR. ROWE (F.W.): I am not stubborn about this, after all it is not even my Bill, but if they looked at it, and they told me they are prepared to go along they do not see anything objectionable about it at all, and in view of the fact I think my hon. friend would concede that if they wanted to be discriminatory they could be even if you changed the "may" to the "shall." In view of that I do not recommend that we change the particular thing. We have removed the really obnoxious sub-section that was there, we have removed that and I think that it is safe to say that we will let it go on.

MR. CROSBIE: Mr. Chairman, I can appreciate the position the minister is in, but Mr. Chairman, I do not think that this House should pass sub-clause 25, of the new section 14, I do not think that we should pass it. I do not think it is right that anybody should have the right or be given the power by this House to discriminate as to whether they will or will not pay towards the legal cost of people appealing from their decisions. I think that is wrong

MR. ROWER (F.W.): If my hon. friend would permit me, I think perhaps I could shorten up this whole thing by saying this. From our discussions with the N.T.A. I gathered the impression that it did not matter too much to them, that phraseology did not matter too much, and perhaps it would make my hon. feel, I think he feels almost that it is a matter of principle here. I am quite prepared to request my colleague the Minister of the Council if he would to move that, to move an amendment to change that "May" to "shall."

MR. CURTIS: I will make it must or shall if you like, I move it

MR. ROWE: Thank you

MR. CURTIS: There is not a bit of sense in it

MR. ROWE: The only thing about it is that the N.T.A. executive come from all over Newfoundland, as it happens they come from Corner Brook, Grand Falls and Gander, and they are gone back again and they will not be here for another two weeks perhaps. I do not think it is that serious, I do not think it is important enough even to hold up the committee. I do not think there will be any objections if we change

MR. ROBERTS: (Inaudible)

MR. ROWE: No but, they did not give their consent to this thing. I do not think they feel very strongly one way or the other on it. My hon. friend does

and there is a point there, on principle there is a point, so I would be quite happy, I would be prepared to justify this action. Of course Mr. Chairman, the committee has the right to change it as it sees fit

MR. CURTIS: There is a motion before the House. Change "may" to "shall" make it "must" if you want.

MR. CHAIRMAN: Shall the amendment carry changing "may" to "shall" in the first line of sub-clause 25?

Those in favour "aye," contrary "nay," carried.

On motion clause 6 as amended carried

On motion clauses 7 and 8 carried.

Motion, committee report having passed Bill no. 38 with some amendment.

Item 13, Bill no. 45.

" An Act Further To Amend The Community Councils Act, 1962."

On motion, clauses 1 to 5 carried.

MR. CROSBIE: Clause 6, Mr. Chairman, I have something underlined. I just want to have time enough to read what I have underlined here. That is going to be difficult I think. This is section 6, where any person has been employed in the community for a period of not less than three months in any financial year, the employer of such persons shall deduct from the wages of such persons a sum equal to the community service fee to which such person is liable, and shall afford all money so collected to the council, and for the purpose this sub-section shall be deemed to be an agent of the council. That is going to cause problems I think Mr. Chairman unless there are other sections of the Act that cover it.

A man moves into a community and becomes employed there and his employere is going to be under an obligation to deduct this community service fee after he has worked there three months. It is going to be a great problem for employers in these community council areas. How are they going to know about this law? How are they going to know when they should start deducting this community service fee and how much it is?

AN HON. MEMBER: The councils will tell them

MR. CROSBIE: But will they?

AN HON. MEMBER: If they want it paid they will.

MR. CROSBIE: Yes, but they will collect it from the employer you see under the law. They do not need to tell the employer they will just come against the employer later on and say "now look, you should have deducted this fee and you did not, from his wages, and now you are going to have to pay us anyway." Does the minister have any comment on that?

HON. E. DAWE (Minister of Municipal Affairs): Mr. Chairman, I think that this section of the Act is quite clear

MR. CROSBIE: It is clear all right

MR. DAWE: It is the duty of all employers to notify the council when they have people employed within their service for more than three months. This is clearly defined in the Local Government Act. There was some question raised earlier on this Bill, it was some question raised that a person may pay a duplication of taxes, but this is clearly covered under the Local Government Act. A person paying the municipal service fee or any other tax shall pay it only at one source and at one time. This is clearly covered under the Local Government Act, section 92-5, and section 93-4.

So, there is no duplication, there is no possibility of any duplication there and we see no difficulty in the council collecting this amount. As you know it is the duty of every employer to notify the council itself after a person is working with them for three months.

MR. CROSBIE: Could the minister tell me this Mr. Chairman. Is it not possible now under this legislation that a person can be subject to municipal taxes in more than one community?

MR. DAWE: No

MR. CROSBIE: This would apply in a community where he is employed but what will happen to him in the community in which he lives?

MR. DAWE: He pays the tax in the community where he is living, and then he would be exempt in the community where he is employed. He only pays at one source and this is clearly defined in the Local Government Act, section no.62.

I could read it out possibly for the hon. member,

MR. HICKMAN: Yes, would you read it out because there is something wrong with that.

MR. DAWE: Probably we could go on to the other section, we could revert to that section when I find it here.

MR. CROSBIE: In any event the minister is satisfied that you cannot be taxed in both areas. It is in the local Government Act somewhere that

MR. DAWE: I will find it and it is quite clear

MR. CROSBIE: If you are paying in the municipality you will not have to pay in the place where you are working. You are exempt. If you do not work in the same community you can get a certificate or something to be exempted from paying taxes twice is that the idea.

MR. DAWE: Yes Mr. Chairman, it is clearly defined within the Act. You only pay the tax at one source. If you reside in the community where the tax is applicable you pay it where you reside and then you are exempt in other communities. If you live in a community where there is no tax in force then you pay in the community where there is work. It is clearly defined within the Act.

On motion clause 6 carried.

MR. WORNELL: Mr. Chairman, when we were discussing the principle of this Bill the hon. member for Green Bay raised the point of having a tax on electricity. He thought there was discrimination by having a tax on coal, fuel oil, propane gas, and omitting electricity. Now the hon. member for Green Bay is not here tonight. I was inclined to agree with him when we discussed the principle of this Bill and I had nothing to say then because, I felt that we should reserve our comments for discussion in Committee of the Whole. I am wondering just what the other hon. members feel about this.

MR. CROSBIE: I think that the hon. member is finished. If the hon. member is referring to where electricity is used for heating purposes I do not know whether, it is not covered in this section but it certainly would be inconsistent to allow taxation to be imposed on all various fuels used for heating if you were not also permitted to impose a tax on the consumption of electricity for heating. I would imagine there would be problems because, if they are using electricity in a house for both heating and lighting how are you going to know how much is being used for heating as opposed to how much is being used for

lighting.

I know that the City of St. John's has lost a lot of revenue in the last few years because of the increase in the use of oil and the increase in the use of electricity. But the point that the hon. member brings up is certainly a valid one, and perhaps the minister can tell us what thought his department is giving to this problem or what the situation is on it.

MR. WORNELL: Mr. Chairman, before the hon. minister replies may I just have another further comment on that.

I notice that paragraph 7, here is actually an amendment to these other sections of the existing Act. I take it that section 34A, 34B, 34C, these section were taken from the existing Act and at that time no reference was made to electricity for heating purposes.

MR. HICKMAN: How are you going to separate? Sure the hon. member for Green Bay wanted to tax birch junks.

MR. DAWE: This point has been under active consideration by my department and as pointed out by the hon. member for St. John's West they are having difficulty in defining actually what proportion of a persons electric light bill is for heating and what is for electric light. This has been under active consideration within my department and possibly next year we come up with a suitable amendment to cover this part of the tax. At this time we have no practical solution to this problem and we cannot bring in an amendment at this time.

On motion clauses 7, 8, and 9 carried.

Motion, committee report having passed Bill no. 45 without amendment.

Item 13, Bill no.28:

" An Act Further To Amend The Department Of Supply Act, 1966-67."

On motion, clauses 1 to 8, carried

MR. CROSBIE: Clause 9 now Mr. Chairman, is one that needs some attention. I believe to afford with what was said on second reading here. We have a 69 here.

MR. HICKMAN: The first signs of coalition

MR. CROSBIE: Yes, now clause 9 of the amending Bill is the clause that permits Mr. Chairman

MR. MURPHY: Permits Mr. Chairman what?

MR. CROSBIE: Let me get through will you, we are getting dizzy. We have been here twelve hours Mr. Chairman so

MR. MURPHY: Getting punchy

MR. CROSBIE: Under clause 9 as presently worded, the minister will remember that the Lieutenant Governor in Council can by order assign purchasing powers to the minister for any institution and that is defined in sub-section 3, to mean any hospital which of course can include private hospitals not owned by the Government, and board, commission, corporation or other body corporates or agencies of her Majesty. Well that is all right, or C, any corporation not being one referred to in paragraph B, including without limiting the generality, foregoing any corporation and managing any hospital whether privately owned

MR. CHAIRMAN: Order please

MR. MURPHY: Could we have a bit of quiet. It is very difficult to hear what is going on Mr. Chairman

MR. CROSBIE: Whether privately owned or not. In other words, under this amendment as it is presently worded the Lieutenant Governor in Council could under the wording of this Act say that the minister shall purchase for any corporation in this Province. I remember that that point was brought up the other day. Now that is obviously not what is intended and as the minister and the Premier said the other day, what is wanted is the right to give this power to the minister where the body concerned has requested it.

There is an amendment needed. If I can just get Act no. 73 of 1969, section B says " Without limitation

MR. ROBERTS: (Inaudible)

MR. CROSBIE: Well I have one here but I thought that it would need some explanation. What is needed here is the words put in somewhere "provided the institution requests such order to be made." That is the kind of wording that is needed.

MR. ROBERTS: To amend clause A so that it would Mr. Chairman read that any

hospital whether privately owned or not, and which requests the minister if that is grammatically correct, I am not sure of my syntax there. We could probably just delete clause C because, we have no desire to purchase for Bowring Brothers or the Tory Party or the coalition for that matter.

MR. CROSBIE: That is the easiest way to do it

MR. ROBERTS: Mr. Chairman, if the Law Clerk feels that that is legally at least acceptable or bearable then I will move it on behalf of my colleague.

MR. HICKMAN: Try it again, try it again

MR. ROBERTS: For the purpose of sub-section 1, institution includes (a) any hospital, whether privately owned or not whose board have requested that the minister exercise his powers

MR. MURPHY: Minister may, upon request

MR. ROBERTS: That sounds better yes. I think what we should do perhaps now that we have confused the Law Clerk sufficiently Mr. Chairman, we will go on and let him try to work out some words.

MR. HICKMAN: Whether

MR. ROBERTS: Any hospital whether privately owned or not upon the request of its board would do it I think Mr. Chairman. The Law Clerk is in agreement

MR. HICKMAN: Yes, and delete C.

MR. ROBERTS: And then we delete C

MR. HICKMAN: Yeah, that is great

MR. ROBERTS: I have had long talks with the hospital association and they are quite in accord with this and indeed anxious to work with us.

MR. HICKMAN: You will get a job down in the Department of Justice

MR. CROSBIE: Can we pass the rest of it and leave the clause be^{to}worked out

MR. ROBERTS: We are not going to buy for anyone except the hospitals at this stage.

MR. CHAIRMAN: The motion is that clause 9 be amended by adding to sub-clause 3A so that sub-clause 3A will now read " any hospital whether privately owned or not, upon the request of its board; and by deleting therefrom.....

MR. CHAIRMAN: and by deleting therefrom sub-clause 3 (c). Shall the Amendment carry? Carried. Shall Clause IX as amended carry?

MR. CROSBIE: Mr. Chairman, we have to see whether it makes sense or not. Then Clause VIII (b) would then read, looking at the 1969 Act, "without limitation of the provisions of Section 8, the Lieutenant-Governor in Council may follow in the establishment and the rendering fully operational of a central purchasing authority referred to in section 8(a), and provided the Lieutenant-Governor in Council is satisfied by the minister that the institutions in turn will benefit financially in its general operations from such inclusion. By order and notwithstanding the provisions of any other Act of the Province include him on the powers, fundtions and duties of the minister the purchasing or otherwise requiring of supplies required by any institution in the Province to be specified in the order, which is not a public institution referred to in section 8, but which performs any function which the Lieutenant-Governor in Council considers to be a function the carrying out of which is in the public interest. Then 2 would be for the purpose of sub-section 1, purchasing may and so on include storing or distribution. 3. For the purpose of sub-section 1 institutional would include a hospital who requested or any board, commission or corporation. I guess it makes sense.

Clauses XI to XII carried. Shall Cluase XIII carry?

MR. ROBERTS: Mr. Chairman, on Clause XIII, I wish to ~~move an~~ amendment to Clause XIV, and the present Clause XIV would be numbered in consequence to be XV. The Amendment, Sir, is that the said Act is further amended by inserting immediately after Section XXIV, as Section XXIV (a) the following; Quote XXIV (a) notwithstanding any Act for the law to the contrary any agreement entered into under this Act may provide that the period of which the agreement is to be in effect shall be of a duration in excess of one year.

I believe, Sir, you have a copy of the amendment, if my hon. friends opposite wish one, we have some here and I would gladly let you have a look at it. The purpose of the Amendment, Mr. Chairman, quite briefly is to allow the

MR. ROBERTS: minister, my colleague, to make contracts for more than a year, because apparently the way purchasing developed sometimes it is advantageous to the public interest to purchase for a period longer than a year. For further explanations, I will have to call on my colleague.

MR. NOLAN: Mr. Chairman, one of the items which we are at the moment negotiating with the firm for the purchase of equipment for the services division, the firm has co-operated and we are now purchasing, it will take us two or three years to make the necessary purchase in this instance. We have got good prices, and it has been studied fairly thoroughly and it is necessary for us to have this Amendment in order to carry the contract that we advised that we would carry out, provided we had the necessary legislation in this House.

MR. CHAIRMAN: The Motion is that there be an insertion after Clause XIII, Clause XIV, which reads Clause XIV the said Act is further amended by inserting immediately after Section XXIV; as Section XXIV (a) the following; XXIV (a) . . . Notwithstanding any Act or Law to the contrary any agreement entered into under this Act may provide that the period for which the agreement is to be in effect shall be of a duration in excess of one year. Shall the Amendment carry?

MR. MURPHY: Mr. Chairman, I am just wondering this, this means that the Minister now has the power to contract for something for a period of four or five, six, seven or eight years? Well it has got to be more than one year, as I read it, it could be five, six, seven, eight, nine, ten years, and the Government is tied to a contract, well anything could turn up in two or three years time.

MR. NOLAN: Well in this instance, the one I am thinking about at the moment as I will try to indicate without getting into the specifics was, we are attempting to make certain purchases in this particular instance, we are, the Government or the Department of the Government, that would take three years at least to finalize and this was only brought about by the co-operation of the firm involved, and I have no doubt at all about the validity and the necessity for this, none in my mind.

MR. HICKMAN: What about the Federal authorities?

AN. HON. MEMBER: Inaudible.

MR. NOLAN: Well, all right, I will be more specific, if it is necessary, I realize there are those who insist on baby talk. What I am talking about in fact is, that we are now in the process of purchasing or hoping to purchase certain airplanes for the services division and we have looked into it with the company concerned, which is an Newfoundland Company, and they have agreed that we will be permitted to pay them out over an number of years, and I have had it investigated, or the people responsible in the division have had it investigated and there is no question about the soundness of the deal, as I think, the Minister of Mines, Agriculture and Resources will verify and this is one of the reasons specifically that I am thinking about for bringing this Amendment before the House at this time. And of course, if by any chance we can be in a position to make certain contracts that would be beneficial, we will certainly go ahead and do so.

MR. MURPHY: That is what I had in mind, Mr. Chairman, I thought it was something like that was in mind, we would not just feel at this time that the Government should tie themselves to any long term expensive contracts, that possibly some other party may not be able to get out of in perhaps eighteen months time. You know, do not waste all the marblēs, It happens that I am just thinking now.

MR. CALLAHAN: It is something that we have not thought of.

MR. MURPHY: Bear it in mind.

MR. CHAIRMAN: Order, please. The motion is that the ~~previow~~ Clause XIV be renumbered XV. Shall the Amendment carry? carried. Shall Clause XV carry? carried.

"An Act Further To Amend The Department of Supply Act, 1966-67".

On motion, the committee reported having passed the Bill with some amendments.

MR. CHAIRMAN: Shall the Committee rise and report progress and ask leave to sit again? Mr. Speaker, the Committee of the Whole have considered the matters to them referred, and has directed me to report having passed Bill No. 8,28,36, 38, and 44 with some amendments.

MR. SPEAKER: The Chairman of the Committee of Whole reports they have considered the matters to them referred and directed him to report having passed Bills No. 8,20,28,36,38, and 44 with some amendments.

Moved and seconded that the report of this Committee be concurred in.
When shall these Bills be read a third time?

On motion Bills read a third time on tomorrow.

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and directed me to report having passed Bills, No. 19, 31, 45, and 47 without amendments.

MR. SPEAKER: The Chairman of the Committee of the Whole reports they have considered the matters to them referred and directed him to report having passed Bills, 19,31,45, and 47 without amendments.

Moved and seconded the report of this Committee be adopted, Bills ordered read a third time on tomorrow.

When shall this Committee have leave to sit again? On tomorrow.

MR. CURTIS: Mr. Speaker, that the remaining orders of the day to stand deferred, that the House at its rising to adjourn until tomorrow Wednesday, 3 P.M. The House do now adjourn.

MR. MURPHY: Mr. Speaker, I would just like to say, as perhaps an athlete, how happy I am that Canada has received the right to the 1976 Olympic Games, I think it is a wonder thing for our nation.

AN. HON. MEMBER: Summer Games?

MR. MURPHY: Summer Games, and I would suggest now to the hon. Minister of Education that he would begin immediately and try to get at least one Newfoundlander represented in the Olympic Games. We have six years to do it, there will not be any tennis, so the hon. minister is out. But I would urge the hon. minister to get together immediately we have six years to prepared and get at least one Newfoundlander in the Olympics.

MR. ROWE: F.W. Would the hon. gentleman be willing for me to try out.

MR. MURPHY: I would be delighted.

MR. SPEAKER: Moved and seconded that this House do now adjourn, until tomorrow Wednesday at 3 P.M.