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VERBATIM REPORT

TUESDAY, MAY 26, 1970

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

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The House met at 10:30 A.M.

Mr. Speaker in the Chair:

PETITIONS:

HON. W. N. ROWE (Minister of Community and Social Development):

Mr. Speaker, I have a petition from Hampden, in my District of White Bay South. It concerns a matter over which this Government, this House, has no jurisdiction, i.e. television reception in this area.

I seek the advice of Your Honour and the House, Mr. Speaker, as to whether or not to present this petition to the Hon. House.

MR SPEAKER: We have had them on everything under the sun, so I do not see why the hon. member should be refused.

MR ROWE: Mr. Speaker, a portion of the petition reads as follows:

"We the undersigned residents of Hampden, White Bay Area, protest the present treatment and deplorable television reception given to this area by the "CBC".

"All of us have invested considerable amounts in television sets.

"We were promised good television reception for this area only to find, after months of waiting, there has not been any improvement. The reception is so poor that about ninety per cent of the time we have to turn off our sets.

"We feel that this is very unfair because we are being deprived of a modern-day concience that ninety-five per cent of the rest of Newfoundland is taking for granted."

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MR ROWE (N.W.)

Mr. Speaker, the petition is signed by what appears to be every voter in the area of Hampden, Bayside, The Rooms and The Beaches in that area of White Bay. Sir as I mentioned earlier, I support this petition wholeheartedly. I hope that through the House the matter gets the necessary publicity, and that it is brought to the attention of the authorities concerned. I ask Sir, that this position be received and sanctioned by this hon. House.

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

MR. H. COLLINS: Mr. Speaker, it gives me great pleasure to rise in support of this petition, and I notice this morning that the hon. member for Grand Falls is absent, he is usually quick to his feet to support a petition from that particular area, so I thought I might fill in for him.

Mr. Speaker, this brings to mind the first Throne Speech I had the pleasure to listen to in this hon. House, it was in 1968, and as I recall it Sir, the Government outlined a very extensive, a very massive plan for complete and thorough coverage by T.V. for all of Newfoundland, a plan envisaged the establishment of many dozens possibly many hundreds of small rebroadcasting transmitters antenna. I remember making a comment at that particular time. I thought it was a good idea, and knowing something about the technicalities involved, I could readily understand where it could have been very successful and very useful in providing

Television coverage to the smaller settlements in Newfoundland. I wonder Sir, what has happened to this, and if the Government still has a plan to not only provide service for Hampden and The Beaches and the surrounding areas, but many of the other small towns and settlements in Newfoundland which today are without T.V. coverage - certainly without satisfactory T.V. coverage. In the meantime Sir, it gives me great pleasure to support the prayer of the petition.

MR. CROSBIE: Mr. Speaker, we also support the prayer of the petition, and if the Government of Newfoundland is not going to take any action on the Speech from the Throne as the hon. member refers to, we would certainly hope that the Government would make vigorous representation to Ottawa.

MR. SPEAKER: Those in favour of the Motion please say "aye" contrary "nay," carried.

Answers to Questions:

HON. J. R. CHALKER (Minister of Public Works): Mr. Speaker, I have the answer to Question No. (479) on the Order Paper of April 22, in the name of the hon. member for Humber East. And as it is rather lengthy, I will table it.

MR. COLLINS: Mr. Speaker, before we go on to Orders of the Day, we have been told on two or three occasions in this hon. House in the past couple of weeks, that the Minister of Municipal Affairs was about to table an announcement concerning water and sewer and street programs for the municipalities for the present year. I wonder could the minister indicate to us now, when it can be expected after being delayed three times already?

HON. E. N. DAWE (Minister of Municipal Affairs): That will be made in due course Mr. Speaker.

MR. COLLINS: A supplementary question Mr. Speaker. That is not a very satisfactory answer for all of the municipalities, the town fathers across Newfoundland, who are desiring to know what is going to happen.

ORDERS OF THE DAY:

MR. SMALLWOOD: Mr. Chairman, before you call Order (4) the Department of Finance, I wonder if the Committee would be willing to revert to Head (3)

Executive Council - 303 Premier's Office, and specifically 303-0202. Could I have permission for the Committee to revert to that? It was left standing, but could we revert to it now? The Committee will remember that were some question as to why with a revised Estimate last year of \$4,900, I should be asked this year for \$10,000 in the new financial year. And why so high as \$10,000?

Well the answer is in the first place, that the actual expenditure last year was \$7,500 not \$4,900. And the answer to the amount we ask for now, and also that this was for cables and telegrams and telephones. Cables, telegrams and telephones. And having spent that much last year, we think that we will need this amount in the present year, although of course if it is not spent, it will not be spent.

MR. CROSBIE: Would the hon. the Premier tell us what the actual expenses of the Premier's office were last year?

MR. SMALLWOOD: Well, that is past. This is 02-02.

MR. CROSBIE: When this matter came up before the House the last time Mr. Chairman, the Premier stated that they did not have the actual expenses for these Items the end of March. We are now given the actual expenditure under Office, for the Premier's Office. So surely there must be available the actual travelling expenses of the Premier's Office for last year.

MR. SMALLWOOD: That might very well be so, but the Item that was held over and allowed to stand was 303-02-02 Office, \$10,000. Everything up to then and everything after then was passed. And we are now discussing this one Item, and I have given the explanation that I was asked to give.

MR. CROSBIE: Mr. Chairman, the Premier is showing his usual reluctance to get any information

MR. SMALLWOOD: To a point of order Mr. Chairman. I request that you ask the hon. gentleman to take that back.

MR. CROSBIE: No, never.

MR. SMALLWOOD: No, never? Sit down! Sit down!

MR. CHAIRMAN: Order please! Under Heading Executive Council Heading

(3) All Items were passed with the exception of 303-02, which was left standing. Item 302-01 as the hon. member for St. John's West refers now was passed, and we cannot refer to an Item without the unanimous - revert to an Item without unanimous consent. There was no undertaking given about 303-02-01. That Item was passed. The only Item left outstanding was 303-02-02.

MR. CROSBIE: Mr. Chairman, on the Point of Order. There are two Items under Legislative, which although they are passed, the hon. the Premier said he would get the information because he could not answer the questions at the time. And those were Items 201-02 Office, and 201-05 Books and Binding, which had significant decreases this year. And the hon. the Premier undertook for example to get information in connection with those Items. We still do not have that information.

MR. CHAIRMAN: The Chair does not have any record of that. The only note we have here is 303-02-02.

MR. CROSBIE: The only Item that was asked to stand was this Item that the Chairman refers to. But there are other Items where the Premier undertook to get the information. He said it would be made available. These are under 201-02 and 201-03. Has the Premier got that information yet?

Mr. Chairman, if it is the position then that undertakings to get the House information that after we pass on we are still unable to ask for that information, then obviously we are unable to pass on these Items. The Premier undertook and it is in Hansard that he would get information why Office under Legislative was now down ^{from} \$12,000 to \$3,000 this year.

MR. CHAIRMAN: A special undertaking was given. The information may yet be supplied, but as far as the Chair is concerned, the only Item that was left open was 303-02, and we must move on to the Heading of Finance.

MR. CROSBIE: May I have permission to revert to 201-02-03 in accordance with the undertaking given by the Premier?

MR. CHAIRMAN: Does the hon. the Premier have leave to revert? Those in favour please say "aye" contrary "nay". The Motion is defeated.
Heading for Finance.

MR. SMALLWOOD: Mr. Chairman, to a Point of Order, the hon. gentleman is trying to make me out a liar. Because we revert to one particular Item and we deal with that one particular Item, he wants at the same time to discuss other matters. I undertook to bring certain other information to the Committee, this I will do. At the moment we came back to this one single Item, and under that one single Item, he wants to debate other matters. Why does he not learn the rules and keep them?

MR. CROSBIE: Mr. Chairman, on that Point of Order, the hon. the Premier undertook three or four days ago to get this information, and when it is asked for today, the hon. the Premier will not give it. So I say the hon. the Premier is not living up to the undertakings he has made to this House, that he would get this information. It is plain as the nose on your face. The opportunity to give it is now when we are starting out this week on the Items that are being passed over without the information. And the hon. the Premier will not give the information.

MR. CHAIRMAN: Shall 401-01 carry?

MR. CROSBIE: Mr. Chairman, I have a few remarks before we leave this Item. The general subject is Finance.

Mr. Chairman, the first thing I want to point out is this, that on last Thursday, the hon. the Premier purported to answer a question No. (515) having to do with the subject of Finance. Part (3) of that question was: What was the amount of any demand loans or other indebtedness of the Government to the Bank of Montreal? And what is the interest rate charged to the Government by the Bank of Montreal in connection with any such bank loans to the Government, or any agency of the Government? The Premier answered that question by saying that there were no demand loans, and no monies owed the Bank. The Government of Newfoundland did not owe the Bank of Montreal any money. When we got into the Estimates, it

is discovered that that question was answered wrongly. Or was answered misleadingly, because it has since been disclosed by the hon. the Premier that the Government on that date last Thursday when Question (515) was answered, that the position was that the Government owed the Bank of Montreal \$10 million which was borrowed to purchase shares in the Churchill Falls Corporation. And that the Government owed the Bank of Montreal a further \$2.5 million in connection with advances that had been made to the Steel Company and located at Donovans. That made \$12.5 million. That being the case Mr. Chairman, the question naturally arises, why did the hon. the Premier give this misleading answer in reply to Part (3) to Question (515). The question was; What is the amount of any demand loans or other indebtedness of the Government to the Bank of Montreal, or other indebtedness? This \$12.5 million is other indebtedness of the Government to the Bank of Montreal. If the impression was left in the House last Thursday when that question was answered, that the Government did not owe the Bank of Montreal one red cent. Now how many questions are being answered in this way?

MR. SMALLWOOD: To a point of personal privilege. If I sit and allow this to be repeated and ignore it, I suppose people would be justified in believing the statement. What I said was that there were no overdrafts and no demand loan. That is what I said. No overdraft and no demand loan. Subsequently in a speech or on some other occasion, I explained of what our indebtedness to the Bank of Montreal was.

MR. CROSBIE: Mr. Chairman, the best that can be said about that answer is that it was weasel-worded. A weasel-worded answer, a misleading answer, an answer that can only be called cute, because the question was; what is the amount of any demand loans or other indebtedness of the Government to the Bank of Montreal? And if the answer given is the answer the Premier now says, then Hansard would show whether that is so or not. The point is that the Premier was purporting to answer

part (3) of Question (515) and in answering the way he did, deliberately gave the impression that the Bank of Montreal was not owed, that the Government was not indebted to the Bank of Montreal at all. And that is not the way Mr. Chairman, questions should be answered if the public, or this House is to get the true information. The answer was \$12.5 million indebtedness. The Premier has not said yet in this debate what the interest rate is that we are obliged to pay the Bank of Montreal on the \$10 million loan for these Churchill Falls shares, or what the interest rate is on the \$2.5 million in connection with advances to the Steel Company. Now Mr. Chairman, if the interest rate is at least eight percent, then there is no reason to doubt that at least eight percent, the Government can correct us, give us the right information if it is different than that. This means that this Province is paying out \$800,000 a year in interest charges on the shares that the Government purchased in the Churchill Falls Labrador Corporation. It is costing the people of Newfoundland \$800,000 a year, and if the interest rate is nine percent, it is costing \$900,000 a year. And if these shares were bought four or five years ago, the \$10 million worth, this means that the Province has paid out so far in interest on these Churchill Falls shares about \$4 million. So that the cost of the shares to date to the public of Newfoundland is \$14 million rather than \$10 million. Now the Government will know the exact interest rates. The Government will know when they were bought. The Government will know exactly what they cost to date. But this is senseless Mr. Chairman. This is absolutely senseless. What dividend will we get off these shares if they are held? Dividends in Churchill Falls are not going to start for at least two to three years. Perhaps longer. And when they are paid, what are they going to amount to? Five percent a year? Ten percent? The ten percent dividend on those shares which is unlikely would then amount to \$1 million a year. In the meantime, by the time the dividends start, we would have paid out seven or eight million dollars in interest. This does not appear to be a sensible investment, and we can only ask the Government to explain when the shares were purchased, and what the interest costs to date has been in connection with the purchase of these shares.

And what the interest rate is on the \$2.5 million in connection with the Steel Company, a loan that was arranged for advances to the Steel Company. Now Mr. Chairman, there has also been some attempt made to suggest that questions are being answered promptly. Just one further example because it is a financial matter. Question (21) that was put on the Order Paper of this House on February 23, asked by the member for St. John's East Extern; Have the firm Koch Shoes Limited permanently closed? The answer is "no." If so, what are the reasons? And that did not apply. (3) What amount of additional loans either direct from Government or by Government guarantee has been made to Koch Shoes Limited, since April 1, 1968. The answer given by the Premier was "not presently known." That the Premier did not presently know what amount of additional loan had been made to Koch Shoes since April 1, 1968. And I pointed out then what an extraordinary answer it was, that the Government did not know what loans had been made by the Government to Koch Shoes since April 1, 1968. It was a fantastic answer. A Government saying "we do not know if we made any loans to Koch Shoes since April 1, 1968: The Premier said that that information would be obtained and would be tabled or given in this House. This is now May 26, Mr. Chairman. As far as I am aware, and I think I have been here for all the question periods, with one or two exceptions, the information still is not given. Has the Government or any agency of the Government made any loan to Koch Shoes Limited since April 1, 1968? Now surely Mr. Chairman, this is not a matter that would take one, two three months for the Government to discover, and the answer is still not given to us. We are now on the Estimates of the Department of Finance, and I repeat the question that was asked by the member for St. John's East Extern; Has the Government or any agency of the Government made any loan or any additional expenditure in connection with Koch Shoes Limited since April 1, 1968? If the answer was not presently known on February, it certainly should be presently known now. That is an example

Mr. Chairman, of how questions on financial matters and other matters are being not answered in this House, or partly answered. And the Premier is including his answer to question (21) in the total he gave the other day. The question has never been answered.

Now Mr. Chairman, we had heard another vintage speech on Friday afternoon on this debate and a lot of

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and a lot of it irrelevant, scurrilous attacks on members on this side of the House and the rest of it. The excuses given by the Premier, or the Premier alleges that because this Government has as its syndicate for the sale of bonds, A.D. Ames and Company, the Bank of Montreal, Wood, Gundy and other brokers like that and because the Bank of Montreal are the financial agents of the Government that this means that the finances of this Province are in terrific shape, healthy shape that nobody should question them. Now that argument, Mr. Chairman, is one hundred per-cent wrong. These people advised the Government of Newfoundland on what the market conditions are. The Government of Newfoundland decides whether Newfoundland will borrow, not our financial syndicates, not the Bank of Montreal. The Government decides if the Government will borrow or if it has to borrow and it asks these financial advisers, "Gentlemen, what do you think, do you think that the bond market now will take a \$10. million or a \$20. million issue by the Province of Newfoundland and if so, gentlemen, what interest rate will we have to use, what discount do you think we will have to sell them at, what terms should they be?" These are financial experts and they will advise, "Yes, we think the Government of Newfoundland can probably float \$20. million now but you are going to have to do it at a coupon rate or interest rate of nine per-cent and perhaps you are going to have to sell them at ninety-eight and you are going to have to make them five year bonds with an option to repaying them for fifteen years and so on and so forth."

This is what the financial people advise or they advised, "No, it would not be the best thing for Newfoundland to try now that the bond market is down and the situation is not good so we suggest you wait a month or two months." That is what these people do, this is their function. They do not guarantee that the Newfoundland Government's finances are in one hundred per-cent top shape or anything else of that nature. They advise the Government of Newfoundland what is within their competence to advise, when it is best to go to the market and what rates and terms have to be offered. That is their function and no other function at all and they are paid for doing that. They get paid a commission for selling the bonds or they are earning interest if they are a bank

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on the loans they make to the Government and so on and so forth. They get compensation for performing their function, which is a valuable one, and they should and there is nothing wrong with that but they do not say to the world, "We are now selling the bonds of the Government of Newfoundland, the finances of the Government of Newfoundland are one hundred per-cent in order, you have nothing to worry about." They do not do that. They cannot do that. They would never last in business if they did.

Atlantic Acceptance was mentioned the other day, they were a reputable investment houses and bond brokers and so on who arranged for the sale of the indebtedness, the bonds and debentures of Atlantic Acceptance and Atlantic Finance. That did not mean that they guaranteed to the world that Atlantic Acceptance and Atlantic Finance was one hundred per-cent safe and as it turned out Atlantic Acceptance went into bankruptcy, as we all know. That is not their function and it is to give a wrong impression to try to say that, because the Bank of Montreal acts for this Government or A.D. Ames acts for it or Wood Gundy, in selling our bonds, that they are therefore guaranteeing that our finances are in one hundred per-cent top shape.

Now, Mr. Chairman, the issue was not, is the Government of Newfoundland now insolvent or not? That is not the issue and nobody is saying that it is. In fact I say that it is not; that the Government of Newfoundland is today solvent. Not a question about it, in my opinion. That is not the issue. What I would say, Mr. Chairman, is this, that the Government of Newfoundland is getting itself into a position where within the next two to three or four years it is going to be in a very difficult financial position because it has ever increasing amounts of money needed just to carry on the services that this Province presently has, the budget must go up \$10., \$15., or \$20. million every year just for us to carry on the health services, the schools, the roads and the facilities that we have now, it has to go up. This budget must go up but, in addition to that, the increased amounts that are going to be necessary, we have a very restricted tax and revenue base, fifty-four-per-cent of our revenue is coming from the Government of Canada, we have tremendous needs for expansion of services in every field and \$100. million coming due that has to be re-financed in the

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next three to four years.

Now if we have to borrow \$100. million to re-finance money that has already been borrowed and spent in the last three or four years that cuts down our ability to borrow at the same time for other purposes. That is just common sense. If we have to go out in 1972 and borrow \$30. million or \$40. million to repay other loans coming due that year that is going to interfere with our ability to borrow that year the \$40. or \$50. million we need in that year to carry on or to expand public services in Newfoundland. The market is just not unlimited for bonds and debentures of the Government of Newfoundland. Now that is the situation that the Province of Newfoundland is getting into. Not that we are insolvent today, no, not that we are going to be insolvent next year either or the year after, but within the next two to three years if this keeps up, Mr. Chairman, or four years at the most there is going to come a point when this Province will not be able to borrow to expand its services at all, that it is going to have to borrow just to maintain current services, that it is going to have to borrow just to deal with its indebtedness, to meet pay payments in the sinking funds and the rest of it.

That is the position we are getting into. We are not going to go insolvent but the point is going to come where we can do nothing new or we cannot even maintain the services we have now. if more care is not taken about our finances. It is the same kind of situation as reported in the Royal Commission on Economic Prospects. There is nothing new about these statements, nothing new. A blue ribbon commission of Newfoundlanders reported two years ago, the Royal Commission on Economic Prospects, and forecast the position we are getting ourselves into and what members on this side of the House have been saying since is along the same lines, yet did anybody say that the members of that Royal Commission were slime, Mr. Chairman, that the members of that commission were slime or that they were attacking the Province of Newfoundland and trying to reck its credit? No, it could not be said as it is obviously untrue and it is no more true of what members on this side of the House are saying here today, the cheap scurvy attempts to defend the Government and to defend what it is doing with our finances which 491

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are indefensible.

Investors Overseas Services, Mr. Chairman, just another example, is now having some financial difficulties and they have sold hundreds of millions and billions of bonds. The people who helped them sell their bonds and shares are not responsible, did not guarantee their indebtedness and our financial advisers do not do that either. The Premier complained the other day in this debate, Mr. Chairman, that his remarks would not get much coverage, there would only be a few words, that the sensational would be taken, that everything could not be covered. Very true. I made a speech in this House two weeks ago, a four hour speech and I think had a lot of good points in it, what was on the television newscast that night? Thirty seconds to sixty seconds at the most on some little point I made in the speech. There is nothing we can do about that as that is the nature of the media.

If there is a legitimate complaint about that, then why does the House not invite the television networks and radio stations to cover our proceedings live and, if they cannot cover them in toto, to cover a half hour or an hour a day, the high points or low points, whatever you want to call them, of the House? We would certainly welcome that and I have suggested it before. The kind of speech the hon. the Premier made was one calculated to get reported. I read one newspaper this morning, covering last Friday's debate, and the remarks made by the hon. member for Burin were not covered at all and what was covered was the Premier's colourful, slashing attack in answer to the hon. member, including the colourful phrase about slime and slimy arguments.

MR. CHAIRMAN: I think we are going a little too far from financial matters.

MR. CROSBIE: Fine, Mr. Chairman, I agree. The issue is not whether this Province can borrow now, we know it can borrow now unless the bond market goes absolutely sour, it is what is going to happen within the next three or four years. The Premier made a great point about borrowing, that if all Governments and people stopped borrowing the economy will come to a halt. Well, we all know that. That is simple and elementary but we are talking about one particular Government and the question is not whether this Government will ever decide to stop borrowing

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itself, voluntarily. The question is when will the point come that it is involuntary because nobody will buy our bonds? That is the point. We know that today the Government of Newfoundland must borrow at least \$40. to \$50. million a year just for us to stand still. Of the \$40. to \$50. million odd dollars being borrowed this year \$10. million, Mr. Chairman, is being borrowed to pay in the sinking funds. In other words we are not paying into the sinking funds now to meet the principal coming due. We are not paying into that from our current revenue. No, The Government is going out and borrowing \$10. million today to pay into sinking funds to meet indebtedness when they come due, because these payments have got to be made in the sinking funds. And since that is put up in the capital account now it means the Government is borrowing now to pay in the sinking funds. Does that indicate our financial position is good? It certainly does not. It indicates exactly the opposite.

You see the Premier's theory is what they call in England "the never, never." You are buying on the installment plan, "the never, never." The Premier seems to have the theory that in this Province it is the never, never forever. That we can just go on borrowing and borrowing and using any kind of device and taking sinking fund payments from current account and putting them into capital account, borrow from the Canada Pension Plan, borrow under DREE, borrow anywhere you can borrow and use the borrowing to help repay borrowing and thinks this can go on forever. Well, it cannot, Mr. Chairman, and the day of reckoning is approaching and it will be here within the next three or four years.

It was very interesting to notice a comment the Premier made. He said that the Government spoke to their financial advisers and they asked them, "Can you get it?" Exactly what I have been saying this morning, Mr. Chairman. The Government does not ask these financial advisers, "Should the Newfoundland Government do any borrowing or what do you think about our prospects in the next three or four years if we keep borrowing at this rate?" These are not the questions they ask the Bank of Montreal and A.D. Ames and Wood Gundy and the rest. The question they ask and the Premier gave it himself is, "Can you get it?" They say to them; "We need this year \$29. million borrowed from the bond market, can you get it?" They do not ask Wood Gundy and A.D. Ames, "Should we

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borrow this year on the bond market or do you think that the Newfoundland Government should keep on borrowing at this great rate, or questions like that.

They do not ask these people that. They ask those people, "Can you get it?" and their job is to advise whether they can get it for the Government of Newfoundland or they cannot get it. That is the limit of their involvement and that is what they are paid for. The Premier, last Friday, alleged that any criticism made of the Government's financial position was made by people who wanted to get a crack at him. That is untrue. There is not an iota of truth in it. It is a cheap, repulsive remark but with respect to the Premier now everything is on a personal basis. No one can say anything critical of the Government unless it is taken personally by the Premier, because the Premier thinks he is the Government. To allege that members of this House are questioning items of finance and the Province's financial position just to get a crack at the hon. the Premier is completely repulsive. It ascribes to other members of this House the lowest kind of motive. That maybe something the hon. the Premier would do himself but it is not something, Mr. Chairman, that I would do and no one else on this side, as far as I know.

Mr. Chairman, the last refuge of a scoundrel is patriotism. That is a famous saying, "patriotism is the last refuge of a scoundrel," and when we hear the Premier defending the Government's financial position in this House, waving the flag of patriotism and that anyone that criticizes the Government's financial position is unpatriotic, is attacking Newfoundland, we know what is happening. It is a pity to see it. I can assure this House that I am just as patriotic and just as much for Newfoundland as the hon. the Premier or anyone on the other side, anyone on the other side, and that is what worries me about the financial policies of this Government.

Now, Mr. Chairman, one last point. The Minister of Finance is responsible for the Newfoundland Liquor Commission, it reports to him, and we have heard in this House a most incredible explanation of certain circumstances in connection with Atlantic Brewing Company Limited that has to be referred to again. On December 30th, 1966 the Premier of Newfoundland gave Mr. John O'Dea a letter, either gave it to him, gave it to him according to the Premier, in

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connection with a brewery that was to be established in Stephenville. It was a one page letter, Mr. Chairman, on stationery from the Premier's office and it purported a deal with tax exemption for the brewery at Stephenville. As I remember it there were three items, (1) the SSA tax, (2) gasoline tax and some other tax and (3) exempted Mr. O'Dea and the brewery from the taxes imposed by the Board of Liquor Control and presently amounting to \$2.17 per case of beer sold or shipped from the plant. That was December 30th, 1966. In other words it was a letter purporting to grant to the Atlantic Brewing Company Limited which was incorporated later an exemption from paying to the Government the \$2.17 for every case of beer that all breweries in Newfoundland have to collect from the public for the Government when they sell beer on behalf of the Government.

When the beer leaves the plant of the manufacturer, the brewer, it is the property of the Newfoundland Liquor Commission, the Government. The breweries are told what price they are to sell that beer for and in 1966 they had to collect \$2.17 and turn it over to the Government. In 1970, today, they have to collect \$2.49 for every two dozen beer and turn it over to the Government. We know, Mr. Chairman, that there was a writ issued by the Newfoundland Liquor Commission, I believe, in October or November 1969, against Atlantic Brewing Limited, claiming an amount of \$407,361.59 and the statement of claims stated or alleged that from May 1st, 1968 to May 1st, 1969, (now May 1st, 1968, Mr. Chairman, is a year and a half after the letter of December 30th, 1966) from May 1st, 1968 when Atlantic Brewing started into production to May 1st, 1969, a year later, they had sold 343,261 and one half dozen bottles of beer on which they neglected to forward to the Newfoundland Liquor Commission the \$2.49 per case so that the amount owing for that period was \$407,361.59.

We know, Mr. Chairman, that under the Alcoholic Liquors Act the act specifically states that every brewer must by the 20th of the following month turn over to the Newfoundland Liquor Commission the money that is collected on the sale of beer the previous month. On the 20th of May, this month the 20th of May, every brewery must turn over to the Newfoundland Liquor Commission \$2.49 per case for all beer sold in April. We know that as it is in the act,

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it is in the legislation. It is a duty imposed on the Government and on the Commission, by this House, yet the Atlantic Brewing was allowed to operate -

MR. CROSBIE: was allowed to operate for a whole year without paying one cent of this over, not paying one cent why? The answer was this letter that the Premier gave Mr. John O'Dea on December 30th. 1966. A question was asked in this House about Atlantic Brewery and a letter going to them and the answer given was "no", no such letter had gone. Literally it is correct. Another question asked since then was never answered.

Now the other day, on Friday I believe it was, or Thursday, the hon. Premier made an extraordinary statement, which if it is correct, would be cause in any other province or country for the hon. the Premier to resign. The Premier maintained that Mr. John O'Dea and his associates came to the Premier's office with a letter, typed out on the stationery of the Premier, concerning tax exemptions for an industry establishing at Stephenville and that the hon. the Premier signed it without reading it, signed the letter without reading it, not only that but signed it without having any official of the Government read it. Not only did not the Premier read it himself, which perhaps is understandable with all the letters and correspondence that goes through his office, not one official of the Government of Newfoundland read it, the Premier signed it anyway. This was a one-page letter, Mr. Chairman, that anyone could read by scanning in fifteen to twenty seconds. It was not a long ten page letter, or eight pages or seven pages or six, five, four page, three or even a two page letter, it was a one page letter, I believe. With these three items itemized, including the taxes imposed by the Board of Liquor Control, presently amounting to \$2.17 for a case of beer sold or shipped from the plant.

The hon. the Premier says; he signed it without reading it. He did not know what was on it. But; surely Mr. Chairman, between December 30th. 1966 and May 1st. 1968, a year and a-half later, the Premier must have known what was on the letter, and should have corrected the misapprehension that the Atlantic Brewing people were then under. In a year and a-half that is passed surely the issue must have come up again. And then from May . . .

MR. CROSBIE: 1st. 1968 to May 1st. 1969. There was no writ issued until October 29th. 1969, which was practically three years after the letter. This issue must of come up after the Premier signed the letter. So if he did not know what he was signing on that date, Mr. Chairman, he certainly knew it before May 1st. 1968, and between then and May 1st. 1969.

But, if the hon. the Premier signed that letter granting tax exemption without having read it himself, without having one of the officials of his Government read it, then surely the Premier should resign. He should resign because that is gross negligence, gross negligence, the greatest degree of negligence, to sign a letter like that without reading it or having any official of the Government read it. What happened after that we do not know too much about, we know there was a writ issued in October 1969. We know that the member for Fortune Bay says that he brought this to the Premier's attention, the Premier confirms it repeatedly.

MR. CHAIRMAN: I do not think you can pursue that matter too much further because, as that was already discussed under Premier's office, for one thing, we are under the Department of Finance now and the hon. member's remarks should be relevant to the salary of the Minister of Finance.

MR. CROSBIE: This matter was first raised under this vote for the Minister of Finance, and it is the Minister of Finance's duty, he is responsible for the Newfoundland Liquor Commission. It was a duty of the Minister of Finance who was in office from May 1st. 1968 to May 1st. 1969 or at anytime from December 30th. 1966 on to collect this money and see that it was collected. So it is very relevant to the Minister of Finance, and the Minister of Finance during that period, or some part of that period was the member for Fortune Bay. If the first beer was sold by Atlantic Brewing in May 1968, in June 1968 it became obvious to the Newfoundland Liquor Commission and through them to the Minister of Finance that Atlantic Brewing had not paid the \$2.49 per case to the Commission, that had to be obvious by the end of June 1968. And it certainly had to be obvious by the end of July 1968, when

MR. CROSBIE: two months have gone by and no payment was received for May, that had to be brought to the attention of the Newfoundland Liquor Commission and the Minister of Finance by July 1968 at the very latest.

Now in July 1968, Mr. Chairman, there was no question of Atlantic Brewing being insolvent or getting near insolvency, none whatsoever. The Premier tried to excuse the other day, he said that by the time, Mr. Earle had brought this to his attention, the member for Fortune Bay, the company was in financial difficulties and the Government did not want to put them on the spot when they knew they were in financial difficulties, and they were trying to sell out. For in July 1968, Mr. Chairman, they were not in financial difficulties, that was no reason then for not seeing that the law was carried out. When exactly they got in financially difficulties I do not know, but it must have been after operating for four to six months or some period of time like that. And they were collecting this money from the public the \$2.49, this trust funds from the public, and not remitting it to the Government. So by July 1968, the Minister of Finance and the Newfoundland Liquor Commission had to know that Atlantic Brewing was not meeting the law. Not only did they have to know that, they had to get after Atlantic Brewing and they must have been told by Atlantic Brewing then obviously Mr. Chairman; "we have a letter from the Premier, which exempts us from paying this \$2.17 you are looking for." They must have done that, if the Commission or the Minister of Finance got after them they had to say they had a letter from the Premier giving a tax exemption or an exemption from this amount. It had to come to the notice of the Premier and the Government in July 1968, certainly the summer of 1968, it had too.

So the facts that the Premier related on Thursday, do not answer, do not answer this issue at all or this matter at all, Mr. Chairman, gross negligence that the Premier did not read the letter, that was gross negligence, gross negligence in the Department of Finance and in the Newfoundland Liquor Commission, if they did nothing after June or July 1968 to collect this

MR. CROSBIE: commission, unless they had orders from higher up that they were not to do anything. And I would say, knowing the people concerned, that there must have been orders from higher up that they were not to take any action to collect this.

So the whole story just does not hang together, Mr. Chairman. But if the story was correct that the letter was signed without being read by the Premier, and he is a very quick reader and a scanner, if that is correct that is gross negligence. But there is gross negligence all along the way from June of 1968 onward, unless there were orders from the office of the Premier that they were not to take action to collect this amount. There had to be such orders, and if there were such orders, why?

The letter of December 30th. 1966 was never approved by the Cabinet, the exemption was never brought before the Cabinet, I am sure of that, never. So what happened? The whole thing has not been explained, Mr. Chairman, to the satisfaction of anyone, and it is sufficient cause for the resignation of the Premier and unless, well it is not the same Minister of Finance now, and I believe that the present incumbent only came into office in November 1969, so it has no connection with that hon. gentleman. It has connection with his hon. the predecessor, the member for Fortune Bay.

The whole thing is a pretty sorrow story, The only tax exemptions Mr. Chairman that there are for industries locating in Stephenville or Bell Island, as far as we can see in the legislation, is an exemption from the S.S.A. tax in materials going into construction and so on and possibly one for the gasoline tax, they are not exempted from the S.S.A. tax when they sell their products, they still have to collect the S.S.A. from their customers. But on the materials that go into making up their plant or in replacements they are exempt from the S.S.A. and gasoline tax. Fine. Legitimate, well and good, but not exemption from general taxation, such as this commission on beer sold by the breweries of Newfoundland.

MR. CROSBIE: So the Government still owes, Mr. Chairman, this House and the people of Newfoundland a complete explanation of what happened in connection with Atlantic Brewing. Gross negligence when the Premier signed the letter without reading it. Gross negligence when from July 1968 to October 1969 the Department of Finance and the Newfoundland Liquor Commission did not collect the \$2.49 per case which this House has imposed a duty on them to do, a statutory duty under the Alcoholic Liquors Act, and if it is not gross negligence, then it means that they did not collect it because they were ordered by the hon. the Premier not to collect it. And if they were ordered by the hon. the Premier not to collect it, it was because he wanted to give Atlantic Brewing this exemption of \$2.49 per case. Allow them to collect it from the beer buying public of Newfoundland and instead of turning it over to our Treasury keep it, as a subsidy, keep this trust fund as a subsidy for their operations in Newfoundland, despite the fact that they were competing with other local breweries.

Now, Mr. Chairman, the only proper way for this whole Atlantic Brewing situation to be looked into, the only proper way is by a committee of this House or a Royal Commission. There should either be a Commission of Enquiry, it would be under the Public Enquiries Act, I do not think this requires a Royal Commission, there should be a commission of enquiry under the Public Enquiries Act into this whole position with reference to Atlantic Brewing or a Select Committee of this House, that was suppose to be appointed to consider the Auditor General's Report and the statement of the Minister of Finance, should have permission, and of course this is included in the Auditor General's Report, should have permission to get to the bottom of this whole story.

Now with this House rapidly drawing to a close, at least probably in the next several weeks, I would think that a Commission of Enquiry, by a competent and impartial person, is the right way to get the facts of the Atlantic Brewing tax or profit exemption attempted or reported to be

MR. CROSBIE: given in this letter of December 30th, 1966 and not only that letter but what happened afterwards when the Department of Finance and the Newfoundland Liquor Commission failed to take any steps until October 1969 to try to collect this commission. There is certainly no satisfactory explanation yet, only one that arouses further question. There is evidence of gross negligence at the very best on every side.

MR. SMALLWOOD: Mr. Chairman, I do not intent to occupy too much of the time -

MR. MURPHY: Mr. Chairman, this past two days two gentlemen have been occupying the House, what is getting wrong with the place?

MR. SMALLWOOD: It is in proper order. Do not be a baby now.

MR. MURPHY: I am not being a baby. Order me granny!

MR. SMALLWOOD: Mr. Chairman, I do not intent to occupy too much of the committee's time, and I certainly do not intent to follow the hon. gentleman who just spoke in all his wonderings. I do not intent to do that, I do want to say a word about three things, first with regard to the state and the function and the nature of the Financial Syndicate that handles our public borrowing. This is the syndicate of financial houses in Canada, in the United States, in the United Kingdom and in Germany, headed by the House of Ames, Ames and Company. There are five of these financial houses in Canada, four bond houses and one bank. The four bond houses are Ames and Comapny, Wood Gundy, Nestbitt Thompson and Royal Securities and the Bank of Montreal.

Wood Gundy are Canada's biggest bond house, the biggest, and Ames and Company are the perhaps the most noted, they are the managers, Royal Securities are extremely well known, they are owned I believe, I do not know who owns them, perhaps they are owned by the Bank of Montreal. Nestbitt Thompson are extremely well known, and of course the Bank of Montreal is very well known indeed.

In the United States the members of the syndicate are Hornblower Weeks, Hemphill, Noyes and Solomon Brothers. In the United Kingdom the members of

MR. SMALLWOOD: the syndicate are the House of Rothchild, Ham Bros Bank, and the Western American Bank. And in Germany the Deutsche de Centrale in Frankfurt, and the Dresdner Bank in Dusseldorf.

Now there you have twelve outstanding financial houses, twelve, five in Canada, two in the United States, In New York, three in London and two in West Germany, West Germany being the home of most of the Euro-dollars that are to be found in Europe. All of them famous, all of them firms of great integrity and great experience, and one of them is the Bank of Montreal. Now the Bank of Montreal have a very special relationship to this Government, since 1892 or 1893, since the bank crash, the Bank of Montreal had been the bankers to the Newfoundland Government.

Well we have had other bankers, and we have other bankers, all the banks in Newfoundland are bankers to the Newfoundland Government, but the Bank of Montreal are special bankers, they have our Exchequer Account, so they will

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for they are and for many years, they were the only bankers we had for half a century, for sixty years, they were the only bankers this Government ever had, but since Confederation other banks in Newfoundland have become bankers to the Government, but the Bank of Montreal remains the Bank where the Exchequer Account of the Government is kept. Then in addition to being our bankers, the Bank of Montreal are our fiscal agents - our fiscal agents. They are not only our bankers. Then in addition to being our bankers and our financial agents, they are our financial advisers. Mr. Chairman, I ask the committee to take note of that, that the Bank of Montreal are this Government's financial advisers and have been for nearly three-quarters of a century.

Finally, the Bank of Montreal has another very special function, they are managers of our public debt. Now these four functions are remarkable - quite remarkable. The Bank of Montreal are bankers to the Government with our Exchequer Account, our main bank account. They are fiscal agents of the Newfoundland Government. They are financial advisers to the Newfoundland Government, and they are the managers of our public debt, and they, then, being members of this financial syndicate, are more than just profit takers as the suggestion has been put forward here in this House on Friday and again today. They are just in it, we are told, relatively, we are told, in it for the dollar they can get out of it. They do not have to worry about their reputation, all those twelve famous banking and financial institutions - they do not have to worry about their reputation, their status in the world. They do not have to give that any concern. They will take any account that anybody will give them so long as they can make a fast buck. If what has been said, does not mean that, it means nothing. If they do not exercise discretion, as to what issues they will handle, if they do not exercise discretion as to what clients they will accept, if they do not exercise discretion as to what issues they will handle, if they do not exercise discretion as to what clients they will accept, if they do not exercise discretion as to what markets they will

go in and for whom and when and under what terms and conditions. If they are mere automatons, mere dumb agents of anyone who will hire them, then it is putting down twelve of the world's respected and respectable financial institutions into the position of financial harlots. They are either financial harlots or they are highly reputable firms who deserve their high reputation, because of their integrity and because of their long service in that field and I think if this committee has to choose between these two descriptions, they will take the latter - not the former. Of course, they are not - the mere fact that Ayre and Sons or Bowring Brothers will make a profit, if you go down and do business with them, the fact that they are in business to do profit does not mean that they are scallywags.

The fact that a lawyer will take a case and represent a client, that a medical doctor will take a client and do his best and receive a fee, both of them, does not mean that they are scallywags and the fact that a bank or a financial house will represent the Government of a country or of a part of a country and receive a fee for so doing, does not mean that thereby they have not exercised any judgment of their own, that they are concerned only with the dollar, the fast buck that is to be made. I say to you, Mr. Chairman, the fact that this financial syndicate handles the public borrowing of this Government ought to be a very reassuring fact. It is a fact. It ought to be a reassuring fact. It ought to be a fact to give some comfort and confidence to the Newfoundland people and to this committee and to this House. They will not go on the market for Newfoundland. They will not take an issue to the public. They will not go to the great insurance companies and the other institutions, the trust funds and the other people with cash to invest. They will not go to them. They will not take our bond issue to them. They will not represent us. They will not go to the money markets of the world. They will not. I repeat they will not go. They will not represent Newfoundland. They will not

go. They will not represent Newfoundland. They will not take the onus. They will not take the responsibility without a high degree of endorsement on their part. Now on that, let me deal with that point. Nobody knows more about the financial condition of the Province than this financial syndicate. They have to have every last detail. They have to know every last detail- our innermost affairs, financial affairs. Our innermost financial affairs must be wide open to the financial syndicate - must be and is, of course. They know exactly what the financial position of Newfoundland is from week to week and from month to month. They are completely familiar with it. Thoroughly familiar and being familiar, it is they who prepare the financial prospectus for every bond issue. Before there is a bond issue sold, before it is offered for sale, a prospectus has to be prepared and laid before the prospective buyers of the bonds and that prospectus is compiled and prepared by the financial syndicate which they can do only when they know the facts and which they will do only when they believe them. So, that in actual fact, the presentation of Newfoundland bonds for sale, by the financial syndicate, is an endorsement by them of the validity and value of those bonds and of the Government that is offering them.

Now, I have said that and I said it here on Friday and I am repeating myself, whether tediously or not, it is repetition of what I said on Friday. I said then that it would not be believed by those who did not want to believe it and would be believed by those who did not doubt it in the first place. I repeat the quotation I gave them at that time from Mark Twain, "never explain, your enemies will not believe you, and your friends do not need it." So, in giving the explanation, I do not delude myself into thinking that I am confronted by a number of Sauls who are suddenly becoming Pauls, all experiencing a general conversion. They knew, before I told them. I have not told them anything new, what I have told them, they knew before. They are well aware of it, but it suits their purpose to talk differently. I am going to say just one word about the letter that I signed. I have told it before. I will repeat it now briefly that when the disaster overtook Bell Island and Stephenville, economic

disaster, we took a course that in other parts of the world that would be called - what is the term? When Springhill and other places - where Pearson was the member - Eliot Lake. What term did they describe to the economic disaster that came? Not disaster area, but some other such term. We regarded Stephenville and Bell Island as disaster areas, economically speaking and in the Cabinet we passed an order saying that any industry that would establish in either of those two places would become immune to taxes imposed by the Newfoundland Government, collected by the Newfoundland Government. They would be immune to Newfoundland taxes.

Now I will admit this. I will not admit, I will state this: There has not, to this moment, been a clear definition of what we mean by that. For instance do we mean corporation income tax? Do we mean exemption from the payment of corporation income tax? Remember, Mr. Chairman, that when a corporation in Newfoundland pays corporation income tax, it is paying it to two Governments. The bulk of it is paid to the Government of Canada, and it is there money - a small part of it is paid to the Government of Newfoundland and the Government of Canada remits that, they collect it in behalf of the Newfoundland Government and they remit it to the Newfoundland Government. Does exemption from Newfoundland taxation at Stephenville and Bell Island include - does it include the corporation income tax, the portion of it that has been imposed by this House?

Now the statute that we passed here in this House, I think does not give such exemption, but the Order-in-Council that was made the Order-in-Council giving exemption is a pretty sweeping thing, exempting any industries establishing either at Bell Island or Stephenville from the payment of Newfoundland taxes, for a period of time. For two years after the industry began to operate, excluding the time they might take to get ready to start producing, but from the moment they began producing, two years of exemption from taxes.

Mr. O'Dea was in and out of my office from time to time about this. He wanted introductions to DREE - not DREE, it was not DREE then, it was the

ADA, I expect or ADB, the Atlantic Development Board or the Area Development Agency of the Government of Canada, and I gave all the introductions that I could. I smoothed the way all I could, naturally. We were very eager to get industry going at both places, and he wanted to start an industry there that would employ, he told us, sixty or seventy men. Well all right, sixty or seventy men is not a huge industry, and if the only concession we were to give them was to be that of providing a building very cheap, which they would have to spend a lot of money on to fix up; nevertheless, we would provide the building. We would provide it very cheaply and secondly, we would exempt them from the payment of Provincial taxes for the first two years of their production. We were glad enough indeed to give them those concessions and we could not do very much less and we are doing it for anyone else. We are still doing it for anyone. We are still offering to do it and glad to do it for anyone who will move to Bell Island or to Stephenville. We do not apologize for that. We think we are right. We think we are very right, indeed.

So, in and out my office - it is a pretty busy office, and there is a stream of people in and out all the time, and I had precious little time for them beyond saying, we are all in favour of this. I am delighted. I hope you succeed. What can we do for you? Well what do you do? Well we give the building, and they talked about the building and told me the number of the building, but it did not mean anything to me, but I telephoned to the manager, the managing-director or whatever he was called of the Harmon Corporation and I said, "what is building so and so?" He told me what was building number so and so, and I could not recall it. I could not place it in my own mind, and I said, "what is it being used for?" Well he said, "it was used for a sort of a machine shop in a garage." I said, "that seems like a funny place to put a brewery in." Well he said, "they were out and looked it over and told us of all the rebuilding they would have to do." Well I said, "have we any purpose in mind for that building?" "No." Well I said, "okay, I suppose that is all right." So I told him, okay! You can have that building.

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Then what else? The only other thing we do for you is give you exemption from tax. "For how long?" "For two years. After we start producing two years you get exemption from taxes." "Well that is fine." So they go off and they see ADA or ADB who ever it was. They go and they see the bank. They had to get some bank credits and then they came back to me and said, "the bank wants a letter saying that we would be exempt from the taxes." I said, "sure, I am glad to give you that." "When can we get it?" "Oh, first chance I can get." I imagine, but I would not swear to this, because I really do not remember. I imagine that they would have in a couple or three times about that and that this, I do know, whether it was the first or the second or the third time they came to me. I said, "go out and dictate the letter for me. Go out to Miss Duff, (that is a couple of offices removed) go out and dictate the letter and bring it in and I will sign it." They go off and they dictate the letter and bring it in to me, and I glance at it, exemption from taxes, and I sign it.

Now, I believe that they were as straight and sincere as men ever were. I believe that Mr. O'Dea was completely straight and sincere about it that he regarded what was paid as taxes. People still call it tax, that the Liquor Board gets. It is not tax. They do collect some tax, I think, and the Government of Canada collects some tax as well, because liquor and beer are very, very heavily taxed indeed - I suppose the most heavily taxed product in the whole nation, and I think, perhaps, properly so, but very extremely. There is customs' duty and customs' excise. There is Federal sales tax and there is Provincial sales tax, and there are other taxes of one kind and another, like tobacco and cigarettes, liquor and beer are very heavily taxed.

Now, but the money that the Liquor Board collects is not taxed. What the Liquor Board collects is a profit on the sale of the beer. What ^{not} a lot of people do not seem to understand is this: there is a thimble of beer

that is brewed in this Province, that is not brewed for the Newfoundland Government. Whatever number of breweries you have, every stain of beer they brew, is brewed in behalf of the Newfoundland Government who are the only buyers - the Newfoundland Government - the Board of Liquor Control buys every thimbleful of beer that comes out of a brewery. The brewery is not allowed to ship a stain of beer, a thimbleful of beer outside the walls of the brewery, except to the Newfoundland Government.

The Newfoundland Government are the only buyers. They are the only customer of the breweries. The brewers have no other customer. They are not allowed to have - there is one and one only and that is the Board of Liquor Control. The Board of Liquor Control could, if it wished, direct that every thimbleful of beer be delivered inside the walls of any building designated by the board. They could take physical delivery of it. They do take physical delivery of a small part of it, and they put it on their shelves and they sell it over the counter, but they could, if they wished, take delivery of every last bottle that is brewed, because it is their property. The beer, the minute it is made and available for consumption, is the property of the Board of Liquor Control. They own it, and they pay for it, and they say what they will pay for it. They name the price. The Board of Liquor Control determines the price at which they will buy the beer. The price that the brewers get is the price that the liquor Board says they can get, and they cannot get anymore. The price is fixed by the Board of Liquor Control, because the Board of Liquor Control buys every bottle that is brewed.

Now instead of telling the Liquor board, instead of telling the brewers to bring it along to us, we will take delivery of it, what they do is this; in effect they say, you go ahead and deliver it to the taverns. You go ahead and deliver it to the taverns. You deliver it to the hotels and the motels. You deliver it to the clubs and the lounges and the places that sell the beer. You do the delivering. You collect the money for it in our behalf, and the brewers are not only brewers, but they are agents of the Liquor Board, acting for the Liquor Board

in the distribution and sale of the beer, but every drop of beer, that goes to a retail outlet in this Province, belongs to the Newfoundland Government until it is sold to the outlet, When the outlet buys it, then it belongs to that retail outlet.

And to call by the word "tax" the profit that the Liquor Board makes on that beer, is a misnomer. It is not a tax, but I know this now far better than I knew it then, because the Liquor Board was not anything in which I ever took very much interest, believe me. I never did. I have taken much more since this thing came up, and I discovered - when Price Waterhouse made the survey, made the study, it was then for the first time that I began to discover that all the beer that is brewed in this Province is brewed for the Newfoundland Government. I suppose that ninety-nine per cent of the Newfoundland people today do not know that, and I would say that ninety-nine per cent of the hon. members of this committee did not know that every single stain, and I said ninety-nine per cent. No, everybody is not aware of that. It is not old stuff. It is old stuff to the hon. gentleman, but it not old stuff to everybody in this House. I believe that. I believe that.

MR. MURPHY: : I worked there.

MR. SMALLWOOD Exactly. I did not. Therefore, I have known much less about it. I have known much less about it than does the hon. gentleman. I admit that. I am not ashamed of admitting it. It is so, but I have learned in the last couple of years that every drop of beer that is brewed in the breweries is brewed for the Newfoundland Government and the Newfoundland Government is the only buyer and the Newfoundland Government fixes the price that it will pay, and it can change that price anytime it likes, and it is shortly about to do so. And the brewers deliver the beer to the outlets. All right. When the letter is brought to me to sign, which I sign after a quick glance at it - relief from taxes. I forget the wording of it. I did not write it, but it says that they were to be exempt from taxes and then it goes on. I signed it. Yes, I admit that.

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I signed it. Was it negligent? Perhaps. Perhaps it was. Perhaps it was negligent. But the fact is this. This is the fact that when it was brought to my attention that they were claiming, that they did not have to pay the Liquor Board's profit, I said that they were crazy. No, I have no doubt that they were sincere about it. It is this loose use of the term, "tax." Calling that a tax is ridiculous, but tax it has been called, but it is not a tax. It is a profit. Just as well to call the profits that Bowring or Royal Stories make on any goods they sell, a tax. Just as well to call that a tax as to call the profit that the Liquor Board makes a tax. It is not a tax. It is a profit. It is not different entirely.

The Liquor Board buys beer at a price and sells it at a price and the difference is profit - not a tax. If Bowring Brothers buy stuff for a dollar and sell it for a dollar and a-half, the difference less their expenses is a profit - not a tax. It is not a tax. It is a profit and the Liquor Board makes a profit on the beer it buys from the breweries and sells to the outlets. That is a profit - not a tax. The confusion between the words "profit and tax" - the usual custom of calling that a tax is what made them regard what the Liquor Board got as a tax and not as a profit and when this was brought to me, I could scarcely believe my ears.

Mr. Chairman, I was interested in one other thing that the hon. gentleman said and that was with regard to the fifty-four per cent of the Government's revenue that comes from the Government

MR. SMALLWOOD: from the Government of Canada. If we get fifty-four percent of our total revenue in a year from the Government of Canada, it means that forty-six percent does not come from the Government of Canada, forty-six and fifty-four make up the total revenue of the Newfoundland Government, we are talking now of course of current accounts, the ordinary running expenses of the Government.

And that reminded me of the choice that lies ahead of this Province. Let me put the choice, Mr. Chairman, let me put the choice that faces this people, this House, this Province: We get fifty-four percent of our total current account revenue given to us by the Government of Canada, they give it to us under various headings. The choices that lie before us are these, that they have to raise that fifty-four percent to sixty-four or seventy-four, that is one choice. Now they have paid as much as seventy-four. In 1950-51 they paid slightly more than seventy-four percent, that is the highest it ever went. It came down steadily through the twenty-one years, so that now this year it is 54.2 percent, a little over fifty-four percent.

What we have got to have in Newfoundland is one or other of four things and one of them is, that fifty-four becomes sixty-four or seventy-four or eighty-four. If we are going to have the money we need in this Government it has got to come from somewhere. One of the possibilities is to come from Ottawa. And, Sir, it is not going to be enough for current account money to come from Ottawa, capital account will have to come as well and this year, it is coming.

Earlier in this session the hon. the Minister of Community and Social Development made an announcement of a capital account program that Ottawa agreed to finance, agreed to give us some \$90 odd million of capital account money. Now this is over and above the current account money, they are giving us fifty-four percent of our current account revenue in the current year, fifty-four percent is coming from Ottawa, but over and above the fifty-four percent running expenses, current account, ordinary running expenses of the

MR. SMALLWOOD: Government coming in now from Ottawa, over and above that we are getting this year \$90 odd million. What was the exact, \$94 million was it? \$98 millions. Capital account, in other words, you will find that this year, Mr. Chairman, were the Government of Canada are giving us fifty-four percent of our current account revenue, they are giving us well over fifty-four percent of our capital account revenue. Just think of that, may be the committee had not thought of that before.

For the first time in our history as a Province the Government of Newfoundland this year are receiving in addition to the fifty-four percent of all our revenue on current account, we are receiving well over that percentage of our capital account from Ottawa as well. And I say that this is one of the four choices before us. We get more money from Ottawa, on current account and capital account to build schools with, capital account to build schools and roads and water and sewer systems and do paving. That is one choice.

Now that is not the best choice. It could be that it is the only one open to us. Another choice is to tax the people more, get more of our revenue by putting on more taxes. I think that is out. I do not think there is a chance of that. I do not think that the taxable capacity of our people today is high enough to enable us to get more money out of our people. If you tax our people more heavily than they are taxed now, their revenue will begin to dry up, you will not really get more money, you will reach the point of diminishing returns. Unless that is now, unless we can greatly increase the taxable capacity of the people, and thereby hangs a tail. I will pass over that point for the moment. So I say, unless the taxable capacity of the people can be greatly increased there is no future in sight, right now, of getting more revenue by taxing the people more. That is two.

The third is to borrow more. To finance the building of schools and to finance the building of hospitals, and the building of new roads

MR. SMALLWOOD: and paving and so on, and so on. To borrow more, if not to borrow more to continuing borrowing at the present rate. This is one of our choices, this is the course we can take, indeed we are taking.

Now there is a fourth course that is open to us, and that fourth course is so easily stated, it is dismal, it is discouraging, it is disheartening even to think of it, even to say it, even to pronounce the words, and that is not to tax the people any more, not to borrow any more money, not to get any more money from Ottawa. This would mean that Newfoundland at first would stand still. But how long can a Province stand still? I say at first we would stand still, it would be a stand still for a while, but you either go ahead or go behind, you do not stand still long, you cannot stand still long. You either go ahead or you go back, ahead or astern, you cannot stand still very long. And the immediate result of stopping your borrowing, of not taxing the people for more, of not getting more from Ottawa, the immediate results of that is to bring the Province to a dead stance and then rapidly she goes astern. You would have stagnation. Utter stagnation! And this is true not only of Newfoundland but it is true of every part of Canada.

I asked a question here on Friday, what would be the result in Canada, if for a period of say three years running, I can imagine it happening for one year, it would be near disaster if it did, but I can imagine it happening just the same, I can imagine this happening, that for one year no municipality in Canada, no Government of the Canadian provinces and the Government of Canada, and no industrial corporation, and no commerical corporation, nobody, but nobody, for more than a year borrows any money. I can imagine that. It would bring all Canada to a quick standstill. And Canada can no more stand still than can Newfoundland. It is not only Newfoundland that cannot stand still; no country, no part of a country can stand still. You go ahead or you go back, one or the other, but you could

MR. SMALLWOOD: bring Canada to a standstill if all borrowing stopped dead in its tracks from coast to coast for one year. Because there would be no construction of houses, no construction of shops, no construction of factories, no construction of schools, no construction of office buildings, no construction of high-rise apartment buildings, no construction. There would be no construction of water and sewer systems, there would be no construction of electric plant or electric transmission lines, No construction means that for that one year Canada would come to a dead stand still. But carry it on for three years, for three years let there be no borrowing. and you will have utter stagnation, economic stagnation. In otherwords, they have no choice, they have got to go on, the whole economy is geared to that. The American economy and the Canadian Economy would perish, Mr. Chairman, it would collapse, it would not survive. Not only could it not go ahead, not only would it go behind, it would collapse. The creation of debt: is the very bases of our modern finance capitalist system, the creation of debt. It has to create debt. It is the foundation of it. It is the foundation of our modern finance capitalist system, it has got to create debts. Any economist in the world will tell you that. It is not only ancilliary, it is basic, it cannot survive without it. It will die, if it does not borrow. The whole economic system, the economo-financial system, economic and financial system of modern capitalism will collapse and die if it does not borrow, if it does not create debt.

Now what is true of the world in general. and Canada in general is equally true here in Newfoundland. If we ever reach the day when we can no longer borrow anywhere, on that day we stop building schools, we stop building hospitals or enlarging them, we stop building roads, we stop paving roads, we stop putting in water and sewer systems, we stop extending electricity, we stop building, creating, constructing anything new, because the only way to do that is to borrow, to borrow to do it. You do

MR. SMALLWOOD: not suggest surely that you can tax your people and borrow not/money every year, not only to run what you have but to create new things as well. Surely we have not got that kind of money in Newfoundland? Our economy would not bear that burden of taxing our people more, pressing them down under an even heavier load of tax burden. than is on them now. Nobody can suggest that. All right, all right.

MR. HICKMAN: Inaudible.

MR. SMALLWOOD: Unfortunate. The position would be unfortunate and let this be clear, let it be very clear, that the justification of borrowing can only be the creation of new services, new dividends, producing them. By dividends I really mean wages, new wages, the creation of new jobs. And so I will come back to where I left off, at the second alternative, which is tax the people more. And then I added as parenthetically, but only if the tax base is broader, only if the taxable capacity of the people, the tax paying capacity of the people is made greater. You dare not tax the people any more, unless you first give them the means to pay more. Now how do you do that? How do you get more money into the hands of the people in any given economy, in the economy of this Province, for example? How do you go about getting more money into the hands of the people in the aggregate? How do you go about doing it?

You go about doing it by creating entirely new dollar-earning industries. Not more shops necessarily. But productive industries more mines, more mills, more factories, more fish plants, more industries that create new wealth that can be sold in return for new dollars brought in. The problem is a problem of dollars, the problem is a problem of getting enough dollars to go around. The way to get dollars is either to beg them from Ottawa, get down on your knees and wag your tail and plead and beg with Ottawa to give you more dollars, that is one way to get dollars. And another way, Sir, , the only way to earn dollars yourself is to create

MR. SMALLWOOD: industry to do it, create industry that employs men, that gives jobs and pays wages. Where did all that money come from to pay the wages? It comes from the dollars that you get when you sell the products of that industry. If you have a fish plant, you ship the products of that fish plant to the United States and dollars come back and it is those dollars that come back that pay the wages of the people in the plant, and give the Government some money as well. If an new mine is started, the minerals are sent away, dollars come back and those dollars pay the wages and give the Government some revenue. If you start a new paper mill, the paper is shipped away, the dollars come back and those dollars pay the wages, and the Government gets a share of it. The only way the Government can get more money out of the people, unless you are going to crush the lives out of them, is for the people to have more money in their pockets. You cannot get blood out of a turnip. You cannot get taxes out of people beyond a certain point without crushing them to death. If you are going to get more revenue from the people, first see that the people have more money to give. This means more industry, means more wages, it means more jobs. Now how do you get new industries? If you are an Island lying off the eastern coast of this continent, how do you get more industries? How do you get them? Do you get them by just looking respectful? By being polite? By just carrying on the Government? By just balancing your budget? By just trying to find the money you need each year to meet your running expenses? While all about you governments are stirring themselves to entice and encourage industries to come in.

Mr. Chairman, let me give you one example: In our neighbouring province of Nova Scotia, the closest part of it, Cape Breton, they built a great heavy-water plant. Now this heavy-water plant, as God should have it, was built in Cape Breton and not in Newfoundland. God knows I tried hard enough to get it. I tried hard enough to get it and I failed, and for once I thank God for my failure. Nova Scotia Government got it. Now here was a great heavy-water plant that was to be built in three years, completed.

MR. SMALLWOOD: in three years and would employ 200 men. It would give 200 new jobs, and it would cost \$40 million for 200 jobs, \$40 millions, 200 jobs three years to build. Three years ago, the three years expired it is now six years, it has cost so far \$106 million, it will take another three years to finish it. What was to be built in three years, will be finished in nine years. What was to cost \$40 million, has already cost \$106 and the Canadian Government have agreed to lend them another \$40 million. In fact they have agreed to lend them \$46 million, and \$46 million and \$106 million is \$152 million, nine years to build, was to cost \$40 million, is costing \$152 million, more than three times the estimates, taking three times as many years to build it, and it is still the same 200 jobs. Not only that

MR. SMALLWOOD:

not only that but with the 200 jobs, Mr. Chairman, that plant three years from now with \$152. million in it, that plant with 200 jobs will turn out a product which was not the product it was built to make. They have to ship that product off to another plant to be finished. An incomplete product is costing \$152. million, nine years to build and employing 200 men. Now, thanks be to God we did not get that industry, thanks be to God that is one we did not get. Thanks be to God we did not get Claritone. Claritone came down and the Nova Scotia Government went all out and all praise to them for it, all credit to them. It was, I think, Mr. Stanfield when he was Premier. He went all out, he spared nothing, all out to bring Claritone into Nova Scotia. He gave them all kinds of concessions to bring them in because they were going to employ 400 or 500 jobs, they were going to employ 400 or 500 persons.

They brought them in and the Nova Scotia Government advanced them money, then they advanced them more money, then they advanced them more money and finally they are now up to \$18. million in that one plant, Claritone, \$18. million and the plant instead of employing 400 or 500 is employing now maybe a couple of hundred people. Most of it is now gone back up to Ontario and most of the people are employed in the Province of Ontario. What was that third one? There was a third one where they got another \$14. million out and industry after industry the Government of Nova Scotia and all credit to them for it went out and offered, they offered inducements and encouragement and help that Newfoundland has never even dreamed of doing and some of them have paid off but some of them have been horribly unsuccessful.

But, Sir, to this moment any businessman can go to Nova Scotia and the Government of that Province will give that businessman twice the help, the financial help, twice the financial help than this Government are ever willing to give anyone. Twice as much they will give and this is what we have to compete with. The same in New Brunswick, the same in Quebec, the same in Ontario, the same all across Canada, we have to compete with it and it is difficult for us to compete with it for two reasons (1) we have not the dollars that other Provinces have and (2) we are an island stuck out in the Atlantic Ocean half way across to the Continent of Europe.

MR. SMALLWOOD:

As I stand here this morning I am closer to the city of Warsaw, inside the Iron Curtain, than I am to the city of Vancouver, much closer to Warsaw. The distance between Vancouver and St. John's is roughly about the same as from St. John's to Moscow. You are stuck out in the Atlantic Ocean, you cannot get any further, the next stop is Ireland. This is in many ways a terrible disadvantage just as in other ways it is a great advantage. It is a great advantage to be out here for certain types of industry but for others it is death, it is death, there is not a chance. Well, in spite of that we have to endeavour, we have to try and what is the alternative, Mr. Chairman? Let us become orthodox, let us become regular, let us be ordinary and we will die, this Province will die. The only hope we have is to get new industry and to take chances on it and make mistakes in doing it just as other Provinces have made horrible mistakes.

Is there any hon. member of this Committee who would stand up in his place here today and condemn the Government of Nova Scotia for taking the utterly desperate chances they have taken? Would anyone in Newfoundland, in this Chamber here, stand up and honestly and conscientiously condemn the Government of Nova Scotia for the desperate chances they have taken and continue and go right on taking? What is the alternative in Nova Scotia to their taking these desperate chances? Death, economic death and here too. This is why I coined the slogan years ago, "Develop or perish." We will perish if we do not develop, we will perish there is nothing surer than that. We will perish as a Province, we will perish if we do not develop this Province. We cannot expect to go on forever living on charity from Ottawa.

We are getting fifty-four per-cent of our revenue from that Government now and it is highly unlikely that they will raise that very much on current account. On capital account they have begun, thanks be to God, they have started in to give us large sums of money to spend on capital account, to build roads, to pave roads and to build water and sewer systems and to build technical schools and to build academic schools. Thanks be to God, at last after twenty-one years of Confederation, at last the Government of Canada sees the wisdom of 49

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helping certain Provinces of Canada with capital grants, capital gifts and capital loans as well because not all of this \$98. million is gift, is it? Part of it is loan that they will lend us, quarter of it is lent to us and three-quarters of it is given to us as gifts but thanks be to God at last, at last I have lived long enough and I have been Premier long enough to see this come about. At last the cry we have raised for nearly twenty years is heard and is being acted on, at last Ottawa is beginning to pour capital money into Newfoundland to help us to build new schools, new roads, new paving, new this and new that and our struggle now meanwhile is going to be to find the money to maintain the things that are built, that are already built and that are going to be built in the future.

There it is, Mr. Chairman, that is the summation of it. If I were to walk out of this Chamber today and never come back into it, if I were just to hand in my resignation today and this was my last speech you know what the speech would be, it would be this; it would be addressed through this Chamber to the people of Newfoundland; You have four choices before you - one is to go begging with your tail wagging to Ottawa and ask them instead of giving you fifty-four per-cent of the money you need just to run the Province, never mind building anything new at all just run what you have, instead of giving us fifty-four per-cent of the money we need give us sixty-four or seventy-four per-cent or eighty-four per-cent. That is one choice, you could do that. You could humiliate yourselves, you could cheapen yourselves, you could turn yourselves into beggars, into paupers, you could turn your Province, quite frankly, into a Canadian colony, you could if you wished you could turn Newfoundland into a Canadian poor-house. You could do that, that is one way. Go to Ottawa and beg and plead on your knees for them to give you a higher percentage than fifty-four per-cent of your revenue, your current account revenue. That is one course that is open to us, but I do not advise it.

The other course is to tax the people more than you are taxing them now and finally tax them out of existence. It is silly, it is foolish, it is stupid and in any case it is impossible. You cannot get blood out of a turnip. Well, that course does not lie before us. That is not an alternative, that is not

MR. SMALLWOOD:

possible, we cannot do that, that is impossible but it is a thing to look at, you can look at it, you can consider it. Is it practical? You come to the conclusion, no, it is not practical. It does not make sense unless, and I will talk about the unless as another alternative.

The third is to borrow and go on year after year borrowing, as every Province of Canada does remember, remember that. We would be the only Province in Canada that did not do it, if we did not but there is no Province that does not, there is no American state that does not. Not one. There was one Canadian Province which for I suppose fifteen years that never borrowed a dollar, Alberta. They did not need to as they could not even spend all the money they had. They piled up vast reserves of cash which they invested and drew interest on from the sales of their oil leases. Every year their auctions take in ten, twenty, thirty, forty, fifty, sixty, eighty millions in one year, they stash it away, stash it away but today Alberta is borrowing, even Alberta is borrowing. That great source is dried up and she is borrowing today, Every Province of Canada is borrowing without exception. They are all borrowing. Why are they borrowing, Mr. Chairman? For the same reason we do but you do not dare tax your people to get the money to build new roads with, You do not dare tax your people to get the money to build new hospitals with, You do not dare tax your people to get the money to build new schools. You do not dare tax them to put in water and sewer systems. You do not dare tax them to do new paving. You do not dare tax them to put in rural electrification. You cannot tax the people to get that much money as they have not got it. If you took all they had you still would not have enough to do that.

So that course is not open to you to pile the taxes on. Therefore, what you have to do is what everybody else does. If Bowaters, tomorrow, that vast corporation with great mills in three Continents, that world-wide firm, if that firm wants to enlarge the mill at Corner Brook tomorrow they have no choice but go out and borrow the money to do it with. That is what they have always done and that is what they will always have to do and the same thing applies to the Government of this Province. Now you say, alright, so you go on and you borrow, year after year you borrow and you spend. When you spend

MR. SMALLWOOD:

that money, are you making Newfoundland a Province where more revenue will be generated? Well, let me answer that. If you build roads pulp wood can be hauled over the roads, fish can be hauled over the roads, minerals can be hauled over the roads, fuel and produce can be hauled over the roads. If you build roads they are the arteries of commerce and industry, they do make your Province sounder and in any case you have no choice as you have to build them or you would lose your people.

I do not look upon the motor cars and the gasoline consumed as the right reward a Government gets for building roads. The real reward of a Government for building roads is to stimulate industry, to stimulate trade, to stimulate the exchange of goods, the movement, the transportation of people and goods and when you do that you are spending money wisely. You are also spending it wisely by allowing centralization of population to take place. This is what road building does. Centralization of schools, centralization of hospitals, centralization of infrastructure of public services, so when you borrow money to build roads it is not money down the drain, that is not money wasted, that is money which strengthens your economy and certainly the same thing is true of schools.

Suppose in Newfoundland you decided as a matter of firm decision, firm conscience policy, let us be modest from now on, never mind colleges and universities, never^{mind}/technical schools and vocational schools and the fisheries college and the technical college, never mind that stuff, that high-falutin stuff, let us just have ordinary elementary schools, elementary and high schools and let us go to grade eleven. Let us do that for ten years in Newfoundland and I will tell you what you will have done. In ten years you will have raised up a new race of ignoramuses and illiterates and if any industry did come to Newfoundland everyone that came would have to bring in every last person to be employed. They would not find anyone in Newfoundland capable of taking a job except with a pick and shovel or except as a mess hall boy in a mess hall or a waiter or a dish washer or a person making up beds. There would be nobody with any kind of technological competence, no one with any technical ability and we would be hewers of wood and drawers of water in our own land and we

MR. SMALLWOOD:

will see a new aristocracy come in here of trained Canadians from Nova Scotia and Quebec and Ontario and across the border in the States and we ourselves would be here as untrained and unskilled labourers. That is what we would be. We could easily do that and we could save a lot of money but that would be penny wise and pound foolish because that would be the death of our Province.

If we do not make the Herculean effort, the monumental effort to build up our school system in Newfoundland, ever bigger, ever better schools, more of them, hire more highly qualified teachers and that means more highly paid teachers with a university, with the trade schools, with the technical institutes and if we do not do that we are condemning Newfoundland to death. The death might take ten or twenty years to come about. You have to do it and you have to borrow to do it and in borrowing, in answer to my hon. friend, in doing it you are spending it to strengthen the economy of the Province. Tell me, Your Honour, do you think it is possible to spend millions of dollars on the building of schools and the equipping of schools, do you think it is possible? Training teachers and go from 2,400 to 7,000 in twenty years, to go from an average of \$1,000 a year salary for all teachers up to an average of \$7,000 or \$8,000 or whatever it happens to be today, do you think it is possible to do that? To go from 70,000 students to 150,000 or 160,000, to put in a dozen technical schools, to build a great fisheries college, to build a technical college, to build up a great university, do you think it is possible to borrow millions of money to do those things and not make Newfoundland stronger and greater?

It is not possible. You could not do it if you wanted to, if you tried to do it you could not do it. Whether you like it or not you are making a greater Province, you are making it economically sounder and whether you do it on roads or schools or hospitals or water and sewer systems or any other kind of thing that makes it a more liveable Province because remember this you have another problem. You have another problem, Mr. Chairman, and that other problem is this: not only must you make Newfoundland a Province where you have industry and good economy but you have to make Newfoundland a pleasant and an attractive place to live in because you see, suppose Newfoundland had nothing but jobs, lots of jobs but no roads, no parks, no pleasures, do you think you could just

MR. SMAJLWOOD:

offer young men pouring out of school, pouring out of university or pouring out of the trade schools, do you think it is enough just to offer them a job, do you think you will hold them in Newfoundland that way? No, sir, you will not. You have to make a pleasant Province as well as one where men have jobs. You have to make it an attractive Province. You have to make it a Province that is exciting to live in. You have to make it a Province where young men and young women can feel and can feel sincerely and with confidence that there is a great future here, you have to do that. It is not enough to create industries. Side by side with the creation of industries you have to create a pleasant Province. "Nor will my sword sleep in my hand until we have built Jerusalem." Here in Newfoundland,^u William Blake with a little adaptation.

That is our task, that is our task now and what are the ways to do it? Go and get on our knees and wag our tails and look plaintively up into Ottawa's face and say, "Dear, kind Uncle Ottawa not fifty-four per-cent make it sixty-four, make it seventy-four per-cent of our needs will you, not fifty-four as you are not giving us enough." Learn how to beg, learn how to plead, learn how to implore that is one way. Tax the people until you tax the lives out of them, that is another way. I do not recommend either one of them. A third way is borrow to build the roads and to build everything else to make it a good Province economically and socially. You have to do that whether you like it or not and if you do not you would be the only part of the earth that does not do it, the only Canadian Province and that is one uniqueness we do not want. We have to have the things that we will spend the money on when we borrow it. We cannot do without these things, though, thanks be to God, that this year for the first time Ottawa is beginning to pour millions in here to help us to build these capital ventures, these new improvements, these new social infrastructures and these new public services. At last that is beginning to come in.

MR. SMALLWOOD: and there is finally the alternative of stagnation. Will we follow Mr. J. Parker's advice? Will we come to the conclusion, a fair and reasonable conclusion, if it is fair, if it is reasonable, will they come to the conclusion that there is no hope for us? It is not possible to develop any economy, here on this Island, that will support more than say 300,000 souls, with a decent standard of living. Do we admit that, do we come to that conclusion? And if you do, the 300,000 people, how do you propose to maintain the schools you have got, how do you propose to do that? With 300,000 population, how do you propose to maintain your university? How do you propose to keep your Fisheries College going? And how will you keep your Technical College going? And how will you get the great new regional high schools? And how will you keep going those you have got? How will you keep going your school-bus transportation system, how will you do that with a population of 300,000? It is hard enough to do it with a population of 500,000. How do you keep Newfoundland going, with the trappings of an elephant on the back of a mouse? The mouse is 300,000, at least if we are not a mouse today with 500,000 souls, if we are a mouse we are a very big mouse. We find it hard enough to maintain the trappings, and what would you suppose a population of a quarter of a million or a little more than a-half what it is today, would be capable of doing? You see whether you like it or not, and you can look at this in many ways, you can look at it purely politically, how can we get that Smallwood out? How do we get him out? How to get rid of him? What is the cute way to do that? What is the deep way? What is the smart way? How to get rid of Smallwood? There is that way to look at it. You can look at it that way, you can sit down at night and you can use scrutility and shrewdness, you can cook up this and you can cook up that, and you can cook up the other and you can arrange to have your daily dose of propaganda to go over the air, you can cook all kinds of things like that. Do you think that is helping the people of Newfoundland? Has anyone in this

MR. SMALIMWOOD: Province today get a clearer vision of the problem of Newfoundland and its possible solution? Has anyone got it? Has anyone in Newfoundland tonight, threading shoe leather this morning, thought more about Newfoundland? Is there anyone alive and breathing today in this Province who has considered more and wondered more and thought more and read more and spoken more about the Newfoundland problem than I have? Who is he? Give me his name? Let me have his name, I would like to have a look at him, The man who thinks more about Newfoundland and worries more and is more deeply concerned about Newfoundland, and Newfoundland's future and the possibilities of growth and the possibilities of death. Who is it that has thought more about it and examined more and examined every conceivable angle of it, and has argued more and listen to more argument and been in more bull-sessions, day after day and night after night, until all hours of the morning, with the young men and the middle-age men and the old men, show me the man. Show me, I would like to see him. He would be a great sight for me to see. Some man who has thought to worry more about Newfoundland's future than I have done, or who sees it with clearer eyes than I do, I would like to see that. I would like to see him. I would like to meet the person who has done that. And if you say that vision is not enough, clear-eyed understanding is not enough, you have got to have strength and vigor, show me the man, with the more strength and the more vigor. Come on let me see him. Ego yes! I am proud of that. I am proud that God gave me the energy, mental and physical. I do not take credit for it, but I am proud of it. Proud to have it. That is something to be proud of. That is something to be proud of, that God has given you energy, mentally and physically, loads of boundless energy, that is something to be proud of, not vain about it, but proud of it, thankful to God. I did not do it. No doubt I have it, is there not? Does the Leader of the Opposition doubt that I have got loads of energy?

MR. MURPHY: Thousands of it.

MR. SMALLWOOD: Thousands of it. Thousands of energy. Thousands and thousands of energy. He may doubt that I see clearly, that I have a clear vision, when I look at Newfoundland, and Newfoundland's future, he may doubt that. He may feel that he has a clearer vision, or he may know of others that have. He may know of others who have a clearer vision. I do not, that is my misfortune. I do not know anyone who thought more about it, and examined it more and worried about it more and thought about it more than I have done. I just do not know anyone. Now this does not mean that because I thought more about it, therefore, I have got to be right. You can think and think and be wrong and wrong and wrong. You can examine it, and analyze and analyze, and come up in the end with the wrong answer. But I do not know any answers than these. Go after Ottawa for more than fifty-four percent, beg and plead with Ottawa. Tax the people more, than you are taxing them now. Go out and borrow to do it. Stand still and stagnate. Now is there a fifth? I say there is. And the fifth is the one that I advocate all the ways increase the taxable capacity of the people. Increase the tax base. Put more money into peoples pockets, so you can take more out of them. Put more money in the peoples pockets, so the Government can take more out of the peoples pockets. They have got to have more put in their pockets. There have got to be more people working than there are, or ever were. More people working, getting more income, then the Government can get more money. That is the best way of all, is it not? Is there a better way than that?

MR. MURPHY: There is another way, about equal with it.

MR. SMALLWOOD: There is another way, about equal with it. All right the hon. gentleman, I would be terribly interested to hear. I say that the ideal way and the only workable way, and the only way that will allow us to save our self-respect as a people, is that more money goes into the pockets of the people and thereby enable the people to pay more money to the Government, for the Government to do the things that only the Government can do, and only the Government should do. You want more money, you borrow it. That is

MR. SMALLWOOD: wrong. Well, then go to Ottawa and beg it. That is wrong. Well then get it out of the people. Well that is wrong too, unless they have more money to give you than they have now.

Surely the solution is to see that more money gets into the pockets of the people. Surely there is no other solution. Surely all else is subterfuge, surely all else is an unsatisfactory substitute, just a substitute. Now it can still be argued that this is not the right Government to do that, That is a fair argument! A good sound argument! That is a fair argument and a sound argument, "Everybody in this House or everybody on the other side might say, "Smallwood, you know you are right hang you, darn you, you are right". That is one course, go and beg more from Ottawa, but that is humilitating, We Newfoundlanders are not beggars, you are right on that Smallwood. And Smallwood, you are right on this, that you cannot go taxing the people any more than they are taxed now, you are right on that, we agree with you on that. And Smallwood, you are also right when you say you should not borrow too much. But you got to borrow some. And Smallwood, you are absolutely right, when you say. that the other course is stagnation, and that the only real solution is to get more money into the pockets of the people, by having more industries, more jobs, more wages, higher wages, all adding up to more money in the pockets of the people. Now you might agree with me right up to that point, and then the disagreement could start, you could say, "yes, so thus far you are right, we agree with you, we do not demure at all, we are in complete unison with you, but where we begin to disagree is in thinking, that you are not the one. to do it Smallwood. Smallwood, you are not the one to do it. We know people who can do it, better than you can do it. We think we can do it better, than you can do it. But the thing that you say should be done, we agree with you, should be done, more money somehow got into the pockets of our Newfoundland people, so they can yield up more revenue to the Government, to enable the Government to do the things that the Government should do. Now on this we agree with you. But we think you are the wrong one to do it, we think we can

MR. SMALLWOOD: do it better than you can."

Now maybe this is so, may be there are others who can do it more competently than an administration led by me.

MR. MURPHY: Inaudible.

MR. SMALLWOOD: No they cannot say that, you have to give what you have to give. You cannot give less than we will bring them. If you give less than we will bring them they do not come. So that is not a solution, if they do not come you are losing your solution. You have got to bring them in, you got to bring the industries in, if that is the solution, industry is the solution, industry provides employment, provides jobs, provides wages, puts the money in the peoples pockets, if industry does that, then you have got to get the industry, and if you do not get the industry, you do not get the result, if you do not use the means, you do not get the result, so therefore you must do what must be done to bring them in.

Now there is such a thing as giving them more than would have brought them in. May be you could have brought them in for giving them a bit less. That is always a touchy business, that is always touchy, If the capitalist says, "I will come in, if you will do this, and if you will do that, and if you do the other, I will come in." We will say, "well, we will do this, and we will do that, but we are not willing to do the other." And he says; "well, if you are not will to do the other, I am afraid the deal is off." It is always dicey, it is always touch and go. May be he will come in, if you do not do the other for him, maybe he will not. You are always taking the chance. Nova Scotia took the chance on the heavy-water plant, on the Claritone plant, on the other one, whose name I cannot remember, Nova Scotia took chances, and they gave and they gave and they gave, and they lost and they lost and they lost. We have taken chances. and we have lost on some things, and gained on others.

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: Yes, we could have that Hudson's Paper Company here fifteen

MR. SMALLWOOD: years ago with a third mill, but we were not prepared since then we found provinces given almost the entire capital needed to start a paper mill.

MR. SMALLWOOD: almost the entire capital that was needed, we have found Canadian Provinces giving that completely, the full hundred percent amount to start a paper mill going, as an outright gift. And in one case they have taken, not some, a large part of it, an outright gift, and part of it loaned, but they have either given or enabled the full complement, the full amount of the capital required, yes, and the timber. And not only that, but they have also undertaken to deliver the pulp wood, the Crown pulp wood, not the Company's, the Crown, the public timber. They have agreed to cut it and deliver it and put it into a paper mill at a price well below the cost of doing it. They have done that. They have done all kinds of things, and we have to do all kinds of things if we are going to get industries in here. And as the hon. the Minister of Welfare, or his new title, has just remarked, there is the problem, are you giving them too much? If you gave them a little less? Possibly. That is always dice. But the further off you are, (and we are far off. We are projecting right out in the Atlantic Ocean) The farther off you are, the more remote you are, the more isolated you are, especially if you are an Island, then the more difficult it is. Mr. Chairman, if God had only lifted Newfoundland and Labrador, right up in His great hands, and laid us down in the middle of the Continent, with the resources we have, with the minerals, base metals, iron, uranium, with the timber we have, with the water powers we have, with the natural resources we have, if God had only put us down in the middle of the Continent of Canada, we would be the richest province in all Canada today. We would be the richest of all Canada's Provinces. We have those same resources now, but we are an Island. We are far out. We are stuck out in the Atlantic Ocean. And Labrador still, in the minds of some people, is down in the Arctic Circle. Labrador is classed with Iceland and Greenland. Labrador, the Frozen North. And we are paying a penalty for our geographical position. We are paying a penalty for it, and it makes it all the more difficult for us to attract industries to our shores. We ought to gamble, we need more to gamble than other provinces. We do not gamble nearly

as much as Nova Scotia. You can go up today, Mr. Chairman, you know what you can do today Your Honour. If Your Honour wanted to start an industry. You would come to the Newfoundland Government and we would put on a magnificent show of friendliness, of co-operation, of help. We would do everything but kiss your hand. We would do everything to get you established in Newfoundland, and you would hear our story, you say, "all right, I will let you know." And you go off to Nova Scotia. That is the last we will see of you. In Nova Scotia, there is double anything we will do. Do you know what they will do in Nova Scotia? If you want to build a factory in Nova Scotia, do you know what they will do? They will give you land free. They will build the building for you. They will equip the building for you. You are ready to walk into a factory, ready to go. And every nickel of it comes from the Government. We cannot do that. We cannot equal that. We cannot match it. We cannot come near it. And we ^{had} this fierce, fierce task. It is not a question really of getting one government out and another one in, unless the one that came in tackled that problem with the same fierce intensity, and the same, if I can be forgiven for using the word. (I will not use the word) I will say with the same dear love of native land. There is a short word for that. But that short word is the last refuge of a scoundrel. Everybody who is patriotic is a scoundrel. Does that follow? That is the insinuation. That is the flavour of that remark. If patriotism is the last refuge of a scoundrel, then no honest man can have anything to do with patriotism. If a church is sought as a refuge by a murderer, a foul murderer, he takes refuge in a church, let no honest man go near a church.

So I will not use this dirty word "patriotism" or the word "church" or the word "religion," because scoundrels take refuge. Patriotism is the last refuge of a scoundrel. So I will not advocate patriotism, but I do say this, that whoever are the government of this Province, if they

do not have a fierce and ineradicable, an ineradicable, fierce love of native land, and a compassion in their heart for the people of Newfoundland, if they do not have that they are criminals to be the government. They might be all right if they were not in the government, but if they are in the government and do not have that, they are a menace. They are taking the room of good men. No men should be in the government of this Province for the next twenty years anymore than one that should have been in the last twenty years, no one should be in the government that does not see, first of all, the terrible need to take great chances, and to strive mightily, and do it always imbued with a fierce and ineradicable love of this Province and the people in it. You can put a fancy name on that if you like, but that is the simple truth of the matter.

What is the use of all this Mr. Chairman? What is the use of it? I sit and I listen to an hon. member and I make up my mind; "well let him talk, let him get it off." Then when he finishes someone else will get up and grin and bear that, then somebody, and after three or four of them have spoken, and got off their stuff, then we move on to the next item. I make up my mind every time. That is how I make up my mind. Now the hon. gentleman is over there itching to get up. And it is going to be pure and unadulterated and undefiled patriotism he is going to utter. And I will let him go on, and make up my mind I will not listen, I will not answer him. I will listen but not answer. Time will pass. After a while his voice will get tired and he will sit down and then we hear from Burin, the great liberal from Burin. And we will listen again. And there will be snide remarks aplenty. That will grab me. That will really grab me. And, of course, before I know it, I will be up again. But what is the use?

MR. MURPHY: I was wondering when the hon. the Premier is finished if I might have a few words during the week, if there is a chance.

MR. SMALLWOOD: Well I would hope to hear them, if the hon. gentleman

speaks only half as well in this Chamber as he did and I heard him do in the Tory Convention, I will listen with intense pleasure. And one thing I am sure of, there will be no knife-in or twisting, nothing dirty, nothing filthy. It will be straight from the shoulder, honest and honourable and sincere. Of this I am absolutely sure. And if it is delivered half as well - no, no member of this House would use a knife to cut anyone's throat. No member would. No hon. member would. We know that, not in this House. No member has ever done a thing like that in this Chamber. Knifed anyone, stabbed anyone in the back, cut anyone's throat, put a knife in and turned it. No hon. member would dream of doing anything like that in this House, and if he did, it would not be permitted.

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

On motion report received and adopted, committee ordered sit again presently.

MR SPEAKER: I now call it 1:00 P.M., and do leave the Chair until 3:00 P.M.



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VERBATIM REPORT

TUESDAY, MAY 26, 1970

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House resumed at 3:00 p.m.

MR. SMALLWOOD: Mr. Speaker, I wonder, if I might be permitted to depart momentarily from the more recent practice of the House so that I may be enabled to express a very warm word of welcome to two distinguished native-born sons of this Island of ours in the person of Major General William Carr. General Carr was born in Grand Bank. I knew his father very well indeed. He was a bank manager and then general manager of a commercial firm. He was born in Grand Bank, I think, Grand Bank. He was certainly brought up in Grand Bank, and he became a very famous pilot, and he had the great honour of flying the Queen across Canada on the occasion of her visit to Canada, and he was very famous in Canada, as the pilot who flew the Queen. He is now a general, and he is not the first native-born Newfoundlander to become a general, but there have not been too many. There have not been more than a half dozen since Newfoundland was born. The first native-born Newfoundlander was General Sir Henry Pynn - the first native-born Newfoundlander to be knighted, the first native-born Newfoundlander to become a general, from Conception Bay, and we have had several other generals, and we have had several admirals. But I think that General Carr is now, at this moment, the only living Newfoundlander in the world with the rank of a general, and we are very proud and happy that he is here with us today.

He is accompanied by another distinguished native-born Newfoundlander, Major Robert Vardy, the nephew of a close personal friend of mine, in fact, my Deputy Minister of Economic Development and Major Vardy has been stationed in Newfoundland in charge of the Canadian Forces in this Province for a few years past and they are both accompanied by the general's ADC, Captian Clement Lavoie. They are extremely welcome here today. We are very proud and very happy to welcome them to the people's House. We commiserate with Captain Lavoie. We pity him. We are sorry for him. We know it is not his fault. He is not a Newfoundlander but he is doing the best he can. He is associating closely with Newfoundlanders and some of it should rub off on him. If he keeps close to those Newfoundlanders long

enough, he will feel the virtue flowing into him.

While I am at it, I would like to express a most cordial welcome as well to some seventeen students of Grades VII and VIII, in History, from the Immaculate Conception Elementary School at Colliers. They are accompanied by their teacher, Mr. Robert Keating, and I want to say that they are most cordially welcome here in this Chamber this afternoon. I have no doubt that the Leader of the Opposition will re-echo my words. I daresay the hon. the member for Burin district will want to bask a little in the glory of a Newfoundlander from Grand Bank who has risen to the high rank of General of the Forces of Canada, and will want to express a word and indeed I will be surprised if one or two others do not wish to tell the House of their pride and happiness on this occasion today.

MR. MURPHY: Mr. Speaker, I would like to join with the hon. the Premier in extending a welcome to this hon. House to two very distinguished people. I am very happy, indeed, to welcome Major General Carr. I think anybody who has not known or read of his reputation and of his distinguished career, is a poorly informed Newfoundlander indeed. Major Vardy who has been connected with the forces here in Newfoundland for some years and also to Major Carr's ADC. I would also like to welcome the students from Immaculate Conception Elementary School at Colliers, Grades VII and VIII in History and their teacher, Mr. Robert Keating. I am sure it gives us all a very great pleasure, indeed, to welcome these pupils, and these distinguished gentlemen to our House and if I may be pardoned at this time, Mr. Speaker, I would like to extend a warm, personal welcome to a splendid young Newfoundlander who is also in the Speaker's gallery. Perhaps he has not been decorated in the line of duty in the Forces of our Province, but recently had the Sacrament of Holy Orders conferred on him in the Roman Catholic Church, Father Jim Hickey, and I am very happy to see - Father Hickey is from Signal Hill, in the great Tory district of St. John's East (Extern).

I am sure..

MR. SMALLWOOD: He will survive that.

MR. MURPHY: A little of the Torism will flow over into other visiting brethren

but I am very happy, indeed, Mr. Speaker, to welcome these people and Father Hickey who has a reputation for working with the young people for many years. Father Hickey was out in the world before he went for the church, and he spent a great amount of his time with Boy Scout troupes and such youth movements, and I think he was one - I will not say the fondest, but one of the very hard workers with the Catholic Youth Club here in St. John's. It is, indeed, a great pleasure, Mr. Speaker, to join with the Premier in welcoming all these people to this hon. House and trust that they may learn something.

If our distinguished friends want to know anything about finance, the Premier may come on again for another hour and a-half or two this afternoon and I am sure that what you bring away, you can spread all throughout this great dominion of Canada and perhaps throughout the world wherever you travel. Thank you!

MR. CROSBIE: Mr. Speaker, the Premier and the Leader of the Opposition have been so eloquent that it is difficult to follow them. I must say that I agree with everything the Premier said this afternoon so far. We would like to welcome, Mr. Speaker, Major General Carr, a native of Grand Bank, in the district of Burin - a Newfoundlander that we all have heard very much about, and he is up in the air a great deal, I understand, and so are some other people in this House - up in the air a great deal. We certainly would like to welcome him to this House and hope that he enjoys his visit.

We would like to welcome Father Hickey, also, and wish him great success in the priesthood, which the Leader of the Opposition says that he has just started on, his career in the priesthood, and we hope that he will be very, very successful, and we would also like to welcome the students from Immaculate Conception Elementary School at Colliers and hope that they will learn as much as we are going to learn this afternoon and how much that will be, only time will tell, Mr. Speaker.

MR. HICKMAN: Mr. Speaker, if I may join with the other hon. members in welcoming these distinguished guests to this House and in particular, I would like to welcome Major General Carr. It has been a long, long time since I have seen Bill Carr. In fact the last time was when I was worshipping at the shrine of, at the feet of the hon. the Minister of Education in Grand Bank, when General Carr left for overseas, and where he had a very, very distinguished career.

I do not know, if he recalls it or not, but a few years before that, at a scout camp, I had the rather unenvious task of refereeing a scheduled boxing match between Bill Carr and his brother George and the referee came off second best. It is great to see him back. We as Grand Bankers have followed his career with a great deal of pride, and I think he is the youngest general in the Canadian forces today and I am so happy to welcome him to this House.

MR. ROWE (F.W.): Mr. Speaker, normally, we on this side of the House rest content, when the Premier, speaking for the Government and this side of the House, expresses the wishes of all. However, in this instance, I am going to make an exception, one which I know will be appreciated by the House, because it happens also that in earlier years, I had close association with General Carr. We attended Mount Allison University together. He was somewhat younger than I was, but we did get to know each other fairly well there, and we served in the Canadian Officers' Training Corp together during the war, and subsequently, I had the pleasure of going to work at his home at Grand Bank where his father and indeed his family became close friends of ours. I have never had the opportunity to say this. I know this, what I am going to say, will be corroborated by the hon. member for Burin that the father of Major General Carr is probably, I think, I could live out the word probably. He was, in my opinion, one of the finest men that Newfoundland has ever been privileged to have live here. He was not actually born in Newfoundland, but he was a very great Newfoundlander, as head of the Grand Bank fisheries and prior to that, as in the Bank of Nova Scotia

and Major Carr's mother, as well, from the famous Harris family of Grand Bank, so he has roots deep down here in Newfoundland.

It has been a pleasure for Newfoundlanders and an honour for Newfoundlanders to watch the career of this distinguished and still young Newfoundland, and I would like to join my voice with the others in welcoming him here. May I, also, say that he was kind enough, when he was in charge of the base at Edmonton to welcome and play host to my wife and myself, when we visited there and we are very happy in turn, we, in Newfoundland to welcome him back here today. Also I would like to take advantage of the opportunity to express a welcome to all the others who are special visitors here with us today.

MR. MAHONEY: Mr. Speaker, I would like to join with the other hon. members who have expressed welcome to our distinguished guests this afternoon and in particular, of course, I want to welcome the seventeen young ladies from Immaculate Conception Elementary School in Colliers with their principal with them, Mr. Robert Keating, and I would couple with the welcome of these students my congratulations to Mr. Keating who had, only last week, at our University, conferred upon him a Degree of Bachelor of Arts in Education. If I may be permitted, a personal note. Mr. Keating's father who is still alive and in good health taught me at school, as a young boy in Conception Harbour. I want to express a personal word of welcome to these students and to Mr. Keating and I trust that they will enjoy the session this afternoon and that they will benefit from it, and I would couple with that my own words of welcome to Major General Carr and those accompanying him and to Father Hickey.

MR. LEWIS: Mr. Speaker, I, too, would like to be associated with the words of welcome that have been extended to the visitors this afternoon, and I would particularly, like to add a word of commendation to General Carr whom I have not had the privilege to meet personally, but whose father I did know for many years in a very favourable way. He comes from a family who made a

great contribution to Newfoundland in its development, particularly, in the Grand Bank area and as manager of the Grand Bank fisheries. The late Mr. Carr's word was a household one, particularly amongst Bank fishermen and along the southwest coast of Newfoundland.

We have not too many men like him today in Newfoundland. I am delighted to see that his son is worthy of the sire, and he is making such a name for himself in other places. In that regard, too, I would like to say a word of commendation in relation to his associate Major Vardy who is, also, I understand, a distinguished Newfoundlander. I would also like to say a word of welcome in collaboration with my colleague to the students from the Immaculate Conception Elementary School at Colliers. I do not know, if they are going to learn very much during their visit here, which will add to their academic status. I have great reservations, myself, as to the benefits that result from visitations of this kind to this institution but, however, be that as it may, I am very glad to welcome them, and I hope that they will enjoy their visit here.

MR. BURGESS: Mr. Speaker, as member for the Labrador section of the Province of Newfoundland and Labrador, I would like to extend a proud word of welcome to General Carr. He is an extremely young man, and I do not know, if the public at large, generally appreciate the contribution that our peace-time forces are making to the welfare of all Canadians, and I think that they do not receive half the credit that they deserve. Also, to Mr. Vardy who is doing an excellent job as far as public relations are concerned on behalf of the Canadian Forces in his functions on the Pepperrell Base. To him, also, it is with a great deal of pleasure that I extend a welcome on my behalf to this hon. House, and the aide-de-camp, Mr. Lavoie. Also, to the Father Hickey, I extend a warm word of welcome and to the students who are here also.

On motion that the House go into Committee of the Whole. Mr. Speaker left the Chair.

MR. MURPHY: Mr. Chairman, when the committee rose at 1:00 p.m., we had finished listening to the hon. Premier who for the second day in a row gave us

a very fine address, consisting of some one and a-half hours each, explaining - I will not say the morals of borrowing, but the divinity or the very many fine functions that borrowing has in its place in a province.

Now, Mr. Chairman, I have listened - I think we have been on this topic since sometime Thursday. This number one of the Finance Department and as everyone knows, not only the hon. members of this hon. House, but I presume everyone in the Province must realize that the Finance Department is the backbone, perhaps the guts of Government itself, because that is the Department from which all blessings flow in the form of money to carry out the necessary projects for the betterment of our great Province.

Now during this past three days, as I have said, this matter has been under discussion. We have heard from this side of the House many criticisms of the Government and Government spending and from the other side of the House, the Premier defending Government's borrowing policy or policies. During the discussion many matters were brought forth and to say that I was surprised or amazed or startled would be just an understatement of my feelings, when this matter of the Atlantic Brewing Ltd. was brought out.

MR. A. MURPHY: For some months we in the Opposition have been aware of the fact that this Brewing Company has not contributed the \$2.17 which the Premier calls profit and some people call commission, which is basically a tax to the Government of this Province. It was brought out in the Auditor General's Report last year, and on March 26th. 1969, the following question was tabled by the then Leader of the Opposition, Mr. Ottenheimer, the question was; "To ask the hon. the Minister of Finance to laid upon the table of the House the following information. (1) Has Atlantic Brewing Company Limited since the commencement of its operation in Stephenville paid to the Board of Liquor Control the profit of the Board as required by Section 51(4) of the Alcoholic Liquors Act as amended by the Alcoholic Liquors (Amendment) Act, (No. 84) of 1966? (2) If not, in other words, if they have not remitted this commission, or paid the commission, what is the total amount owing and for what period? And (3) What price per case of two dozen is paid by the Board of Liquor Control for beer or ale delivered to the Board of Liquor Control warehouses by Barvarian Brewing, Atlantic Brewing, Newfoundland Brewing, Bennett Brewing Company Limited. If schedule of price changes, if any with dates since January 1st. 1967?"

And this was the answer; "Will not give, this is a private company." That was the answer. March 26th. 1969.

Now Mr. Chairman, many, many, many, many questions are asked in this House with reference to companies, crown corporations, so on and so forth, and this is one indication of some of the answers that we receive when trying to obtain information. As I say when it was disclosed in this House that the Premier had written a letter to Mr. John R. O'Dea, who is a very, very close friend of mine and I have the greatest respect for him, assuring him that Atlantic Brewery would not have to pay taxes as set out by the Premier, and misunderstanding, I think I am quoting the Premier right, and the misunderstanding in the minds of Mr. O'Dea and his associates that these

MR. A. MURPHY: taxes included the profit to the Board or the commission. ^{if} Now, this happened in one month and it was rectified the following month, one could understand it. But basically the Premier of this Province, and I have heard an hon. member say without reference to the Cabinet, issued this letter and the Premier in his statement said that he signed thousands of letters and so on and so forth during the year which we quite believe. But this is one case, Mr. Chairman, of a loss to the Province of \$407,000, how many more I wonder have gone through in the same way? The Premier has intimated as I said earlier, that this thing slipped through and there was some misunderstanding etc. and it was not brought to his attention until some time later. My hon. colleague here from Fortune Bay, the former Minister of Finance said, "But Mr. Premier, I reminded you every two weeks". Now from what period I do not know. And we received a very, very startling answer, that the Minister of Finance was a worrier. And I say, thank God for a Minister of Finance, such as my hon. colleague who worries about money belong to the people of this Province.

Now my hon. friend across the way, who has returned today, and I am very, very happy to see the hon. minister back, I do not know if he is happy or not, at this present moment, but I am all sure we are happy to see him feeling as well as can be expected, and he told us to-day that he was not perfect, but he was feeling very good. Now if my hon. colleague from Fortune Bay was a worrier, I wonder if my hon. friend the Minister of Finance was a bit of a more worrier, and perhaps that is what called for the two or three months away from his job? Because I think it is understandable, if a minister of this Government or any minister who has got tremendous responsibility, after all he is sworn in as a Cabinet Minister, they are the Executive that run this Government, we here in the House are elected, we are given some right to ask questions and perhaps to assist on this matter, but actually it is the Cabinet who runs the Province. And I am just wondering if not for my

MR. SMALLWOOD: hon. colleague here, who worried and brought this matter to the attention of the Premier that this had been done, and not been privy to Cabinet Meetings because they secret meetings and the members of Cabinet are sworn to secrecy, and I was not startled this morning, I rather expected it from the hon. member for St. John's West in his statement with reference to the Premier, and no one can say that I have tried to knife the Premier on any occasion, he did not bury me thirty feet under the ground. There is no personal animosity as such between myself as Leader of the Opposition or my colleagues here with reference to the Premier, if he tried to intimate to the people of this Province that the hon. member and his colleagues here are trying to knife him for personal reasons, I just cannot see it, because quite honestly I think they have as much right, they are elected by the people to defend the rights of the people in this honourable House and I think we are all here for this purpose, Mr. Chairman, that is what we are here for. And if something like ^{this} has happened in this Atlantic Brewing case, can you see someone a high official of Bowaters perhaps, the sales manager or any other company give a friend or perhaps an acquaintance of his a special ten or fifteen percent discount on something without the company itself the Board of Directors being aware, just what would happen.

So I Mr. Chairman, I am much of the same mind, as my hon. friend from St. John's West, but I feel at this time, that there is an awful lot of information that has not really come out of all this business. This is my opinion. I have just heard glimmers of this, and something else on that, but I feel now the time has come for the story to be made known, and how do we do this? I do not know when this motion was made by the hon. Minister of Finance, it must have been some weeks ago, in March - "That Mr. Speaker do appoint a Select Committee of this House to consider the Report of the Auditor General and the statement of the Minister of Finance thereon and to report to this House and that the said Select Committee have permission to sit during the sitting hours of the House".

MR. MURPHY: Now, Mr. Chairman, I feel

MR. CROSBIE: March 10th.

MR. MURPHY: March 10th., that if there is ever a need for a committee on the Public Accounts, it is right now at this moment, and let us in the interest, the fairness, and justice get this matter brought to the attention of this committee and let us inform the people of this Province all the people just what the story is on this \$407,000.

The Atlantic Brewing Company as I understand, took it for granted that they did not have to pay this \$2.17. The Premier informs that he did not in any way imply to these people that this \$2.17 was not to be paid. Now the actual fact is this, that if I am a Civil Servant or an agent of this Government, and I go out and collect monies, whether it be \$10, or \$100, or a \$1,000 or \$10,000, I did not pay it into the Treasury of this Government, I have obtained money under false pretences, and I think basically, I do not know if anybody disagrees with this article, what happened here we have four breweries in the city of St. John's, we had three in the city of St. John's and one at Stephenville, all these breweries went out, every case of beer that they sold they had to collect \$2.17 from the consumer to a tavern perhaps or through an agent, whoever they dealt with in the first instance by the case, that money like social security assessment money had to be turned over to the Board of Liquor Control or the Newfoundland Liquor Commission, I think it is called now, by sometime I think the fifteen or the twentieth of the following months. This was not done. It was not done. How many months? I do not know.

AN HON. MEMBER: It went on for twelve months.

MR. MURPHY: It went on for twelve months, but there was \$407,000 that every consumer of these products paid to a business not for the share, among the shareholders, not to pay the light bill, not to operate the brewery, but to pass directly to the Minister of Finance to the Newfoundland Liquor Commission for the people of Newfoundland. That did not happen. I understand

MR. MURPHY: now a writ has been issued to collect these monies. What chance has the Government to collect this money when the brewery fell upon hard times and as I understand it now, their liabilities far exceed any business credit that they may have.

I think the Committee on Public Accounts will bring this forth, whether there will be criminal proceedings on this, I do not know. But on the other hand, if a minister of the Crown, whether he be a Cabinet Minister, the Premier or even a high official in any department of Government, who had the sacred duty, the very, very sacred duty to look after the welfare of this Province, can issue blank cheques if you like, and basically this is what happened, it was a cheque in essence duly signed to accompany to garner from the people of this Province \$407,000.

I say, Mr. Chairman, that I regard this as a very, very serious matter. I have heard various hints in this House from different Cabinet ministers that if you only knew what went on in Cabinet, they cannot tell it, they are sworn to secrecy. But how far does an oath of secrecy go, when the welfare of the people of this Province is at stake? Is every Cabinet Minister, every head of a department permitted in his own discretion without resorting to his colleagues in the Cabinet to do such things as the remission of taxes such as we are speaking of? According to our constitution even the Cabinet itself would have to bring the matter before the House. If this House is the one that makes the laws, the laws are made through what we called "an act of this House!!" We know that in our twenty year history no one on this side of the House or any party has ever changed to any great extent, or brought in an Act that was accepted by the whole House, because we are operating in a democratic system and democracy being that majority rules. But, Mr. Chairman, I will say again, when we speak of our image before businesses, banks etc., when something like this crops up what must the impression be when just a slight misunderstanding between two parties, the Premier and I think the Managing Director or the President of a brewery cost this Province \$407,000. Mr. Chairman, I would

MR. MURPHY: suggest, urge most vehemently that this committee on the Public Accounts be appointed at the earliest possible moment. For some years passed we the Official Opposition had been putting forward such motions before this House for consideration, it has never been accepted, never we were always voted down, forty to four or thirty-seven to four, or whatever the case maybe. Now this year I think the same motion, or something to the same effect was proposed and the Government comes forward with this same motion, was it I wonder to distract the people of this Province away from the fact that the Opposition would be pressing and pressing and pressing to examine the Public Accounts, to examine the Auditor General's Report. After all in the final analysis the Auditor General is the man and his department of course, very, very short-handed as they are, who has to try and keep tabs on every dollar that is spent by this Government, and I presume then that their next move is to go to the Minister of Finance with recommendations as to their thoughts and feelings on just how our money is being spent, whether wisely or unwisely.

Yes, Mr. Chairman, this matter I think should be cleared away once and for all. Not only for the so-called critics on this side of the House, but for the people of Newfoundland, it is not our money, the money belongs to all the people. If the hon. the Premier or any of the Cabinet Ministers or anybody over there wants to give away \$400,000 put their hands in their own pockets, not in the pockets of the people of this Province. I certainly hope, Mr. Chairman, that this committee will be appointed at the earliest possible moment, if not we will keep pressing and pressing and pressing and bringing to the attention of our people, the people we represent, the people who elected us all over this great Province, Labrador, the Island of Newfoundland, all areas, [Every man who comes here has a very, very heavy moral responsibility to the people he represents. We can laugh at it, we can be in this honourable House, we can make jokes, but in the long run it is the people, all the people of this Province, who will be the judge of whether we do our work properly or not. I believe, Mr. Chairman, that

MR. MURPHY: matter has been brought forward strong enough by every member in this House and I am sure. And is it only the ten members on this side of the House that are worried about this type of thing happening. No one can tell me Mr. Chairman, that there must be members on that side of the House over there who feel much the same as we on this side. Are we a different breed of people? Is there that much difference, between Liberals and Conservatives and Reform Liberals and Independent Labradors? Is there that much difference in our thinking, that we think this is absolutely wrong. I presume it is confirmed that everyone on the other side thinks it is perfectly all right. That is the only conclusion, I think, you can gather from it. Is there any other that we could gather?

When we speak of borrowing, it has been brought out by several members on this side of the House that there is a stage that you can reach as far as borrowing is concerned. I presume that Government is only a much, much greater extension of a family or a business. I know today we are living in a world of borrowing, through Finance Companies and everything else, but I imagine we must all reach the stage where there is a point of no return, where we have to borrow from one company to pay another. I think one company's motto is, "Never borrow needlessly, but if you must, borrow." We have this great, I think, consortium, as we call it, of companies that the Premier has mentioned time and time and time again, He went right through the whole schedule on Friday afternoon and this morning he also gave us the Bank of Montreal, and Ames etc., I will not go through them again. I presume these companies are in the business of floating bonds so on and so forth, I do not say that the Premier is trying to intimate some remarks here that these people are just out to make a fat buck, I think that is absolutely distortion of the facts. Distortion!

But Mr. Chairman, when we reach a stage that we are at, at the present time, and this is A.E. Ames Report, January 1969 that is something like

MR. MURPHY: a year and a-half ago, and it gives the complete review of our financial position etc., and one of the paragraphs says, "the average annual increase in direct and guaranteed debts of the Province and the net funded debt of Crown Corporations over the past four years has been approximately \$89,700,000."

MR. MURPHY: at the average increase. And over the five years ending March 31, 1969, will approximate \$95,800,000 annual increase. And during the financial year ending March 31, 1970 will depend to a considerable degree on the Estimates to be adopted by the Government of the Province in March 1969. But it is expected that such amounts (not including any amounts which may be borrowed by the Province or its agencies in connection with commitments with respect of Melville Pulp and Paper Limited, Newfoundland Refining Limited, and Newfoundland Pulp and Chemical Company Limited) will approximate borrowings over the past four to five years. In other words you would have the same \$95 million.

So Mr. Chairman, it has been intimated again by the hon. the Premier, that anybody who criticizes this government for its borrowing, is out to wreck the Province, which I think is an absolute untruth. I think you can be worried about the financial state of this Province without trying to scuttle our native land. I do not think that inference should be drawn because we feel that our borrowing is reaching such a degree. I think the hon. member for Burin has said that when your borrowing reaches twenty-five percent of your revenue, then you are almost at the point of no return. In other words, you are borrowing, then, just to borrow to repay without having any further improvement in your services.

The Premier went to great length on the two days to itemize four ideas, if you like, he put forward four reasons, I think it was four possibilities or four alternatives, Ottawa; do not borrow anymore or we will stagnate. Increase in taxation and the other one, whatever it was, I have heard it. It is imprinted in my memory, because I hear it so often. And we have the Developer British Concept, and we had the same thing, I remember when all the increases in government salaries were asked the Premier put forward the same thing. But there is one matter, and one alternative that our Premier never speaks of, and that is a business-like approach, a business-like approach to the running of

this Province. Over the past twenty years there have been instances that have been pointed out by this hon. House by members of the Opposition particularly, of that dirty word "priorities." Our Royal Commission on Economic Prospects also brought forth many such suggestions. But I believe Mr. Chairman, that this Province has reached a stage now with those in command, from the Premier down, who feel, and I think the Premier more or less put it forward to us, that there is no alternative. That there is no alternative whatever to the Premier or any of his ministers.

Well Mr. Chairman, if there was a case of egotism, I think that is it.

If we go back to the early years, the early years after Confederation, when Mr. Greg Power was then Minister of Finance, I guess many in this House at this time, remember that, and the saying was then, "never, never, never, will the credit of this Province be used to borrow money." We have come a long ways since these days. That was before the squandermania really took hold. Within the next four years, we will have loans due, maturing, or bonds which have no sinking funds.

In 1971, \$32,260,000. 1972, \$35 million. 1973, \$16 million. And 1974, \$12 million, for a total of \$96,555,691. Where will we get the money to pay that loan? We will borrow it again. Roll me over. What does the future hold? Our interest? I think it is something in the vicinity of \$52 million now, to finance our financial debt.

We have heard, and the Premier always uses it as a great alibi, when we talk about the investment of this Province, he always happens to bring up Nova Scotia, and the heavy water plant. And this morning we brought Clairtone into it. What is the difference in Nova Scotia and Newfoundland? What is the difference in production to provide dollars? Taken from the Budget Speech of the Province of Nova Scotia, they share. It gives us some idea of the financial state of Nova Scotia just by employment figures alone. In January 1967, Nova Scotia had eight point seven percent

of its work force out of work. In January 1968, there were eight point five percent unemployed. In January 1969, seven point two percent. And January 1970, six point nine percent out of work, and this year six point nine in Nova Scotia. And we have something in the vicinity of twenty.

So Nova Scotia basically stand a few gambles that they lose on, because naturally enough, with ninety-three point one percent of people working, there is a productivity there that has put money into circulation, and they are paying taxes and so on and so forth. So when we speak of Nova Scotia, we are speaking of a Province that is in a very sound financial position. We cannot compare our great \$155 million investment which incidentally I think it is only \$30 million, someone is all wet I do not know. In the final analysis Newfoundland is on the hook for \$155 million. \$165 million. So Mr. Chairman, when we speak of borrowing and borrow it, we can only say, or only ask, where does it all end? I understand that on May 23, our agreement with Newfoundland Refining Company the two years for the financing of the bonds, and I would like to ask now in this, and we are dealing with Finance. Has Newfoundland Refining as required by Clause 5 (a) of the Government Newfoundland Refining Act, completed its sale of bonds or other securities guaranteed by the Newfoundland Government in the amount \$30 million? I think that had two years since May 23 '68 up to May 23 1970. And I think the hon. member for Burin brought it up the other day, and I think the answer was given that everything was hunkydory. I am just wondering if this amount is being raised. I think the House should be told where this money is, where it is deposited, what interest rate, what discount, what cost, so on and so forth, because I think that information rightly belongs to the House, because it is embodied in the legislation of the House.

Now Mr. Chairman, we have gone on for three days as I say, dealing with Heading of the Department of Finance. It has a pretty thorough hearing I think, I do not know if there are any more questions left in anybody's

minds. There are many many unanswered possibly. But if this Government has been in power going on twenty-one years, are as responsible as they pretend to be, I think Mr. Chairman it is about time that this House obtained the information it deserves. Let us not forget that the monies that this House is spending is scrounged from the people of this Province, who God only knows, can least afford to pay taxes of any Province in Canada. We have the lowest per capita income, the highest cost of living, and the highest tax rates, almost without exception, I think there is one other has an eight percent social security. And when I speak of taxes, as I said this morning when the hon. Premier who was differentiating between commission and profit in taxes.

This two seventeen on a case of beer was always called a tax. The Social Security Assessment sounds nice, but that is a tax on our purchases. We were told there would be no more school fees only assessment, that also is a tax on the people. So we can cloud it over with fancy phrases or whatever we wish, but the people of this Province are the ones that must dig down and dig deep to keep in power, a government that has no awareness of financial responsibilities. And the Premier feels, as he put forth in his address, that no one but no one, knows the exact situation that exists in Newfoundland. We can grant him that. But when he feels that he is the only one that has the answers, I think we must disagree very strongly with that. We are all concerned, very much concerned with what is happening in our Province, and I can only say Mr. Chairman, that non-confidence votes in this hon. House means absolutely nothing, because it will always be eight to twenty-five or twenty-seven, or twenty-eight, depending on who is on that side and who is on this side. But I would suggest to the hon. Minister of Public Works, the only valid vote of confidence in our Province today, and if we are to really sense the feelings of the people, is to go to the country and say, "will you endorse

what we are doing or do you think someone else can do better?"

MR. EARLE: Mr. Chairman, so much has been said the past couple of days about finances generally, there is not a great deal left for me to say except, that I think the discussions which have taken place in which for a long period I was the chief actor or participant, do demand that I say something because if I just remain quiet, I could be accused of either being stupid over this whole affair, or deliberately dishonest.

