



PROVINCE OF NEWFOUNDLAND

THIRTY-SIXTH GENERAL ASSEMBLY  
OF  
NEWFOUNDLAND

---

Volume 2

2nd Session

Number ~~53~~

54

---

VERBATIM REPORT

Friday, April 13, 1973

SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order!

Before commencing today's proceedings it gives me great pleasure to welcome to the galleries of the honourable House twenty-four Grade XI students from Greenwood Central High School, Campbellton, Notre Dame Bay, accompanied by their teachers Robert Sheppard and Max Sutton.

I trust that your visit to the honourable House will be interesting and informative. On behalf of the honourable members and myself I heartedly welcome you.

The honourable the Premier.

HON. F. D. MOORES (PREMIER): Mr. Speaker, thirty-three years ago on Sunday, April 14, The First Contingent of The Royal Artillery volunteers, numbering 404, embarked from St. John's for service overseas. This group, sometimes referred to as "The First 400", formed the nucleus of the Fifty-Seventh Newfoundland Heavy Regiment, Royal Artillery, in the Fifty-Ninth Newfoundland Heavy Regiment, Royal Artillery.

The former became the 166th Newfoundland Field Regiment, Royal Artillery, and saw actions in the North African and Italian campaigns.

The later retained its original title and saw action on the Coast of Britain and on the Western Front from shortly after D-Day to the end of hostilities in Europe.

I know just about everybody I suppose in this House knows or has relations who served in one of these two Regiments, I know personally I had an uncle. I would like to congratulate these people on their thirty-third anniversary, on Sunday. I would also like to make mention. Mr. Speaker, at this time that our own Sergeant-at-Arms was a member of that Contingent at that time.

ORDERS OF THE DAY

MR. SPEAKER: The honourable the member for Bell Island.

MR. S. A. NEARY: Mr. Speaker, this is Friday again.

HON. F.M. ROBERTS (LEADER OF THE OPPOSITION): Is this Friday?

MR. NEARY: Friday 13, as a matter of fact. I would like to ask my sleepy, tired, old buddy, the Minister of Industrial Development, what has been happening concerning the going-out-of-business sale down at the Octagon?

HON. C. W. DOODY (MINISTER OF INDUSTRIAL DEVELOPMENT): The "Daily News" gave a pretty extensive coverage, reporting on the latest offer and probably one that deserves the most investigation. We were pretty well settled on the disposition of it or at least a suggestion for the disposition of it until this recycling suggestion came along.

This is one that is going to have to be investigated a great deal more carefully. Some of the residents in the area are not very happy with the idea of a recycling plant there because they are not familiar with what it entails. Until such time as we get further details on that, I am afraid we are going to have to hang up the disposition of the plant. This may take another week or ten days, but the environment thing is pretty important in that situation.

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

COMMITTEE OF SUPPLY

HEAD VIII - PUBLIC WORKS AND SERVICES

MR. NEARY: Mr. Chairman, before we closed for lunch the Minister of Public Works and Services was making a feeble attempt to justify awarding two contracts on the Carbonear Hospital without calling public tender. The minister read a letter, Sir, from Scrivener, dated April 2, 1973. This letter was written at the request of the minister more or less endorsing the minister's action on awarding these two contracts without calling public tender.

AN HON. MEMBER: Inaudible.

MR. NEARY: No, the minister has not tabled a copy of the letter. I wonder if the minister would not mind tabling a copy of that letter.

MR. EARLE: I have a copy of it and I will table it.

MR. NEARY: Remember the date is very significant, Mr. Chairman, it is dated April 2, 1973 just at the same time, Sir, that Scrivener were negotiating for their project management fees. Why would they not write a favourable letter? Mr. Chairman, why would they not? They are negotiating for their project management fees over here on the Health Science Complex and on the Carbonear Hospital. So why would they not endorse the action that the minister had taken almost one year ago in awarding two contracts without calling public tender?

Sir, we were told by the minister that time was one of the factors that helped him make his decision in awarding this contract to Babb Construction for water and sewerage, \$159,000 almost one year ago. Yet, Mr. Chairman, in this honourable House, about two weeks ago, we were told by the minister that work had just then commenced on that project.

What I am going to ask the minister to supply the committee with now, Sir, is the date on which the water and sewerage contract was actually awarded to Babb and when the work actually started? I would like to have the dates also, Sir, when the contract was awarded for the smoke stack and when the work actually started. I think the contract on the water and sewerage, Sir, was awarded almost one year ago. Yet we were told by the minister a couple of weeks ago that work only started I think probably within the last month or so. So what made it so urgent, Mr. Chairman? Why did the minister have to all of a sudden - why was it so urgent to grant this contract one year ago, if his arm had not been twisted by the honourable the Premier or somebody else in the hierarchy?

I would submit, Mr. Chairman, that the minister has made no defense whatsoever of this action. They were going to be angels, Sir. They were going to be angels when they took over the administration, no more awarding contracts without calling public tender. They are angels now with dirty faces, Sir. They have awarded - the Premier is looking awfully bad today. How is the ulcer today?

MR. MOORES: Pardon?

MR. NEARY: He looks awfully bad today. How is the ulcer?

MR. MOORES: Inaudible.

MR. NEARY: I do not blame the honourable Premier for having an ulcer, Sir, not only does he have to put up with the criticism from this side but he has the Minister of Finance there to tolerate too.

So we are not at all satisfied, Sir, with the explanation that the minister gave us before lunch. He is going to have to do a little better than that. He is going to have to do a little better fancy footwork than that, Sir, before he can convince me that his action was justified.

MR. H. R. V. EARLE (MINISTER OF PUBLIC WORKS AND SERVICES): Now, Mr. Chairman. I suppose there is no point in trying to explain something to a person who will not listen, but I will try.

First of all, the reasons which he will not accept I can only repeat. But what I stated and Scrivener's letter states very carefully, if he will read it, is the fact that the whole package is tied in together in the construction job. It is not just the matter of a smoke stack or some underground excavation, one thing helps another or helps to expedite them. This is the reason in Scrivener's letter, that other phases of the work would not be delayed.

Now the honourable member is also incorrect when he says things have just started. If I recall, I do not have the answer to the question I gave the other day but I believe the correct figures for it, the smoke stack was thirty per cent completed and the other underground part of the contract had started.

I do not have with me the exact dates the contracts were awarded but I believe it was early September of last year and work has gone on during the winter. I have not got the actual starting date. But the early part of the winter weather conditions were extremely bad and there was a period there, quite a long period, when work had to cease.

MR. ROBERTS: Mr. Chairman, having had an opportunity to read the letter which Mr. Self send to Mr. Butler, I thank the minister for his kindness in letting us have a copy. There are some questions which I think arise but perhaps they could be helped at the start or the

discussion could be put in perspective if the minister could indicate to the committee, Mr. Chairman, what percentage of the work - I understand there are two separate contracts involved that were given to the Babb Company without any tenders, without any possibility of tenders. I understand the smoke stack, the contract was \$189,000 and the water and sewerage or the site services might be the correct term on that, was \$159,000. So we are talking \$348,000, a fair amount of money.

Could the minister indicate, say as of a current date, say the 1st. of April, what percentage of the work on each of those two contracts has been completed, please?

MR. EARLE: I gave that answer, Mr. Chairman, in answer to a reply to a question in the House? I have not got that with me but, as I stated just now, I believe it was thirty per cent on the boiler house and the other work had started. Now how much of that was completed I do not know at this stage. But I can only repeat it was held up during the winter and it was stopped completely because of the weather.

MR. ROBERTS: Well the minister did table some information, I have not got it in front of me, because I do not know if he tabled it or answered a question orally. He did give some information, let there be no doubt about that. My colleague had to ask him eight or nine days in a row but my colleague is a very persistent gentleman. That is among the other adjectives that have been applied to him from time to time.

MR. NEARY: I do not mind.

MR. ROBERTS: Well they are complimentary. As a matter of fact my colleague has probably done more to put the Premier on an amphibolic course than any member of the House. Is it amphiboly?

MR. EARLE: For the honourable member I just have some further information on this. Although the tender was awarded early in September it necessitated ordering a lot of materials which had to come in, of course, and this cause some delay. When a tender is awarded, naturally the job cannot start immediately.

MR. ROBERTS: Well of course that is a stunning insight into the obvious, Mr. Chairman, I mean the award of a tender is the award to go ahead with some work and the work must begin by getting the where-with-all to do the work.

Now let us put this in perspective: The minister (I do not have his answer, I do not think he tabled a written answer) as I recall it, he read from a document and gave the information orally.

MR. EARLE: Inaudible.

MR. ROBERTS: I am sorry?

MR. EARLE: What I say is substantially correct.

MR. ROBERTS: I do not doubt what the minister says is to the best of his knowledge and belief substantially correct. I have my doubts about some aspects of the minister's operations but not about that type of thing.

As I recall, what he said and what he confirmed is relatively little of the work was done, thirty per cent on one contract and next to none on the other. Now I think that gives away the game completely, Mr. Chairman, and the letter from Mr. Self, which could hardly be called independent evidence because Mr. Self, of course, is President of Scrivener Projects Newfoundland, Limited, and let me add a very competent fellow indeed, Harvey Self is the reason that the Scrivener Firm were retained by my colleagues and I, when we were the government, to run the Health Sciences thing over here, not Mr. Davidson. not Mr. anybody-else, Mr. Self was the resource person, to use that terrible modern word, is the resource person in whom we are interested.

So now what is the situation? Last September without any tenders being called, tenders were called for the main substructure I guess whatever name goes on it, Lundrigan's were low bidders and Lundrigan's were given the contract. That is straightforward. That is very much in order. I have other contractors tell me they think the Lundrigan Company will lose money on it but that is



not the government's concern. If the Lundrigan Company do the work that they are suppose to do, they will be paid the price which they have contracted to receive. That is in order.

So last September one company was given two contracts. No reason is given for it. It says in the - I will read the letter in a couple of seconds, Oh! some of the cuttings, some interesting, on the Rabb Company, a very interesting little company. Without any formality of any tenders being called, they were given a contract, fairly substantial, \$350,000, in round figures, not peanuts or if it be peanuts, it is a lot of peanuts, a great number of peanuts.

Now we gently inquire why this, coming from an administration which quite rightly has made considerable noise about giving contracts on tender and all this sort of thing? A very useful public policy, one which I commend and one which I hope this province will always follow and if it were not always followed in the past, that is all more reason to follow it now, and certainly any derelictions that may have occurred in the past can hardly serve as justification for this course at present.

So when we ask why, we are told, to let the work get underway because it is urgent. Well here that was September, all of September came and went, one month, all of October came and then went, that is two month, all of November came and went, that is three months, all of December came and went, that is four months, all of January, February, March and here we are on Friday, 13th. day of April, seven or eight months. What has happened? One project is thirty per cent done. The other project is barely begun. The minister lamely trots out the pathetically weak excuse, well there was winter weather. Well, of course, there was winter weather, Mr. Chairman. One does not have to be even as much a genius as the honourable the minister, Sir, to know that we are going to have winter weather in Newfoundland during the months of say November, December, January, February. That is a fairly



common occurrence and especially when one talks of outside construction, digging holes in the ground for site servicing, building smoke stacks one can anticipate. I think reasonably, a little winter weather.

Mr. Chairman, this is a scandal. This bears some investigation. When we asked the minister he produces a letter written on April 2, from a gentleman who is hardly a neutral witness and I may add does not appear to be, a letter written as my friend and colleague points out during the same period while this same gentleman was negotiating with the same Department of Public Works in respect of fees and on other projects. Hardly the sort of time when one would expect - let me put it another way, perhaps it is the sort of time when a reasonably-minded person might expect that he would try to put the best face on something. That is a reasonable expectation especially because we have had people resign, telling the newspapers that there are irregularities. We have heard suggestions that the fees are too high. We are negotiating the fees. Mr. Self is here from Toronto to negotiate fees. In the middle of this Mr. Self writes a letter to the minister. You know you do not have to be at all suspicious to be very, very, suspicious of that chain of events, Mr. Chairman.

Now let us look at the letter. It is addressed to the Assistant Deputy Minister, The minister saw it on the 4th. day of April, his initials are on it and the date.

Dear so and so:

"Re Carbonear Regional Hospital;"

"With regard to the award of the work for the site services and the chimney stack to Babb Construction we would outline the reasons as follows; the drawings and specifications were becoming finalized as of the end of August 1972 and it was felt" (it does not say by whom). It says, "it was felt that it would be hardly desirable to have a revised estimate prepared in order to ascertain a more accurate picture of the cost of the project." That is acceptable. That is rather a good thing. "The original estimates had been prepared from preliminary general data " Again straightforward. "This new estimate would indicate if any major revisions in design were required in order

to maintain the budget for the project prior to the calling and award of further contracts, hence the delay in the calling of structural tenders.'

Now I do not know what that has got to do with the price of fish in Bonavista Bay but it seems straightforward. On the face of it, those statements seem to make sense. They seem to be reasonable and rational. I have no problem in accepting them. Then it goes on, "At that time Scrivener's chief executive in St. John's requested that tenders be stopped, on authorization of a telephone call from the Department of Public Works." Now I would like the minister at some point to comment on that.

The letter goes on, "This subsequently proved to be an incorrect interpretation and tenders were released accordingly." An interesting chain of events. Who ordered tenders stopped? Somebody obviously did. The chief executive I assume is Mr. Andrew Davidson or was at that point. He had a telephone call from the department. He does not name the official or the person by title or in any other way. "This subsequently proved to be an incorrect interpretation and tenders were released accordingly." An incorrect interpretation by whom - the official or by the chief executive?

It goes on, Sir, "Whilst completing this new estimate it was considered critical..." It does not say by whom, Sir. It does not say by anybody. It just makes the bland statement in the passive tense. "It was considered critical that on-site services in the construction of the stack proceed, otherwise additional cost would be incurred due to winter work and valuable time would be lost and the sequence of the schedule affected."

But taken by itself, Mr. Chairman, that would seem fairly straightforward until you realize, as Your Honour has, that has not been what happened. The work has not gone ahead. Here we are eight months later, eight month and thirty per cent of one contract is done and five per cent of another. Nonsense, that Mr. Self is putting the best face on a weak case, an extremely weak case. The minister has not given us any information on it, This letter does not deal

with that point. That sentence I just read, Mr. Chairman, I read it in its entirety. I will read the rest of it in a minute. It is no defense at all. It shows conclusively that these contracts were given without any tenders and for no good reason other than to favour the Babb Company. Of course there is a good reason, other than that, it has not become public and in the absence of a good reason I submit it was done to favour the Babb Company, for what reason I do not know.

The letter goes on, "Babb Construction who are the only local contractor in the immediate vicinity." Now I know a number of firms that might quarrel with that but even if there be no others in the immediate vicinity, St. John's and Carbonear are separated by about eighty miles of good road. I suppose, enough that the union that is negotiating in respect of the men over there is the St. John's union. I have calls from men over there who cannot get work because they do not belong to the union and they say men are coming in from St. John's, and naturally the men in Carbonear are angry. They do not understand union contracts and it is not hard to understand why they do not. They need a job. It is a job they can do, and lo and behold! there is a union coming in and they, in their eyes, I am not saying they are right but in their eyes and I can understand their point of view, these men are being deprived of jobs. Well if we can bring in a union from St. John's, we can bring in a contractor from St. John's.

Anyway, "Babb Construction were the only local contractor in the immediate vicinity." We have exploded that for the nonsense it is, "were the successful competitive low-bidder on the boiler room and substructure." Straightforward, a statement of fact, no problem. "And the site services and stack were closely associated with his work." Of course they were and if they were that closely associated, why were they not included in the tender calls? Surely it is just as easy, Mr. Chairman, to call a tender and it makes sense to call a tender for a boiler room and a stack together, but if they are not

called together it is reasonable to assume that they are two different contracts.

It goes on "In the interest of economy related to additional costs for winter work etc." Ah! those three little letter that cover such a multitude of sins "etc." If we only knew what the real truth was behind that word "etc." "In the interest of economy related to additional costs for winter works etc. if these two sections were delayed. It was considered that they should be negotiated with Babb Construction, provided their price was in line with the budget." Let us look at that sentence, Mr. Chairman. "Negotiated." Ah! A magic word! That is the sort of thing that we were accused of doing and I am afraid in the past too often did do. We have not done recently but too often in the past did do it. "Negotiated." No reason been given for negotiating! "In the interest of economy related to additional costs for winter works." Well that has been shown to be nonsense and a myth. That is no reason. "Negotiated." Now whom should we negotiate with? Babb Construction? Why a local firm? There are other local firms equally competent and why we shift it to Cabonear, no reason at all to shift it to Carbonear or to Harbour Grace. A project this size, why should not any firm in the province be entitled to bid upon it.

Then it goes on. "Provided their prices are in line with the budget." Now that is one of those statements that on first flush, Mr. Chairman, sounds most sensible, until you go back to the first paragraph and realize at this time, according to Mr. Self, the whole budget was being reviewed to see if it was in order. So on one end he starts by saying we are reviewing the whole budget (that is the second paragraph of the letter says that) "The original estimates have been prepared from preliminary general data." He said, "It was felt that it would highly desirable to have a revised estimate in order to ascertain a more accurate picture of the cost of the project." So the budget in his eyes was not dubious but was suspect, due to be checked.

At the same time down below he trots it out as the guideline for the prices. Well that is nonsense. It just will not wash.

The letter goes on, Sir, "This was accomplished successfully." Haw! Haw! It certainly was, Babb got the contract. There was no formality of tenders. No formality of checking the price other than with a budget which, by Mr. Self's own admission, was not sound and not valid. "This was accomplished successfully," the letter says, Mr. Chairman, "and the work awarded to Babb Construction." I will say it was successful. They set out to give the contract to Babb, this government did. Why? I do not know. But the minister, he was not the minister concerned at the time but he must take the ministerial responsibility for it and he does. The minister and this government deliberately set out to give Babb Construction Company contracts on the Carbonear Hospital without tenders and the whole letter, the whole business is a tissue of shoddy misrepresentation to cover it up because they have been caught.

The letter goes on "This was accomplished successfully and the work awarded to Babb Construction, such that construction could continue without disruption." Well by the minister's own words that has been shown to be nonsense.

The letter concludes, Mr. Chairman, "As a consequence the site services and stack were proceeded with such so the award of the following contracts could proceed without pushing more of this phase of construction into the more costly winter period. Yours very truly, Scrivener Projects Newfoundland Limited, signed R. Harvery Self, President."

Events have shown that that is nonsense and when Mr. Self wrote that letter on the 2nd of April he knew it was nonsense or should have known or ought to have known.

Now, Mr. Chairman, the whole thing is shoddy. It is a tissue of misrepresentations. The minister has given no explanation. He has not even given it defense or an excuse. Now let us look at some of the others. I wonder if our lone page, the lone ranger, that water has been there since when the committee met yesterday afternoon and it would never pass the Clean Air, Water and Soil Authorities. Could the lone - he will be back and maybe he can get me a drop as I need it.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Greater love has no colleague than this, to lend me his glass of water.

Now, Mr. Chairman, that is only part of the sordid story on Carbonear. I have here, Sir, before me a page of the yellow rag, that well-known yellow rag, that scurrilous piece of journalism of Saturday, February 24. There it says, "Crosbie in Effigy." Now that is not very fair to the honourable gentleman is it? No, he is not that bad. It has across the top, in large banner headlines, right under the weekend flag, a story by Mr. Bill Kelly. Mr. Bill Kelly is a bit of an expert on Babb Construction because he is the one who blew the whistle on the attempt to give Babb Construction the contract at St. Anthony. It is funny, Mr. Chairman, how this same company which has no notable experience in building buildings, they are known and known favourably, they have bid on many contracts for water and sewer systems and been awarded them in competitive tenders and done them well. They did one in my constituency and had a little trouble in that they were fined \$2,000 by the magistrate at St. Anthony for not observing safety rules as they nearly had a man killed down in a trench when it caved in on him. Thanks be to all the powers that are, he was not killed! The magistrate



at St. Anthony, when they were charged by the officials of the Minister of Manpower under the various safety rules, fined them \$2,000 which is a very substantial fine and I suggest an exemplary fine. But this same Babb Company, Lo and Behold! within the past year or so has blossomed forth. They nearly got the contract at St. Anthony. If the committee had not gone to Mr. Kelly at the "Telegram" and blown the whistle, I suggest they would have had the contract. We saw the pathetic performance of the Minister of Rehabilitation and Recreation on that item. Again he was not the minister concerned at the time but he made no attempt even to defend them, after all when the Premier himself cut the ground out from under him.

"A mistake in innocence with the right intention," was the way the Premier described those dealings with Babb Construction? The Premier told the "Telegram" Friday, back in November, 1972, that the honourable gentleman, in his anxiety to get a senior citizens' home for the community, was prepared to accept the proposal from Babb Construction to build the institution. I will say he was, I will say he was prepared to accept it. I will say he had accepted it - if it had not been for the fact that those people in St. Anthony blew the whistle, went to the "Telegram" and complained publicly and exposed the whole sordid mess. Babb Construction has never built a large outhouse and now they are building hospitals, and building hospitals without tenders.

The minister owes this committee and owes the people of Newfoundland some explanation of the facts.

MR. REID: Mr. Chairman, to a point of order, I would like the honourable Leader of the Opposition to know I am no friend of Babb, as far as that is concerned, but I am a contractor and I know that Babb have built something smaller than outhouses and bigger than outhouses. As far as that is concerned, Babb Construction is a reputable company and there are quite a lot of men who live in my area who make a living with Babb Construction Company. I know



them for years and years from when they put the water and sewerage -

MR. ROBERTS: Mr. Chairman, to a point of order, the honourable gentleman has not made a point of order -

MR. WILSON: I made a point of order.

MR. ROBERTS: I submit he is entering into debate and he will have full opportunity to -

MR. WILSON:The honourable Leader of the Opposition is after -

MR. ROBERTS: Mr. Chairman, may I have the floor?

MR. CHAIRMAN: Order please! The honourable member for Port de Grave is quite correct to try to enter into the debate. However, the point of order is not correct. If I may commit myself, the honourable Leader of the Opposition has concluded his remarks and it will be quite in order for the honourable member for Port De Grave or any other member to rise in his place and make his comments on this matter under discussion. While they may have extreme disagreement as to the facts,perhaps another speaker would explain, this does not of itself give rise to a point of order.

MR. ROBERTS: Thank you, Mr. Chairman! I do hope the honourable gentleman from Port de Grave will get into the debate. I quite agree I make a point of saying that Babb Construction are a very good company. I hope when the gentleman from Port de Grave enters the debate he will try to explain because the minister so far has been unable or unwilling to do so and he has not tried to explain the curious events surrounding Babb Construction and how Babb Construction - I do not know what they have built as I do not have a list of their projects here. They have certainly done a lot of water and sewer work and done it very well. But how the Babb Construction Company suddenly blossomed forth,proposing to build million dollar homes for the aged in St. Anthony, where they got the money, on the strength of what,I would be interested to know. I would also be interested to know how they managed to get contracts at Carbonear without tenders, contracts which we were told were awarded on the basis of a budget,But there was no budget

to examine to see if it were accurate. The contracts we are told now were awarded to speed up the work. That was eight months ago and today, eight months later, five per cent of one contract has been done and thirty per cent of another. Some speed up! We are told the reason for that delay is the winter. That is like saying the reason we have lights is because it is dark. Everybody knows there is going to be winter. The government could find a way to solve the winter problem, Mr. Chairman, in this province. I suggest that they would be re-elected triumphantly and unanimously and neither of that is going to be their lot when they finally get the courage to face the people or are forced to do it.

Now let us go on with the Carbonear Hospital, because we have only begun to go into this very interesting little subject.

MR. CARTER: Mr. Chairman, I believe there is a point of order here and that is that the honourable the Leader of the Opposition undoubtedly has a lot to say and is saying it but he is taking an unnecessarily long time to say it. I do not think it is in order for any honourable member to get up and speak at such length about so little material.

MR. ROBERTS: Mr. Chairman, that is not even worth a comment. It is amazing how some men can be in the House for a year or so and not understand anything about it.

As I was saying about the Carbonear Hospital, Mr. Kelly's story in that yellow rag, that scurrilous journal, that yellow dog of journalism, that exemplar of everything that is wrong, as the Minister of Finance would tell us.

Twelve, Mr. Chairman, the rule say there must be fourteen. Could we have a quorum count, please?

MR. EVANS: (Insudible).

MR. ROBERTS: Thank you, Mr. Chairman, I am delighted to know there is a quorum. Now if the honourable gentleman from Burgeo would contain himself -

MR. EVANS: (Inaudible).

MR. ROBERTS: He is only sort of a half whip, a limp whip.

MR. EVANS: (Inaudible).

MR. NEARY: A point of order, