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VERBATIM REPORT

WEDNESDAY, APRIL 28, 1971

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: It is agreed we dispense with the Minutes.

NOTICE OF MOTION:

HON. F.W. ROWE (MINISTER OF EDUCATION): Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a Bill entitled a Bill, "An Act Further To Amend The Department Of Education And Youth Act, 1968."

ORDERS OF THE DAY:

MR. SPEAKER: Motion 2 - The hon. Minister of Finance to move the House into a Committee of Ways and Means.

HON. J.R. SMALLWOOD (PREMIER): Mr. Speaker, I rise to move the House into Committee of Ways and Means. When I had the honour to bring down the Budget last year, covering in advance the twelve month period that ended the 31st of March past, I estimated that the cost of running the Government for that year would be just over three hundred million dollars: To be exact, \$302,035,900.

I estimated then that the total revenue that would be taken in by the Government to pay the cost of running the Province for a year would be very close to that same figure: To be exact, \$302,582,500.

My forecast for the year was thus for a prospective surplus of over half a million dollars: Again to be exact, \$546,600.

Now that the year is over, and we can look at the actual outturn, we find that the Government in fact spent nearly three million dollars more to run the Province for the year than the amount that was estimated. The exact increase was \$2,973,100.

This increase in the spending would, of course, have wiped out our estimated surplus but for the fact that on the other hand the revenue actually received for the year was very substantially more than the amount forecast. The actual revenue received by the Government for the year was nearly seven million dollars more than forecast. The precise figure was \$6,893,900.

The actual results for the year, compared with the estimate made in

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advance, were thus as follows:

	<u>ESTIMATED</u>	<u>ACTUAL</u>
TOTAL EXPENDITURE	\$302,035,900	\$305,009,000
REVENUE	302,582,500	309,476,400
SURPLUS	546,600	4,467,400

The surplus of revenue over expenditure was thus about four million dollars more than had been estimated.

Let me very briefly describe these variations.

The expenditure for the year was in some parts actually twelve and a quarter million dollars more than estimated, but in other parts nine and a quarter million dollars less, leaving a net increase in expenditure of nearly three millions above the estimate, as I said.

Some of the increases for the year were: For student aid \$706,000: For salaries of teachers \$951,000: For operating grants to School Boards \$814,000: For manpower training programmes \$600,000: For a Memorial University grant-in-aid \$858,000: For operating costs under hospital insurance \$2,700,000: For short-term social assistance \$1,200,000: For grants to local councils \$250,000: For fishing gear bounty \$300,000: For the rural electricity authority \$800,000; and so forth and so forth, making increased spending for the year of twelve and a quarter million dollars. If there had not been substantial decreases in spending for the year we would have ended the year with a substantial deficit instead of the surplus of four and a half million dollars that we had.

On the revenue side the Government collected in some parts seven million dollars less than estimated, but collected increases of nearly fourteen million dollars in other parts, for a total net increase of revenue for the year of nearly seven million dollars over the amount estimated in the last Budget.

It was a very satisfactory year indeed from the standpoint of the Budget; ample evidence of sound management of our financial affairs. We

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were able to pay all costs of running the Province, and at the same time end the year with four and a half million dollars surplus in hand, with all bills paid. Indeed, Mr. Speaker, one of the satisfactory features of our budgeting in recent years has been that of bringing the situation of our bills payable to the point where we now end each year with few or no bills outstanding.

Mr. Speaker, having described the anticipated results of the year, and the results as they actually turned out to be, I turn now to my estimates for the new year, the year that began on the first day of this present month.

As I stated at the beginning of this speech, we estimated a year ago that our spending on the running of the Province for the year just ended would be \$302. million. It was actually \$305. million, and now for this new year I estimate that the cost of running the Province will be just under \$354. million. My precise estimate is \$353,892,200. This is about \$49. million more than we actually spent in the year just past. It is an enormous increase, and the House will be interested in some comparisons of expenditure of the year just ended with the year just started.

To pay the yearly cost of keeping our education system going we are spending this year \$109. million compared with \$91. million in the year just ended, or \$18. million more; in public health we are spending this year \$69.5 million compared with \$62. million last year, or \$7.5 million more; in public welfare we are spending \$50.5 million this year compared with \$45.5 million last year, or \$5. million more; on natural resource and other economic development we are spending \$30. million this year compared with \$20. million last year, an increase of \$10. million; on rural development and resettlement we are spending \$4.5 million this year compared with \$2.5 million last year, an increase of \$2. million.

Now let me give the House some grand total figures showing the individual costs, in this new year, of some of the services that we provide

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to the people:

Salaries of Teachers	\$45.5	million
Civil Service Staff Salaries	42.25	"
Operating Costs of Hospitals	56.75	"
Long-Term Social Assistance	24	"
Short-Term Social Assistance	14	"
Memorial University Grant	17.75	"
Maintenance of Roads and Bridges	14	"
Operating Grants to School Boards	10.75	"
Student Aid	7	"
Implementation of the New Pay Plan	5.75	"
Transportation of School Children	5.25	"
Rural Electricity Authority	4	"
Pensions and Gratuties	3.5	"
Grants to Local Councils	2.5	"

This, then, is the grand total sum that we will spend to run the Province in the present financial year, approximately \$354. million, and this is the amount that we will have to find to pay this bill. We estimate that our revenue will be \$353,956,100. and this amount will give us a small, quite a small, surplus for this present year that ends on the 31st of March next year. The precise amount of our estimated surplus is \$63,900, as compared with an estimated surplus of just over half a million dollars last year.

Our estimates of revenue for this year, compared with the actual revenue received for the year just past, are as follows:

	<u>1971-72</u>	<u>1970-71</u>
Tax Equalization payments from Ottawa	\$105,400,000	\$90,995,000
Social Security Assessment	48,100,000	41,920,000
Personal Income Tax	30,325,000	25,607,000
Gasoline and Fuel Oil Tax	23,580,000	21,273,000

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Newfoundland Liquor Commission	\$ 15,331,600	\$ 14,003,600
Corporation Income Tax	9,725,000	8,349,000
Term 29 Award	8,000,000	8,000,000
Post Secondary Education Grant	6,492,000	5,905,000
Tobacco Tax	5,125,000	4,465,000
Motor Vehicle and Drivers' Licences	5,225,000	4,376,000
Contributions from Canada	71,172,100	61,645,100
Other Revenue	25,480,400	22,837,800
	<u>\$353,956,100</u>	<u>\$309,476,500</u>

Honourable members will note that fifty-four per-cent of the total revenue of the Government for this year will come in one form or other from the Government of Canada, for a total of nearly \$191. million. Most of this will come as tax equalization payments from Ottawa, an arrangement by which under-developed Provinces of Canada are enabled to share directly in the greater prosperity of other parts of the nation. This, of course, is one of the many great advantages that we now enjoy in this Province because of our being part of Canada. It is but one of the many dividends we receive out of this partnership that began in 1949. Tax equalization payments come to us because we are less developed, and less prosperous, than are certain other Provinces of Canada. As we gradually overtake the disparity, and narrow the gap, the importance of such payments from Ottawa will diminish, and Newfoundlanders and their Government pray and work for that day. It will be a proud day indeed for Newfoundlanders when, by the development of their own natural resources and other assets, they contribute more to the common wealth of Canada than they take from it. Incidentally, Mr. Speaker, the fifty-four per-cent from Ottawa is not the highest nor the lowest proportion since we became a Province. In our first year as a Province about seventy-three and one-half per-cent of our total revenue came from the Government of Canada, and in the following year, our second year as a Province, it was over seventy-four per-cent. Thereafter it fell fairly steadily, so that in

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the years 1954-55 and 1955-56 it was around fifty-one-fifty-two per-cent, slightly more than half of the Province's revenue. The lowest year was in 1956-57, when it fell slightly below half; to be precise, forty-nine point nine per-cent.

And so, in concluding this part of my address today I am pleased, and I am sure that the Newfoundland people will be pleased, to know that in the year that ended a month ago the Government spent four and a half million dollars less than the revenue it received; and that in the present year we are able to give the people even more and even better services in education, public health, welfare and in a host of other concerns, and at the same time budget for a balancing of income and spending and accumulate a small surplus in so doing.

Mr. Speaker, the Gross Provincial Product for the present financial year will go, I estimate, to a total of at least \$1,310,000,000. This will be the value of all the goods and services that will be produced in this Province in this present financial year. In the year immediately before this one the Gross Provincial Product came, I estimate, to a value of \$1,170,000,000. In the year before, 1969-70, the Gross Provincial Product came to a value of about \$1,064,000,000. This means that in this present year the total value of all goods and services to be produced in our Province will run to at least \$140. million more than last year, and \$246. million more than the year before last. This is truly a great increase in the value of goods and services produced in our Province. I am quite confident that next year our Gross Provincial Product will run to a total value of at least one and a half billion dollars: \$1,500,000,000. The House, I am sure, will be interested to learn how the annual increase in the value of our Gross Provincial Product compares with that of Canada as a whole. Newfoundland, I am happy to say, compares more than favourably with Canada. In the year before last the value of our Newfoundland Gross Provincial Product increased ten per-cent compared with Canada's national increase of ten per-cent - we

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equalled the national average. Last year our increase was again ten per-cent, but Canada's national increase was only seven and a half per-cent. In this present year the estimate for this Province is for twelve per-cent, while the estimate for Canada as a whole is substantially less than that.

I have already informed the House that our estimated revenue for the present year will run to a total of \$353,956,100. The House will be interested to have the breakdown of the sources of this revenue.

Tax Revenue	\$ 123,140,000	or 34.8%
Non-Tax Revenue	39,753,000	or 11.2 %
Ottawa Payments	191,064,000	or 54.0%
	<u>\$ 353,956,000</u>	<u>100.0%</u>

It is, to say the least, interesting to note that of the total revenue of the Government to be raised for the purpose of running the Province this year, only thirty-four point eight per-cent, just under thirty-five per-cent, will come from the Newfoundland people in the form of taxation. Another part of our revenue comes from the Newfoundland people in the form of fees and profits for certain services or goods that the Government sells to the people. This is less than \$40. million, or fractionally over eleven per-cent of the total revenue. The remaining fifty-four per-cent of the Government's total revenue for the year will come in various payments from the Government of Canada.

I have said that the Gross Provincial Product for the present year will run to just over thirteen hundred million dollars. It is interesting to note that the grand total amount of taxation imposed on the people, companies and institutions of Newfoundland will take this year a grand total of approximately nine and a half per-cent out of the total Gross Provincial Product for the year. The precise figure is nine point four per-cent. Putting it another way, the people, companies and institutions of our Province will produce between them this year goods and services to a value of one billion, three hundred million dollars. The Government of this

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Province, in Provincial Government taxation, will take only nine and a half per-cent of that hugh amount - \$123. million out of a total of \$1,300,000,000.

There is another figure that this House, and I am sure the people of this Province will hear with very keen and lively interest. It is this, namely, that if you take the grand total amount of money that the Government will take in and then spend in this present financial year, you will find that not less than two hundred and ninety million dollars of it will go back as cash payments into the pockets of some hundreds of thousands of our people. Many will receive this money as salary cheques: Approximately 13,000 civil servants, approximately 7,600 teachers, approximately 7,000 others who receive their pay directly or indirectly from the Treasury. Many will receive it in payment for goods and services bought by the Government for use in Government offices, agencies, hospitals and so forth. Many will receive it as pensions, or as social service allowances, or in a variety of other forms. The proportion of the Government's total spending for the year will, as I say, amount to \$290,000,000. or 57% of the whole.

Mr. Speaker, eight years ago, in the year 1963-64, the Government of this Province spent a grand total for that year of \$145,600,000. under all headings. That was what we spent that year both to run the Province, and to expand the Province. That was the Grand Total of Current Account and Capital Account spending for the year ----\$145,600,000. That amount paid all the costs of education, of health and hospitals, of roads and bridges, of public welfare, of interest on the public debt and sinking fund, of pensions and gratuities, of police and courts, of electricity, and of everything else under the sun that the Government spent that year. That was our grand total spending just eight years ago.

This year, Mr. Speaker, we are spending that much, or very close to it, on education alone. We are spending this year \$144 million on education, to operate the system we now have and to expand it into something bigger and better.

In my first year as Premier of this Province we were very proud to spend just over \$4 million on education, under all headings, Current Account and Capital Account. We increased our yearly spending on education

rapidly year by year until in this year, our twenty-third as a Province of Canada, when we are spending about thirty-five times as much. In fact, we are spending on education in this present year more than three times as much as was spent altogether on education in the whole period from John Cabot to the coming of Confederation.

In that first historic year, 1949, we had 78,000 pupils in our 1,182 schools, most of those schools being small, wooden structures. These seventy-eight thousand students were taught by 2,375 teachers, of whom only 35% had ever attended university. Their average salary was \$1,205 a year. In the year that just ended the number of students had gone up from 78,000 to 161,000; the number of teachers had gone up from 2,375 to 6,400; the proportion of those with university training had gone up from 35% to 88%; the average salary of certified teachers had gone up from \$2,005 a year to \$5,880. (In the present year the average salary of certified teachers is \$6,075. and next year it will be \$6,662;)

In that year of 1949 we had 725 one-room schools; today we have only 133 of them. In that year we had only six schools in the whole Province with more than ten teachers; today we have 220 of them. In that year the highest salary that could be paid to a teacher from the Government funds was \$3,900; in this past year the highest that could be paid was \$14,140. In that earlier year we had no university, no technical college, no fisheries college, and only one vocational school. Today we have twelve vocational schools, a technical college serving over 1,200 students, and a university serving over 7,000 students.

There has been continuous progress in all of these twenty-two years, but in some of them revolutionary measures have been taken of huge increases made in education expenditure. Such a year was 1949 when the university was created; another such year was 1955 when the great scholarship programme was introduced; another such year was 1958 when a generous bursary programme was put into force; another years was 1961 when we created the great new university campus; another notable year was 1963 when we built the voational schools and the technical college; another year was 1965 when we

introduced a great programme of university student aid, a programme which in the past year gave financial help to 85% of all the full-time students at the university' another such year was 1968 when we increased the teachers' salaries by nearly \$6 million, the largest increase ever given in our history up to that year.

The year just ended saw what was by far the greatest amount of Government money ever spent on education in one year. Thanks to that vast expenditure by Government, school boards were enabled to build 247 additional classrooms, which was by far the largest number ever built in one year.

Our great education programme this year contains hundreds of separate items, and these of course will be examined minutely in Committee. I refer here to just a few of them!

1. Our scholarship and bursary programme is the most generous to be found anywhere in Canada. We have decided to make it still more generous now by doubling the number of Electoral and Responsible Government scholarships and by creating 300 new University Bursaries of a value of \$400 each, at a total yearly cost of over \$200,000 to the Government.
2. We will be starting this year to provide free textbooks to all students below Grade 4, and we will increase the subsidy on all textbooks above Grade 3 to 75% of the cost. This will lighten the present burden on the parents by an amount of about \$1½ million.
3. In the past we have paid 75% of the cost of transporting students to and from Regional and Central High Schools, and 90% of the cost where ordinary schools were involved. Starting in September we will pay the full cost of all school transportation, and this will cost us well over \$5 million a year. Eighteen years ago we spent on transportation of students precisely nothing.
4. Starting in September, the educational responsibility formerly carried by the Newfoundland Association for the help of Retarded Children will be taken over by the Government. This does not yet mean that we shall be able

to attend to the educational and training needs of every retarded child in the Province, but we shall certainly be making a good start in that direction with a view to doing for them what we have been doing for so many years for our blind and deaf and mute children.

5. We are asking the House to make substantial increases in our grant this year to the Public Libraries Board of this Province, to enable that Board to provide a number of additional public libraries and, in particular, to acquire and operate several modern bookmobiles to serve the smaller and more isolated communities of the Province.

6. In the field of recreational and physical education we are increasing our operational grant from \$110,000 a year to \$300,000 a year, and we are also providing nearly half a million dollars to enable our larger communities or groups of communities to obtain stadiums and other recreational facilities, or to expand or improve existing ones. Under this programme we will give communities equal annual grants. These grants will be spread over a 5-year period and will amount to 75% of the cost of the projects. The grant will not exceed \$150,000 for any one project.

7. For several years we have been paying to Newfoundland's mothers allowances of \$15 a year for each individual child attending school. We will increase this amount this year to \$20 a year for each child, feeling that this money will be just as helpful in meeting education expenses as are, for example, our subsidies on textbooks. The total for these mothers' allowances will go up this year from \$2.4 million to \$3.7 million.

8. During the year we felt it to be necessary to increase the grants to our Board of Education for maintenance and specialist services, and we increased the grant by over one million dollars. In this present Budget we are continuing this additional assistance of one million dollars and are, of course, making the usual allowance for the normal increase in school population. Thus, where we asked the House last year to authorize us to spend just over \$9 million in operational grants to School Boards, we are in this Budget asking the House to vote nearly \$11 million for this purpose.

9. We asked the House last year to vote \$4½ million for the building and

equipping of new schools or classrooms. The House gave us that authority and during the year we decided to increase the amount by an additional three million dollars. We are asking the House in this present Budget to authorize us to spend the sum of \$8 million, almost double last year's vote, for the building and equipping of new schools or classrooms. We have further recognized the needs and obligations of School Boards by giving to our Denominational Education Authorities an assurance that it is our intention to request that an amount not less than this figure of \$8 million be voted each year for the next six years. This assurance will enable our Denominational Education Authorities and the School Boards to carry out long-term planning and financing. And then, in addition to this amount of \$8 million, we plan to spend this year another large amount of \$12 million of DREE money on the building of schools. This will mean a grand total spending on school construction and equipping in the present year of over \$20 million. This is five times what it was two years ago, and ten times what it was thirteen years ago.

10. For vocational and technical education, this year will be, perhaps, the most significant one in our history. In addition to enlarging a number of our existing vocational schools, we have actually started the work of construction this year of six additional schools. These six new vocational schools, besides serving the traditional vocational needs of their areas, will also be integrated with high schools, and this will be the beginning of an entirely new programme in our Newfoundland educational history. We will spend this year on the enlargement and building, and the equipping, of vocational schools and technical college something of the order of seven million dollars.

11. Our Eskimo and Indian citizens in Northern Labrador will, I am sure, be happy to learn that during this year we will continue our great programme of improving and expanding their educational facilities. The House will be asked to vote \$860,000 for this purpose.

12. Our operational grants to the University last year amounted to over \$12 million. We are asking the House to give us the authority this year to vote,

not last year's \$12 million, but \$15,700 for operational grants, and another \$4 million for capital construction, or nearly \$20 million in all for this year.

13. We spent last year just over \$37 million on teachers' salaries. In this present year we are asking the House, in the present Budget, to give us authority to meet the costs of salaries for an increased number of teachers, for the cost of teachers up-grading, and for the cost of paying the salary increases recently announced for our teachers. These increases will amount to just over \$8 million for the year, which is the largest single increase in teachers' salaries in our history. The grand total for teachers' salaries that we will be spending this year is \$45½ million.

Under these new salary scales the top salary for a Grade 1 teacher will be approximately \$5,000; for a grade 4 teacher almost \$8,200; and for a supervising principle a possible top salary of \$15,836.

With the additional increases that we have obligated ourselves to give to them next year our teachers will, of course, receive considerably more than these figures I have just mentioned. Our progress in this area is seen in the fact that in the year ahead some 3,500 of our teachers will receive over \$6,000. a year and that some 700 of them will receive over \$10,000 a year.

In my Budget Speech of last year in speaking of education costs, I made the following remark: "We are heading inexorably to \$110 million, and before we know it we will be spending \$120 million, and in no time we will be up to \$150 million." , Mr. Speaker, we are

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almost up to that latter figure a year after I spoke.

In the last year before Confederation Education in Newfoundland received 10% of the total Budget. In this present Budget we are asking this House to vote for Education 28% of the total Budget. It would be more were we not confronted by urgent demands for additional spending in the municipalities, on roads, on health and hospitals, on social assistance, and a large number of other good and necessary services.

Mr. Speaker, there is one member of this House and Minister of this Government who will be hailed in Newfoundland History as the great architect of Education progress in this Province. I refer to the Minister of Education, the Honourable Member for the District of Grand Falls. His has been the unerring hand that guided us. His the unfaltering faith that inspired us. We are proud to have so great an Education leader with us in this Administration, and Newfoundland is fortunate too.

Before I leave the great theme of Education, which from the beginning has been one that had the loving care of this Government, and will always have that care. I want to give the House and the people of the Province some indication of a certain line of thought that has been occupying our minds for several years, and in particular for several months past. We are proud of our University. We have poured out dozens of millions of dollars to put it there, and dozens of millions more will have to be poured out to enlarge and improve it. And then, in addition to these millions poured out to construct and equip the physical facilities, there are other millions that must be poured in to keep it going each year. Our University is now one of the most dynamic centres of the Province; indeed, it is one of the dynamic centres of this nation. Twenty years ago it would have sounded like the froth of a fool to suggest that we would most of us live to

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see some 7,000 university students in St. John's. Yes, we are very proud of the University. We are proud of its work. We are proud of the thousands of young Newfoundland men and women who crowd its halls. We are proud of the great majority of the devoted and dedicated faculty within its walls. We are proud that our student body at the University have been less affected by some of the foolishness seen in some other universities in our land. We are proud of the sturdy independence and common-sense of students and faculty. We are resolved to enable it to be built into an even greater University than it is today.

But, Sir, that does not tell the full story.

It is not enough to have a great University. It is not enough to have elementary schools and high schools. There is a new element in the picture today, and that new element is technological training and technological education. Whether we like it or not, Mr. Speaker, the world we are living in, and the world that we are going to continue living in, is an almost completely different world from what it was twenty years ago. We could, of course, stubbornly reject this new world, and refuse to have anything to do with it. In that case we would condemn our coming generations almost to economic uselessness. Certainly we would condemn them to unmistakable economic inferiority in the world of men and women. Whether we like it or not we have got to go in for technological education, and we have got to go in for it on a scale that is frightening, at least from the standpoint of the cost of doing it. It has long been my belief, and the belief of my colleagues in the Government, that Newfoundland must have a great Polytechnic Institute. This Polytechnic Institute would not be merely a glorified trade school. It would not be merely a vocational school "writ large". It would not be part of the University, though it does seem to us in the Government that its physical facilities should be constructed

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quite close to the physical facilities of the University. It does seem to us that the students in it should make ample use of the University, and that duplication and overlapping should be severely limited, if not altogether eliminated. The sooner we can get ahead with the planning and building of this great new institute of learning that will be the means of giving urgently needed new skills to the coming generation, the better for Newfoundland and her people.

But, Sir, where is the money to come from to do it?

Can we in fact spend on the expansion of the University the vast sums that appear to be needed, and also and at the same time proceed to the building of this great Polytechnic Institute? The answer would appear to be a positive No. Some adjustment is going to be needed, some compromise is unavoidable. I suggest to this House that this is one of the greatest matters to be faced and settled by this Province, and if I may express a personal and selfish word it is to the effect that I would be just as proud to be associated with that great project as I am of my association with the launching of our University, and the launching of our fisheries college, our technical college, and our fine trade schools.

The importance of this whole theme of technical training may be inferred, perhaps from the phenomenal use that our people are making of the Fisheries College, the technical college and the vocational trade schools. These schools are not what a Polytechnic Institute would be, although there would be at least as close a connection between them and the institute as there would have to be between the University and the Institute. In the scant few years that the College of Fisheries, Navigation, Marine Engineering and Electronics has operated, some 15,000 different individual Newfoundlanders have gone through its classes. In the short life of the technical college some 20,000 students have studied a considerable number and variety

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of trades. In the equally short period of their life the vocational trade schools have served and trained 42,000 young Newfoundland men and women. What better illustration could be found in Newfoundland today of the urgent need we have for the suggested Polytechnic Institute and for the new skills that it would teach?

Mr. Speaker, I dealt earlier in this address with the costs of running our Province. That is to say, the money that must be spent each year to operate our hospitals and schools, our roads and town councils, our social services, court houses, police forces, and a very large number of other services that are provided for our people. As these services increase in number and variety the cost of operating them each year becomes greater, but so at the same time community living in the Province becomes more satisfactory.

It is, however, altogether unthinkable that the services that exist can be allowed to remain at their present number, their present levels and standards, and their present quality. This would spell stagnation. That would drive the younger generation out of the Province altogether in their search for satisfactory living conditions. And of course the Province's economy, its way and means of making a living, would be disastrously damaged by public services that did not steadily increase, enlarge and improve.

On all counts, therefore, it is a matter of life and death for this Province that entirely new public services should constantly be created, and that existing services be constantly improved. It is the difference between house-keeping and house-building. It is extremely important that there be good house-keeping; That is, that what we have be carefully and efficiently operated; but of incomparably greater importance is the need to create entirely new services.

A simple example will illustrate this point. Since the

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coming of Confederation the Government of this Province have constructed nearly 7,000 miles of new roads, and paved about 1,400 miles. Suppose these miles had not been built or paved; where now would be the Newfoundland economy?

Another illustration is found in the hospitals and health clinics that we have built; where now would the health of this Province be if they had not been built? We have built a thousand new schools a new university, twelve new trade schools, a technical college, and a fisheries college; where would our economy be today if we had not done so?

But perhaps it is a waste of time to make this point. Perhaps by now the point is known and well understood by even the meanest intelligence in the land. The Province cannot stand still. It cannot make do with the services it has. It has no choice, if it is to grow and hold a growing population, but to increase the number of public services, improve and broaden those we already have, and on every hand improve the quality of them.

And so, Mr. Speaker, having dealt with the annual cost of running the Province last year and in the present year, that is to say, the house-keeping expenses, let me now turn to the cost last year and again this year of enlarging the Province, of expanding it, of improving it, of giving it what it did not already have. In short, let me deal with the great theme of capital expansion, for this is what we mean when we speak of the Capital Account of the Government; the cost of building entirely new roads, new schools, new hospitals, new electricity, new water and sewerage systems and other municipal services, and new conveniences, benefits and services of all kinds; in short our cash investment in our future

In my Budget Speech of last year I estimated that we would spend a total for the year of about \$109 million on capital

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account, and that we would have capital account revenue of about \$48½ million to go against it, which would leave a total of \$60½ million to meet. That was the estimate.

In actual fact we spent \$1 3/4 million more than the \$109 million we had estimated, bringing the total expenditure for the expansion of the Province to \$110 3/4 million for the year.

On the other hand the revenue was substantially less than the amount estimated. It amounted, in fact, to approximately \$33½ million.

This was the actual turnout, but within that limit there were wide fluctuations on the expenditure side. In the course of the year expenditure actually increased in a number of directions by a total of \$36 million. This large amount was offset to some extent by expenditure decreases of \$34 million.

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Let me give a few examples: On the erection and equipping of schools, we spent \$3 million more than we had estimated. On construction work in vocational education, we spent over \$1 million in excess of the estimate. The Provincial Building Corporation, which is the owner of the Oil Refinery at Come-by-Chance, accounted for \$27 million of the increase. We spent on highway construction more than \$2 million above the estimate.

On the other hand, we spent over \$800,000 less on grants to hospitals, about half a million dollars less on fishery capital works and loans, and \$31½ million less on DREE projects.

The net result of it all, as I have said, was to increase expenditure on capital account by something over \$13/4 million.

On the revenue side the variations were as follows: We had increased revenue for vocational training of well over \$ 1 million. We had revenue from the Newfoundland Industrial Development Corporation of about \$2 ½ million more than budgeted for. From the sale of the machinery plant at the Octagon we received unbudgeted revenue of just over \$1½ million. We received another three-quarters of a million dollars of unbudgeted revenue on Capital Account. On the other hand, \$20½ million of a decreased revenue was experienced in DREE grants.

The net result was that the total Capital Account revenue for the year was \$33½ million. This left a grant total deficit on Capital Account of \$77 million, which was covered by the issue of bonds and receipts from the Canada Pension Fund.

In summary, we spent in the year just past, a grand total of nearly \$111 million in the expansion and enlargement of the Province's economy and public services.

I turn now to the new year upon which we have entered.

I estimate that we will spend on Capital Account this year a total of \$153 3/4 million and that we will have a total Capital Account Revenue for the year of \$55 1/2 million. This will mean capital requirements of \$98 ½ million. In addition to that we shall need to put \$10 ½ million into

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the sinking fund toward paying off the public debt.

In what ways are we going to spend this large capital amount of \$153 3/4 million in the coming year? On Education, we are going to spend \$34 3/4 million. On Public Health, we are going to spend \$9 1/2 million. On Public Welfare we are going to spend \$1 1/2 million. On Highways, Roads and Bridges, we are going to spend \$65 1/2 million. On Natural Resources, Primary Industry, Trade and Industrial Development, we are going to spend just over \$20 million. On Municipal Development and Housing, we are going to spend \$19 1/2 million and in a variety of other expansions we are going to spend just over an additional \$3 million. Our Province will be much more than a \$154 million bigger and better when this money will have been spent. It is, I think, the largest Capital Account Budget in Newfoundland's history, the biggest investment ever made in one year in the quickening of our Province's growth.

Mr. Speaker, there is much satisfaction throughout the Province that the economic recession of recent years has come pretty much to an end across Canada, in general, and in particular here our PROVINCE. It was disconcerting, to say the least, to find the onward and upward march of our Province since Confederation slowed down during the past three years, and it is therefore all the more agreeable to resume the progress to which we had become so accustomed following our union with Canada.

The present year gives promise of being the greatest in our history, from the standpoint of economic development, employment, jobs and a rising level of prosperity. There will be more men employed this year than ever before. More money will be circulated in wages than ever before.

I estimate that there will be, at the very least, the spending this year of fifty million dollars on housing. About \$31 million of this will be spent by Central Mortgage and Housing Corporation or other agencies of the Government of Canada. Nearly \$6 million by the Government of Newfoundland, and about \$14 million by private investors. I estimate that there will be

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a minimum of 3,000 housing units constructed in this present year.

Employment of the Great Churchill Falls Power Development on the Upper Churchill will begin to taper off, but I confidently expect that the slack in employment on the Upper Churchill will be taken up by new construction on the Lower Churchill. I do not believe that this will happen in the present year, but there is not the slightest doubt that it will happen. It is costing a thousand million dollars to develop the power of the Upper Churchill. And it will cost another amount of half or more than half of that figure to develop the Lower Churchill. The number of men who will find employment on the Lower Churchill will run into the thousands, and employment there will be given for a number of years.

Work will proceed vigorously in the completion of construction of the great new paper mill at Stephenville. This mill, which will start with a production of 1,000 tons of linerboard paper a day, will from the outset, be one of the large paper mills of the world. It will subsequently grow until it reaches a production of at least 2,000 tons of paper each day. I do not expect that construction will be completed in the present calendar year, but by the spring of next year, approximately one year from now, production should commence. In the meanwhile employment will increase considerably in the mill's logging operation at Lake Melville. The mill in Stephenville will consume many hundreds of thousands of cords of pulpwood each year, and the enterprise is going to have its work cut out to stockpile sufficient supplies of pulpwood at Stephenville this season to enable the mill to get into production next spring before additional supplies can be brought from Labrador. The new paper mill at Stephenville is one of the largest to be built in Canada for some years past, and its building and operation will be a very significant addition to the economy of our Province.

At Come-by-Chance the present year will see a large number of men employed in the construction of the great new oil refinery. At 100,000 barrels a day, this oil refinery is one of the largest in the whole of Canada

and large enough to be significant to the oil industry throughout the world. Construction will go on throughout the present year and all of next year, so that refining of crude oil can begin in the spring of the year after next. Construction of the great new pier at which crude oil will be unloaded from huge oil tankers, and finished products will be loaded aboard smaller ships, will employ hundreds of additional men. It is imperative that this great wharf, which will be more than three-quarters of a mile in length, be finished in time to receive the oil tankers that will bring the first crude oil from the Middle East. Vigorous efforts are being made by the Shaheen organization, and by others, to bring petro-chemical enterprises to Come-by-Chance to be based on the refinery. Substantial progress is being made in this effort, and I assert with confidence my conviction that a number of such additional enterprises will be established at Come-by-Chance.

I am glad to inform the House that marked progress has been made in completing financial and other arrangements for the building of the new paper mill at Come-by-Chance. The latest plans call for the construction and operation of a newsprint paper mill that will produce 200,000 tons of paper each year, and the construction and operation also of a fully-bleached sulphate pulp mill with a capacity of an additional 200,000 tons each year, for a total of 400,000 tons a year. The operation of these two mills, and the work of men who would cut and handle the pulpwood in Labrador and on this Island, will provide employment for some number ranging between 2,000 and 3,000 men each year. It was, in a way, unfortunate that the drive was commenced at one and the same time to launch the great oil refinery and the paper mill for Come-by-Chance. It was perhaps inevitable that the promotion of both projects required altogether too much effort to be made at one time. Opposition to the oil refinery project developed into one of the most savage and unscrupulous campaigns that Newfoundlanders have ever experienced. And this appeared to be a very good reason to ease up on the campaign to get the paper mill so that complete concentration could be given to the oil refinery

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project. This is what happened, and it is perhaps fortunate that the decision was made. The oil refinery project was brought finally to complete success, and now, in recent weeks, a concentrated effort has been made to bring about equal success in the paper mill project. I have hope that this complete success will be reached in the immediate future, and that construction of the paper mill and construction of the pulp mill will begin in the very near future.

A strenuous programme of construction will go forward at Labrador City to accomplish the great purpose of doubling the scope and production of the great iron mines of that town. Increasing numbers of men will find employment there this year and next, and thereafter, when the construction period is at an end. Increasing numbers of men will find employment in the mine and mills and other activities of the greatest of all mining enterprises in the Canadian nation. The expansion at Labrador City will bring up to 23,000,000 tons the volume of iron ore to be concentrated there each year, making that concentrator the largest in the world. I do not doubt at all that similar expansion will take place at the city of Wabush though, there are presently no plans to make a start on this expansion in the present year.

The Government are engaged at this time in very important negotiations with regard to the shipyard at Marystown. This shipyard was put there at a cost of about \$14 million with the Government of Canada contributing something more than \$2 million of that amount. The yard was no sooner built, and the first two fishing vessels begun to be built in it, than the bottom dropped out of the frozen fish market in the United States. The price of fish fell disastrously in that country, and the whole fishing industry of this Province suffered harshly. Where it was confidently believed that the yard would receive many orders for the building of modern draggers, the very opposite happened. The magnificent new shipyard might almost be said to have "wasted its fragrance on the desert air." At all events, where they were capable of building fine ships, their efforts were devoted merely to overhaul and repairs to existing vessels. This was a bitter disappointment to the people of

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Marystown and to the Government. The Government have never been content to accept this position, and as I say we are engaged at this time in extremely important negotiations for much greater activity in and around the shipyard in Marystown. We have at least the hope that we shall be able to proceed in the very near future with substantial new activity at that centre.

Provided that there are reasonably good catches of fish in this present fishing season, Mr. Speaker, this should prove to be the greatest year in the long history of our Newfoundland fishery. Prices of salt dried codfish give promise of being the best in all our history, and the fishermen have the incalculable comfort of knowing that by means of the Salt Codfish Marketing Board there will be a stability in the price of fish unknown in this Province since the days of the Second World War, when the Combined Food Board of North America put fish prices under rigid control. The frozen fish market of the United States has improved greatly, and we are all familiar with the great demand there is in Europe, and in the United States as well, for herring as an object of direct human consumption. We look for a great year in our Newfoundland fisheries.

Mr. Speaker, mention of the word oil in Newfoundland has meant, until very recently, the refining of oil in the great new refinery proposed for Come By Chance. It has an altogether new meaning today, for mention of oil today leads our thoughts immediately to the lands lying off the shore of the Island of Newfoundland and off the shore of Labrador; the lands that lie under the water. From all the information we have in the Government we are led to believe that there are excellent chances of finding very great deposits of oil and gas lying off the shores of the Province. Some of the mightiest oil companies of the world have obtained concessions to find, drill, and develop these resources. Some of these concessions have been given by the Government of this Province, and some have been given by the Government of Canada. Some of the concessions have been given to the same acreages by the two Governments. The presence of vast oil fields lying off our coast, within such easy distance of the Eastern Seaboard of the United States of America (probably the greatest consuming market in the world) makes these oil fields, if they exist, perhaps

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the most valuable in all the world outside of Continental North America. If Amaco do indeed strike oil this summer or in the coming autumn, it will attract the lively and energetic attention of oil people throughout the world, and the result will be a vast increase in the effort to find oil in those areas. This will mean the presence of many ships in those waters; the building and operation of many oil drilling rigs; the building, placing and operation of many oil platforms; the building, placing and operating of mechanical installations to deal with oil and gas production. Such great activity at sea would be accompanied by much greater activity, and much greater employment, on dry land. Placentia and Marystown seem destined to be important servicing centres for those off-shore activities. Doubtless other seaports will be used as well. But these two would appear most likely to be the first to become such centers. There is a world shortage of oil-drilling rigs, and of oil-processing platforms. There is a world shortage of gas-ships. There are ships which go up to the producing platforms to receive the gas that comes up from the bowels of the earth. This gas is carried to the world's markets. But is not put on board these gas-ships as gas, but rather as liquid. These gas-ships are equipped with extremely low-temperature freezing capacities, and the gas is subjected to enormous pressure and extremely low refrigeration. The gas is thereby turned into liquid, and it is as liquid that it goes to market. At the market it is converted back to gas, and marketed and used in that form. There is, as I say, a world shortage of gas-ships, and I have more than good reason to believe that such ships could be built at Marystown. Oil rigs could be built at Marystown and at Placentia. Producing platforms could be built at either place, and separators and other machinery for the oil industry could be built in both seaports, and in others as well.

Mr. Speaker, if Divine Providence put the oil and gas in the earth lying off our shores, and in the earth of this Island and Labrador, if these riches exist, they can be found and they can be developed. If they are found and developed then nothing is surer than this; namely, that Newfoundlanders are going to see an enormous new source of employment and wealth.

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One of the most exciting prospects ever to unfold in Newfoundland, Mr. Speaker, is the prospect of an industry for the enrichment of uranium. The Chief Executive of BRINCO, Mr. William Mulholland, has taken the significant step of making a public statement to the effect that the great Corporation of which he is the Leader, and of which all Newfoundlanders are so proud, are actively and positively interested in establishing such an industry in Canada. I am sure that hon. members do not miss the significance of this public statement by Mr. Mulholland. Only one such vast enterprise is possible in Canada. It would require a thousand million dollars and more to build it, and that kind of capital for one enterprise is not easily found in this nation. It is costing about that same amount to develop the Upper Churchill, and only a trifling part of that vast sum was subscribed by Canadians, the rest of it coming from the United States of America. It will be the same story when the development of the Lower Churchill commences. It, too, will require hundreds of millions of dollars of new capital, and it would appear to be quite certain that most of that will have to come from that same source. But more than capital for a uranium enrichment industry would have to come from the United States. Technical know-how will also have to come from that source. Furthermore, Mr. Speaker, so vast an enterprise would require the drive and skill of a very great industrial organization. The British Newfoundland Corporation, BRINCO, possesses precisely the kind of industrial and commercial skill that would be required.

It would take the best part of 10,000 men working for years to construct that industry. The industry, when built, would require over 2,000,000 horsepower of electricity to operate. It would require also vast volumes of cold fresh water.

The sheer inevitable logic of the situation dictates that this vast new industry be placed in Labrador, on the shore of Lake Melville, at or near the mouth of the mighty Churchill River. Low-cost, indeed very low-cost, power could be delivered into that plant from the Lower Churchill. The very water that

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generated the electricity would then also become available to the plant. There is no argument that we can conceive in this Government for not putting that industry at Lake Melville. If it is built in Canada it should be built in Lake Melville. The cost of moving the uranium ore to that place, and the cost of moving the finished product to the market, would be quite trifling compared with the value of the product. There would be no physical, and no economic, difficulty in getting the raw material to the plant. If BRINCO or an Associated concern built the plant, it is hardly likely that they could go anywhere in Canada to buy the power that they would need to operate it, when they have far more than they need that they can develop themselves on the Lower Churchill. Certainly, Mr. Speaker, it is unthinkable to any Newfoundlander anywhere, at any time, that the power of the Lower Churchill would be exported out of this Province, and at the same time BRINCO build the uranium enrichment industry elsewhere than in this Province.

We will see this year a great programme of road construction and road paving. We will see the building of many new schools, and of many new classrooms. We will see the building of new parks, of new landing strips for aircraft. We will see the building of new fishery service-stations in various parts of the Province. We will see the beginning of construction of a network of forest access roads, and the beginning of a great new programme of improving our stands of forest. We will see the establishment of several new secondary industries.

In short, Mr. Speaker, we look forward with great confidence to the greatest year in the economic history of Newfoundland and Labrador.

MR. SMALLWOOD: I move the adjournment of the debate.

MR. SPEAKER: The debate on the Motion that I leave the Chair for the House to resolve itself into a Committee of Ways and Means, the Motion is that this debate be now adjourned.

On motion debate adjourned.

Motion, the hon. Minister of Finance to move the House into Committee of the Whole to consider certain Resolution for the granting of Supply to Her Majesty:

MR SPEAKER: The Motion is that I do now leave the Chair:

MR SMALLWOOD: Mr. Speaker, I have the honour to announce to you that I have a letter from His Honour, the Lieutenant Governor:

MR SPEAKER: The Message from His Honour the Lieutenant Governor reads as follows: "To the hon. the Minister of Finance: I, the Lieutenant Governor of the Province of Newfoundland transmit estimates of sums required for the public services of the Province for the year ending the thirty-first of March, 1972, in the aggregate of \$469,334,200 and in accordance with the provisions of the British North America Act of 1867, as Amended, I recommend these estimates to the House of Assembly.

/s/ the Lieutenant Governor, E John Harnum."

The Motion is that I do now leave the Chair for the House to resolve itself into Committee of Supply:

COMMITTEE OF SUPPLY:

MR SMALLWOOD: MR. Chairman, I would like to distribute copies of the Estimates. That having been done, I move that the Committee rise to report progress and beg leave to sit again.

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

On motion report received and adopted, committee ordered sit again on tomorrow:

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MR CURTIS: Mr. Speaker, I would move now that the remaining Orders of the Day do stand deferred and that the House at its rising adjourn until tomorrow, Thursday, at three of the clock, and I would like to intimate, before moving that the House would adjourn, that the Minister of Finance and the Premier would invite the members of the House and their guests to a reception in the Sir Robert Bond Auditorium immediately following this session. I move that the House do now adjourn.

On motion all remaining Orders of the Day stand deferred:

On motion the House at its rising adjourned until tomorrow, Thursday, April 29, 1971, at 3:00 P.M.