First of all Mr. Chairman, on these general finances of this Province, nobody will disagree with a great deal that the Premier has said. We all know that this is a very small Province of only 500,000 population, of a scattered population, very very expensive to service.

It is an extravagant and expensive province to run, but we must also recognize that it also has a very limited income at present. And we cannot under any circumstances risk what we do not have in order to create something that we hope will happen. This has been the fault in my opinion Mr. Chairman, of our method of financing over the years.

We have far too often, being reaching for "pie in the sky," with no feet on the ground and no checking on what we are doing. Now I agree with the Premier that the financial advisers that we have in Ames and Company and the Bank of Montreal and all of these people are as good as you can get in Canada and possibly throughout the world. But I remember very clearly when I was in business, that my grandfather who started the business, used to say to me that "banks and bond houses are excellent firms when you do not need them. They are very poor friends when you do need them." This is the great danger. If anything happens to this Province through our own selfishness, or our own carelessness, or our own methods of doing things, it will be us here in this House that have to bear the blame, not the Bank of Montreal, not Ames and Company, or not anybody else

MR. EARLE:

Montreal, not Ames and Company or not anybody else but we who the people put in this House to manage their affairs and all hell will break loose if anytime comes that we cannot live up to our responsibilities and the people recognize it. Therefore, the contention which has been made that the last questions on financial matters or the question of Government's method of doing things or even to hint that things are not as they should be is disloyal to this Province, I would say, Mr. Chairman, the absolute disloyalty to this Province would be to keep quiet. I could stay on the other side of the House today, sitting as numb as some of my former colleagues are not taking part in this debate at all or not questioning any of these things, but it so happens that I am over here because of a disagreement, I feel an honorable disagreement, because I did not like the way things were headed.

Now since that day in November 3rd, 1969 when I resigned as Minister of Finance I have never said publically to the news media or over the radio or television that Newfoundland was insolvent. I did say that the Newfoundland Government was in a mess. These are entirely different things, the way things are run I contend are in a mess but the Province is not insolvent and it is not beyond rescue, but what I have contended all along is that if we continued in the mad dash at the rate of borrowing which my hon. friend, the Leader of the Opposition, announced a few moments ago we were headed for disaster.

The statement as made this morning, I think, by the Premier; that now that the Government of Canada is at long last coming to the rescue, I hope this proves to be the fact because Heaven knows we need it. The fact is, of course, that DREE programs or anything else will do certain things in certain specified areas and this will take a fairly large burden off the Government of Newfoundland in these particular areas but we still have all the rest of the Province to look after. We still have mountainous amounts of money to raise and to spend and we still have services to provide to our people as long as they are scattered all over the Province. This will demand all of our capabilities in finding monies to spend. Now on top of that, with almost an unbearable burden of approximately \$52. million a year at present, for debt servicing and \$98. million to pay back in the next four years on relatively

MR. EARLE:

short term loans, whatever Government is in power, whether it is the same Government as now sits on the other side or whether another Government takes over, it is going to be one unimaginable headache. Because the people who get these services may be satisfied with what is provided to them, although I doubt it, because people are never satisfied but there will be huge sections of the country which will demand equal services as we develop and it will be almost beyond our financial capacity to provide these services.

Another point I mentioned the other day is that whatever is done by adding additional services does not stop there. Once you add a service you have to provide the means of keeping it going. If you build a hospital or a school or you add some other form of public service it is the ^{maintenance} of that which is going to cause you the headaches and thereon and the further that we progress the more current account revenue we are going to have to find. Now this brings back the whole question of the purpose of borrowing. I am not against borrowing. Let me repeat that, I am not against this Province borrowing but I am against reckless spending and I think we have had a combination during the past number of years of reckless spending coupled with borrowing for purposes which did not bring the greatest benefit or results which we should have had from such borrowing.

You see the fact that we are such a small population of only 500,000 we have so much to be done that we have to be very, very selective indeed as to where we spend our money and how we spend it. Unless we do we can pour endless sums of money down the drain, which has been the unfortunate story of recent years, and it does not increase the earning power of our people one iota. Well, we just simply cannot afford to spend money which does not increase our earning power. It is nice to build up a beautiful Province, to have an attractive Province, to have all sorts of public monuments but the people of Newfoundland will not be able to exist or live on just beauty or public monuments. They have to live from practical bread and butter and daily earnings and we just cannot afford to spend money recklessly on ostentation. We must spend money on things which bring in revenues and I will go right along with the borrowing for that purpose but even that, particularly at times like this when the cost of borrowing is so exorbitantly high, must limit our borrowing to the very,

MR. EARLE:

very minimum that we can get along with. We are paying pretty close to ten per-cent on money today and nobody has to be very good at arithmetic to see what ten per-cent money costs.

You take for arguments sake, we are all happy to know that the steel mill in there, is going along fairly well, it is getting orders and so on and we are happy to see a number of men employed but I would like to see a financial study presented to this House on that. What it has cost. What it will cost the Government by the time it is paid off, the accumulated interest and so on and what that place has really cost us and further more what is being^{done} with it and how we eventually expect to come out of it? I think the story would be rather difficult to justify even on that industry which we are very happy is employing people at present.

Of course, the one which I mentioned earlier in the session, the old Koch industry is something beyond words because that cost us over \$400,000 last year for an industry employing part-time fifty people and the industry itself has cost the Province \$3. million approximately. Well, for this to go on and on and on, what I could not do with \$400,000 in the district of Fortune Bay is not funny and these are the little people all over the Province that need services and need help and we just simply cannot afford to chuck this money down the drain recklessly.

Now in the DREE programing which is coming up I believe the Minister in charge will be very cautious and very careful. I acknowledge that he is a very able young man and I think that he will be forced to be able because Ottawa is going to keep a very careful eye on him and the money may not be spent unwisely. But most certainly as it is our Province and our country in which this money is being spent we must see to it in spite of what Ottawa says that it is spent in the right direction. It is no good coming back to this House as I have already heard said in this session that we do not have anything to do with that after all Ottawa is ^{directing} where this money is spent. That is a silly, fractious statement to make. We must have everything to do with it. It is our Province and ours to develop and we cannot just let Ottawa or anybody else run hog wild on expenditures in this country.

MR. EARLE:

We only have to look back over recent history, the mistakes that have been made in the last twenty years are simply fantastic. If somebody could write a book on them, the wharfs that were built, and the places depopulated, harbours were made where no harbours existed at tremendous costs and all to no avail. There were a lot of things done, the experimental fishery plant at Valleyfield, the magnificent place built to carry a huge fishing industry and what is it today? It is a crime. We have seen this happen all around the Province. Now give people full marks for the best intentions, that I believe they had when these things were done, but my beef and my complaint is this that there has not been, to the best of my knowledge, within Government up to this time, a careful enough examination of what we are letting ourselves in for when we undertake something.

I remember on one occasion I ask a question of the Premier about a certain item which is now costing us \$6. million to \$8. million a year, I make no other comment but to cite the Premier, "Where are we going to get the money for it?" And he said, "Oh, we will find it." That is not a good enough answer. In no case is such an answer as that good enough. We have to turn up the actual cash and see in advance where we are going to find it and further more what else it is going to affect from thereon, because you cannot spend \$6. million or \$8. million on one thing without affecting a whole range of things all along the line.

Now this brings up this matter of the Atlantic Brewery which I am sorry to say I am as very heavily involved in and there could be some recriminations and some accusations that I as Minister of Finance did not do my duty.

MR. SMALLWOOD: I do not think so. That is not right.

MR. EARLE: No, it was not said. The hon. Premier, Mr. Chairman, has given me full marks that I was insistent on trying to get this thing properly looked into and I did so, but regardless of all that, to call a spade a spade, what I as Minister of Finance, was doing for twelve months was evading the law because the law of the country insists that when this debt is accumulated it shall not run beyond thirty days without full steps being taken that this money should be collected. This is what the Revenue and Audit Act says. It is insistent, it

MR. EARLE:

is quite clear. Well, we have all heard the story of the circumstances and why that was not collected but it does not excuse the case. This money should have been collected, if there was any possible way of doing so. The Premier says I am a worrier and a constant worrier, I hope I always will be a worrier if I am dealing with other peoples money. I have lived through many years of tough times in fish business and in business generally and never in my existence did I go through such a twelve month period of worry as I did over this particular instance, because I knew I was contravening the law, that on instructions I was holding things back and it is not right.

MR. SMALLWOOD: Would the hon. gentleman allow me? He is, of course I take it, aware of the fact that the only security the Government had at any time it wished to step in and seize that money or attempt to seize it in courts was that we were a preferred creditor. There were securities way ahead of us, banks, trust companies, IAC, there were a number of people who had a prior claim on all the value, all the property, all the assets ahead of the Government. If we had sued them we would merely have put the company into liquidation with a very questionable possibility of our getting any money at all after the secured creditors had got theirs. It would be very questionable in that kind of a sale whether there would have been a nickel left for us, so our suing for that money then would not have gotten us a single nickel, because it would have been a forced sale. By doing what the hon. gentleman did, at my request to hold his horses, to hold back, worried as he was, to hold back, now we are going to get every nickel of that money because it was not a forced sale, it was a negotiated sale.

Well, the hon. gentleman knows the answer without any prompting. It was not a forced sale. It was a negotiated sale and Ginter is buying it and we are getting every dollar of that money and the hon. gentleman did right by holding his horses. He saved this Province over \$400,000.

MR. EARLE: Mr. Chairman, I was aware of all that at the time. I have yet to be shown that the situation has improved until the Ginter sale goes through and we see what this Government gets out of it. We really do not know because there

MR. EARLE:

are very heavy secured creditors who may possibly take all the proceeds of that from Ginter, I do not know but maybe we will get enough out of it to cover our own debt. If so, so much the better, but the fact is two years have gone by since this money has been owed and with us borrowing money at the rate of nine and a half per-cent interest there is another \$80,000. gone on that debt since it was acquired.

I was within my rights on insisting that we should go after it as fast as we could and, of course, the unfortunate letter which the Premier wrote, if that had not been written, well they had no legs to stand on but this is the case where they thought they had clearance. Now I was in a rather awkward position. The Premier has told his story, I must tell mine because the chairman of the Board of Liquor Control came under me as Minister of Finance and when I heard on October 28th, 1968 that this money had not been paid I immediately phoned the chairman of the Board of Liquor Control and said, "Why not?" Well he said, "I have an exemption, there is a letter from the Premier which says that this money is not to be paid." I said, "For your own protection, as chairman of the Board of Liquor Control, send me a copy of that letter because you are acting not within the law," which he did, of course, and that is how the letter came into my possession. I had as Minister to protect one of my servants who was doing something which again is contrary to the law.

MR. SMALLWOOD: Did the chairman have the letter or just a copy of it?

MR. EARLE: The chairman had a copy of the letter. Well, at least I do not know if he had a copy or the original but he sent me a copy in any case. So I received the letter and, of course, that letter stated very, very clearly indeed just what the company was exempt from. It was generally bandied around among the trades, I do not think there is any fault in disclosing the terms of it. It said, "An exemption from gasoline, diesel and fuel oil taxes, exemption from social security assessment, on production machinery and construction materials, an exemption from the taxes imposed by the Board of Liquor Control and presently amounting to \$2.17 per case of beer sold or shipped from the plant." Now this just about covered everything and it was rather amazing to me that when a question was asked in this House earlier in the session asking

MR. EARLE:

if exemptions had been given I think the answer, "no" given by the Premier was on the strict technical wording of that question because I could not see how he could answer "no" and I have this letter, on my desk before me, which said "yes, they had exemptions."

So I could not go along with that type of answer. I think this is evading the issue and to no good purpose at a time like this. Now all of this discussion has come out during the past couple of days and all this unfortunate incident. The thing which distressed me more than anything about this whole matter was that the Premier was kind enough to refer to me as his hon. friend at one time and now the hon. gentleman. Well, I felt that in this particular case I was his hon. friend because I was doing everything within my power, as was my duty, to protect him under this particular thing and I held it to the last possible gasp. But what I did not feel was correct, I do not think and to the best of my knowledge up to the time that this letter was discussed here in this House I do not believe my colleagues knew about this letter and I felt that the Premier, as head of the Government, should have more trust in his colleagues for them to get behind him and protect him from anything if he had made a mistake.

MR. SMALLWOOD: Would the hon. gentleman allow me? Surely he realizes that I did not see any need to show the letter to anyone except to give it to the people who ask for it because the letter, as far as I understood was carrying out the decision of the Cabinet and I, as Minister of Economic Development, was quite justified in giving them a letter for them to take to the Canadian Government and to the banks where they were seeking their funds, their capital, telling them that they would be exempt from taxes. That is all the letter told them as far as I knew, as far as I understood. It was a letter telling them they were exempt from taxes which had been decided on by the Cabinet. I did not need to report back to the Cabinet that I had given them the letter. All the letter did as far as I was concerned was exempt them from taxes.

MR. CROSBIE: It was never discussed in the Cabinet.

MR. SMALLWOOD: No, I did not see the letter again for, I do not know, maybe a year. In fact I signed the letter and saw it no more until maybe a year whenever the hon. Minister, as he was then, came to me with it. That is when I saw

MR. SMALLWOOD:

the letter and read it and I said, "And they take this to me and they are not supposed to pay any profit to the Board, that is crazy." Of course, they have to pay the Board's profit. They are exempt only from taxes.

MR. EARLE: Mr. Chairman, the Premier and I disagree on this technique. This is really what it is because I felt that such a letter committing the Government to such a large amount, any child doing simple arithmetic knowing the quantities of beer that a brewery turns out at \$2.17 a case exemption would know at a glance that that would run into tremendous sums of money. Therefore I think before the Premier made this rather loose committment, and I must insist it was loose, that this in itself should have been cleared with Cabinet because I have seen many less important things which he felt he should have brought to Cabinet, and I think where he originally slipped up was that this would have been for his own protection much better brought to Cabinet and everybody agreeded. I am quite sure that with his loyal friends and all of us in Cabinet we would have stood foursquare behind him but unfortunately -

MR. SMALLWOOD: We would have corrected the letter.

MR. EARLE: We would have corrected the letter. Well, we would have stood behind him which ever way we did it, I am quite sure of that. Anyhow -

this is what happened. Then the thing went on, and I was a worrier, I was worrying very much indeed. I kept going to the Premier about this from time to time. At first he told ^{me} that I had no need to worry because this was tax which they were exempt from under the Harmon legislation. At the time the Premier made that remark I did not have the Act with me of course, so I asked my officials to check on it -

MR. SMALLWOOD: That I did not have the letter. I thought I had given them what the Cabinet had ordered exemption from taxes.

MR. EARLE: Perhaps I am more cautious than he is, because immediately I checked on this to see if what he had done was correct. And both the Justice Department, my then hon. friend who sits next to me was Minister of Justice. He said, "no, under the Audit and Revenue Act this cannot be done." The Minister of Finance officials also told me. And this is what really got me worried, because I knew a bad a very bad mistake indeed had been made. And I reported this to some of my colleagues in Cabinet, the hon. minister of Health, the President of the Council and so on and the Minister of Justice at that time. And we were worried because we did not know what would happen with this thing if we were allowed to carry on. It was contravening the law. And at one point, it was on actually February 11, I remember the date very clearly, February 11, I mentioned this to the President of the Council and he said, "will you please give the confidential copy of the letter." I delivered it to him on Sunday morning.

The hon. Minister of Health and the Minister of Justice were aware of it, through me, because I felt that I could not go this alone, that I needed to have the full backing of as many as I could on this. But, nobody took any action. And the justification for it was that there were things brewing that - I am speaking of beer now I did not mean to use that term - there were things happening that would eventually come through, at one stage Mr. Doug Fraser who was connected with the operation gave me assurance that there was a \$300,000 ADA Grant coming through which would pay up this.

MR.SMALLWOOD: We still have not got that.

MR.EARLE: That never developed, that never -

MR.SMALLWOOD: Have not got it yet.

MR.EARLE: That never came through. And then there was the dealings with Whitebred I believe the name of the brewery is, these did not materialize. Well, I held off, and off as long as I could but it was worrying me more and more all the time. And I just could not keep this thing going. Finally, I said to my deputy minister at the time, "look write to the Chairman of the Board of Liquor Control and tell him any monies owing to the Board of Liquor Control by the ^{Bavarian} brewery stop as of this moment and they must pay all taxes that are due on beer from hereon."

MR.SMALLWOOD: Not Bavarian, Atlantic.

MR.EARLE: Atlantic, I am sorry. Atlantic, that they must pay all commissions due on beer from this point on. Well that went out I think about the middle of March, 1969. And then we had the meeting in the Premier's office with Mr. O'Dea and Mr. Greene, Mr. Channing and I think that was about all, the Premier and myself were present. We discussed this thing and at that stage these negotiations were still moving and the Premier asked me if I would allow the thing to go on for another month or little longer so that these negotiations could be completed. Well I allowed it to go on for a month and then we went away to the Constitutional Conference in Ottawa. The Minister of Justice was there and I was there with the Premier and the minister of Health was also there. And at that Constitutional Conference I brought this again to the Premier's attention and said nothing has been done a month has passed. And he said when we get back we will arrange a meeting right away. Well this went on and on and on with me giving constant reminders of this getting more worried and more perplexed about this thing until finally I could not stand it any longer. And it is rather significant Mr. Chairman, when you look at the dates, the date of this was actually brought before Cabinet it was about the 24th of October, 1969.

MR. SMALLWOOD: Leave the Cabinet out of it.

MR. EARLE: On the 27th of that month, a couple of days afterwards I gave the Premier my first resignation. This was one of the prime reasons because I felt that his colleagues were not sufficiently advised of what went on, in this particular case and I do not think that the Premier gave us the opportunity to protect them that he should have, in this whole operation. I felt very badly about this because I felt ^{in a sense} that the Premier showed lack of confidence not only in me but in my colleagues. And I just could not take it anymore; this and a number of other things which I need not mention at this time. But anyhow the whole sad story is there Mr. Chairman, this is what happened. In the first place the letter should never have been written,

I think, without being checked with Cabinet or even checked with the Department of Justice or with the Department of Finance. I am sure both of these or either of these would have advised the Premier against it. I am quite sure they would. It should not have been kept going so long without everybody in Government being in the know and I feel in spite of what the Premier says about the fact that we are now about to realize that Ginter buys the brewery. It must be remembered that the length of time this money has been outstanding has also cost the country, the Province, a lot of money. And I doubt very much if we will ever see back anything like the true amount which is fully due us on this unfortunate incident.

While I am speaking Mr. Chairman, I have been brought to task earlier in the debates about Cabinet solidarity and I have done my best in what I have said here not to disclose anything that actually happened in Cabinet. I do not think I have, I have kept away from it as much as I can. The only thing I can say is, I was unhappy about the result of the thing when it finally went to Cabinet, and therefore there was nothing else for me to do but to disassociate myself with the Government that would allow these things to go on almost indefinitely. It is a fact that the day that I resigned the last

act that I took in Government was to see that that writ went out against Atlantic Brewery. I would not leave the Government without having cleared the slate as far as I was concerned, because future generations if they wanted to read the record could have said that during the period that I was minister of Finance I had been delinquent in my duties.. Now nobody wanted to put an industry out of business, That was the last thing any of us wanted to do. We are terribly disappointed, terribly hurt when jobs fade out. But when jobs in this case, as in many other cases, are costing the Province far too much money, then I think the members of Government should be fully cognizant of it and should use their best influence to see that things are rectified. And no member of the Government is a true friend of the Premier either now or from henceforth if he does not try to help him in that direction. And I felt, for one, and I have no regrets over this whole incident, I felt I did as much as I could while I could and when I could do no more I left.

MR. SMALLWOOD: Mr. Chairman, I thank the hon. gentleman for an account that is a I must say, pretty fair account of what happened. It was fair, entirely fair and pretty accurate. It lacks emphasis on some things that should be emphasized. And the one thing above all that should be emphasized is the desperate attempt that was being made to save the enterprise. He just touched very lightly on that before he sat down. He said no one wanted to see sixty or seventy people put out of work and thrown on the street. That is so true. Here was an industry in which they put I think a couple and a half million dollars, (\$2½ million), it is an awful lot of money. And some of it had been borrowed, I did not hear that. It might be too much money for that many jobs but it would not be too much money for the kind of profit that that kind of industry can make. This one did not. But profits were made in the brewing of beer and \$2½ million investment in a brewery would not be too big an investment if it succeeded. This one failed. And because it failed all the trouble arose. They attempted, Now one of the troubles was that Mr. O'Dea, its President and General Manager, was at

that same moment President of the Canadian Manufacturers Association of the whole of Canada. And he was travelling constantly throughout the entire life of that brewery. From the day it opened, I think, until long after it closed he was travelling across Canada from city to city holding meetings and banquets and dinners for the Canadian Manufacturers Association of which he was then the President and spokesman. The first and only Newfoundlander ever to reach that eminence in that particular circle. The industrialists of the whole nation, and he their President. The more active part therefore had to be played by someone else and that someone else was Mr. O'Dea's financial adviser, the chartered accountant, Mr. Fraser. Mr. Fraser saw the handwringing on the wall. He saw that Atlantic Brewery could not succeed.

Now he did not see that instantly. It took a little time for him to see it. But he did see it. He saw it before anyone else did. And he therefore endeavoured, he made a very strenuous attempt to find a new buyer, to find someone to take it over, debts and all. He negotiated with half a dozen different firms. But the principle negotiation was with the great firm of Whitbreds in England. Now Whitbreds in England have 13,000 pubs, 13,000 that they own, 13,000 taverns. Many of us have stepped in for a mug of beer. I think I have been in one of them. But Whitbred is may be the biggest single brewer in the world. They had this famous one at Expo 1967, and it was the most popular single spot in the whole of Expo where they sold their beer. And Whitbreds had got their eye then set on Canada. They had made up their minds. They were so impressed by their success at Expo 1967 that they had made up their minds that Canada was for them. They were going to come to Canada. Fraser goes to England and enters into negotiations with them, saying here is the brewery ready made. Take this one over. You are in business at once. Overnight you are in business. And the plan, I do not mind saying was, and I do not think I am saying anything I ought not to say, I do not think I can do any one any harm now at this stage

by making this public, The plan was to use the brewery at Stephenville to brew Whitbred beer, I forget the name of it, it is a famous name - What is the name of that famous beer? - A famous brand or trade name in beer - They were going to manufacture that beer at Stephenville and sell it across Canada. Heineken's is a Dutch beer. They went to Heineken's by the way. They went to Carlsberg. They went to Denmark and they went to Holland, Mr. Fraser did. And he negotiated with the Heineken's, and he negotiated with Carlsberg and I believe he negotiated with Tuborg. Two great Danish and one Dutch firm and the big English firm of Whitbread, who are, may be the biggest in the world. And Whitbread were actively and very very interested. The negotiations went on and on and on and on stretching over months. Mr. Fraser went a couple of times over. Whitbread sent out and they came to Stephenville and they examined the brewery and they were deeply impressed by it. It is an extremely modern brewery. It is built of stainless steel, not copper. And stainless steel is supposed to be the best thing there is. It is a first-class brewery. With a capacity, I forget, but I think it is 100,000 barrels a year. It is a fair production. And Whitbred were immensely interested. It was at that very time that those negotiations were going on. And Fraser would come back to me, he would come back to St. John's and come straight to me and report, what was happening.

The hon. gentleman will remember my telling him. If I do not remember, if I do not mistake, I told him the name of the firm, the main one Whitbreds who were negotiating to take it over. And not only that I will tell the committee something else. And the hon. gentleman will remember this. Whitbred have a very remarkable something which was to be introduced into Canada through, via Stephenville. It is a small keg, a stainless steel keg, which is filled with beer, and delivered to the tavern, and screwed under the counter with some kind of a pump, and I think it holds twenty gallons, and draft beer would be served out of this stainless steel drum and the drums would be owned by the brewery but they would be leased to the taverns and in

this way they could introduce draft beer right across Canada. And I remember I forget the price, but I remember that the price of these kegs was amazingly cheap, so that, and the cost of it but the rent of it was trifling. The tavern that took it in and used it paid a trifling price and in this way the brewery in Stephenville would have been multiplied two, three, four times the size it was. And it would have taken on more men. And there would have been a far bigger production and it was worth trying to get, it was well worth the effort. It was well worth it, from Newfoundland's point of view. And the one thing that could have killed it, now it did not, it did not get born, so it was not killed. But if it was about to get born one thing that would kill it dead right in its tracks would be for it to go broke. And they were trying to prevent it from going broke. And the one people who could keep it from going broke were this Government. And this is why I appeal^{ed} to my then colleague the Minister of Finance, hold your horses, look, give them a break, give them a chance, see if they can make a sale our debt will be picked up there will be no trouble and the Crown will not lose a nickel.

That sale did not go through. Now I will tell the committee, while I am at it, I will tell them something else: And there are people in this Chamber, on both sides of the Chamber, who will be more than interested in what I am going to say. When that deal fell through Mr. Fraser took up another deal and in negotiation with the Government of New Brunswick and negotiation with the Government of Nova Scotia he worked up another deal whereby, the beer would be brewed in Stephenville and shipped in bulk to Nova Scotia and shipped in bulk to New Brunswick and there bottled or canned. This would qualify as a Nova Scotia enterprise, it would qualify as a New Brunswick enterprise and the money to put the plants in the two provinces was available, public money, some of it from most of it from ADA, some of it from the agency, the local agencies in those provinces. So that what you would have had, if that had gone through, was again a big operation, where at Stephenville not only would they brew beer for sale in Newfoundland but they

would brew beer for wholesale shipment to Nova Scotia and New Brunswick where it would be packaged. And the packaging of it would have been counted in those two provinces as a New Brunswick product and a Nova Scotia product though actually it was brewed in another province altogether.

They got the money for it and it was that deal that brought Mr. Ginter in. Now may be I should not have said that. The thing that finally tipped the scales for Mr. Ginter was not the purchase of a brewery in Newfoundland but rather the purchase of a brewery in Newfoundland which he could use to follow up that plan in other provinces. And he is a very daring man and he is a very venturesome and bold man and a very hard-headed business man to deal with, but when he takes that brewery over he will make a success of it or his name is not Ben Ginter. Now this means jobs for Newfoundlanders and it means this Government getting every nickel of the unpaid profits. Unpaid profits. The Leader of the Opposition can argue all he likes, he can say; splitting hairs to say that the money that was due the Liquor Board was not a tax it was not profits it was a tax it was not tax it was a profit that is splitting hairs. The letter exempted the company from the payment of taxes. The Government had decided to exempt them from the payment of taxes and I signed a letter accordingly that you will be exempted from the payment of taxes so that he could take the letter as he did do to the banks, to IAC, and what is the other one? CAC. IAC, and CAC, Canadian Acceptance Corporation and Industrial Acceptance, he got loans from both of them and he got loans from one bank. He got those three loans. And then he got the promise of something close to half a million dollars a gift from the ADA, the Area Development Agency of the Department of Industry of the Government of Canada. And putting it all together, I do not know how much money they put in themselves, I think they put in the best part of half a million, cash, the shareholders, best part of half a million. But on top of that the loans from IAC and from CAC and from the bank I think its is the Royal Bank of Canada I would not swear but I am pretty sure it was, and the gift all ran into \$2½ million

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And the CAC and the IAC and the bank were secured creditors. And if it were sold off and it did not bring in a nickel in the sale, except enough to satisfy IAC, CAC and the Royal Bank, no one else will get a nickel. That is why we have to try to prevent it going broke. That is why we could not take the step that would send it broke. We could not. And my hon. friend was big enough to see it, though he worried about it, though he knew perhaps he was turning, doing a Nelson act, turning the blind eye on the act itself but he did it. He could only have done it not to please me, he did it in the interest of Newfoundland as I did. We were both trying to save that industry. We both failed. It was not our fault, that we failed. But we tried hard to save that industry, to save those jobs, to save the industry from going bankrupt. First, in the interest of getting the great Whitbread firm to take it over. Mainly in that interest. Then when that failed, someone else to take it over. He tried, I do not know how many he tried. He tells me. . that he spent \$30,000 cash out of his own pocket, Mr. Fraser tells me. \$30,000 -

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\$30,000 cash out of his own personal money, travelling back and forth, back and forth, back and forth from one end of Canada to the other and across the Atlantic to England to Denmark and to Holland. He tried everything under the sun to try to keep the firm from going down the drain - to keep it from going broke. Trying to find someone to take it over, because apparently it was a good deal. It was a good property. It was a good enterprise.

What the hon. gentleman is saying is that it was not a good project.

What I am saying is that it was a good property. If the Island of Newfoundland - by the way, their story was for them to be viable to make it pay, pay a dividend, make a profit, to clear a dividend each year, they had to have, I think, it was fifteen per cent. I am speaking from memory - fifteen per cent of all the sales of the whole Province. If they could have had - oh! now the hon. gentleman must not shake his head. The beer business is a fairly profitable business - not as profitable as oil, but a pretty profitable product, the making of beer. Their trouble with it, in Newfoundland, and perhaps in other provinces as well, the trouble is that the brewers are so competitive, one with the other, that they spend like drunken sailors in their efforts to get each of them a bigger share of the market, and they spend prodigally and may be horribly, wastefully - they spend their money on promotion of one kind and another or I could put it a little more positively than that. They spend it in many ways to promote the sale of their brands, their particular brands and may be they are throwing a lot of their money down the drain, and I understand, I have been told by representatives of the brewing trade, and I have been told here in St. John's that they, themselves, realize this, that they understand it, They are very conscious of it. They are painfully conscious of it. They would like to cure it. They would like to stop it, but they are like the old-time fish exporters on Water Street who knew that they were acting like fools and would often meet and agree that they would stop acting like fools. They would put themselves under heavy fine, if anyone broke the rules and then they would go and break the rule, pay the fine, so they could get a little advantage over the others, and you

have something of that spirit among the smaller number of brewers in Newfoundland who admitted to me, in my office, that it was foolish the way they were spending money, and they had tried again and again to bring it under control by mutual consent and mutual arrangement. They had tried to stop this foolish - this extravagant and unnecessary spending of large sums of money so that each could get a little larger share of the whole market.

Now, while I am at it. May I say this: We do not propose to table the report of Price Waterhouse. We have no intention of tabling that. All members of the Cabinet have seen it, and some members on the other side of the House have seen it, when they were members of the Cabinet. But we are informed by Price Waterhouse that if the brewers of this Province would pool - merge and pool their distribution that is, no. (1) and no. (2) Stop or be stopped. They are probably not capable themselves of stopping, so perhaps it will have to be stopped for them. But pool. the physical movement holding, warehousing and distribution. In other words from the moment the beer comes out of the brewery to the moment it goes into the consumer's outlet - the tavern, the club or motel or hotel or lounge or club where it is the beer is finally consumed, between the production of it and the delivery of it, that that movement, distribution, warehousing and then redistribution, all that, if it were pooled and merged as one system by all the breweries - not each one with his own warehouse, not each one with its own this and its own that and its own something else, but one common pooled system, if that were done number one and number two, the silly promotion or so much of which is silly - not all of it is silly, of course. Promotion that is the life of trade, is it not? To push a thing and to advertise it and push it.

MR. MURPHY: We are going to have a bizzaric talk about promotion.

MR. SMALLWOOD: All right. All right. I know. I have the report.

MR. MURPHY: Yes, I know.

MR. SMALLWOOD: I have the detailed report. They are broken down exactly what is spent. I know what is spent.

MR. MURPHY: Sure. I know you do.

MR. SMALLWOOD: Yes I do. I have a chartered accountant's report on it, and I know what I am talking about, and I am being kind. I am not being as rough as I could be, because I am not forgetting that a bunch of Newfoundlanders are making their living. I am not forgetting that. A Newfoundlander to me - to me, a Newfoundlander is a Newfoundlander and if he is making his living without killing anyone or hurting anyone then I am all for him and if you have a few hundred men making their living, and supporting their wives and children, in breweries, making good decent, wholesome beer. What is wrong with that? Nothing. I am all out. I did not hear that.

MR. WELLS: Why will not the Government table the report?

MR. SMALLWOOD: Because there is too much information about private firms, private business concerns, private business matters, commercial matters, money matters of the individual firms - too much of it. The names of all kinds of people, the names of every distributor. How much money they make. We know the name of every beer distributor in this Province. We know how much beer they distribute. We know how much money they make. We have all that in the report. Do you think we would table that? It would be highly infamous of us to do it, and we have no intention in the world of doing it - none at all. But we do say this; that they could save upwards of \$2 million a year. I mean by upwards - I do not mean getting up toward. I mean, upwards of - beyond \$2 million a year. At least \$2 million a year, they could save by pooling the handling, distribution, warehousing and then redistribution of beer jointly.

Now what we have had to ask ourselves in the Government was this. One of the biggest questions we have ever had to ask ourselves in the Government is this; would we take it over ourselves? Nationalize the distribution, not the brewing? This is done in a number of provinces..

MR. MURPHY: I know.

MR. SMALLWOOD: Ah! he knows. The hon. gentleman knows, and he makes it sound, as though, he is on his knees. He makes it sound, as though, he were on his knees now thanking his maker, because we do not do in this Province what is done

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in a number of other provinces. We have asked ourselves the question. Would we nationalize the distribution and warehousing of beer? That is to say, would we tell the brewers? We have every right to. We do not need to bring an Act into the House here. We do not need to amend the legislation. The law now, exactly as it is, allows us to go tomorrow to all the brewers and say to them, "gentlemen beginning tomorrow morning, you will deliver every thimbleful of beer you make to the following places: here, here, here, here, here, here and here, until further notice." These here's would be warehouses of the Newfoundland Government and we could just direct a simple direction. In future you will deliver all the beer you make to these points to our order, for us. It will be ours. From those warehouses, we would then distribute it for cash. No accounts, no credit, cash delivery. They will either come and take delivery of it - a tavern, a hotel, a motel or a lounge, a club, anything that wants ten, twenty, fifty cases of beer. They can either come up to the warehouse, take delivery of it, pay the cash and carry it or they could phone and say, will you send down ten cases or twenty cases or what have you, in which case, the cost of the delivery would be collected from them as they deliver the beer C.O.D. cash. Now, we have asked ourselves. if we would do that. We have considered it and considered it in Cabinet. Or, would we not do that, but rather say to the brewers, "gentlemen, you got a big industry. You got a lot of money tied up in it. You are employing a lot of men, but you are extravagant and inefficient in your distribution. You are making good beer. It is very, very good beer. It is a wholesome product," I personally have never, since I was born, tasted whiskey or rum or gin - never, since I was born. But I do like a bottle of beer, May be one bottle a day. No, that will never get me in to be an alcoholic.

MR. MURPHY: You will never know.

MR. SMALLWOOD: Well I know, there is always just a chance, but I do not think that a bottle of beer a day, and I drink may be fifty bottles a year. What I like in Newfoundland is 'Blue Star.' I do not know who makes it, but it is light - a light lager, and I like it. I do not even know who makes it. Who makes it? Do I get a commission for that? Do I get a commission on every bottle of 'Blue Star' from now on?

AN HON. MEMBER: You should get a free case.

MR. SMALLWOOD: 'Black Horse'? Ah, where was I? Where was I?

MR. HICKEY: Having a bottle of "Blue Star."

MR. SMALLWOOD: Just the thought of it. Do you see what it does.

MR. MURPHY: And a bit of cheese and a cracker.

MR. SMALLWOOD: They are making a good product, a wholesome product that will not do Newfoundland too much harm, but they are falling down on the job, when it comes to distributing and what he might do is say to them: "Look, we are going to do one of two things. We are going to take it all over and distribute it ourselves or we are going to force you to pool it and may be, we will force you to pool it, ^{That} is not what I heard on the radio today. I was terribly misquoted; that we were going to put up the price of beer. We are going to put down the price of beer. The price that we pay the brewers. We are not talking about putting up the price of beer. We are talking about putting it down.

MR. COLLINS: What about the price for the Conservatives?

MR. SMALLWOOD: We will leave that as is, and we will take a bigger slice and put in the Treasury.

MR. HICKEY: Shame!

MR. SMALLWOOD: Not shame, the Treasury needs the money. What we propose to do is one of two things now. Either we take over the distribution of beer ourselves and do it ourselves. So, the brewers have nothing in this wide-world to do except brew beer - nothing else but brew it, nothing else in the world. Brew it and collect the money from the Newfoundland Government.

MR. MURPHY: Put 200 or 300 people on Welfare.

MR. SMALLWOOD: Either that or - no, because the same beer has to be distributed. The same beer has still to be distributed. It has to be distributed in trucks. The trucks have to have men on board. The same physical work goes on - exactly the same. I do not say that there will be ten men in the whole Province - well there might be ten, because we are now in

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one town, if you have two warehouses or three warehouses. Each of two or three breweries have their own warehouses, then you have one warehouse. There would be some reduction in the number of persons working in the warehousing part of it, but the distribution of it. It is the same amount of beer to be distributed between the brewery and the tavern or the outlet, between the two. The same amount of beer has to be moved, and it will take approximately the same number of men to do it - approximately.

What we would do, if we decide on the latter course, that is not to nationalize. We will go to the breweries and we will say to them; "gentlemen in future, we are going to pay you "x" amount for your beer." And they throw their hands up in alarm and they say, "We cannot sell you the beer for that price." We say, "oh! yes you can." "No! we cannot possibly think of selling you beer for that price that you are talking now." We have chopped the price now, we will say, of what the Government are going to pay the breweries. We will reduce that price. We will chop well down, and they throw up their hands in horror and say, "we cannot live with it." We say, "yes, you can, and we will show you how. We will show you how you can do it." Save that much money on your distribution, and we have spelled out in the most minute detail, by Price Waterhouse."

MR. MURPHY: Would love to see it.

MR. SMALLWOOD: I will tell you what I would do. I would be willing for the Leader of the Opposition to come to my office, and without taking it away from the office, I would be quite happy for him to read this big thick - two volumes - big, thick, voluminous report. I would be happy for him to read it on condition that he will not make it public, because if it is to be made public, I will table it here in the House, but I am not going to make it public. It would not be fair..

MR. MURPHY: I would be compromising my position on this side.

MR. SMALLWOOD: All right then do not do it. But the whole point is that we know. It has been spelled out in ^{the} most minute detail by Price Waterhouse, the largest firm of chartered accountants and auditors in the world who have

do this same thing in Ontario and other provinces of Canada and who are thoroughly familiar with the beer trade of Canada - thoroughly, thoroughly thoroughly in detail, in microscopic detail familiar with the beer industry of Canada - Price Waterhouse and that is why we got them to make this study and it is spilled out in great detail the savings that are to be made. So, we might even go to the trade and say to them, "gentlemen we do not want to hurt you. We just want more money, but we do not want to hurt you. We just want more money for the Treasury. We do not want to hurt the industry, but we want more money into the Newfoundland Treasury and getting it from beer, is a good way to get it."

Finally, before I sit down, Mr. Chairman, let me once again thank the hon. the member for Fortune Bay. He gave, what I consider to have been an honourable speech here today. It was honourable and it was honest and it was sincere. He put emphasis in one or two spots too much, I think, than he ought to have done, but that is his interpretation, and he failed to put enough interpretation on one or two other spots, but again that is his interpretation and I put my interpretation on, and the committee somehow, in between, will arrive at an interpretation of their own. I do wish to emphasize to the limit of my ability to emphasize the fact that the letter I gave to that company was a letter that I had ample authority to give. I was only following the decision of the Cabinet that any industry going to Stephenville or to Bell Island, after the economic disaster overtook them, any industry going, would for the first two years be exempt from Newfoundland Government tax - any industry going for the first two years of their production. They would be exempt and the letter I gave, in my belief, my understanding was - the letter I gave was a letter carrying that out, exempting them for two years from the the Newfoundland Government taxes so that they could go with that letter to the banks, to I.A.C. to C.A.C. and to the Government of Canada to say; here is the enterprise and this is the concession that we are getting from the Newfoundland Government.

If in the wording of that letter, if it were the case, and indeed, it was the case, what was included was not merely taxes but the boards profits. I had neither knowledge of that fact nor realization of it until long months afterwards, when my colleague, the Minister of Finance came and said, "did you give a letter? - you did, I understand, Premier, give a letter to that brewery saying they would be exempt from paying profits to the Board?" I said, "of course not. I certainly did not." "Well, they say you did." I said, "well I did not." I gave a letter to them carrying out the Cabinet's directive that they would be exempt from taxes and that is what I gave." But what was actually written - I did not write it. As a matter of fact, Mr. Chairman, let me say this: If I signed say 8,000 letters and documents a year and I sign at least that many - say, 8,000, I do not write 1,000 of them. In fact I am pretty sure that I do not write 500 of the 8,000. They are written for me and put in front of me, and I sign them, and on this occasion, when they came to me and said they needed to have a letter saying that they would be exempt from taxes so they could take it to the varbus people, I said, "all right, you go out and dictate it out with Miss Duff or Mrs. Templeman or someone outside. Go out and dictate it and bring it in to me." They bring it in and in between the time, when I say that and when they come back with the letter, in between, I have probably seen about six or eight people. I probably had a number of telephone calls, I probably had a minister or two in to see me, because it is a pretty hectic kind of an office - my office is and so it is for any Premier, unless he is going to be the kind of Premier that Sir Robert Bond was, who would see his colleagues in the Cabinet, if they wrote him a letter and asked for an appointment, and his secretary would write back and say, "Sir Robert will see you the week after next." Unless you are that kind of Premier. If your doors are open, if you see everybody, then in between the moment, when I said, "you go out and get the letter done and bring it in to me," and when they came back with the letter, I must have seen probably a dozen or half a dozen people anyway. I would come in and there would be others waiting to see me and the phone would be ringing and it is entirely possible that from the time you laid that letter on the desk and took up a pen to sign it, the phone might ring twice. If it did not, it would have been the few times it did not. That is the

kind of office it is. That is the kind of job that the Premier's job is. I have no recollection of it. I know I said go and get the letter typed up and I will sign it, and I would assume naturally, would I not assume, that the letter would be a letter saying that you would be exempt from taxes. That is what the letter said. You would be exempt from taxes, but

MR. SMALLWOOD: exempt from taxes, but it winds up and says what the taxes are \$2 and something. I did not notice that, I signed the letter and then many long months afterwards someone says that the \$2.14 is the Board's profit, well I said in that case they are crazy, they did not think surely to God, they were going to be exempt from paying profits to the Board? Surely nobody can be exempted from that, the law does not allow it, the Order-in-Council passed by the Cabinet does not allow it, all it allows is exemption from the payment of taxes, And this was described as tax and I signed it. Anyone can make what he likes of it, Mr. Chairman, if after twenty-one years anyone wants to make anything of that, go ahead.

MR. WELLS: Mr. Chairman, I suppose Sir it will take up much of the House's time for further discussion of the Atlantic Brewing mess, that is what it is. But there are a few things that I do want to say, To begin with there are so many discrepancies in what this person and that person and the other person has said that I would say that most of the people who listen to what has been said are totally confused about what the truth is, and the truth is nowhere in sight.

For instance, I understand that today Mr. Ginter was quoted on one of the radio stations as saying, no deal has been made as yet, he has not signed anything. Montreal Trust said that they are still holding the assets, nothing has been concluded. I understand that this was said on one of the radio stations today. How then can the Premier be so sure that this Province is going to collect its \$400,000? I quote from the "Evening Telegram" of February 20th. 1970, quoting Mr. Ginter in relation to this matter. And he said, " I have promises from the Newfoundland Government which would make it feasible to produce and market beer here", he said, "I have permission to put in a can line, and to cut the price of beer". Now how can he cut the price of beer? The price of beer is determined not by him or any other brewery, but by the Board of Liquor Control or the Newfoundland Liquor Commission. In fact by the Government, that is where the price of beer is

MR. WELLS: determined. There are too many inconsistencies, and this story the Premier has now explained is just, may be it is totally true, but it is too incredible to even contemplate accepting at face value. At the very least it is gross negligence, at the very least, to think that the Premier of this Province should sign a letter, send a letter out of his office over his signature, that he knew people were going to take banks and other places as he has indicated. To think that he would sign that without looking at it, and without being advised as to the propriety of it by the law officers of the Crown, even contemplate signing such a letter, granting such exemptions without having the advice of the law officers of the Crown is incredible. That is negligence in itself. Almost unbelievable.

And then there has been the evasion of the question, ever since March of 1969, when the question was first put in the Order Paper. It has not been answered or it has been avoided or the literal wording of the questions, using Atlantic Brewery Company Limited, instead of John R. O'Dea, who was the promoter and developer of that company, that has been used as the excuse to give an entirely wrong impression. The question was asked, "was a letter given to Atlantic Brewing?" And it was answered, "No". And that in a sense is true, but in another sense it is totally untrue and misleading. Because Atlantic Brewing is the company promoted by John O'Dea for the purpose of building that brewery at Stephenville, and the letter was given to John O'Dea before the brewery was built. When you go back and look at these things, and look at the effort to avoid and evade and look at the conflicting statements, how can anybody sit here and be expected to believe totally without question the story the Premier just came up with.

This idea of it being a profit and not a tax is so much utter nonsense, it is a tax collected in a different form, all be it, because the Government controls the distribution of all alcoholic beverages, but the Cabinet sits around the and decides how much that profit will be.

MR. WELLS: The Newfoundland Liquor Commission does not make the decision, it does not bear any relationship whatsoever to the cost of distribution or the cost of purchase or it is not an eleven or fifteen percent reasonable gross profit return on investment or anything like that. It is a tax determined by the Government. And it is increased by so much a case or so much a bottle as the case may be, at such times as it is increased. It is a tax collected in the form of a, say, a profit from sales, but it is very much a tax, unavoidably a tax.

MR. CROSBIE: Paid by who?

MR. WELLS: Paid by the ultimate consumer, the man who takes the cap off the bottle and drinks it, is the man who pays that tax ultimately. It is passed on, the breweries are just the agents for the collection of it, and nothing else. If the tax goes up, five cents a bottle, the price goes up five cents a bottle. That is the way it has been in the past. It has nothing to do with profit in the ordinary sense of the word, it is just a convenient form of imposing a tax on beer. And I am not saying there should not be a tax on beer, of course there should. Beer and liquors and other things can stand to be taxed much better than childrens clothing or any such thing as that. And perhaps that is where the most of their taxes should be, nobody would deny that. But it is very much a tax.

The Premier has taken refuge in his desire to see industrial development at Stephenville, this is where he has sought refuge for what has gone on with Atlantic Brewery, and it is only refuge. Because even though every member of the Government were unanimously of the opinion that they were desirous of seeing this industry develop at Stephenville, they could not allow that to go on uncollected after the twentieth of the following months. There was no discretion anywhere to allow the Government to break the law and that was precisely what the Government was doing. The Government had no discretion, the Act ^{does} not allow. This legislature has passed the law and said, that that tax will be collected, and will be

MR. WELLS: paid by the Brewery to the Liquor Commission on the 20th. day of the month following the month of sale or by the 20th. day or before. And the Government has no discretion nor does anybody else have any discretion at anytime for whatever the motive, no matter how genuine it is, no discretion at all to refuse to collect that tax for any one month or any one year or for any period of time, no matter what the desire end was.

There have been so many stories and so many explanations and so many uncertainties and so many comments, that I am quite confident, Mr. Chairman, the only way that doubt is likely to be removed and no matter what the truth is, the Premier and other members of the Government will always be blamed by people who have grave doubts, and they say, oh! yes a likely story, they will always be blamed unless and until the whole thing is thoroughly aired, And the only way that I can see to do that is either by a Commission of Enquiries or by the Committee on Public Accounts. This whole thing would have been looked after had we a Standing Committee on Public Accounts, even if we had a Select Committee, I think that it would be properly managed. But the proper place for this, I would suggest, is a Commission of Enquiry..I think the member for St. John's West was quite correct when he suggested that.

Now, Mr. Chairman, if I can refer to a few other matters that have been raised here this morning, the hon. the member for St. John's West was quoted as saying, "patriotism " or as quoting Johnson in saying, "patriotism is the last refuge of a scoundrel". I do not know whether or not the Premier is a scoundrel, that is probably more than I can say. But perhaps the thing with a little bit of licence I can reword the quotation, "if patriotism is certainly the refuge sought by any person who wants to divert attention away from the real thing, divert attention away from the truth". As we heard here this morning the same sob story about sympathy for our position in Newfoundland and in sympathy for the position of Newfoundlanders who do not have jobs, and the desirability of

MR. WELLS: having jobs and an appeal for the need of development that I have heard and every other hon. member who sits here has heard at least twenty times in the last four years, at least that many. The Premier went even perhaps further than he went on earlier occasions and attempted to ascribe to borrowing some sort of a divine status, that it was immoral not to borrow, as wrong, as wrong could be, not to borrow. That it was heavenly and holy to borrow as much as you could. What kind of fools does he take us for? That we are going to swallow that and say nothing about it. And that we are foul dirty birds that foul our own nest, if we say anything about it or express an opinion on it. I have no liking whatsoever for being referred to as a dirty bird that fouls its own nest. And the Premier pretended that all the scorn that he could muster with hissing and sitting that out in facial grimaces and whatnot to try and give some effect or truth to it. I did not foul the nest, nor did the hon. members who sit here foul the nest. They are recognizing that the nest is somewhat fouled, and suggesting that something be done about it. It maybe a dirty bird, that fouls its own nest, but the bird that continues to live in that foul nest is even dirtier in my opinion, and does nothing whatsoever about it. Utter nonsense, it has nothing to do with it anyway, but it is the typical refuge that the Premier takes when he has no answer to the criticism that has been raised, he criticized the person who raised it. There has been unpatriotic or foul or dirty or some other such thing, the last refuge. And I think what the hon. member for St. John's West said here was borne out totally in the Premier's speech this morning. If anything else ~~was~~ needed to establish the truth of what he said, the Premier did that this morning:

The hon. members who sit on this side of the House are just as patriotic and just as concerned about this Province and its future, and the future of its people, as anybody that sits over there, and perhaps much more concerned than many who sit on the opposite side. Perhaps, I do not know. But to suggest that it is being done or the opinions being

MR. WELLS: offered, are being offered solely for the sake of criticism and solely for the sake of getting at the Premier or getting rid of, in his words, "Smallwood," it is foul as can be and it is totally untrue, as the Leader of the Opposition has said. Nobody has any hate for the Premier, at least speaking for myself and anybody that I have discussed anything with sitting on this side of the House, nobody has any hate for the Premier.

MR. SMALLWOOD: I cannot see it.

MR. WELLS: Well perhaps he can take some enjoyment out of it, I do not know. I have lost a great deal of respect for him in some cases, but I still accord him the respect that he is due, and he is due a great deal of it, I do not deny that. But I can assure him and all others that I do not hate the Premier, nor do I hate anybody else who sits in this House, I have no reason to do it. And this is the typical refuge the Premier takes when a fair and valid criticism is made. that he cannot answer with any logic at all, he resorts to this kind of criticism of the individual who made it, and resort to this wall of hates that he says that surrounds him or lies between him and other hon. members in the House. Disgusting to watch it. Totally untrue. He does not answer for a moment, the criticism about the statement, the wrong and false statements in the Budget Speech, on pages 22 and 23 that I referred to the other day.

MR. SMALLWOOD: There is not one false statement in the Budget Speech.

MR. WELLS: How the hon. the Premier can say that I do not know. I assume the year 1971 referred to there is the year in which the Fiscal Year ends on page 23, that maybe wrong, it maybe the Calander Year, but even so it is nine months of that Calander Year, so it is not that far out. The total cost for industrial development is \$3,982,000 and we are going to gain a total of \$9 million. Yet in the estimates there is provided \$6 million for incentive under that Act. How can that be true? How can that convey a true picture? The Premier gave no explanation of that. He made no

MR. WELLS: comment on the proportion of our earnings that it takes to service our Public Debt, he said nothing about that. He indirectly confirmed but would not come out openly and confirm it, but by his attempt to give some sort of a divine status to borrowing, he indirectly confirmed to that it is this Government's policy not to repay a single cent that it is borrowed, and that is the policy it is carrying out right now. We have not in the past two years at least perhaps more, I have to go back and look at the records, repaid a single cent of what we borrowed, all we are doing is adding on to it every year, and this year we will add a minimum of \$46 million, it will probably be more like \$60 million, but it will be a minimum of that much. And it is firm ^{fixed} Government policy, according to the Premier's statement, but that is the only logical conclusion that can be drawn from it, not to repay any of the principal that it ever borrowed. Well, where does that leave us? This is just our direct borrowing, Mr. Chairman, that does not count \$155 million or whatever it will ultimately be, and \$155 million is not the end figure for the Shaheen proposal, or the \$60 odd million for the Doyle proposal, that does not take into account any of this indirect borrowing, for which the credit of this Province is due. The Premier had not answered any of these comments. He says, borrowing is the basis for our free enterprise capitalism system, and that is totally wrong. The basis of it is equity investment and initiative and borrowing is an ancillary method that is used to carry this out. Borrowing is not the be all and end all. The minute borrowing does become the be all and end all, that is when the system breaks down and fails, when we have borrowed beyond our means. Nobody is opposed to building schools or hospitals. Nobody wants to stop economic development. And if the Government stopped borrowing for one year, it would effect economic development in this Province very little, houses would still be built by individuals, as individuals would borrow. Businesses would be

MR. WELLS: expanded by businesses who as individual businesses would borrow. All growth would not stop. The Premier led us to believe that borrowing actually improves our economic basis, the economic basis in this Province. Not the borrowing that does it, it is the expenditure of funds that does it, whether they are borrowed or they are acquired from taxes or whatever means. Just borrowing and spending wildly is not going to improve our economics greatly. This is not what we are talking about, we are not talking about borrowing where the need for it is genuine, but what we are talking about is the waste, like the question that was answered this morning. The cost of the apartments out at Pleasantville associated with the Janeway Child Health Centre. That is the kind of borrowing that bothers me, \$3,052,847 that cost. there are sixteen single interns resident rooms there, interns, for single doctors to live in while they are interning or in residence in the hospital. If you ascribe to them a value of \$20,000 each, and that is probably an excessive value, if you gave them a value something like that, it still leaves the cost of each one of those apartments in excess of \$50,000 each. Is that wise, is that proper spending? No tenders were called because the Government

MR. WELLS: the government felt they would save money. In the whole complex there is 49,500 square feet. It worked out to sixty-one dollars and sixty-seven cents a square foot. Completed, sixty-one, sixty-seven a square foot, furniture and everything else. It should not go a dollar beyond twenty-five.

AN HON. MEMBER: You are thinking back fifteen years ago.

MR. WELLS: I am not thinking back fifteen years. I am thinking a couple of years ago. I built a home a couple of years ago that I put out on contract. I called tenders, invited bids from people, and I did not even take the lowest bidder, because I would have preferred another one, because I thought he could do a better job. Completely installed appliances wall-to-wall carpeting and all the drapes and everything necessary. That never cost me twenty dollars a square foot. The furniture does not cost forty-one dollars a square foot.

Well why did we not do what they would have preferred? This includes landscaping and everything else. Built them each a nice two story home for every single one of them, would have saved money. And we most certainly would have. We should have put it out on tender or got a different contract.

AN HON. MEMBER: What date was this?

MR. WELLS: April 1966 to September 1967. The new City Hall being built down here in St. John's will not cost forty dollars a square foot. Will not cost forty dollars a square foot.

Contractor, Lundrigan's Limited. Sixty-one dollars a square foot for apartments. Over \$50,000 a unit. That is what we are talking about Mr. Chairman, not whether or not to borrow when there is genuine need to borrow. It is that kind of waste that is unjustifiable, and the Premier could make that sob-story speech every single day he was here, and he cannot justify that, no matter how desirous he is of getting jobs or building up this Province, or how patriotic he is. You cannot justify that.

In the same way that we cannot justify ERCO at \$10,000 per job, per year for twenty-five years. No way in the world we can justify that. And then when some hon. member on this side gets up to express an honest, even if it is wrong, it is an honest and sincere opinion, with all the scorn he can muster he is referred to as a dirty bird that fowls his own nest. And slimy and anything else he can think of at the time that might draw attention away from the truth to what is being discussed. The last refuge. And then he suggests that - we know what he says is so, but for our own reasons, for our own motives, we want to say something else. Well I do not know of any other hon. member who sits in the House, but I am personally offended by that. I have no ulterior motive in saying anything I have ever said in this House. I have expressed my honest opinion, wrong though they may have been. I believed them to be true, or I would not have said them, and I believe what I am saying now to be true or I would not be saying it. I have nobody to be present to, or nobody that I want to pass on favours or any such thing as that. What I am giving is my honest opinion. I am not appointed to any Commission. I get nothing that any other hon. member of this House does not get. I get no work from anybody, no favours from anybody, and what I say here is my honest opinion. And I have no motive for doing it any other way. And I am offended by the Premier's suggestion that I do.

It is the last refuge, patriotism. I do not know whether I am more patriotic or less patriotic than any other hon. member. I do not think that that makes a whit of difference. What is more important is whether or not I am honest. And by that, I mean honesty of the opinions that I express, and honesty of the views and the advice that I give this Committee. That is what is more important. And to me quite frankly, Mr. Chairman, that is an awful lot more important than whether or not I break the oath I took as a Cabinet Minister. That comes ahead of that. My being honest to this Committee and telling them the truth and being

honest with the people of this Province and the people of my district who elected me.

But again the Premier seeks his refuge. When opinions being expressed and ones that he is not too happy about, cabinet secrecy is popped up, or we are not patriotic. As soon as somebody suggests that the Government is not managing our affairs properly, and I have no doubt in my opinion, and I readily admit that my opinion may well be wrong, but I do not think it is or I would not saying it. That the Government is, in as many ways as it seems possible to do it, mismanaging our financial affairs, and leading us into financial difficulty. Maybe we do not have them at this moment. I have no doubt that we are not insolvent at this moment, I have no doubts about that. Maybe if I had full information I would have some doubts about it. But on the bare information that is available, because the Government primarily refuses to give information on matters relating to finances..

I have no doubt that at this stage we are solvent. But if the Government continues the policy that it has been following. Just stop and think about it Mr. Chairman. Take everything into consideration, indirect and direct borrowing. In the last twelve months, we have increased the debt, direct and indirect, of this Province by \$300 million. That may roll off the Premier's tongue very easily, but I can assure him it does not roll off mine very easily, and I cannot just spit it out, hiss and spit and call him unpatriotic, and excuse it that way. That is our position and it is a true statement of it. And again if you look, Mr. Chairman, you will find that our direct revenue, our direct revenue. In other words, the taxes that this House imposes. The licence fee that the Government collects by reason of legislation passed in this House. The profits from the sale of brewery products and all alcoholic beverages and so on. All of this in this current year that we are now in, will total \$124 million. That is the revenue over which we have complete control. The remainder of our revenue we are dependent upon the Government of

Canada for, or we borrow. But the total revenue in this current fiscal year from taxes including, if you want to call it profits, they are really taxes from the sale of beer, is \$124 million. \$53 million of this \$124 million will go to service ^{our} public debt. Funds over which this House has no control. It must pay. It does not even vote, and if anybody doubts me just look in Page 5 of the Estimates that are before you. It is spelled out there. The amount to be voted, 1970-71. The gross expenditures are there \$395 million less, consolidated fund services and rental purchases. Those two amounts total \$53 million. That is what we cannot vote. That is what we have to pay and that is what it takes to service our public debt this year. And the revenue over which we have complete control amounts to \$124 million.

Now that means Mr. Chairman, that we are in difficult circumstances. I do not know how deep the trouble is, or whether it is deep, deep trouble, or what it is. But we are headed down the wrong road. I do not think we have gone past the point of correction. The opinion that I am expressing for the Committee's benefit is one that I sincerely and honestly hold, is that we are heading down the wrong road. And I resent the Premier's suggestion that I am just saying this because it is convenient, or suits my own ends at the moment, that I know what he says to be true. In my opinion, I know much of what he said this morning, to be untrue, in my opinion. And I have no hesitation in saying so, and when the Government continues to deal with this Committee and the House, in the way that it has, with the cavalier attitude that it does have towards the questions asked by hon. members about what the state of the finances are. And others, such as the Atlantic Brewery and others that have been mentioned by the hon. member for St. John's West and the Leader of the Opposition. When the Government continues to deal in this way, and continues in my opinion to mislead as in the Budget Speech with that statement, without answering it, without explaining it, no explanation at all. It talks about

last year - on Page 22- "In that year total cash benefits generated into our Treasury amounted to \$1.5 million, whereas it cost the Government \$1.3/4million. Now the truth is ERCO alone paid \$3 million last year. If that is not misleading or untrue or false or deceiving, what is it? We are not supposed to say what we think it is, because that might offend the dignity of the House. What does it do to our duty to be honest to the House and honest to the people in the opinions that we express. I know what I would like to call it, but I have been ruled out of order on a few occasions for ascribing certain phrases to it. But if I am going to be totally honest with the Committee, and totally honest with the people of this Province, I know what it has to be called. This is why people have doubts. This is why people express the opinions they do. mainly because the Government keeps trying to cover up, and this is the criticism that I have had of the Government's financial policies, even as a minister. And it is one of the reasons I gave the Premier for my resignation, if he will recall, that the information was not available to me. And that I had sought it from Mr. Groom as to the exact financial position of this Province. And the Premier said his response was "and that is the way it is going to stay," that the Premier would tell me anything I would want to know.

Yet I was to be equally responsible with any other minister, including the Premier for the financial affairs of the Province. How could I be in that situation? How could I accept that responsibility? No reasonable man could. This is why we spent now over two days debating the salary of the Minister of Finance, because of this and the shlamassel of Atlantic Brewing. All because the Government refuses and fails in the main, refuses and fails to give out information when it is asked for. The end result is that members of the House are misled, or the people are misled, and then these things blow up into great big things which they should not be in the first instance. No wonder people feel the way they do. And I

am going to close Mr. Speaker. I think enough has been said about this now, by saying that the Government would get a far better reception from this Committee, if they were honest and straight-forward all of the time. And when the question is asked, "was such a letter given to Atlantic Breweries?" The proper answer, if the Premier cares about this House at all. The proper answer is, "the letter was directed to Mr. John O'Dea on behalf of Atlantic Breweries, and here is what it said." Now that is the truth. That would have been the truth. Anything short of that was not the truth. The Government would get a far better reception and would deserve a far better reception from this Committee if they treated the Committee and the House as a whole, with the dignity and respect they deserve. But with the way the Government does treat the House, what else can they expect? What else do they deserve? Thank you Mr. Chairman.

MR. BURGESS: So much has been said in this House the last couple of days Mr. Chairman, particularly with respect to Atlantic Brewery, there is no doubt in my mind that we are all going to have hang-overs on this subject. And the one gentleman who has spoken in this debate, who can add possibly the most to this particular aspect of this debate, the Atlantic Breweries, the former Minister of Finance, has been complimented in the House because of the presentation which he made on this aspect of this vote today. I would just like to remind that hon. member. I am sure he is quite aware of it himself, perfectly aware of it, that the difference between - the only vital difference between a pat on the back and a kick in the seat of your pants is eighteen inches. Now I have no doubt in my mind that he made a sincere presentation of the facts as he knew them, but then as the hon. member who has just sat down has pointed out, another ploy being used is the essence of cabinet secrecy, in that, nothing that was discussed in cabinet can be essentially divulged. Now this point was adequately made by the hon. Leader of the Opposition, when he said, that what is most vital to this Province, is it cabinet secrecy or is it

the welfare and honest administration of this Province? Now I do not think in the debate which ensued and the various rebuttals from the hon. the Premier, where he said, using the patriotic aspect of the situation, that he was aware when it was brought to his attention by the Finance Minister, that when he was aware that this tax was not being paid, that he advocated, "hold your horses." Now what does that mean? Despite the fact of knowing that the law was being broken, the Minister of Finance was still told, "hold your horses."

Now are there two laws in this Province? One for Cabinet Ministers, and one for the people? I respectfully submit Mr. Chairman, that there are not. When attention is drawn to the fact that the law has been broken, nobody but nobody, and particularly the Premier of a province, has any permission or any right not to comply with the letter of the law.

Now Mr. Chairman, since we are talking about the finances of this province on this particular vote, I would like to make reference to this ninety percent trash document, which also deals at great length with the finances of this Province, and which was termed ninety percent trash. And I would like to quote from it Mr. Chairman, in part. And it is on Page 413, and the question of financial prospects of the Government of Newfoundland. The last paragraph, and it states, quote: "In the financial study on the Newfoundland Government the consultant, despite the fullest possible co-operation of the Department of Finance had the greatest difficulty in arriving at a complete picture of the current financial position of the Government. Engaging the direction of likely future prospects, he encountered even greater problems. Any government budget that attempts systematically to weigh the conflicting demands for expenditure, and that attempts to justify expenditures on the ground that they represent the maximum value for money, simply cannot be developed without long-range plans that include some degree of quantified objects and precise information on a financial position on apparent prospects of the economy and government.

All of this Mr. Speaker, requires an organization that is continually responsible for developing, revising and integrating government programs. Now as the lack of knowledge that I have about the financial situation of the Province, there are a lot of other people who are much more completely knowledgeable. But I can assimilate that Mr. Chairman. That is in black and white and cannot be misunderstood. Because of a series of shortcomings of present Newfoundland government budgets, the role of budgets is discussed in some detail. In the study on Government administration with regard to Economic Development the administration emerges Mr. Chairman, as a disorganized combination of isolated departments, divisions and agencies. Some units are indeed attempting to work efficiently in their isolation, and despite the general atmosphere of confusion. But most units are handicapped by lack of the fine policy Mr. Chairman, lack of the fine policy. Lack of assured funds over an extended plan period. Lack of adequate professional experts and lack of any short-term objectives, let alone longer-term former goals. Now that is not hard to understand, and then we have listened to what I consider to be the maximum of garbage, in the past couple of days from that side of the House with a minimum of thought. Do you have to be a cabinet minister to self-righteous when perfectly legitimate statements are made with regards to the finances of this Province? And then the self-righteousness we see flowing, the high-handed statements. The height of self-righteousness that we listen to. Absolutely wonderful.

There is no question in my mind Mr. Chairman, that financial mismanagement does exist. And I have to sit here day after day frustrated in the whole, by the fact that because of this mismanagement of the finances, my district, the district which I represent cannot receive the things that other parts of the Province take for granted. And I am referring to all kinds of facilities that this Government should be a position to supply, but they cannot because of a financial mismanagement. And then to listen

to the eloquence that flowed about the going out and borrowing - the borrowing, the need to build roads. Road are the arteries of commerce we are told by the hon. the Premier. They stimulate industry. It helps in the matter of centralization. It helps to strengthen the economy. Well I wish he had remembered all of this when we were talking about the need for roads in Labrador West, and in Labrador period. Oh, the hon. the Premier is one man who can take any two sides of any given argument and sound sincere about both.

That is why Mr. Chairman, that is why we have to sit in this House, not so long ago and pass Supplementary Supply in the amount of \$61 million. Because a true financial picture is not being given by these Estimates, nor has been given by Estimates in the past. It is a rear end load, instead of a front end load. We just wait. We submit Estimates and then we pick it all up in Supplementary Supply.

Now Mr. Chairman, when the hon. the Premier was talking this morning, he talked about the various methods that could bring us back to real financial solvency, and not just a picture. And he went on to elaborate on the methods of borrowing from Ottawa. And taxing the people which he admits cannot be done. And surely to God, anyone in this House, or any resident of this Province, recognizes that that cannot be done, because we are the highest taxed people, with the lowest per capita income. How can you possibly assess them one more dollar tax? It just cannot be done. So another method is, increase the taxable capacity. It has to be raised a taxable capacity. And how do we raise this taxable capacity? By inviting the John Shaheen's in and underlining every expense that they have to provide 300 jobs at a cost of \$155 million

MR. BURGESS: Oh, no this is how we do it but I suggest, Mr. Speaker, that in the areas that should be, that the taxable capacity should be increased are being ignored and I am referring specifically to the fishermen of this Province and to the resources of this Province in terms of timber because essentially this is what this Province is dependent upon and composed of. Essentially it is four things, it is the fisheries, the lumber, the mineral resources and tourism. I say that when we talk increasing the taxable capacity of the people that concentration should be given or more effort should be applied to the fisheries. In the social upgrading of the fishermen, at least make them feel that they are not exactly a complete loss in the Province.

Now, Mr. Chairman, just one brief reference before I sit down on the brewery, on this matter of taxes not being paid for a period of time in the amount of \$400,000. Now the gentleman who is involved and whose name have been mentioned here on many occasions, John O'Dea, one of the most honest and sincere men that I have ever met in my life and whom I had the pleasure of residing in his household for approximately two months very recently and I have had many, many conversations with that gentleman, Mr. Chairman, before this thing became a real issue. If my memory serves me correct, during these conversations there was no question in his mind that they were exempt the taxation or the markup along with the other tax concessions. There is no question in my mind, based on the conversations which I had with this gentleman, and I call him a gentleman, a true gentleman and a true Newfoundland, there is no doubt in my mind that he did misunderstand. They were told that they were tax exempt and because of this controversy that man's name, Mr. Chairman, that man's name is being bandied about and this should not be so and this is where this commission, this investigation should be carried on with a committee of this House if for no other reason than to establish the fact that this man did everything above board in honesty.

When we talk about the law, Mr. Chairman, what about this million dollars that has been deposited in the Franklyn Bank, money that was borrowed? It is like borrowing \$1. million from a finance company at fifteen per-cent and depositing it in a bank and getting eight per-cent, what about this? Are we going to have to sit during this session and listen to another law being passed,

MR. BURGESS:

an amendment to the Revenue and Audit Act? Because nobody on that side of the House, Mr. Chairman, has established that this transaction was not illegal. They just shy around it, avoid it completely. Well, in my mind based on what I have heard, the debate surrounding this \$1. million, Mr. Chairman, there is no doubt in my mind that it is an illegal transaction but what are we going to see? We are going to see an amendment to the Revenue and Audit Act to make an illegal act legal. This is not the first time this kind of thing has happened in this House and if this present administration continues it is not going to be the last.

Fiscal mismanagement, Mr. Chairman, is a thing that is really recognized, not alone by the people in Opposition on this side of the House, it is becoming more and more to be recognized by the average man on the street in this Province. I say, Mr. Chairman, on this vote that if this committee pays more attention to the words of wisdom that have been uttered by members on this side of the House, who are completely knowledgeable in finances and who have had access to the workings of Government while they were in Cabinet, I think that a great service will be done to this Province if their words are listened to and headed.

Thank you, Mr. Chairman.

MR. CROSBIE: Before we leave this item, Mr. Chairman, I would like a few minutes, that is all I need. The estimates, Mr. Chairman, are supposed to be a time when the House is provided with information. When I spoke this morning, I never spoke for two hours or one hour, it was certainly under an hour, I drew the attention of the committee to several questions not answered and we are now dealing with the Department of Finance and these questions at the end of the day and after an hour and a-half or two hour address by the Premier are still not answered. Koch Shoes, the question on the Order Paper since February 23rd, 1970 as to what monies had the Government advanced to Koch Shoes since April 1st, 1968. The answer given on February 23rd was not presently known. A Government that does not presently know whether it has made anyone a loan of money or not over the last two years and that question is still not answered. Is it not presently known still whether the Government has advanced Koch Shoes Limited any money since April 1st, 1968? Do the Department of Finance not know? Could

MR. CROSBIE:

the Government have advanced money to Koch Shoes Limited without knowing it? Does anyone know whether Koch Shoes Limited has been advanced loans since April 1st, 1969? The question is still not answered.

The former Minister of Finance, the hon. member for Fortune Bay has said that some \$400,000. was advanced to Koch Shoes last year and that the Province had over \$3. million gone down the drain in Koch Shoes Limited but no answer from the other side, no answer from the Minister of Finance or from the hon. the Premier as to whether that is right or wrong. It is extraordinary, it is just stupefying but a lot of propoganda and mouth wash the same effect as we had last Friday afternoon about the economy generally and economic development and develop or perish and the rest of it can make us forget, conveniently make us forget all the questions that are unanswered.

The Bank of Montreal, the fact that an answer to a question here was wrong in this House, the House was deliberately mislead last Thursday, not explained away when a statement was made here to give us the impression that the Government owed not one cent to the Bank of Montreal when in fact they owed \$12.5 million. No-one answers the question.

MR. CHAIRMAN: Order please! The hon. gentleman does not mean to say the House was deliberately mislead.

MR CROSBIE: This House is mislead. Whether it is deliberate or not I do not know. The House was mislead.

MR SMALLWOOD: You said "deliberate"

MR CROSBIE: Yes, I said deliberately. My impression of it is deliberately because the question was answered in that way.

MR. SMALLWOOD: So the House was deliberately mislead.

MR. CROSBIE: That is my opinion, yes, Mr. Chairman.

MR. CHAIRMAN: Order please!

MR. CROSBIE: To save any fuss, Mr. Chairman, I will withdraw. The House was mislead.

MR. CHAIRMAN: The hon. gentleman knows that he cannot use the phrase "To save any fuss, I will withdraw" or something like that. The hon. gentleman has to withdraw.

MR. CROSBIE: I will withdraw my remark and just say that the House was misled last Thursday in the answer to a question. The question asked, "What demand loans or other indebtedness is owed by the Government to the Bank of Montreal?" The answer came back "No demand loans and no overdrafts" and left the impression that the question was being answered and that there was no indebtedness to the Bank of Montreal and it is \$12.5 million we find out a day later. We still are not told, Mr. Chairman, what the rate of interest is. Is it eight per-cent, nine per-cent, nine and a half, what percentage is the interest? The hon. the Premier has not answered that. He spent four hours in this House speaking since we got on this item 401-01 and the information he has given us in the debate would not fill a thimble. He has not answered any of the pertinent questions asked.

What interest is the Government paying on the \$10. million borrowed to buy the shares in Churchill Falls? We cannot get that information. \$10. million of the public's money has been borrowed to buy shares in Churchill Falls Corporation and we are not told whether the interest rate is eight per-cent, nine per-cent, ten per-cent. It is at least eight. That is \$800,000. a year it is costing the taxpayers every year that that loan is outstanding for these shares in Churchill Falls but the Government will not tell us what the rate is. It is incredible. Question after question, I repeated about twenty we had in the Order Paper unanswered when this debate started on the Department of Finance and they are still unanswered, Mr. Chairman, still unanswered. Contemptuous refusal to answer questions that could be answered, if the will was there in twenty-four hours.

Atlantic Brewing, there is one thing, Mr. Chairman, that today's debate has shown and that is indisputably that there should be a commission of inquiry into this whole Atlantic Brewing affair. There has been nothing given in this debate but hearsay. What is needed is an inquiry where people give evidence on their own as to just what happened. Whatever did or did not happen, if we accept the Premier's story one hundred per-cent that he signed the letter without reading it, it means that the Premier of the Province signed the letter giving tax exemptions without reading it himself and without having one other person in

MR. CROSBIE:

the Government of the Civil Service read it. Not only did that damage this Province to the tune of \$407,000. but it damaged Mr. John O'Dea, Mr. Douglas Fraser and their associates in Atlantic Brewing who thought that the letter meant what it said, that they would not have to pay the commission or profit or tax of \$2.17 for every two dozen beer, that they could collect that from the public and keep it. That is what they thought. They took the letter and went to the Royal Bank and other financial institutions and brought the letter with them and on the strength of that letter, Mr. Chairman, it must have influenced the bank. The bank involved, the finance companies involved must have been influenced by that letter because the Premier said they came to get the letter to take to the banks and finance companies. So this letter which the Premier signed giving a false position as to whether they were exempt from that commission or not was used to the detriment of banks and financial institutions because of the Premier's carelessness in signing it without reading it.

Messrs. O'Dea and Fraser were damaged by it because they believed the letter and they acted on the assumption from December 1966 until October 1969, almost three years later, that they did not have to pay this commission which was then \$2.49 a case. That is the assumption they acted on and they would not pay it to the Liquor Commission and a writ finally had to be issued. Now the Premier says that he asked the Minister of Finance to hold off from taking legal action because they were in financial difficulties and they were negotiating with people; not to issue a writ.

Well, the writ was issued in October 1969, Mr. Chairman, but if we are to believe the Premier that has not interfered with the negotiations because Mr. Ben Ginter has agreed to take over the whole operation. Not only to take over, not just to buy the assets that are secured by the Royal Bank and IAC, not just to buy the assets but to pay the Government off the \$407,000. they are owed. So the issuance of the writ when it was finally issued in October 1969 has not interfered with the negotiations of Mr. Ben Ginter and that story cannot be accepted. If the Minister of Finance, the Government, the Liquor Commission had taken action in June or July 1968 at the start the whole matter could have been resolved then. After all, Mr. Chairman, Atlantic Brewing took from the

MR. CROSBIE:

public \$407,000. that belonged to the Newfoundland Government, retained it but despite that could not survive in their operation at Stephenville.

The question arises, what study was done by the Newfoundland Government before the hon. the Premier gave the go ahead for that enterprise in Stephenville? We know that the gentlemen in question had to make their own studies and presumably thought it was satisfactory and economic. What study did our Government have done, what feasibility study? None. The answer is "None" like it is true in enterprise after enterprise, no study. Now we are told, we got the pie in the sky again, Mr. Ben Ginter is the one man in the Universe who can take over these assets at Stephenville and operate a brewery there and sell beer in Newfoundland and all across the Dominion and make it a great enterprise.

Well, if he does, Mr. Chairman, what concessions is Mr. Ben Ginter going to have? Because Atlantic Brewing who had the concession of not having to pay any taxes or pay that commission until last October 1969, could not make a go of it.

On motion, that the Committee rise and report having passed items of expenditure under Executive Council, all items with some amendments, and ask leave to sit again, Mr. Speaker returned to the Chair.

MR. NOEL: Mr. Speaker, the Committee of Supply considered the matter to them referred and directed me to report having passed estimates of current expenditure under the following headings: Heading 111, Executive Council, Items 303, and 304, block Provision Canada Pension Plan, block Provision Salary Increase and new posts, with some amendments, and ask leave to sit again.

On motion, report received and adopted, Committee ordered sit again presently.

MR. SPEAKER: It being now 6:00 o'clock I do leave the Chair until 8:00 P.M.



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SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House resumed at 8:00 P.M.

MR. SPEAKER: Item two. Committee of Supply. Chairman of Committees please.

MR. CHAIRMAN: (HODDER): 401-01.

MR. J. C. CROSBIE: Mr. Chairman I was just ending a few remarks, when we adjourned at six o'clock, on the Atlantic Brewing situation and I only have several more points to make with reference to that matter. As I was saying, Mr. Chairman, if we accepted the Premier's explanation that this letter was not read by him before it went out in December 30th, 1966, we accept that, that was gross negligence on the part of the Premier, to issue such a letter without reading it or having any official of the Government to read it. The letter misled obviously the people who got it, Messers. Frazer and O'Dea and Atlantic Brewing Company Limited, because they believe right up to October 1969 that they had an exemption from the commission or profit or tax of \$2.17 per case on beer sold by them. It misled the financial institutions that they had requested the letter for, the Royal Bank of Canada, I.A. C. and whoever else was involved in the Atlantic Brewing matter, because it was these financial institutions that had requested that they get the letter, they were obviously misled by it. The letter misled the Chairman of the Newfoundland Liquor Commission, because the Chairman of the Newfoundland Liquor Commission took no action each month to collect this commission each month, in accordance with the Alcoholic Liquors Act, And when he was contacted by the then Minister of Finance, the member for Fortune, in October 1968, the Chairman of the Newfoundland Liquor Commission told the Minister of Finance that Atlantic Brewery were exempt from paying this commission and that he had a letter to that effect and he then send the then Minister of Finance, he sent him a copy of the letter. So obviously the Chairman of the Newfoundland Liquor Commission was misled right up to October 1968. And then, after

MR. CROSBIE: that, when the matter was looked into by the legal experts of the Government, or in Government service, and it was confirmed that the Government had no power to give such an exemption, The gross negligence turned into wilful and wantoned misconduct by those who now knew the actual situation, It was now known to the Premier and those responsible in the Government that this letter had misled everyone. It was known that the Government could not grant such an exemption without legislation passed in this House. Despite that, from October 1968 to October 1969, no action was taken by the Government to collect this money, And this was wilful and wantoned misconduct, not just gross negligence. This was not a tax, Mr. Chairman, on Atlantic Brewing Company Limited itself, they did not pay the tax, the breweries do not pay the tax, the people who pay the tax are the consumers, the public of Newfoundland that drink beer. And for twelve months they paid their \$2.49 a case to Atlantic Brewing and, instead of that money being passed on to the Government, whose funds it was, it was retained by that company. Yet, despite that extra \$407,000 the company still foundered. Though everyone was misled up to October 1968, after that the situation was crystal clear, and there was then wilful and wantoned misconduct.

One other distrubing feature that should be noted, Mr. Chairman, by anyone interested in Cabinet Government or Parliamentary Government, one other thing that should be noted is this, there is a principle of Cabinet Solidarity. A principle that every member of a Cabinet is responsible for all the actions of Government while he is in the Cabinet. If the members of the Cabinet, with the exception of the Minister of Finance, from October 1968 on knew nothing about this whole matter for which they were responsible from December 1966 until October 1969, when the member for Fortune says it was brought before the Cabinet, for two years and nine months this matter continued on without any members of the Cabinet, apart from the member for Fortune and the Premier, being aware of it, at least it was never brought up

MR. CROSBIE: before the Cabinet as a body. Yet every member of the Cabinet would be equally responsible for this matter as long as he was in the Cabinet. Is this the way to operate a Cabinet Government, Mr. Chairman?

First, that the Premier should grant such exemptions without referring them to the Cabinet or having it discussed by Cabinet in this particular case, particularly the \$2.49 or \$2.17 a case, And then after October 1968 when the whole situation was clear to the Premier and the Minister of Finance, even at that stage the whole matter was not referred to the Cabinet, for the Cabinet to make a decision on it. All members of the Cabinet were responsible, but they were not to be informed, apparently, about this whole situation. It is extraordinary in the annals of parliamentary and Cabinet Government. I suggest that situation was extraordinary, Mr. Chairman. And the whole incident, I think, calls for a proper investigation. There is no point discussing it further in this House, it is all what this one said, and the other one said, and hearsay, and there is no way of being accurate, The only way for this to be looked into properly is by a Commission of Enquiry or a Select Committee who can take evidence on oath, where there can be cross-examination and examination of witnesses until the true story is gotten.

I would not like any impression to be given, Mr. Chairman, that Mr. O'Dea or Mr. Frazer or Atlantic Brewing were in any way at fault. Their only fault as I see it, was that they got a letter which said that they were exempt in their operation from paying this tax or commission on beer, that they believed it, that the people they got their finances from believed it, and they acted on that basis up until October 1968 and even thereafter. The whole thing is an illustration of how one-man Government operates; of how a Cabinet Government completely dominated by one man operates, and it is a sorry commentary on the present state of

MR. CROSBIE: Cabinet Government in Newfoundland. This calls out, Mr. Chairman, for a Commission of Enquiry or for our Select Committee to meet, The one that has been promised since early March with representation from this side of the House and the other side, all back benchers, no one in the Cabinet, so the whole matter can be gone into there.

I think all the points have been made about this. that can be made, It is now up to the Government to show whether or not the Government wishes this thing looked into properly as it should be.

MR. CHAIRMAN: Shall Item 401-01 carry?

MR. HICKMAN: Mr. Chairman, just one point before we carry that - during this morning's discussions where there was some talk about the necessity to borrow and in the foreseeable future any administration in this Province will have to continue with a policy of borrowing money, because if you borrow money this provides jobs for Newfoundlanders, it creates employment and hopefully if monies are borrowed for the purpose of stimulating industrial growth, that this will also improve and expand and extent the tax base in Newfoundland.

But, Mr. Chairman, I suggest that whilst that theory may be sound in some jurisdictions, that if we look at last year's and the results of borrowing in Newfoundland during the Fiscal Year that came to an end on March 31st., there is some doubt as to whether any of that borrowing that took place last year, I do not know the exact amount, the budgeted amount in last year's estimates of direct borrowing was \$50 million or thereabouts, and this probably was increased somewhat since that time. But whatever the amount was, I for one can see very little evidence that any of the \$50 million that was borrowed created employment in the Province of Newfoundland. Indeed, Mr. Chairman, as the statistics that I furnished to this House earlier indicated, that only was there not an increase in employment in Newfoundland during the year 1969 or the Fiscal Year ending March 31st. but we suffered one of our most drastic declines

MR. HICKMAN: in employment in this Province in the past number of years. And the most striking area in which there was a drop in employment was in the area of construction, of the very institutions and the very purposes for which Provincial Governments borrow money. And again I refer to the survey of Canā-Data, which is the monthly survey that is relied on by the Government of Canada and its economy. And I am looking at the twelve months ending September 1969. And under the heading of hospital services, medical services, welfare services, public buildings, Government offices, Law Enforcement, education, schools and universities, in Newfoundland there was a sixty-eight percent decrease, minus sixty-eight as compared with the previous September 1968.

Now, Mr. Chairman, during that time this Province borrowed at least \$50 million, at least \$50 million.

AN HON. MEMBER: Fifty- nine million dollars.

MR. HICKMAN: Fifty-nine million dollars, and we would be entitled to assume that with that kind of borrowing, that whilst there might not have been a substantial increase in employment resulting from it, that at least there would not be a decrease. But, Mr. Chairman, as everyone in this House is aware, last year we did not see the construction of hospitals in this Province, We saw some road work on the Burin Peninsula, seventy-five percent of the cost of which was paid and is being paid by the Government of Canada, And we saw very, very limited school construction, generally the finishing of schools that had been started the year before and paid for by monies borrowed on a long term basis on the guarantee of the denominational authorities or the guarantee of the Government to the denominational authorities to the school boards.

Now there may be many, many reasons, Mr. Chairman, as to why this unemployment rate set in in Newfoundland last year. And there may be many reasons why Government could not find the necessary funds in order to carry out the needed public works and provide the needed public services that this Province must have. But the point that I want to make is this,

MR. HICKMAN: Mr. Chairman, that the argument that was put forward this morning by the hon. the Premier does not apply to this Province right now, because we saw the borrowings last year, and we did not see the jobs flowing therefrom. The only conclusion that one can be led to, is that these borrowings in the main were needed to refinance and reservice the debt load of this Province. Whatever the monies were used for, the monies were not certainly used to provide new jobs, new employment for Newfoundlanders. We did not see any roads worth speaking of last year, we did not see any hospitals, we did not see any medical services, other than an occasional bit of work done to a cottage hospital, nor did we see anything like the schools that one would normally expect in a year. The simple fact is, Mr. Chairman, that at the end of the year of borrowing to a degree I suggest, that this Province cannot afford, we find ourselves walking into a state or walking in a state of unemployment, an unemployment rate that is not only out of line with the Canadian provinces as a whole, but when we hear what was contained in the Budget Speech of the Province of Nova Scotia last month, is very much out of wack and very much out of line with the Nova Scotian rate of employment. And when we see our sister province reducing each year its unemployment rate and is now down to 6. something percent, as opposed to ours well some say sixteen percent, but the Labour Unions suggest that twenty percent is a more realistic figure. Then obviously we should not create the impression that we must borrow to create jobs and if we do not borrow there will not be any jobs. The simple fact is that we borrowed last year, and we had less jobs than we had the year before.

MR. CHAIRMAN: Shall 401-01 carry? Carried. Shall 02 carry? Carried.

MR. CROSBIE: 402-01 we are on now.

AN HON. MEMBER: No.

MR. CROSBIE: 401-01 and 401-02 have carried. We are now on which item,
Mr. Chairman? Is it 402-01?

MR. CHAIRMAN: 401-02-01.

MR. CROSBIE: 401-02-01, oh.

MR. CHAIRMAN: Shall 02-02 carry? Carried. Shall 03 carry? Carried.
Shall 402-01 carry?

MR. CROSBIE: Mr. Chairman, it says general administration. My first question is this that the revised estimates for 1969-1970 give an amount of \$1,469,100 as revised estimates for last year for these salaries and that goes down to \$1,137,200 this year.

Now computer services are moved out of the department so presumably that is part of the reason for this decrease, but on that point, Mr. Chairman, I notice this. Firstly, that the Auditor General's Report for the financial year ending March 31st., 1969, shows a total actually spent in that year for salaries under this heading of \$1,654,514. Last year's revised estimates show \$1,469,000. The original estimates last year..

MR. WELLS: The revised estimates for that same year.

MR. CROSBIE: Oh! yes. Right. Last year, let us put it this way. The Auditor General's report shows, Mr. Chairman, that for the year ending March 31st., 1969, in actual fact, under this head, \$1,654,000 was spent. The estimates that we received last year, in this House, gave the revised estimate under this head of \$1,119,400. Now that turned out to be over \$500,000 in error, because the Auditor General's report shows it to be \$500,000 higher. So, for the year ending March 31, 1969, the Auditor General' report shows \$1,654,000 which is \$500,000 more than the revised estimates for that year.

This year, under the same heading, we now see revised estimates for the year that ended at the end of March, \$1,469,000. What is the actual? Is it , again,

\$1.6 million or \$1.7 million? What is the position? Why is this reduced from the Auditor General's figure of two years ago of \$1,654,000 down to \$1,137,000 - a discrepancy of over \$500,000.

Now, we know that computer services are moved out, but there must be some other answer. The estimates have been inaccurate by over \$500,000, according to the Auditor General's report of last year. That is my first question.

I do not know, if the minister wants to deal with them one by one, or I can go on. I have several other points to make. While that is being considered, Mr. Chairman. Under general administration there comes the S.S.A. tax or the taxation of - under general administration, salaries, the Auditor General shows, for the year ending March 31st, 1969, actual expenditure of \$1,654,000. That was for the year ending March 31st., 1969. Now the revised estimate for the year ended March 31st., 1970 is just \$1,469,000.

Now this year, we are down to \$1,137,000 which would appear to be a very inaccurate forecast. What I am saying is that the revised estimate for last year must be wrong and the estimate for this year looks even more wrong.

MR. JONES: I will give the answer. Computer services moved out, not at the beginning of the year or the end of the year, but in the middle of the year. Therefore, the actual - it was impossible to anticipate the exact figure.

MR. WELLS: Mr. Chairman, if I might. The real question is: the revised estimates that were tabled in the House last year - not the current ones. Okay?

MR. JONES: They showed \$1,469,100.

MR. WELLS: No! No! The revised estimates that were tabled in the House last year. Not what we have for this year, not the current one - last year. They show that for the fiscal year 1968-1969, the revised amount to be \$1,119,400. Now, presumably these were made up shortly before the end of the year so that the Government would have had a fair idea and if the computer services are moved out,

Mr. Wells.

they would have known, but yet the Auditor General's report shows it to have been \$1,654,000. In other words, \$535,000 difference or more than one-third..

MR. CROSBIE: More than the revised estimates.

MR. WELLS: More than one-third. More than? Fifty per cent out. How could the revised estimates be out by that much?

MR. JONES: Mr. Chairman, these are estimates, and they are not meant to be actual expenditures, and they do vary from year to year, and I have already given, as part of the explanation, the fact that the computer services did move out in the middle of the year, number one and number two, during the same period, Treasury Board - we did everything in our power to retrench and hold the line in new recruitments and filling vacancies, not only in the department, but in the entire Civil Service.

MR. CROSBIE: Mr. Chairman, that does not answer the point. What we are saying is this: that the revised estimates that are presented this year, if they are as inaccurate as the revised estimates that were presented last year, they are tremendously inaccurate. In the year ending March 31st., 1969, the revised estimates which were presented to the House last year show that the total expenditure on salaries under this heading - general administration, was going to be \$1,119,000. That is what the revised estimates showed last year. But the Auditor General's report shows us that the actual was \$1,654,000. So, last year the revised estimates were out over \$500,000.

Now in our book for this year, 1970-1971, we see a revised estimate of \$1,469,000. Well that could be out \$500,000 too, if the experience of the year before is correct. Not only that, but when you move to the estimate for the year, we are now in, that is reduced down to \$1,137,000 and even allowing for the fact that computer services had moved out, it appears to be wildly underestimated. That is the point we are making. When a difference in the revised estimates of one-third, the actual turns out to be one-third greater

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than what the revised estimates show, would illustrate that the estimates are useless. They do not even come near to estimating what money is being spent or is going to be spent.

MR. SMALLWOOD: Mr. Chairman, last year in a budget of, I forget, close up to \$300 million.

AN HON. MEMBER: Is that the new estimates?

MR. SMALLWOOD: Estimates of last year. The red of last year.

In the budget speech of last year, which provided for a relatively small surplus on a total expenditure of about \$300 million or something less than that and a total revenue of about \$300 million or something less than that. On that big budget, we actually spent \$7 million altogether more than budgeted for and we took in a bit more than that. We took in about \$8 million more than we budgeted for. So, the overall estimate last year of expenditure was out \$7 million. We spent \$7 million more than we budgeted for and the overall revenue was \$8 million more than we budgeted for, so we were out \$8 million on that. But there was a quite remarkable unison in both amounts. It is true that we spent more, but it is true we took in more. One was up \$7 million and the other was up \$8 million. We ended the year slightly better, I believe than we had budgeted for. At any rate, we ended the year, with a budget of around \$2 million.

Now in the present year, we are budgeting for \$300 million - \$299 million expenditure and a revenue of \$300 million or something of that order with a surplus of \$3.5 million. Of course, we have made away with the \$1.5 million surplus by salary increases and this will have to be adjusted in the printed copy of the estimates. But, it is impossible. It is utterly impossible in a fast moving Province. It is impossible. It is not possible. It is not humanly possible to estimate precisely, to know a year ahead or to know fifteen months ahead or sixteen months ahead, when the estimates are made, to know sixteen months ahead exactly what you are going to spend. It is impossible. There is no human way to do it. This is why in every House of Assembly in Canada and in the parliament of Canada, this is why Supplementary Supply has to be brought in every

year, regularly, for the last twenty-one years, for the last one hundred years in Newfoundland and the last one hundred years in the Parliament of Canada. Every year without fail, there is Supplementary Supply, which means that it is quite impossible to sit down before hand and know exactly what you are going to spend in the Department of Health; what you are going to spend in the Department of Education; what you are going to spend in the Department of Public Works; what you are going to spend in the Department of Municipal Affairs and in all the other departments. It is impossible in a small department, such as, Provincial Affairs, Department of Justice, other departments, Department of Labour, other departments with small financial transactions. The grand total of the transactions of these small departments, the whole lot of them: Department of Labour, Department of Justice, Department of Provincial Affairs would not amount to more than \$3 million at the very outside. I would say a lot less than that.

The Department of Health is \$80 million or more. The Department of Education is up to \$103 million. Let anyone sit down, fifteen months ahead and try to estimate, exactly, or anyway precisely what any large spending department is going to spend. Try to do it. It is impossible. It is impossible in every country in the world. It is impossible in every province in Canada. It is impossible in every state of the American union. It is impossible. You can only make an estimate, and you have to take all kinds of elements and factors into account, as far as you can, as far as you can, as far as you can see ahead. You will decide that you will spend so much, and you put that down. You come in and you ask the committee and then the House to appropriate that much, so you get authority to spend that much. But the year comes and goes along, and you find throughout the year that there is a sheer need to spend more than that; whereas, in another department, you could, in fact, spend less, and you might have a countervailing saving in one and an overexpenditure in the other. It is unavoidable. There is nobody smart enough on the earth today. There is no man smart enough to be Minister of Finance for the Government of Canada. Ther

Mr. Smallwood.

is no man smart enough to be Minister of Finance in any of the ten provinces, to sit down and forecast, precisely, what will be needed to be spent or he may be able to forecast what is needed, of course - needed. If we were to spend all that was needed on Health, Education, Municipal Affairs and road and so on and so on, it would be just marvelous. So, as you cannot spend what is needed, you put down an estimate of what you think you have money to spend. What money you will have. That again, you are now beginning to estimate your revenue. That depends on so many things beyond your control that you cannot control. It is not humanly possible to control. There are so many things that you cannot control, that you cannot estimate anyway, precisely, what the deficit will be or the surplus will be.

Let me say this here now.

MR. CROSBIE: Mr. Chairman, on a point of order. I have asked a specific question about a specific item..

MR. SMALLWOOD: Well I am dealing with it.

MR. CROSBIE: Mr. Chairman, if on every specific question, we are going to hear a generalized speech by the hon. the Premier on how hard it is to estimate things and all of this wildly, irrelevant material to this particular point, we will be on the estimates, here, all year.

Now I have asked a specific question, Mr. Chairman, about the discrepancy between the Auditor General's report which shows \$1,654,000 actually spent in the year ending March 31st., 1969 for this item, as against revised estimate of last year of \$1,119,000. That revised estimate was prepared in the winter of 1969. This has nothing to do with wild estimates and the specific question is: Why is there \$500,000 difference between the revised estimate- and what the Auditor General shows to be the actual expenditure?

MR. SMALLWOOD: Where is the point of order, Mr. Chairman?

MR. CROSBIE: Mr. Chairman, the point of order...

MR. SMALLWOOD: Mr. Chairman, may I speak to the point of order?

MR. CROSBIE: Mr. Chairman, this is the question that is being discussed - not some wild, irrelevant speech, generalized speech, about how hard it is to estimate.

MR. SMALLWOOD: Mr. Chairman, to that point of order. May I speak to the point of Order?

MR. CHAIRMAN: As I see it, what the hon. Premier was saying was relevant to the matter raised by the hon. member for St. John's West. It may not be entirely satisfactory to any particular member, but it was relevant, and that is it.

MR. SMALLWOOD: Mr. Chairman, I was strictly in order, and it is pretty silly to raise a point of order on that. I was strictly relevant. I was completely relevant. I was absolutely relevant.

MR. CROSBIE: Inaudible.

MR. SMALLWOOD: Go ahead, make a speech. Sit down and make it. Sit down, and I will try. Sit down and I will talk about it.

MR. CROSBIE: Not wild estimating. This \$500,000 of an item of..

MR. CHAIRMAN: Order please. Order please.

Now, look, either we are going to get through here, but when one member is speaking, the other member ought, really, to hear him out in silence, and it has been said a thousand times here in this House. It is only by courtesy that the other member permits any kind of an interruption and any kind of an interruption is out of order, unless it is permitted.

MR. SMALLWOOD: I am not quite finished. I was dealing with a point that was made by the hon. member for St. John's West. It is my right to deal with it. That is what the committee is for to debate these matters. He has raised a matter of estimating. He talks of wild estimating. He talks of discrepancies in the estimate made and then the Auditor General's report made a year later on that estimate. He points out that there is a difference between the amount that the Government estimated it would spend and the amount that it did spend, and I am answering that. I am dealing with that. Well, that is the point. That is the point. There was a narrower matter also, I know that, but I am dealing

With the broader matter. The Minister of Finance is the right one to deal with the immediate, narrow question that was asked. I am not dealing with that. I am dealing with the broader argument that was raised. The argument, namely, that there is a big discrepancy between the amount of the estimate that the Government made for what it would be spending in a year after that and the amount that the Auditor General's shows was, in fact, spent after the year was over, and he had audited the accounts. This will always be so. This is not new. This is not something that has just happened this year or in this year's Auditor General's report. This happens in every Auditor General's report, annually, in this Province, and always did, ever since Confederation and ever before Confederation. Always, there is a discrepancy between the Government's best efforts to estimate a year ahead and the Auditor General's report on what was actually spent in that year, after that year is over - not only in this Province, but in every province of Canada.

Now what is the point that is sought to be made. That somehow here, there is something improper, something unlawful, something hidden, something crooked. Is there sought to be shown that there is something wrong and improper in this? I say, in reply to that, if there is any such suggestion. I say in reply to that, that every Government in Canada, bar none, that is ten Governments and the Government of Canada that is eleven. All of them, bar none, without exception, at the end of every year of spending and collecting, revenue and expenditure - at the end of the year, when their accounts are audited by the Auditor General, a discrepancy is always shown between the amount of the Government's estimate, before the year began and the amount that was spent, when the year was over, when the two were compared.

Now that is all that is being discussed here, and I am only pointing out that this is as normal as blueberry pie. It is completely normal and not only was but is and always will be. It will never be possible to make a precise estimate a year ahead of what you are going to spend in this department, that department and the other department. Here is what may happen.

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This is what can happen. That you make an estimate that you are going to spend a certain amount. The revenue does not come in that you expected to come, so you spend less, or end up with a big deficit.

Now the fact of the matter is

MR. SMALLWOOD: the matter is, we ended the year just passed with a surplus, and the surplus that we, I forget what we forecast, what we budgeted for in the Budget Speech of last year. Does anybody remember what was last year's estimate of the surplus? Certainly it is in the Budget Speech of this year, we budgeted last year for a surplus, the Budget of a year ago, more than a year ago now.

In the Financial Year that ended three weeks or so ago, this year's Budget Speech says, "the Government's revenue was \$2 million more than its expenditure. The surplus for the year was exactly \$1,996,000 or \$3700 less than \$2 million."

Now in the last Budget Speech brought down in this House, almost precisely one year ago, we estimated that our expenditure for the year will be \$272 million, in actual fact the expenditure was \$279 million, estimated \$272 million to be spent and we spent \$279 million, this was practically \$7 million more. But then on the other hand the Government's revenue proved to be even more in excess over the estimate than was the case with expenditure. We estimated the revenue \$272.8 million, it was actually \$281, this was a substantial \$8 million more than estimated. So that was last year.

Now let me tell the Committee this; that the surplus was substantially more than \$2 million, as the figures come in, as the revisions are made, as the departments gets more up to date, and the figures are more up to date, the surplus was substantially more than the amount reported in the Budget. and when this year was over, and the Budget Speech is brought down next year, an account is given in round figures before the Auditor General's Report is in, given in round figures, it could very well be there will be an even larger surplus than was estimated. In which case there will be a real surplus. Because the surplus that was estimated has been used up or is going to be used up in salary increases.

MR. CROSBIE: Mr. Chairman, get back to the point that I am trying to get some information on. We have here before us the estimates of revenue and expenditure for the Financial Year 1st. of April 70 to the 31st. of March 71. In these estimates we are given the estimates for the year that we are in now, the year that ends March 31st. 1971. And we have to compare these with the revised estimates prepared by the Government for the Financial Year that ended March 31st. 1970, this is for us to compare. So we will see how much the Government is spending this year, compared not to their estimates of a year ago, but to their revised estimates, the estimates they revised a month or two months ago and brought to this House. Here on this column, the revised column, the Government is suppose to be saying to us, gentlemen, here is the revised estimates, here as near as we can tell is what we actually spend last year, so you can have an honest comparison to what we ask you to vote us for this year. That is what the revised estimates mean. The revised estimates prepared perhaps a month or two months ago by the Government, not the estimates they made a year ago. A revised estimate that they made a month and a-half ago or two months ago, so we can have an honest comparison when we look at what they are spending this year compared to last year.

And I point this out, Mr. Chairman, that when we take the book that we were given last year, that all members of this House were given last year, the Estimates for the Financial Year 1st. of April 1969 to the 31st. of March 1970, when we take last year's estimates and we look under General Administration, salaries in the Department of Finance, we see a revised estimate for the year ending March 31st. 1969, this was given to us a year ago, the revised estimate for that year \$1,119,000, then we look at the Auditor General's Report to see what was actually spend on that item in the year March 31st. 1969. Is it \$1,119,000? "No." It is \$1,654,000, so the revised estimates of last year, the revised that

MR. CROSBIE: was prepared a month or two before the House got the estimates was out \$500,000, instead of \$1,119,000, It was \$1,654,000, it was out fifty percent from what was shown in the revised estimates. one item, not \$300 million, not \$200 million, not looking at the whole thing, looking at one specific item, it was out the Auditor General tell us a half a million dollars. Fifty percent out.

So I look at the revised, and I ask the minister to explain the discrepancy, if there is some reasonable explanation? But now the hon. minister has it. He has it.

MR. JONES: No, I have not.

MR. CROSBIE: No, he has not got it. Well, whatever he has. Then I look at the revised estimates for this year, what we are given this year now and I go by last year's experience having checked that with the Auditor General's Report, I cannot check this with the Auditor General's Report because we do not have the Auditor General's Report for March 31st. 1970 yet, we will not get that for a year. And I see revised estimates for \$1,469,000, and I ask the question last year the Auditor General shows us they were out half a million. What are they going to be out this year? They say \$1, 469,000, will it turn out when we get the Auditor General's Report next year, that that was actually \$1,969,000? If you go by pattern of last year, that is what I asked? Is this an accurate revised estimate or is it complete fiction? Completely out fifty-percent, out thirty-three and a -half percent? That is what I asked. Not about \$300 million or how hard it is to estimate this, that and the other, it is the Government's duty to estimate and to tell this House as accurate as it can. That is the question. Then I look at this revised estimates for the year just ending, \$1, 469,000 - what does the Government ask for this year \$1,137,000 and my mind gets a bit suspicious, two years ago the Auditor General shows 504 us was a \$1,654, 000 spent. Now they ask this year for over a half million

MR. CROSBIE: less. Why? Are the estimates fictitiously lower than they are going to turn out to be, so that the Government can make the budget look better. And if the Minister of Finance cannot enlighten me as to why there was a half million dollars last year, I say my suspicion is well founded. Now I know that some of these officials that were in the Department of Finance under computers are gone over to Computer Administration, and I have mentioned that.

But the essential question is this, can we believe the revised estimates at all, when we see that what we were given last year was out on one item, fifty percent out, \$1,119,000 shown in these estimates given to us last year. And the Auditor General tells us a year later, out over a half a million dollars. So are these estimates that we have got here this year worth the paper they are written on? That was the question I was asking.

And Mr. Chairman,

MR. SMALLWOOD: The hon. gentleman -

MR. CROSBIE: I am not finished, because in these estimates we are going on speeches now. We are not going to ask questions, and get an answer to a question. No, we are going to have a long speech every time an embarrassing question is asked. So I am not stopping now, I will go on with some other questions I have. I will go on with other questions I have under this head. I thought the minister would like to deal with one question at a time. But, no, there is going to be a speech, a filibuster by the Premier to confuse the issue everytime a question is asked. So I will move on, that is one question, that half million dollar discrepancy. I say these are not worth the paper they are printed on, if we can go by this experience. It is not a question of how hard it is to estimate a year in advance. This is a question of the revised estimates prepared two months ago, when the financial year is nearly over.

MR. SMALLWOOD: Not true. Not two months, not three, not four, not five.

MR. CROSBIE: In that case, let us have much better revised estimates.

Why do we not get the actual?

MR. ROBERTS: Let me Mr. Chairman without getting into a temper to explain something to the hon. gentleman, let him cast his mind back, the revised estimates generally speaking are done as of the 31st. of October, which is six months into the Government's Financial Year.

MR. WELLS: That is the yellow one.

MR. ROBERTS: The yellow estimates are Cabinet documents, and the yellow estimates are seven months, my colleague the Minister of Education, that is why we have a Minister of Education, Mr. Chairman, he can count.

The actual figures Sir, are not available, let us take the year ending 31st. March 1970 the past year. Today I spent sometime with some of my officials and I was trying to get some actual expenses and some of the votes for which I am responsible. They tell me the actual expenses will not be available for several weeks or months for two reasons Sir, first of all, under the Revenue and Audit Act books are kept open, for the purpose of straightening out the bills and recording them until the 30th. day of April. My friend, the member for Fortune Bay I think is quite familiar with this, this is normal and proper. That was three weeks ago the books were closed on the 69-70 Accounts. Bills which were incurred before the 31st. of March are quite properly, but it takes, Mr. Chairman, as Your Honour will understand, often it takes at least thirty days. Indeed in a case of some doctors, it took them two and three years to get their bills in. We keep the books opened thirty days. Then that information has to be collated and at that point it is available to the departments. So that is the difference between revised and actual, actual will not be available. I may have some, when my own estimates are called, or I may not I do not know. But the actual figures are not available for a matter of some months. The revised figures are done as of the 31st. day of October, sometimes the first week in November, and at that point the Government are

MR. ROBERTS: getting deep into the estimates for the next year.

Mr. Chairman you know this document, Your Honour has not had the privileges yet of bringing estimates to the House. This document represents about three months work by Cabinet before it is printed and several months work by Cabinet committees and officials before that. The hon. gentleman had it before, he will get it back.

MR. CROSBIE: Thank you.

MR. ROBERTS: The hon. gentleman almost has a monopoly on the floor, I would not want to stand in his way, Sir. But I am trying to make the difference between actual and revised, the yellow estimates are Cabinet estimates prepared for Cabinet. The red estimates for the House, the blue estimates are the ones as approved by the House.

Now my colleague, the minister doubtless has an answer on the particular point, but I did want to draw to the attention the difference between revised and actual, they are substantial. The actual we do not have available.

MR. CROSBIE: I thank the minister for his explanation, and it leaves the situation, Mr. Chairman, exactly the same. The revised estimates are a more accurate estimate, which the Government prepares to put before the House. It is not the estimate made a year or a year and a-half ago, it is the estimate made the minister says in October or in the fall, after six months of the year have gone.

MR. ROBERTS: Right.

MR. CROSBIE: That might get too confusing. But the fact still remains that in this one item there was a discrepancy of fifty percent, between the revised estimate last year and the actual that the Auditor General shows.

MR. ROBERTS: Sure you have your colleagues, and I will have mind. \$500,000 is a third of 1:6.

MR. CROSBIE: Five hundred thousand , Sir, is just about fifty percent of \$1,119,000 which was the revised estimate for the item. The Auditor General says there was actually spent \$1,654,000.

Now if the revised estimates are this inaccurate, Mr. Chairman, as they were on this one item, which is provable because we have the Auditor General's Report for that year, last year. Then when we look at the revised estimates here, we are getting precious little guidance, if that one item there is any indication, we are not getting much to guide us on what the department is going to need for next year.

Now I have several other points on finance.

MR. SMALLWOOD: I hope they are better than that.

MR. CROSBIE: Ha, ha the hon. the Premier, whenever we hear the hon. the Premier make a long-stemmed speech about nothing, we know he is trying to obscure a point, and this is an excellent point that the Premier has no answer for. Does the minister want to -

MR. E. JONES: I think I have at least part of the answer to the hon. member for St. John's West question. In the Auditor General's Report all of the salaries from the Department of Finance are grouped together in the red estimates that you have before you now, you will notice salaries in the Department of Finance are dealt with under one subhead. Salaries in the Auditor General's Department, as such, is another subhead. The Civil Service Commission is another subhead, and the Government Loan Board another subhead, and I might add too, in the period for which we are referring, I think that we have to take into account a porportion of the salaries paid to the Computer Staff and the Motor Registration Division.

That is a partial answer Mr. Chairman, I would be quite happy tomorrow to elaborate further on it.

MR. H.B.V. EARLE: Mr. Chairman, I think perhaps just to clear this, there might be just a little dust flying around, I want to make it clearly. One thing I would like to clear with the hon. the minister, if we were

MR. EARLE: talking on anything except the salary vote, I would accept the statement from the Minister of Health. But I believe the revised estimates to the best of my knowledge on salaries as shown in this red book are not the revised estimates you were working on six months ago, in October. As I recall these revised estimates were worked up and up and up until the time that the red book was printed, you are not printing the figure that was estimated six months ago, I do not think.

MR. ROBERTS: I am told the red book figures are accurate, generally speaking 31st. October.

MR. HICKMAN: Except the salaries.

MR. JONES: Well, Mr. Chairman, I have accounted for \$350,000 of the \$400,000, I think with a little more time, I could.

MR. CALLAHAN: Inaudible.

MR. CROSBIE: There is rocky harbour, there is rocky harbour piping up now.

MR. WELLS: Mr. Chairman, would the hon. minister refrain for a minute? Mr. Chairman the key question is this Sir, that in March of 68 when the estimates were considered, was probably done in December 67. The Government estimated that for the year 68-69, without getting into month dates, the Fiscal Year 68-69, they would require for general salaries, for general administration in the Department of Finance \$1,663,000, that was their original estimates. That is what they brought into the House. The Auditor General's Report shows subsequently that they actually spent \$1,654,000. In other words their original estimate was only \$9000 too much, on a \$1,663,000 that is pretty good, pretty close estimating. The thing that is incredible is while they were between six and nine months into the year, they could then come up with a revised estimate that was \$500,000 less. Now that is the thing that has not been explained, and the statements that the minister just made in no way explains any of

MR. WELLS: It. The original estimate by the Government was for a \$1,663,000, the Auditor General's Report later, two years later showed that they spent \$1,654,000. Yet when the Government was six to nine months into the year, they estimated in their revised estimates for that year, that it would only be a \$1,119,000, now that is out \$500,000, when subsequently the Auditor General's Report confirms that their original estimate was only out by \$9000. Now why was that revised estimate down there? Why? That is the thing that has not been explained, and if that revised estimate is out by that much, then what about this year's revised estimate, is it at all to be relied upon?

MR. SMALLWOOD: Mr. Chairman, if this book which had two columns running down, but the second column, that says here revised, did not say that but showed the actual expenditure for the year passed, then the committee could say; "well, the Government are asking us to vote \$1,137,000 for salaries in the Department of Finance. What did they actually spend last year?" You would look in the second column and you would see it, the actual, what was actually spend. This could give the committee a fairly good opportunity to judge as to whether this \$1,137,000 asked for now was a realistic figure, because you would have the actual figure spent last year to compare. But we do not have the actual, we will not have the actual for weeks and weeks yet. But this book was printed, what two months ago? This book was printed say three months or four months before the actual expenditures of last year could be shown, because they are not known.

The Minister of Health has said, he does not know yet what were the actual expenditures in his department were he spent \$70 odd millions. He could not come within maybe \$1 million today, tonight, of what he spent last year and will not for may be another two or three weeks or may be longer before all the accounts are in, before all the bills are rendered, before all the facts are known, then he will know what he spent

MR. SMALLWOOD: so he cannot put here on the right hand side, the actual expenditure of last year. So what do we do?

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: This will be the ideal thing, every item we ask for in the opposite column, the parallel column, which shows what we actually spent, and then you could compare. Say, do you really need that much money for the coming year? Well, here is what you spent last year, why are you asking for more this year, or why are you asking for less this year? Why the difference, between what you are asking now and what you actually spent last year? You could do that if you had the actual. But you have not got it. You cannot have it, if we brought these estimates before the House a month or so from now, may be we could have the actual expenditures accurately stated, the actual for last year. So what do we do? What do we do? Instead of showing the actual expenditure we show the revision we made nine months ago.

MR. WELLS: Of course everybody understands that.

MR. SMALLWOOD: Now in the private documents of the Government, when we are considering our estimates, we have a private book showing us not the expenditure for the year in which we are doing the estimating for the coming year, but for the previous year. It might be useful if we printed here the actual expenditure not for the year just passed but for the year before that, we have that. We have those figures, it is -

MR. WELLS: It is in the Auditor General's Report.

MR. SMALLWOOD: in the Auditor General's Report, and we used to print it in the estimates up to what, five or six years ago, there were three columns, I think

MR. WELLS: Two years ago.

MR. SMALLWOOD: Up to two years ago, there were three columns. One; how much do you want for the coming year? Two; what was the Revised Estimate for last year? Three; what was the actual expenditure for the year before?

MR. WELLS: What was the original Estimate was the three columns

MR. SMALLWOOD: Yes, I think that was in our printed one. In our private one where we are considering in the Cabinet what we will put in the Estimates for the coming year, we would always have the actual expenditure for, not the year before, but the year before that. And also, we would have the most up-to-date figures we are operating in. For instance last December when we were working on these Estimates that are now before the Committee, at that time the Finance Department would be able to tell us what is the actual, say up to the end of October, so you would have April, May, June, July, August, September, October, you might even have the actual expenditure for seven months, which would be some guide for the Cabinet. It would be a good guide for this Committee if we had it. But we cannot have it. We cannot have it for weeks yet to come. And if we could wait until we have it, then put it in, then send it to the printer, then get it printed, then bring it in the House, it would be up in the month of August. But we cannot wait until August to get the Estimates for this year that began on April 1. We cannot wait until August to bring down the Budget and the Estimates. We cannot show the actual expenditure of the year just past, but it might be useful to have the actual expenditure of the year before that, and I think that is something the Cabinet might very well take a look at. We do have that advantage in the Cabinet. We have that advantage. We know on every Item what is spent on that Item in the year before the year in which we are drawing up next year's Estimates. And it is in the Auditor General's Report.

MR. EARLE: Mr. Chairman, I just want to get one thing perfectly clear before we proceed. I am not at all sure. In the column under Revised Estimates 1969-70. I would like to ask the Minister. He has his deputies

with him. If the figure referred to is the original Revised Estimates six or eight months ago, or is it the Revised Estimate up to date, close up towards the end of March? Is it the original Revised Estimate or is it the final one?

MR. JONES: It is earlier Revised Estimates.

MR. EARLE: Well in that case Mr. Chairman, it is absolutely useless. There is no point at all.

MR. SMALLWOOD: You are right. You are absolutely right.

MR. WELLS: Let us not have it obscured by the statement the Premier just made. Nobody disagrees with that. Of course they cannot provide the actual figures up to this moment. But Sir, let us face up to two or three facts and then try and get at the truth. The Item we are talking about is the General Administration Salaries in the Department of Finance, fairly fixed, not a totally rigid thing, but a fairly stable thing from year to year. Fairly stable.

MR. JONES: No, no Mr. Chairman.

MR. WELLS: All right, when I am finished the minister can correct any errors. With the Government's planning they see they are going to take this Item or that Section out, or add something to it. They can roughly estimate how close they are going to come to it. Now in the year that we are talking about, the Government made its original estimate. They made their original estimate. \$1,663,000. Between six and eight months later, they revised that estimate and brought it down to \$1,119,000, but they did. And the revised figure that we had last year before us when we did the Estimates for the last fiscal year, was \$1,119,000. That was the revised figure that we had before it. Yet the Auditor General says they were closer to their original estimate and they actually spent \$1,654,000. They originally estimated \$1,663,000. They actually spent \$1,654,000 which was only \$9,000 difference. Why six or eight months into the year does the Government come up with an Estimate, a half million dollars more on salaries in the Department of Finance.

MR. SMALLWOOD: Probably because all along the line in the Government and in the Department of Finance, they were cutting and economizing all along the line, and trying to enforce it on the whole Government.

MR. CROSBIE: One third their salaries. That is a remarkable explanation. The Government decided to cut salaries in the Department of Finance one third during the year. That is too ridiculous Mr. Chairman.

MR. ROBERTS: Let us see what the hon. the minister has to say tomorrow.

MR. CROSBIE: We are quite prepared to wait to see what the minister explains tomorrow.

MR. JONES: I would like to move that this Item stand until a partial time. I have a feeling that the explanation that I have given as to the difference in the way of the Auditor General's accounting, and the way the new format of the Estimates have been put together - I would be very happy if the Committee would let this Item stand and I will try to explain this to the best of my ability tomorrow.

MR. CROSBIE: Well Mr. Chairman, I am quite agreeable if the minister is going to check out that point and tell us tomorrow why the discrepancy, but I would like now to speak to some Items under this Heading.

MR. CHAIRMAN: If you would permit me. I would like to draw the attention to hon. members to the Motion that is before the Committee. When the Item is called from the Table, the Motion is, take the one I am talking about Salaries 402-01 - \$1,137,200 Carried. That is really the Motion that is before this Committee. And I am not too sure that a lot of the debate that we have had about the relevancy of previous years to this is in order on these particular Items, because the practice has been to permit that type of debate under the Headings of the minister's salary. Now if we are going to be strictly relevant here, when an Item is called from the Table, for example this particular Item, we just call out Item 402-01. But what in effect the Chair is saying is: shall Salaries \$1,137,200 carry? And I cannot quite see the relevancy of the debate we have just had to that as to the way Estimates are drawn up and previous years and so on.

The details then are listed on Page 94, and the only question before the House, or before the Committee is: Is the Committee going to pass \$1,137,200 for this Item, or some other figure? And if we carry on the way we are going, and can go back to previous years and pose questions as to why this this year, and why it was something else last year and so on. I think we should be more material to the actual figure that has been asked this year. I would just like to make that comment.

MR. CROSBIE: In connection with your comment. One of our duties surely is to try to ascertain whether the Government is requesting a reasonable amount, or whether it is a reasonably accurate estimate. And that is what this debate.

MR. CHAIRMAN: As a matter of fact I think it should be related to the figure that is asked for this year.

MR. CROSBIE: And why I refer to the actual experience of the year before last was to show that then it was \$1.5 million, but this year it is down to \$1 .1. But leaving that point anyway Mr. Chairman, this is the vote for the general administration of various sections of the Department of Finance, including the Taxation section. Now there is the SSA Tax Collection Section principally, and in reply to a question earlier in the session, the minister said that, February 1, 1970, there was a total amount of SSA Tax arrears outstanding due and owing to the Government of \$2,146,000 in round figures, which seems quite a substantial amount of tax money to be owing the Government. And I have noticed in December or January, quite a few, I do not know if they are writs, or if they are not writs, they are certificates filed with the Registrar of the Supreme Court in connection with SSA tax. There were quite a few issued in December and January.

I wonder if the minister could tell us how much of that \$2,146,000 the department feels is collectable, and whether the policy of collecting these amounts as outlined in the answer to that question is now being vigorously pursued. In other words, how much time is given now for payment

of SSA tax? If it is not paid is it rigorously pursued? Because the amount of over \$2 million is quite substantial for SSA tax. And while we are on SSA tax Mr. Chairman, there was a matter mentioned to me which is germane to this. And that is the fact that apparently at Memorial University the Government collects SSA tax on the meals that students have to buy there, who are living in residence. In other words, if you are a student living in the residence at Memorial you have to eat your meals at the University or at the residence. And the Government collects SSA tax on the meals that the students eat in these residents. Now these are not ordinary restaurants. This is not a case of going out to restaurants to have a meal, to go out and have a meal in a restaurant you are charged SSA tax. These are meals that they have to eat two or three times a day all during their year at the University. And apparently the University residents are paying about \$25,000 a year, and SSA tax on those students' meals to the Government. And because of this, there has to be an increase in the residents fees next year. Or at least this is one of the reasons. I further understand that there has been a request made to the Government, at least I think there has, that the Government grant an exemption of the SSA tax on students' meals at the Memorial University residents, which seems on the face of it to be reasonable. It is not in the same category as a person going out to have a meal. You are living in a residence, all your meals are out. Three times a day you are eating out, and seven percent on the cost of all that food is a considerable amount for University students. Could the minister tell us whether the Government has received any requests for an exemption, with reference to students eating meals at Memorial University residences?

MR. JONES: Mr. Chairman, to the best of my knowledge, the Government has never received any formal request from the students of the Memorial University that are using these residents for the dropping of this SSA tax on the meals?

Mr. Chairman, the question on the \$2 million is a very difficult one to answer - as to what portion of the \$2,300,000 SSA taxes in arrears

that is collectable. I would like to think that it is all collectable. Many of these are made up of small amounts, some of them very substantial amounts. And as this House is aware, during the past three or four months, we have been issuing judgements writs, which become judgements. We are having some success. I do not think I am permitted under the Act to discuss in detail any individual account. We feel that, although there is \$2,300,000 outstanding. This is more or less a fluid amount. An account may be overdue today, probably next month, this operator may come in, make an arrangement, get his returns up to date. He may be up against financial difficulties in his business. In some cases we have instances, where we have arrears, because of transfers in businesses. We have businesses who have gone insolvent. They have not actually ^{applied} to the courts, but they are insolvent. We know it. And we would rather get in as much of it as we can, rather than push somebody to the wall. Although the amount I understand has been more or less constant over the last several months, yet the individuals involved vary from time to time. We are pursuing everyone that we can to getting as many judgements as we can. And I may say that it is not one of the most pleasant duties of the Minister of Finance, but it is one that I feel one of its ^{most} responsible fields and I can assure my hon. friend opposite that we are pursuing this matter with all the diligence that we can.

MR. WELLS: Mr. Chairman, there are a couple of questions that I have. I do not see the answers to it contained in Page 94. It was supposed to contain the details of the salary vote, heading under General Administration and it goes on to describe it - Economics & Statistics. There are a number of references there on Page 97. But there is no indication of whether they are economists, how many economists are there, or how many statisticians are there. There are a number of Directors and Officers, presumably some of those are. I wonder if the minister could advise the Committee whether in fact we do have economists hired as such to advise us and statisticians. And in particular the last reference to feasibility study. What staff do we have to handle feasibility study, and I did not

see anything in the salary details on Page 94 to 97, that would include those.

MR. JONES: You will notice Mr. Chairman, on Page 97, it gives a breakdown of salaries in the Economics and Statistics Division, that the hon. the member for Humber East is correct - we break them down according to their classification in the Civil Service. But we do not designate how many statisticians we have as such or how many economists we have as such. I notice that the total for this year is ten as against seven for this year. Actually in this regard, I would say that the position as statistician and economist, you may have the one person who is trained as a statistician and also as an economist.

MR. WELLS: How many do we have? I know there are seven proposed for this year, which is a reduction from ten the year before. But which of these are economists?

MR. JONES: There are at least seven, all Officers. Five of these are statisticians.

MR. WELLS: Would the minister tell us what the qualifications are of the people who - these presumably are the people who assess the feasibility studies. Is that it or what is this for? If it is that, would the minister tell us what qualified people he has to do this?

MR. JONES: They make the feasibility studies.

MR. WELLS: Make what feasibility studies?

MR. JONES: Mr. Chairman, I would have to get a list to answer that question specifically. It may be making a feasibility study on a fish plant. It may be making a feasibility study on, oh, to take over one of the industries, one of the factories. They are continually working. And I may say in this respect, that probably the hon. the Premier may be in a better position to answer than I am. Although we carry them in the Department of Finance they are generally attached to his department, Economic Development. It could very well be that somebody comes here from the Mainland and they have an idea to start a new factory. They come with their story, and we say, "well, we will have our men have a look at it."

MR. WELLS: And there are two now is it?

MR. JONES: There are four. To answer the other part of the question, Mr. Chairman. All of these men have at least have a B.A. Comm. Some of our men have Masters. But they have at least a B.A. Comm.

MR. CROSBIE: Mr. Chairman, it is nice to see that there is ^a division for feasibility studies, and one for economic statistics, in some department of the Government. Now there is not in the Department of Economic Development, but there is in the Department of Finance. And it would be nice to know who is staffing these. We know there is Mr. Mercer, Mr. Power and what their qualifications are, and if there are any others backing them up. And the kind of work that the Economic and Statistics branch is doing, and the kind of feasibility studies that Mr. Power is doing? Now we know he has been engaged and doing studies for the Premier, but is it the rule now that whenever anyone approaches the Government who wants to start an industry or needs government assistance for some purpose like that, is it now the rule that their proposal must be vetted, for example, by the Feasibility Studies branch of the Department of Finance? Is that now the rule? That these are the people who vetted? And if so, in addition to Mr. Power, who else is there in the Feasibility Studies branch? What was their experience before they went in the Feasibility Studies branch with the Department of Finance? Who are they? And what is their training and experience? This is information that naturally one would be interested in having. Economics and Statistics branch! What kind of work exactly is Mr. Mercer and the others doing in the Economics and Statistics branch?

MR. CROSBIE:

Back up material for the Premier when he makes one of his speeches or when he speaks on the power policy and so on or do they do other general kind of work for the Government and if so, what kind of work? This is the kind of information one would like to have from the Economic and Statistics and Feasibility Studies Branches. Perhaps the Minister could elaborate a bit more.

In connection with this same heading, Personnel Administration, would the Minister explain how this fits in. What is the relationship of the Minister's Personnel Administration Branch with the Civil Service Commission? Where is the Personnel Administration Branch? Are they now engaged in the negotiations going on about salaries and classification? Just how does this Personnel Administration Branch fit into the picture? Who is it headed by? Is it headed by a person who has experience in personnel administration? What is the person's background? We would like to hear more about that Personnel Administration Branch. What is its function? Who is it headed by? What is his background? What was his training? How does he fit in with the Civil Service Commission? What relationship does it have to promotion and classification and so on with other Government departments? Just what is this Personnel Administration Branch or is it just a Personnel Administration Branch for the Department of Finance? If we could have some information on that it would be helpful.

I do not know when we deal in Appropriations-in-Aid but it would be interesting for the Minister to explain why miscellaneous revenue goes down from \$322,000. last year to \$15,000. this year. Why Crown Corporations, what the revenue was and why it goes down from \$100,000. to \$20,000 and why the fee for guarantee goes up from \$135,000. to \$200,000 and what guarantees are we talking about and what fees are we talking about? I wonder if the Minister could touch on that. What are these fees for guarantees and why is it they are up this year?

MR. JONES: Mr. Chairman, I want to ask some information from the committee. In former years, when dealing with the estimates I believe, Mr. Chairman, it was always a policy to cover item by item. Now I find that while we are still on 402-01 salaries which I made a motion to let the item stand and I do not think it was agreed to let it stand. I might say that I have the information

MR. JONES:

now. I find that I am asked to refer to an item under 402 (10)(05) at the bottom of the page. Now I think it is very difficult for anyone to answer a whole raft of questions that are ranging over an entire page of the estimates and I would prefer with the leave of the Committee, Mr. Chairman, if we would deal with items as they come and I would be very happy to give the Committee any information that I have with me on these various items.

While we are still on salaries, the question raised by the hon. member for St. John's West I would ask him if he would be good enough, on the question of the estimates, to refer to page fifty-four of the Public Accounts for the year 1968-69, the Auditor General's report which showed a spending of \$1,654,000 to which we must add a loan board spending of \$58,000 making a total of all salaries, actual, of \$1, 712,000. Page nineteen and twenty of our estimates for 1968-69 you will see that the salaries for the Department of Finance and this is the contentious figure I believe, is \$1,119,000. Add to this, and I have already said this not in so great detail, Mr. Chairman, add to this the Auditor General's Department \$234,000 which is sub-head 405, add to that \$44,000 Civil Service Commission sub-head 406; add to that \$53,000 Government Loan Board sub-head 407 which would give us a total of \$1,450,000 then add Motor Vehicle Registration \$284,000, this is now in Highways page eighty of the estimates. \$93,000, Highway Safety, which is Motor Vehicle Inspection, which gives us a total of \$1,727,000 as estimate of \$1,727,000 against the Public Accounts actual expenditures, of the Auditor General of \$1,712,000

MR CHAIRMAN: Shall the item carry?

MR CROSBIE: No, Mr. Chairman. Appropriations-in-Aid, I am quite willing to deal with them when we get down item by item if the Minister prefers that. I asked some questions about the Personnel Administration Division of the Minister's Department and what its function was, I do not want to repeat it all again. I asked for some information on the Economic and Statistics Branch, the Fesibility Studies Branch, who is in the Department, what their qualifications are? Is it now a rule of the Government that any request for assistance to establish an industry and so on must be studied by the Fesibility Studies Branch?

What it does? All of those questions I just asked five or ten minutes ago and the Minister has not answered any of them. So I wonder if the Minister would answer those questions.

MR. SMALLWOOD: Mr. Chairman, I wonder if it could be agreed, to save time, that any questions that are asked of the Minister whose answers he does not have and cannot get immediately on condition that he undertakes to produce them while the estimates are still under discussion that the item be adopted with the understanding that the answer is to be forthcoming and not hold up each individual item until the answer is forthcoming. Pass the item, let the questions be asked and if they can be answered let them be answered, if they cannot be answered let the Minister in question say, "I will get that answer." Now this does not mean he has to get it in the next ten minutes or even the next two days. He gets it when he can and then when he gets it he tables it in the House, he gives the information. In the meantime let the item be adopted.

Now there may/a case or more than one case where the Committee just does not want or some hon. member does not want the item adopted until the information is brought out but if it is generally casual information, though important but not essential to be produced before the item is carried let the item be carried and move on to the next item, with the clear understanding that the information is to be brought in a day or so, maybe the next day or the day after.

MR. EARLE: Mr. Chairman, I think there is one question which the Minister can probably answer quite simply on this item of salaries. The Divisions of Taxation and Revenue, I notice that each of them has one less employee in the coming year. Now particularly in connection with Revenue, the Assistant Deputy Minister in charge of Revenue resigned last year and I do not think he has been replaced. I would like to ask the Minister if there is anyone doing his work, if there is to be a permanent appointment to that position and what has been done to strengthen those two divisions? These are the divisions which are responsible for the collection of taxes and in my experience they were understaffed and rather overburdened and also there was a strong attempt to raise the standard up. What has been done in the past few months and what is intended in that connection?

MR. JONES: Mr. Chairman, I will answer the last question first for the hon. the member for Fortune Bay. At the present time Mr. Bernard Carew is Controller of Revenue in the Department of Finance. From contest he was given the position. He transferred from the Department of the Auditor General. He has finished a part of a year probation period, if that is the term to use, and it is my intention that he will fill the position of Assistant Deputy Minister of Revenue.

I have to say, Mr. Chairman, that there are additional positions approved in this Department at the moment. As you know the University is about to close or has just closed and we hope to fill some of these in the near future but I must point out and you will notice this in the estimates of every Department as we go through Government that you will find that staff has been reduced. We have been trying to do our utmost to curtail expenditure, to reduce recruitment and it could very well be that this same situation will arise through all Departments. Furthermore wherever there has been a position in any Department of Government that has not been filled for a year we have dropped that position. This is a part of a deliberate policy of retrenchment on the part of the Government of Newfoundland in line with the Federal Government's proposal to help hold inflation.

The hon. the member for St. John's West, I think, asked me a question regarding the Personnel Administration Division of the Department of Finance. The Personnel Administration is Personnel Administration Division not for the Department of Finance, it is for the entire Government. The Personnel Administration Division is headed by Mr. Gus Cochrane, Mr. A.M. Cochrane, who at one time was Assistant Deputy Minister of the Department of Highways. Prior to working not prior to being the Assistant Deputy Minister of Highways but prior to working with the Department of Highways he worked for some number of years with the American base at Argentia, I think, where he was directly involved in Personnel Administration. There was a contest of all senior Civil Servants and he was appointed by us, selected from, I think, six different applicants. I am not sure, I think it was about six different senior officials and he was selected from the six.

Mr. Chairman, as the Committee is aware I have been away from my office

now for practically eight weeks, it seems so long that I cannot remember how long it was, and I am not in a position, quite frankly, to answer the other part of my hon. friend's question as to what and how the Personnel Administration Division has been involved in the recent negotiations with the NGEA and other bodies regarding salary classification or as the word reclassification is used and probably, Mr. Chairman, my friend and colleague, the hon. Minister of Health, who is also a member of the sub-committee of Cabinet might be able to give the Committee some information on this point.

MR. ROBERTS: Mr. Chairman, very briefly and Your Honour knows I have been involved in all of the salary negotiations which are being carried out on behalf of the Government by the Treasury Board, of course, various committees and sub-committees of the Treasury Board, we have worked closely and are going on working closely with the Personnel Administration Division. Mr. Cochrane and his Officials, they are either present at all the meetings or consulted on all the points that come up. They are one of the number of groups to whom we look, Sir, for expert advice. Mr. Young, the Deputy Secretary and in effect the Secretary of the Treasury Board because the Deputy Minister of Finance is ex officio of the secretariat but Mr. Young is the full time Treasury Board Official and the head of the Secretariat is closely involved and then, of course, we draw upon officials from the Departments concerned. In my own case, in Health, I draw upon such men as Mr. Robin Burnell and Mr. Tom Sellars who, as my friend the former Minister of Health will recall, are extremely able men and the Personnel Administration people are one of the expert advisers or part of the expert advice upon whom we have and will continue to draw in all these salary negotiations.

The other point the hon. gentleman from St. John's West raised was the question of the roll of the PAD in recruitment and in promotion. They have no roll, Sir; that is the function of the Civil Service Commission. The PAD have as their job classification or reclassification of the service information that presumably will also be necessary in collective bargaining. The Government have already announced that the Treasury Board will be acting for the Government in collective bargaining which is not to say the Treasury Board will be doing

the bargaining but presumably the Officials answering the Treasury Board. I think that answers the questions raised but if not in so far as I can help I will try and of course the Minister, although he was away for eight weeks still knows more about the Department of Finance than anybody on this side.

MR. CROSBIE: The Treasury Board Secretariat, how do they fit in with everything now? Could you just describe some of their activities or how they fit in or what has to be cleared with them and so on? What is their position exactly?

MR. JONES: The Treasury Board Secretariat, as my colleague just said Mr. Vic. Young is more or less a permanent secretary although he is only the acting Deputy Secretary of the Board. There is never a day in the operation of Government where there are not numerous things that have to be passed upon by Treasury Board. Well, Treasury Board, which as you know is set upon with Revenue and Audit Act, must give a decision. Now Treasury Board itself is made up of a number of Cabinet Ministers but in order for them to be fully informed and enlightened as to what action they would take we have in the Department of Finance the Treasury Board Secretariat which consists here of six. When a request comes in from a Department of Government for some action, before it is sent to Treasury Board for a decision the Treasury Board Secretariat will look into the legality of the thing, whether it is in line with Government policy and so forth and so on, then we try to have weekly meetings of the Treasury Board. I can tell you, Mr. Chairman, in the preparation of these estimates we were sitting daily and nightly from the 29th of January up until about two months ago. We tried to have weekly meetings of Treasury Board so that we can keep the general day to day business of Government flowing along as smoothly as possible

There is always the question of promotions and innumerable things, authority to fill vacant positions, promotions and what have you. Cabinet will make a policy directive, "It is the duty of the Treasury Board to see if money is involved that the decisions of Government are carried out by the various departments."

Mr. Jones.

That, in the main, is the duty of Treasury Board. I would say that they are probably the six busiest people at this time of the year in the entire Government service, and it is nothing unusual to see some of them or all of them, sometimes, working day and night. That, broadly, is the duty of the Treasury Board's secretariat. The deputy minister is the permanent head, if you want to use that, of the Treasury Board and, of course, the personnel administration, coming under the Treasury Board, also comes under the deputy minister.

At the present moment, we have no associate deputy minister of Finance, but we hope shortly that we will have the assistant deputy minister of revenue filled, and so that is the line of authority, if this is what my hon. friend meant. Treasury Board, under the deputy minister. Personnel administration working under Treasury Board. Treasury Board's secretariat are the working side of the Treasury Board, which is made up of Cabinet ministers to carry out the policies of Government, as far as the department..

AN HON. MEMBER: As far as money is concerned.

MR. SMALLWOOD: Mr. Chairman, I would like to say a word - a brief word about the Treasury Board by saying this. That as perhaps as much as sixty per cent or may be even seventy per cent of what comes to the Cabinet has first of all come to the Treasury Board. That where for years the Treasury Board was not a very active or really, in practice, a very important body, in recent years it has become next to the Cabinet itself ^{the} most important functionary in the whole public service of the Province. Overwhelmingly, the things that come to the Cabinet have first been sifted and sieved and considered by the Treasury Board and virtually everything that involves the spending of money comes first before the Treasury Board. They examine the proposal to spend money in the light, not only of its own merits or demerits, as an isolated proposal, but in the light, also, of the budget. In the light of the revenue as it is coming in each week and as it is living up or not living up to the predictions and estimates in these

Mr. Smallwood.

estimates of expenditure, revenue and expenditure, but with a view to preventing a deficit occurring at the end of the year. The part about personnel is important. I have never, personally, ever since I have been in the Government, never been able to bring myself to take too much interest or any at all in Civil Service rules - in the rules of the Civil Service. I know they are important. And these use to come before the Cabinet. No one was promoted. No one was employed. No one had his pay changed - nothing happened about Civil Service, if it did not first come to the Cabinet.

Now, thank God, that does not happen except that there will come a series of recommendations at virtually every Cabinet meeting from the Treasury Board who have done the grinding hard work of considering every single individual case, separately and independently in their own meetings and then end up by making a recommendation to the Cabinet. So, at many meetings of the Cabinet, the first thing we do is take a whole lot of Treasury Board decisions and recommendations, all of which are subject to the Cabinet. The work has been done, and the Cabinet is freer to discuss the broad aspects of public policy instead of going through the sheer drudgery of dealing with hundreds of individual cases, each one of which is important in its own right and in the aggregate terribly important, but time consuming. Some of the ministers spend half their lives now with high-ranking officials and not only high-ranking officials, but enormously competent officials dealing, struggling, wrestling with these matters.

I do not think we have, yet, passed legislation changing or creating the office of Treasury Board. The Minister of Supply and Services is to be the new president. He is acting president of the Treasury Board. He gets all the lucky breaks, and he will spend two-thirds of his life, as actual president of the Treasury Board and dragging ministers there and seeing that they get there, because

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that work, if not done by them, will have to be done by the Cabinet, as a whole, and if the Cabinet, as a whole, have to engage in these scores and scores of details, the Cabinet then will have that much less time for the real work of the Cabinet. I contend, the real work of the Cabinet, which is the consideration in the broadest aspects of what ought to be Government policy. If you have a Cabinet made up of ministers, each one of whom is just deeply emersed up to eyebrows in his own department and comes to a Cabinet meeting really interested and having time and energy really, only, for the individual affairs of his department and all the ministers are like that and all of them begrudge time to the others and all of them wanting to use their own time and forward their own causes, if you have that, then a Cabinet does not have too much time for the broad sweep of affairs - the broad canvas on which they have to paint Newfoundland. They will be so lost in the detail, as to lose the broad picture, which it is absolutely essential for a Cabinet to see. Because if a Cabinet does not see it, nobody does.

Cabinet, with more knowledge of the facts, is better able and, therefore, ought to use its knowledge to see things in the round. I pay great tribute to the Treasury Board. I know that my life, as Premier of this Province, has been made a lot lighter and I know that the Cabinet, in general, feel that same way about it, but it is pretty tough on the members of the Treasury Board. Because, really, they are taking about two-thirds of the normal - what always was the normal work of the Cabinet - two-thirds of it. The hon. Minister of Community and Social Development is looking quizzically at me. He is beginning to discover what utterly, delightful work it is to sit in Treasury Board meetings morning, afternoon and night, not so much while the House is in session, but that is one pleasure. At last, the House opens and at last it goes on for weeks and months and those are weeks and months when members of the Treasury Board do not have to work morning, afternoon and night. They can come in here and listen to the oratory from the other side of the House and revel in it, bathe in it, just be emersed and covered with the beautiful flow of oratory, instead of enduring the

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hardship of work in Treasury Board. What a pleasure it is to come in here morning, afternoon and night and not be sitting in Treasury Board. I think that the ministers who are members of Treasury Board, instead of being paid to come into this House and just sit here and enjoy the oratory, ought to be paying the House for the privilege of doing it.

MR. ROBERTS: Would the Premier care to submit that as a proposal to Treasury Board?

MR. SMALLWOOD: No, I think some large body ought to settle that. The Cabinet, as a whole, even the House of Assembly.

MR. EARLE: Mr. Chairman, I can vouch for most of what the Premier says, as far as the chairman of the Treasury Board is concerned, having gone through that for some months. The hon. minister who is filling that role at the moment, has my sympathy. But just one question on it. There was a function, which Treasury Board did, I think, quite well, in combination with the ^{and} economic statistics division and also the Treasury Board staff and that was the preparation and submission to Cabinet of current month to month statistics on how things were going by way of revenue and expenditure and watching it very carefully from month to month, as it developed. This was further extended into forecast - budget forecasts over a period of years ahead, which were constantly being updated in the light of new facts which came in. This was one of the things on which the former deputy minister of Finance insisted, and he was most helpful in getting these facts before me.

I believe last year, for instance, the first report of the New Year was available late June or early July. I am wondering, if that system is still continued and if the Treasury Board, as such, and the ministers are being provided with these facts and figures monthly so that he can, in turn, submit them to Cabinet and if the practice of five-year budget forecasts are being continued?

MR. JONES: Yes, Mr. Chairman, briefly, these procedures, as outlined by him, are still being carried out. It is a very, very useful service. I agree with it.

MR. CHAIRMAN: Shall 402-02-01 carry?

MR. WELLS: Mr. Chairman, on 02-01. In the light of what we see in 402-01, which is, at least, a twenty per cent or better reduction in personnel salaries from the year before, what justifies or explains the proposed twenty-per-cent increase in travelling? What is the general explanation for that? I presume there is some.

MR. JONES: Mr. Chairman, the reason for that, briefly, is that in our Audit and Taxation Division in the S.S.A. Division, we have seven additional auditors and inspectors on the road this year than last year.

MR. CHAIRMAN: Shall 402-02-01 carry? Carried. Shall 02 carry? Carried. Shall 03 carry? Carried. Shall 04 carry?

MR. WELLS: Mr. Chairman, there is a very substantial drop from \$304,000 down to \$20,000 on equipment rentals. Is that the computer..?

MR. JONES: That is right.

MR. WELLS : And that is where the substitute is.

MR. JONES: That is right.

MR. EARLE: On that point, Mr. Chairman, I notice that this has been transferred down to item no. 8. It, ^{is} just a transfer from one item to another, really. It is still in here as \$304,000. On that question. I understood that when the computer services were transferred to the new operation, in time, the service would pay for itself. I see the amount this year is still the same as last year, \$304,000. What I am trying to get the answer to: Is there, also other services over there on the same equipment? Is not the equipment being paid for jointly by other..? What about the University and medicare?

MR. ROBERTS: If the hon. gentleman wants to look at page 165 for arguments sake, he will find that \$273,000 is going to be paid by medicare to Computer Serv.

Ltd. In fact what the hon. gentleman suggests, Mr. Chairman, is being done. My own department will chuck out directly or indirectly about \$300,000 to Computer Services Ltd.

MR. WELLS: A Crown corporation, is it?

MR. ROBERTS: It is a Crown corporation. This surely is what Finance pays for their services - issuing our pay cheques, issuing the Welfare assistance cheques and so on down the line.

MR. EARLE: In other words, the combination has not meant any savings?

MR. JONES: Mr. Chairman, we are too early in the life of the baby to judge what sort of a man he might grow up to be. The Computer Services, as a Crown corporation has only been operating a little over a year. I think or I believe it ~~is~~ a little over a year. I believe it was not quite a year, September 1st. They have estimated their expenditures on the time basis for the various departments and boards. In looking at the overall cost, I think, it is more of a coincidence than anything that the figures \$304,100 and \$304,000 are so close together. We will have to bear in mind that, heretofore, salaries in the Department of Finance were included in the computer services.

Now, as I say, it has been only since September 1st., that this service has been operating. I am not in a position to give this committee an answer as to whether the services are too costly, whether we are going to save money, whether it is going to be more expensive. I think, and I have looked into this fairly thoroughly. I think that the corporation has made a fair appraisal for this early in the stage. We have very little experience on which to go - they have very little experience on which to go to base their expenditure. It may look as a high figure. I would like to think that we could do our work in the department at a much lower figure, and based on, probably, this year is its first year and half operation, we may be able to come up with a better picture as to just how this operation is functional.

MR. EARLE: Would the minister say what sort of services it is giving? Is it providing up-to-date services?

MR. JONES: In the early days, when I became Minister of Finance, Mr. Chairman, I was not completely satisfied. More recently, the service has improved tremendously. I think it was growing pains. They had the problem of training staff, getting staff in. I understand that they have had quite a turn over in staff. They could not get some of the top people, but more recently, I am advised that the service that is being performed by this corporation is improving all the time. As I say, the baby is too young for us to tell what sort of man he will be, when he grows up.

It has been pointed out to me here that this figure here - the Government is relieved by the setting up of the computer corporation. We have to take into consideration salaries, rentals, space rentals, i.e., rentals for the equipment, space rentals, telephone, printing, cleaning and all other things.

I would say - my friend the Minister of Health says that there is an essential saving shown, even on the face of this. May be that is so.

MR. CHAIRMAN: Shall 402-02-04 carry? Carried. Shall 05 carry? Carried. Shall 07 carry? Carried. Shall 08 carry?

MR. CROSBIE: Mr. Chairman, in connection with 08. Is this the main vote for computer services or is this just a departmental vote?

MR. JONES. Mr. Chairman, this is the departmental vote for ...

MR. CROSBIE: For Finance. There will be another one under Education and Welfare and so on. Also, medicare.

MR. JONES: I have not checked, Mr. Chairman, but I would think that probably Finance and medicare would be the two..

MR. CROSBIE: The Crown corporation that operates these computer services now, do they report to the Minister of Finance. Who is the minister responsible?

MR. JONES: The Minister of Finance is responsible through the deputy minister, who is a member of the board.

MR. CROSBIE: Now, Mr. Chairman, this Crown corporation which now operates the computer services, I believe, there are two interests involved. One, in the Government of Newfoundland and the other Memorial University. Is that not the position?

MR. WELLS: Is there anybody else?

MR. CROSBIE: Are these the only two?

MR. JONES: Medicare and the Power Commission.

MR. CROSBIE: Medicare and the Power Commission. Do they all have some kind of share interests or...?

MR. ROBERTS: Well, no. The shares are held by the three ministers of the Crown. The hon. Minister of Supply and Services, himself, who is Chairman.

MR. CROSBIE: It is a Crown corporation with three shares issued. The customers of the computer corporation are the Power Commission, the Government, Memorial University and the Medicare Commission.

Could not the minister tell us now - this Crown corporation occupies space in Elizabeth Towers. I do not know how much space it occupies or what rent it pays. Can the minister tell us how much space it occupies and what rental it pays for the space it occupies in Elizabeth Towers?

MR. JONES: Mr. Chairman, we have 10,000 square feet.

MR. SMALLWOOD: It was all given in the House the other day in detail.

MR. JONES: Yes, I think it was.

MR. CROSBIE: No! No!

MR. SMALLWOOD: The computer services?

MR. CROSBIE: No!

MR. SMALLWOOD: Yes. Complete detail.

MR. CROSBIE: Mr. Chairman, on that point, there is a question tabled in the House. Excuse me, Mr. Minister. There is a question tabled in the House which asks: what agencies of the Government or the Government itself, what space are they occupying in Elizabeth Towers? The amount of the space that they are occupying? And the rent that each is paying? That question has not been answered yet. At least to my knowledge it has not been answered yet. We know

MR. CROSBIE: I know that Medicare Commission is over there, and the
Computer -

MR. SMALLWOOD: You are the one who is answering them immediately.

MR. CROSBIE: No, Mr. Chairman, there is no information been given as
to what rate is being paid by Government agencies to Elizabeth Towers
for the space occupied there. There is a question asked, which has not
been answered. So could the minister ascertain for us what the Computing
Corporation, it is 10,000 square feet, what yearly rental does it pay?

MR. JONES: I will get that for you.

MR. CROSBIE: You will get that for us.

MR. CHAIRMAN: Shall the Item carry?

General Administration: On motion 402-02-01:to 17 carried.

MR. WELLS: We are going a little fast, may I have leave to
revert to 14, Mr. Chairman? Can the minister tell us, what that is
it is doubled from what it was last year, Insurance Premiums, Hire-Purchase
Buildings, is that Confederation Building, University Buildings or
would the University show its own? It is doubled from last year, and
I wonder why?

MR. JONES: Mr. Chairman, the answer to that is that previously it
was every three years, now we pay them annually, or is it the other way
around? We pay them annually.

MR. WELLS: We pay them annually now. That does not appear to answer
it, because the same thing occurred in the year before, when it was
\$15,000, so we have had an annual vote every year, are we now in this
current year prepaying premiums, is that it? There was a vote for it
last year and the year before.

MR. CROSBIE: While the minister is looking that up, Mr. Chairman, the
Minister of Public Works wanted to know what department the question was
directed about rental of Elizabeth Towers? The question is 226, and it

MR. CROSBIE: Is directed to the Minister of Public Works. And it asked what Government agencies are renting any space in Elizabeth Towers? And what space they occupy and what rental do they pay? 226 on the Order Paper of Tuesday, March 10th. addressed to, I am sorry it is not addressed to the hon. Minister of Public Works, it is addressed to the hon. Minister of Municipal Affairs. Would you give him a little nudge Mr. Minister, it is addressed to the Minister of Municipal Affairs. The Elizabeth Towers answer is directed to him.

MR. JONES: Mr. Chairman, I do not think this is a very heavy item, but I will try to explain it the best I can. I am advised that the number of Insurance Premiums that we have vary from time to time, and several years ago in 1966-67 the same item was \$68,477, and 67-68; it was \$26,302, last year \$10,594, this year \$23,114, we estimate for the coming year, \$37,000. The rate varies and the number varies from year to year.

MR. CHAIRMAN: Shall Item 17 carry?

MR. CROSBIE: Mr. Chairman, just a brief question about Workmen's Compensation - who does this apply to in the Department of Finance?

MR. JONES: Mr. Chairman, I believe this applies to everyone in the public service of Newfoundland, except employees of the Department of Highways and Public Works.

MR. CHAIRMAN: Shall Item 17 carry? Shall 09-01 carry?

MR. JONES: Mr. Chairman, yes there is just a small correction to be made on 02-17 Postage(Appendix VII, page 151). 152 page reference.

MR. CHAIRMAN: Shall 09-03 carry? Carried.

Shall Item 09-04 carry?

MR. CROSBIE: Mr. Chairman, just a question on that Mr. Chairman, why would light, heat and power, be down about one-half from last year's, is there any particular reason, did it have to do with the computers or what?

MR. JONES: Motor Registration is out of the Department of Finance, and Computers are out, and Highway Safety is out. Three divisions.

MR. CHAIRMAN: Shall Item 09-06 carry? Carried.

MR. WELLS: Would the minister prefer to answer a question on the Appropriations-in-Aid now, or wait until we get to carry the total?

MR. CHAIRMAN: We have got to wait until we get to carry the total? We do not call the Items unless we are asking for a vote for them.

MR. WELLS: Yes, but if questions can arise on the total, because the totals have to be vote, but if the minister or the committee would prefer I can ask it now, it does not matter to me.

MR. CHAIRMAN: What would the committee prefer, as far as questions on the Appropriations-in-Aid, shall we have them on the total?

AN HON. MEMBER: Just take them.

MR. CHAIRMAN: Just take them as we go. Very good.

MR. WELLS: Would the minister tell me what item 10-05 is, how it arises, and why Item 03 is down or proposed to be down this year from \$100,000 estimated for last year down to \$20,000 this year? And would he explain what Item 05 is, and how it gets to be increased from \$135,000 to \$200,000 for this year?

MR. JONES: Mr. Chairman, 05. Fee for Guarantee, represent fees for the guarantee of \$1.5 million bond issue for Rambler Mines Limited for \$350,000, they owe use \$200,000 in this year.

MR. WELLS: Is that our fee for having guaranteed the bond issue or are they repaying?

MR. JONES: They are repaying, that was our fee.

MR. WELLS: We guaranteed a bond issue of \$1.5 million and we charged them \$500,000 for it, was that it?

MR. JONES: No we charged them \$325,000.

MR. WELLS: \$325,000, that was our fee for guaranteeing.

MR. JONES: Of which they owe us \$200,000 in the coming year. Gasoline vendors of course -

MR. WELLS: No, no, 03 - Crown Corporations.

MR. JONES: Crown Corporations 03, \$20,000, earnings on temporary investments surplus funds of eleven Crown Corporations. Decrease of \$80,000 between 1970-71 and 69-70 Estimates, is a result of construction funds in 1969-70 received from Northern Hospital Building Corporation being received into this account. Short term lendings.

On the Miscellaneous Revenue, 02 -

MR. WELLS: Yes, that is down.

MR. JONES: The main thing is the Computer Services, which is now a Crown Corporation, 1969-70 approximately \$312,000 was received from Medicare. Now this fee for Medicare will go to the Corporation and not to the Corporation Centre.

MR. CROSBIE: 03, Crown Corporations, could the minister tell us, is the minister responsible for hotel Buildings Limited, which is a Crown Corporation that operates the Holiday Inn chain, do they report to the minister or is he in charge of them? If so could the minister also enlighten us as to why Hotel Buildings Limited has invested \$200 in Bally Haly? There is a question on the Order Paper about that.

MR. JONES: To the best of my knowledge, I am not the minister responsible for Hotel Buildings Limited.

MR. WELLS: Could the minister tell us what minister is responsible for it? Or could somebody let the committee know?

MR. JONES: It is the Minister of Economic Development, I think, Mr. Chairman

MR. WELLS: The Minister of Economic Development has already stated not to the committee but to the House that he has no responsibility for it, that his department has no responsibility for it.

MR. JONES: Can we ^{have} time to resolve it, Mr. Chairman, tomorrow?

MR. CHAIRMAN: Yes.

MR. WELLS: Somebody has to find out, Mr. Chairman, because there are a

MR. WELLS: number of questions. All I want to know, who is responsible?

MR. CROSBIE: Mr. Chairman, just before we leave that now, quite seriously we would like to know, what minister answers for Hotel Buildings Limited?

MR. WELLS: Somebody knows.

MR. JONES: Mr. Chairman, when I stand here in my place in this House, I do not want to lose my cool, cool, and say that I will try and resolve a problem tomorrow. I am trying to be quite serious.

MR. CHAIRMAN: Shall 403-07 carry?

On motion 403-07 - Payment to Royal Canadian Mounted Police Fund carried.
Shall 403-08 carry?

MR. CROSBIE: Could we have an outline of 403-08, Mr. Chairman. Ex-gratia Payments \$90,000, to whom do they go, and why? How many people are there involved in these ex-gratia pensions, or what are they exactly?

MR. JONES: Mr. Chairman, this is based on actual expenditure. I would say that in the main ex-gratia payments go to various people that have been involved in the public service of Newfoundland, to widows of long termed public employees who for some reason or other never earned or rewarded a pension. Sometimes an ex-gratia payment may be a compensation for another reason. This is a matter, one of the things which is dealt with by Treasury Board, that we were talking about a few minutes ago. And each request for an ex-gratia payment is referred to Cabinet for approval, it is not a departmental decision, it is a whole Government decision before any ex-gratia payments are made. The total will show in the year of \$90,000, the amounts are usually quite small and I would say that they are granted on the bases of absolute need in every case. I could name some names here, Mr. Chairman, tonight of people who have benefited from ex-gratia payments, But I think for reasons quite clear to the committee, I am not prepared to do so.

MR. CHAIRMAN: Shall Item 403-08 carry? Carried.

Shall Item 404-02-01, Miscellaneous General Contingencies carry? Carried.

Shall Item 02 carry?

MR. CROSBIE: Mr. Chairman 404-02-02 just says "Other" \$175,000. It might be interesting to discover what this "other" is. Why does the Government need \$175,000 for Miscellaneous Other, could the minister give us a breakdown of that?

MR. JONES: Mr. Chairman, General Contingencies covers the whole field, all of the entertainment done by the Government - visit, the dignitaries other than Regal and Vice-Regal parties are paid for out this vote, official banquets, dinners, sight-seeing tours, officials, dignitaries, and it is a fund, that in my short term as Minister of Finance, we have been trying, hoping to exercise some rigid controls. Every Government in the world I suppose has this problem to face, how do we entertain people when they visit us?

I understand that we are probably the most meekly of all the Provinces in this respect that the idea of \$90,000 in the Province of Quebec, I am quite sure that on one convention the Province of Quebec or the Province of Alberta will be quite happy to spend that in one show. At the present time dinners, banquets and things of this nature, we have restricted it to things of a national character, or international making their first visit to the Province.

Other things are included in it, out of General Contingencies we are paying for Public Administration Courses for Government Employees, a portion of the cost at Memorial University. I think that just about covers the whole area, Mr. Chairman.

MR. CHAIRMAN: Shall Item 404-02-03 carry? Carried.

Shall Item 404-02-04 carry?

MR. CROSBIE: No vote there. No just a minute now, we are now on 404-03 as I understand it, Mr. Chairman, we carried 404-02-01,02,03, and now we are on 404-03- Royal Commissions. On Royal Commissions last

MR. CROSBIE: the revised estimates show an amount of \$150,000 for Royal Commission, and this year there is just an amount \$40,000 asked for which seems to be low. Mr. Chairman there are a number of Royal Commissions still outstanding that have not reported. There is the Fraser Royal Commission on the City of St. John's Act, which was appointed I think in January of 1966, Mr. Douglas Fraser, C.A. was appointed as a Royal Commission of one to consider the financial position in the City of St. John's, and the Taxation System and the Financial Revenue sources of the City of St. John's, that was I think in January or February of 1966. That Royal Commission has still not reported, at least if it has, it was reported in the last several weeks. Over four years ago, this Royal Commission was appointed. It does seem a bit much Mr. Chairman that there should be a Royal Commission sitting for four years considering the revenue sources of the City of St. John's. When the Commission was appointed, I remember when it was appointed the statement was made there was hope that the commissioner was going to report before that session of the House of Assembly was over, before the session of 1966 was over that commission was suppose to report and the Premier at that time was very anxious to institute a whole new revenue situation in the City of St. John's. Now that was over four years ago, and for some reason "the commission seems to be buried in the fat," I think the phrase is, into the fat and not cutting his way out of it. How long is this Royal Commission to continue? What is the estimate of when its work is going to be completed? Surely the Government must by now have been after Mr. Fraser in an endeavour to get his report expedited, to get it in, that is one Royal Commission Report that is outstanding, and I can see no valid or good reason why it should be. Four years to study the revenue sources of the City of St. John's. A year at the most or two years would be plenty. I remember the Public Hearings of that Royal Commission ended about two years ago, all the briefs were received, it must be at least two

MR. CROSBIE: years ago, and still it has not reported. There is a Royal Commission on the City of St. John's Act, which was chaired by Mr. E. J. Phelan, Q.C. I am not sure whether or not that commission has reported. To properly complete its work that commission had to receive the Fraser Commission Report, because to revise the City of St. John's Act you could not revise all the taxation and assessment and revenue sections without having the Fraser Report and without having heard from the Government how much of it the Government accepted and so on.

So the Phelan Commission has either made a partial report, we know it made a partial report last year. There were some amendments brought in based on its report. But it could not make a full report because the Fraser Commission still has not reported. So that is two Royal Commissions out in the wings waiting to conclude their work. There is the Commission on Radiation at St. Lawrence, which has completed its report. And there is a question tabled in this House, Mr. Chairman, it is one of the many questions tabled in this House not answered, asking what the cost of that Royal Commission was? That question is

still not answered. I would like the minister to advise us whether all the accounts had been rendered for that Royal Commission and if so, have they been paid, and what the amount was, what was the cost of that Royal Commission? Because if the amount was not paid last/^{year}then it has to be paid this year, and there is only \$40,000 allowed in the estimates for it. There is the Royal Commission on Forestry. I forget the Chairman's name now, Dr. Rousseau, that was appointed I believe in 1967, it might have been 1966. Anyway 1967, the Royal Commission on Forestry was appointed about three years ago Mr. Chairman, and they were to do^a nifty job and do it quickly and we were going to find out from them whether it was a wise thing, we got an interim report, a one page letter, which said that the Premier had an excellent suggestion when he recommended, or suggested that all the forests all the timberlands of Newfoundland should be purchased by the Government from the paper companies and anybody else who owned them, and from thereon we should supply the paper companies and everybody else with paper. There was a short interim report saying that that was a sound idea. But that has not been heard from since. And presumably, by the way there has been \$55,000 spent to date on that Royal Commission. The answer to a question tabled showed that up to that time a month or two ago \$55,000 had been spent on the Royal Commission on Forestry. And the Fraser Commission and the city of St. John's are being \$23,735 spent. So there is the Royal Commission on Forestry has to come in, surely we are going to have their report this year. As a matter of fact, the Hon. the Premier in answer to a question said that the indication was that we are going to have their report by the end of April.

The Premier has not announced that the Government has received their report so perhaps the minister or the Premier could tell us now whether the Royal Commission on Forestry report has been received as yet.

MR. SMALLWOOD: It has not.

MR. CROSBIE: It has not. So that has not come in yet. Well that means that the report will be in this year and they will have to^{be} paid for their work

this year. I do not know if there are any other Royal Commissions -

MR.SMALLWOOD: Just the writing of the reports -

MR.CROSBIE: Oh yes, there is Mr. Cohen, there is the Royal Commission on Labour. Labour Relations, which is now headed by Professor Cohen or Dean Maxwell Cohen. He had a sitting at Grand Falls I think yesterday. Or just recently. Now that report is bound to be in this year Mr. Chairman I would think. Originally it was Mr. Justice Rand. And that great Canadian Jurist died and was replaced by Dean Cohen. That report will be in this year. And presumably the Commissioner has expenses and salary and so on to be paid. So there is labour, forestry, city of St. John's Act, St. Lawrence radiation, city of St. John's Revenue sources if that comes in this year, and if it does not come in this year it is going to be the longest royal commission that ever sat in our history. In fact, I would say that it must be the longest royal commission now. The Fraser Commission on the revenue sources of the city of St. John's is now I think the royal commission that has the record for being the lengthiest royal commission in the history of Newfoundland. The Amulree Report Mr. Chairman, the royal commission in the 1930's. I think they examined the whole Newfoundland financial situation, Newfoundland's complete position and delivered the report in less than a year. In fact it was probably six months. But the task of delivering a report on the city of St. John's has taken four years so far. There are five of these royal commission to report.

Now, Mr. Chairman, how is \$40,000 going to meet all the costs of these commissions? If we look at some of the costs of commissions, there is the royal commission Economic Prospects, that cost \$328,000, I am just giving the round figures. And we know how much respectful attention that royal commission got, \$328,000. There was the Kostisak commission on housing, which was a good report. We know how much attention that has gotten and how many of its recommendations are carried out, that is \$104,000. I do not believe we can pass Boni Watkins as being a royal commission report. That has to be

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classed somewhere's else. Where would you class Boni Watkins? Boni Watkins should be classed in bad memories I think, the school of bad memories. We can not call it a royal commission report. There is the Forristall Report, there is another report not yet received. The Forristall Report in connection with the supplies of wood for the third mill, Newfoundland Pulp and Chemical Company. We are told that they had delivered an interim report two years ago and that they have been paid \$20,000 by the Government to date, no final reports have been received from them yet, that is not a royal commission. Price Waterhouse \$53,000 that was not a royal commission report. The Gushue's study and family law was \$76,000. That is pretty well finished now. There is a royal commission on minimum wages headed by Mr. Justice Higgins, we know that the great reception that that got. Although a couple of his recommendations have been implemented several days ago. The Royal Commission on Food and Drugs Prices, chaired by Mayor Adams, we know how much respectful attention its recommendations got. There was the Royal Commission on Transportation headed by the senior member for Harbour Main, minister Without Portfolio which reported in 1966. It recommended that there be a department of Transportation and this was a very necessary thing. There is still no department of Transportation. There are a lot of distinguished members in the Royal Commission on Transportation, the hon. Minister for Labrador Affairs was one,

MR. WELLS: The deputy minister of Corner Brook.

MR. CROSBIE: Yes, and several members from across the House were on that one. There was a Royal Commission on electric power, it was headed by Mr. Rowe in Corner Brook. That report of 1966, its recommendations were happily buried and forgotten. There have been a lot of royal commissions,

MR. JONES: South Coast Commission in 1956.

MR. CROSBIE: Well that was one that had some results, in fact the hon. minister was on that I think. He has the honour of being on a royal commission that had results. This is a signal honour. There was the royal commission on civil service pensions, and teachers' pensions, we all know where its

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recommendations got when it recommended that the Pension Plans for Teachers and Civil Servants should be funded. And that the Government should pay, should match the teachers and civil servants contributions each year and they should all go into a fund. We know the respectful attention that got. There is no fund and the teachers and civil servants contributions are going into the general revenue of the Province and being spent on anything the Government cares to spend them on. There is no fund there at all. The Government is not even matching this contribution. So, there are some questions about these royal commissions. The minister got a note of several of them there he might answer. But certainly Mr. Chairman, \$40,000 is not going to cover the cost of this item this year. It is an underestimate, and an obvious underestimate, going by previous history, \$40,000 will not cover the cost of one of those royal commissions I mentioned, that have not reported yet; or just reporting. So what is the estimate of \$40,000 based on and there was several questions in between there that the minister might answer.

MR. JONES: Mr. Chairman, it is not my intention to answer all the questions raised by the hon. member for St. John's West/^{as}to the state of the nation and the various royal commissions ranging over a number of years, raised by him. I intend to explain to the committee precisely what the \$40,000 in the estimate is meant to cover. It is meant to cover what we anticipate a payment of \$30,000 the Royal Commission on Labour, and we have some late outstanding bills still to be paid for various commissions one is the Newfoundland Law Study, the other is the St. Lawrence Radiation Study, the city of St. John's Study and these three commissions/^{there}are still some outstanding bills which we estimate will amount to approximately \$10,000 which is a total of \$40,000 which is the figure that we budgetted for, it is the figure we see at the moment that we will require for the coming year.

MR. CROSBIE: Will the minister tell us whether the Royal Commission on St. Lawrence Radiation, whether any of the accounts submitted by it had been paid to date or are they paid out of the vote of last year, what the position is on that?

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MR. JONES: Mr. Chairman, my understanding is, and I think the committee will appreciate that I have been away for a little while, is that the bulk of the bills for the St. Lawrence Radiation Study have been paid, just a small portion of them that are outstanding.

MR. CROSBIE: Mr. Chairman, the minister may very well be right but I would appreciate him checking on it, because my information would indicate otherwise. So if the minister would not mind I would like him to check to see if that is so. There is \$30,000 the minister says is for the Royal Commission on Labour and only \$10,000 to look after what is left of St. Lawrence Radiation, city of St. John's Act, city of St. John's Revenue Sources, and the Royal Commission on Forestry, and the Gushue Family Law Study and then there is also the Royal Commission on Forestry. Now how is \$40,000, how is \$10,000 out of the \$40,000 going to meet St. Lawrence, city of St. John's Commission, Forestry, and the Gushue Family the Gushue Family Law Study. It seems to me that that is spreading the \$10,000 pretty thin, when you consider the cost of the other Royal Commissions. And that Forestry has already had, has cost \$55,000.

MR. CALLAHAN: Mr. Chairman, I will attempt to answer part of the hon. gentleman's question, respecting the Royal Commission on Forestry. The Government are anxiously, earnestly, waiting and hoping that the report will not be very much longer delayed. The chairman of the Commission is Dr. L. Z. Rousseau, the former deputy minister of Forestry for Canada. And after his retirement, Dr. Rousseau I think we were one of the first in laying claim to his expertise. But Dr. Rousseau has had a great number of commissions of various kinds, and I think perhaps the demands on his services in some way have contributed to the time factor in terms of the expectation of that commission being somewhat extended. The latest word that we have is that it should be available within hopefully another two or three weeks. This Mr. Chairman, in view of the comments made by my hon. friend from St. John's West I should say that I think this will be the second royal commission on Forestry in fifteen years. The last one in 1955 was chaired by Major Howard Kennedy.

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And to indicate that while in the first instance all the advice, the royal commissions, and it is only advice, advice in alternatives presented by experts at the request of the Government to indicate that advice is indeed taken. The last royal commission report on Forestry recommended, and I recall from memory some of the recommendations, recommended for example the establishment of the Newfoundland Forest Service, which was done. Recommended for the establishment of a third mill on the east coast of the Province. Recommended various approaches to the matter of afforestation and reforestation and biological undertakings, entomological undertakings in respect of forestry.

Every important recommendation of that royal commission Mr. Chairman, has been undertaken and carried out and I hope that we shall be able to do no less with the report of Dr. Rousseau and Mr. Hodgson and Mr. McCardyle which is the present report.

MR. WELLS: What would you do if it is ninety per cent trash?

MR. CALLAHAN: Mr. Chairman, if the report turns out to be ninety per cent trash then I assume that we shall be able to accept only ten per cent of it. The fact of the matter is that a royal commission is exactly what it purports to be. It is a commission to a group of experts to examine a particular problem and report thereon to the Government for its advice and its decision. And if the recommendations are sound or appear to be practical then certainly they will be undertaken. If they are not sound or appear unsound or appear impractical then obviously they will not be undertaken. I am simply pointing out that in a particular respect to the 1955 royal commission on Forestry every major meaningful recommendation was in fact undertaken and no less will be the case with the new report if and when we receive it. I think we will receive it very shortly providing that the recommendations in fact make sense and are recommendations capable of being implemented. Very often recommendations are in principle and in an idealistic way very good. Whether they can be implemented without great disruption or on the basis of available finances or for whatever reason that is a decision which government must take

and the business of Government is to make decisions and live with them and be responsible for them, and we intend to receive the new royal commission report on Forestry, for example, to examine and to implement it as far as is practicable in the circumstances so to do. And we hope Mr. Chairman, that we will have it as I have said within a matter of three or four weeks.

MR. CROSBIE: Mr. Chairman, this vote is another one that has been wildly inaccurate in the past if I might just refer to it. In the estimates for 1969-70 Royal Commissions, the estimates for the year that ended March 31, 1970, for that year, last year, the estimate was given us last year \$90,000. Now the revised estimates that we have before us now shows \$150,000. So, the revised estimates now before us is correct, last year there was \$60,000 more spent on royal commissions than were in the estimates last year. So instead of \$90,000 which was estimated last year the Government spent \$150,000 if we can believe the revised estimates. Now what about the year before? The year that ended March 31, 1969. The revised estimates for that year showed Royal Commissions \$109,500. What do the Auditor General show was spent on Royal Commissions in the year that ended March 31, 1969? \$157,308. Just about \$50,000 more than the revised estimates show. Page 56. So in the year 1968-69 we know that the revised estimates was out \$50,000 for royal commissions, For the estimates for last year ending March 31, 1970, the revised estimates is \$60,000 more than the original estimate and now we find in the estimates for this year an amount of \$40,000 and if that is not up to \$100,000 in the revised estimates by next year I am sure everybody in this House will be dumbfounded and it will probably be a \$150,000 in any event the history of the last two years shows that that vote is always \$50,000 to \$60,000 estimated \$50,000 to \$60,000 less than it actually turns out to be. So we can be quite confident that it will be \$100,000 at least in this vote when we see it in the revised estimates next year. And this is about as accurate as we can expect apparently the Government to be. That it is going to be about a hundred and ten per cent out. If we go by the past record.

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MR. BURCESS: Mr. Chairman, the hon. member for St. John's West has made some very valid points with reference to royal commission reports that have been submitted to this House on previous occasions. Particularly with reference to the Royal Commission Report on the Economic State and Prospects, of Newfoundland and Labrador. And the Royal Commission Report on Food and Drugs^{which} was submitted to this House early last year. Now this year we are being asked to vote \$40,000 for a number of commissions that are presently underway. Now the principle of a Royal Commission as I understand it, are a group of professional, educated professional people who are designated to establish the set of circumstances that exist in any given situation and they are to report back to this House, on the status quo of that situation as they find it, based on their expertise.

Now we are told by the hon. minister of Mines, Agriculture & Resources, that if when they submit their report or their recommendations to this House if it appears to be a sound and logical recommendation, set of recommendations, that they may be acted upon if it found that it is ninety per cent trash then only ten per cent will be implemented. Now, Mr. Chairman, I would like to point out that it is that side of the House, it is the Government side of the House which establishes whether it is ninety per cent trash or a hundred per cent good. And as far as I am concerned any commission report that is submitted to this House under the present circumstances if it does not make the incumbent Government, if it does not do them good politically well this commission report will be branded as trash to whatever degree that they see fit.

Now the Royal Commission Report, particularly the Royal Commission on the Economic State and Prospects and the Royal Commission on Food and Drugs which particularly with reference to Labrador where the recommendation was positively proved in the Royal Commission on Food and Drugs that in Labrador we were paying essentially fifteen per cent more for our Food and Drugs on an average than you are paying on the island here. And the island being substantial

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higher than the rest of Canada and nothing being done about it. The recommendations on the Forestry of Labrador where they should be developed in a certain sane sound manner . These have not been acted upon it has been termed as trash.

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MR. BURGESS:

I cannot see where the vote of \$40,000 for Royal Commissions, if and when submitted to this House are going to be branded as trash, I would like to move, Mr. Chairman, since in my estimation there does not seem to be any point in establishing Royal Commissions as far as this House is concerned. I would like to move that that vote be reduced by \$39,999.

MR. CALLAHAN: Mr. Chairman, according to that the hon. gentleman apparently was not listening at least was not listening very carefully to what I said. The Royal Commissions are not appointed by this House, Mr. Chairman, and they are not responsible to this House. They are, as I said a few minutes ago, what the name purports. The Royal Commission is a Royal Commission. It is a commission given a group of people by the Lieutenant-Governor in Council representing the Queen to examine and report upon to the Queen's Council, the Queen's Advisers on a particular matter. Now it is within the authority and within the responsibility of the Queen's Ministers to accept or reject proposals which the Royal Commissions may make or recommendations which the Royal Commissions may make.

So I say again, Royal Commissions are neither appointed by the House nor report to or are responsible to the House. They are Royal Commissions in everything that the name implies, Mr. Chairman. The second thing I wish to say in respect of the hon. gentleman's comments, the hon. gentleman who just sat down, is this that the Royal Commission on food and drugs to my recollection made no recommendation in respect to the cost of living in Labrador. It did find, and he is quite right on this, they did find a disparity in terms of the costs but to my recollection made no recommendation because there was no sound recommendation they could make. On the other hand I suggest that the kind of development that has occurred in Goose Bay in the past year and which we have been attempting to promote but without success so far in Labrador West mainly in terms of Co-operative Consumer Activity. The Consumer Co-operative Activity is one of the answers and one of the clear answers and it has been proved in Goose Bay.

The hon. the Premier went to Goose Bay last fall and officiated at the official opening of the new Consumer Co-op there which was assisted to some extent by the Government through the Co-operative Division. The reports that

MR. CALLAHAN:

I get indicate that the difference in the cost of certainly food stuffs and other things sold through that Co-operative, Mr. Chairman, since it opened are quite substantial and I suggest that if the same thing could be accomplished in Labrador West where we have been attempting to encourage the same kind of development, something could be done there about these costs. But my recollection is that the Royal Commission on food and drugs did not make any firm recommendation on lowering costs particularly in Labrador but they certainly did draw attention to them and certainly did point out that disparity existed.

On the other point, Sir, the Royal Commissions are appointed by the Crown and report to the Crown as Royal Commissions in every sense of that phrase and are not responsible to report to this House.

MR. BURGESS: Mr. Chairman, while that Royal Commission did not make recommendations the reason that it was implemented in the first place was to establish a certain set of conditions and it was established, as I have said, that prices were exceptionally high there and certainly logic would dictate that it rests with the Government to act on behalf of what they find in that Royal Commission.

MR. EARLE: Mr. Chairman, I think it might be of interest if the Minister could explain to us there are a number of Commissions outstanding. The terms of reference, of course, in these commissions vary in their terms of payment. The sums of money seem to be quite heavy in some cases and for instance the one on marriage and family amounted to \$78,000. How are the figures arrived at? Is this on a per diem rate for the Commissioners covering travel expenses? Perhaps take for example one now, the Commission on Labour I think which is a one man Commission, Dr. Cohen. What is the arrangement there? Is it the per diem rate for Dr. Cohen or is it an overall sum or what? If so, what is the amount?

MR. JONES: It would vary I would think with various Commissions. In some it is a per diem rate and I understand with others it might be a set fee plus expenses. We pay royal commissions on an annual basis. Dr. Warren, for example, we paid on a two year basis, I think.

MR. EARLE: (Inaudible).

MR. JONES: No, Mr. Chairman, I am afraid it is not within my competence and

MR. JONES:

I notice my colleague, the hon. the Minister of Labour, is not in the House this evening and I cannot from memory recall the exact figures that are paid to any of them.

AN HON. MEMBER: (Inaudible).

MR. JONES: No, I would not endeavour to.

MR. CHAIRMAN: The motion is that Item (03) be reduced to \$1.00. Those in favour please say "Aye", contrary "Nay." The motion is lost.

On motion, Item (03) carried:

MR. WELLS: Mr. Chairman, could the hon. gentleman tell us what that grant to the St. John's Trotting Park Association of \$10,000 is for, now being increased from \$9,000 which was increased from the year before from \$5,500?

MR ROBERTS: They are all set to get the ski club in Corner Brook.

MR WELLS: Yes, no doubt. We paid over \$20,000. It is about time too. Paid \$300,000 for the stadium in St Anthony, \$300,000 or \$287,000 or something like that.

MR CHAIRMAN: Shall Item (06) carry?

MR WELLS: I would like an answer to that question if I can. Why, Mr. Chairman, are we making a grant to the St. John's Trotting Park Association?

MR. JONES: Mr. Chairman, I knew the answer a moment ago but I forget it now.

MR. NEARY: We want to get some horse manure to grow mushrooms on Bell Island.

MR. JONES: On the original agreement, Mr. Chairman, it was agreed that we would pay a portion, approximately one half of the parimutuel tax would be credited back.

MR. WELLS: Can the Minister advise us approximately what parimutuel tax we get back?

MR. JONES: It is about \$20,000. or \$22,000.

MR. WELLS: This parimutuel tax is it tax that we get on the betting that actually goes on at the park on the racing? Now why and this is regulated, presumably the association gets a return on it as well, so much of it comes to the Government in tax, All right, in addition to this why are we making a grant to them? What is the justification for it?

MR. SMALLWOOD: Regard it as one of the things being done and to be done to make

MR. SMALLWOOD:

the place attractive for tourists. As simple as that. It is just a tourist attraction.

MR. WELLS: It sounds like a good suggestion too, Mr. Chairman, but there is a fair size chunk of this Province beyond this, beyond the city of St. John's that has been looking for some sort of assistance, financial assistance and help from the Government that would enable the development of certain facilities in the area for tourist attraction. I can think of one with which I have been directly concerned and that is Marble Mountain Ski Club in Corner Brook. The Minister of Health has I think in the last three or four weeks slapped up to me a half a dozen times, "We paid \$20,000 for it." Well, so what! It is about time, it is just about time some effort -

MR. ROBERTS: Not counting the value of the services contributed by the adults school in Stephenville.

MR. WELLS: Oh yes, they contributed services too, no question about it. But I will tell the Minister and I will tell the Committee, Mr. Chairman, that others in Corner Brook have contributed far, far more -

MR. ROBERTS: More power to them.

MR. WELLS: Far, far more than the Government have contributed to it.

MR. ROBERTS: I do not doubt that for a moment.

MR. WELLS: Bowaters and Lundrigans, the individuals involved, the individuals, directors of the club were guaranteed rights to the club.

MR. ROBERTS: Nor do I doubt that for a moment.

MR. CHAIRMAN: Order please! (Inaudible).

MR. WELLS: I am discussing now and debating in the meantime and I think we should be debating now, Mr. Chairman, whether or not they should be reduced to one dollar and I am discussing the relative merit and this is the purpose of this debate, Mr. Chairman.

AN HON. MEMBER: (Inadible).

MR. WELLS: It is good. Look, I really cannot argue too much with it and I can see the desirability but what do we in the Province as a whole get out of it that justifies the Province as a whole paying \$10,000? Now the Premier suggested that it would be a tourist attraction, maybe it would. How many tourists will

MR. WELLS:

that attract and how many dollars will that and by reason of that alone, contribute to this Province? I rather suspect, Mr. Chairman, not very many.

Now, Mr. Chairman, if you take on the other hand something like the ski facilities in Labrador or the ski facilities in Corner Brook that are as good as can be found anywhere East of Montreal, the basic hill but it is just not developed but it is there, if you take that into consideration and consider what can be done with that and how many real tourist dollars can be developed as was shown in Labrador City this past winter with the Canadian National Ski Championships held there. The Atlantic Division Alpine Ski Championships were held there as well, they were held in Corner Brook the year before and the National Ski Championships were held there as well. This, Mr. Chairman, can be a real attraction for tourists.

MR. ROBERTS: There is a grant for that.

MR. WELLS: There is not a grant.

MR. ROBERTS: There was a grant.

MR. WELLS: Oh, there was a grant for the National Championships, sure, I know that. That is not what I am talking about. The Minister knows what I am talking about. Three or four years ago the Committee was set up, I was chairman of it, Mr. Chairman, of persons in Corner Brook to consider two matters that were referred to them -

MR. CHAIRMAN: Order please! I really think that this is enough time under this heading. We cannot have a general discussion on the whole tourist industry of Newfoundland and the various places that could be developed or not. The motion before the floor is that the grant of \$10,000. be given the St. John's Trotting Park Association.

MR. WELLS: Thank you, Mr. Chairman. I will try and stick to the motion. The motion is, Sir, : and this is on the basis of a statement made by the Premier that this grant, the purpose of giving this grant is to attract tourists to the Province. Now that is what the Premier said. I am suggesting, Sir, that the money can be much more wisely spent in other areas in terms of attracting tourists to this Province and this is what I am attempting to justify, that statement. I think, Mr. Chairman, if that statement is justified somebody

MR. WELLS:

on behalf of the Government -

MR. CHAIRMAN: Order please! I do not think an hon. member can with one of these detailed and specific votes like this, say that he can think of other areas in which the money could be spent and then go on to list out as many items as he wishes and then debate each item. We could do that with every single, there is no item here that that could not be done with. The only question here is whether or not the Committee wants to vote \$10,000. to the St. John's Trotting Park Association.

MR. WELLS: Very well, if we are not going to debate it or I am not going to be permitted to debate it then I have no alternative but to move that it be reduced to one dollar and I am quite prepared to do so and I do move, Sir, that it be reduced to one dollar and I now want to justify my motion if I may, Mr. Chairman.

MR. SMALLWOOD: Reduce it one cent, not a dollar one cent.

MR. WELLS: The Premier is not very serious, is he? He does not care very much, does he? Maybe he just gets roped into this because the squeaking wheel is handy when they come in and say, "Give us \$10,000." without any real concern for the rest of the Province.

MR. SMALLWOOD: He is wound up now, full steam. Show us some indignation now, come on.

MR. WELLS: It is about time we got some steam and indignation.

MR. SMALLWOOD: Show us some indignation now, come on.

MR. WELLS: Yes, maybe I could hiss and spit a little too.

MR. SMALLWOOD: Yes, let us have a few hisses and spits.

MR. WELLS: Stiffen out a bit, wrinkle my face a bit that might do it too.

MR. CHAIRMAN: Order please! (Inaudible).

MR. WELLS: Thank you, Mr. Chairman. Mr. Chairman, I am quite prepared in the light of this and I do not see where I can take any other alternative -

MR. SMALLWOOD: Tell us how you will do it.

MR. WELLS: If the Premier would shut up for just a minute I will do so.

MR. SMALLWOOD: Come on, let us have it.

MR. WELLS: It is too big a rattle on the -

MR. CHAIRMAN: Order please! The hon. member has the floor and why does he not continue with what he has to say on this matter.

MR. WELLS: I am trying to, Mr. Chairman. Thank you, Mr. Chairman. My motion, Sir, is that the amount under Item 404-06 be reduced to the sum of one dollar from \$10,000. and the basis for my motion, Sir, is that the money is being ill-spent. In terms of attraction of tourist dollars it can be much more widely spent in a variety of ways. Not just in terms of ski promotion although that could be done as well but there are a great many other areas in which money such as this could be more wisely spent and there is no justification for it because quite frankly I do not see and I cannot for the life of me understand how many tourists that can attract to this Province. Now any tourists that are here, alright, they may find it pleasant of an evening to go down and watch the horses trot around the park and maybe even bet a little on them. So that is something else for them to enjoy, this is good but tourists do not come to this Province to go to the St. John's Trotting Park. They do not make the trip here for that purpose but, Sir, innumerable tourists would make the trip to this Province to Labrador City or to Corner Brook and would come here solely for those purposes if those ski facilities were properly developed.

MR. ROBERTS: What makes you think it is only Corner Brook and Labrador.

MR. WELLS: Well, in other places too but those are available. There is the Bonne Bay Park area, that could be done too but in those areas that are partially developed now and efforts have been made locally to try and get some development there.

MR. ROBERTS: We are not going to spend money in Federal territory.

MR. WELLS: Oh, if the Minister would keep quiet he might learn something for a change, Mr. Chairman. The money could be much more wisely spent and attract tourists to the Province in the first instance. There is not one tourist, not one and nobody on that side of the House can point to a single person who ever came to St. John's for the purpose of going down to the St. John's Trotting Park. But there are, Sir, and I can point two hundred as can the hon. member for Labrador West of persons who came to the Province to ski in Corner Brook and spent money here and left money here and patronized the hotels in the dead of winter when business was off, hotels owned by the Government in which

MR. WELLS:

we have an investment and for which we in this House every year vote for money to pay of the initial capital debt. This kind of thing could be improved upon, the income of these hotels, the one in Corner Brook in particular could be greatly improved upon if such facilities were available. The general economy of the area could be greatly improved upon. The same thing could happen in St. John's if the weather conditions were conducive to it. That \$10,000. might be better spent on the St. John's Ski Club if a study indicated that the weather conditions were such then they could be attracted to it.

MR. SMALLWOOD: On a point of order. When they come to talk of the tourist board will Your Honour allow another big debate on tourism, when they come to the Tourist Board?

MR. CROSBIE: Sure, why not.

MR. SMALLWOOD: Would Your Honour allow that? Is this in order now, a debate on tourism because of a casual remark I made, now we are going to have the whole debate on the whole field of tourism?

MR. WELLS: Mr. Chairman, I would like to speak to the point of order, if I may?

MR. CHAIRMAN: I would just like to make a ruling explaining that the Chair intends to deal with these items if the Committee upholds the Chair on it and that is this that I do not think it is relevant for an hon. member to say that the money ought not to be spent for this reason because it can be spent for something else. That to my mind is not a relevant thing at all and it leaves the field so wide open that there just could be no end, no limitation to the debate at all and it seems to me that in all common sense the debate should be limited to the particular item and not what could be done with the money if the money were saved, I mean you could give me the money for that matter. You know, I do not think that is relevant to say what could be done with the money if it were saved.

MR. WELLS: I have to agreed with Your Honour and I do not really feel that I can take strong exception to that but, Sir, as Your Honour knows when I asked the question of why it was being spent to attract tourists well what else could I conclude. Now that was the answer given and somebody had to show it up for

MR. WELLS:

what it was. Well, okay so now the Premier has admitted that is not so and that was just a casual remark, well now will somebody please tell me what the true situation is?

MR. ROWE: Yes, I will speak to that motion for a moment. Mr. Chairman, this grant to the Trotting Park was made on the recommendations of the Come Home Year Committee and it was made on the recommendations of these impartial committees who were endeavouring to create a number of attractions around the Province and that is the same reason why my hon. friend's district got a Tourist Chalet over there and Port aux Basques got something else and Gander got something else and all around. The fact of the matter, I have never been in this Trotting Park in my life, Mr. Chairman, I was chairman of the Come Home Year Committee but I have been informed by reliable people, very responsible citizens that thousands of tourists who come to St. John's, who come to Newfoundland and St. John's, go in there to that Trotting Park and find it one of the attractions of the city in the same way as they find Bowring Park.

Now I do not suppose anybody ever left California to come to St. John's because Bowring Park is there. The fact is though that tens of thousands of tourists who do come in do visit Bowring Park in the same way they visit Signal Hill or they visit Fort Amherst or anywhere else. There is another hon. gentleman here in this House more competent to speak on this than I am.

MR. HICKEY: Mr. Chairman, I just want to say a couple of words as it is getting rather close to 11:00 o'clock. I cannot sit here and see this amount reduced by one dollar -

MR. SMALLWOOD: To one dollar not by one.

MR. HICKEY: Excuse me, I mean to one dollar because I feel that the Trotting Park provides a great deal of entertainment for a lot of our people and I have to say that to some extent it supports the tourist industry and helps the tourist industry. I know of a couple of people from the Mainland who have brought horses in -

MR. ROBERTS: Does the hon. gentleman have any horses there?

MR. HICKEY: Now I do not have any horses there, Mr. Chairman, I should point that out right now. I am not in favour of it for that reason but really I

MR. HICKEY:

think that, I do not think my hon. friend is really serious when he wants this amount reduced to one dollar because I am sure he will be accused of being -

MR. SMALLWOOD: We are going to vote on it. Maybe the motion will -

MR. HICKEY: Mr. Chairman, I will certainly have to vote against that motion because I could not support it. Mr. Chairman, before I sit down I might just say that I support the passing of this amount because I hope to have other amounts changed for even more important things than the Trotting Park but certainly this venture is an important one and I think it should be maintained.

MR. CHAIRMAN: Does the hon. member have leave to withdraw the motion?

MR. WELLS: We are not going to withdraw the motion, Mr. Chairman.

AN HON. MEMBER: (Inaudible).

MR. WELLS: Unanimous consent. Very well.

MR. CHAIRMAN: Those in favour please say "Aye", contrary "Nay". The motion is defeated.

Shall 06 carry? Carried.

MR. SMALLWOOD: Divide, divide.

MR. CHAIRMAN: Order please! No division, no divisions.

Shall the Committee rise, report progress and ask leave to sit again.

Those in favour "Aye", Contrary "Nay", carried.

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

Mr. Speaker returns to the Chair.

MR. SPEAKER: The motion is that the reports of this Committee be concurred.

Those in favour "Aye", contrary "Nay", carried.

I now call it 11:00 o'clock and I leave the Chair until tomorrow 3:00 o'clock. This House now stands adjourned until tomorrow afternoon at 3:00 P.M.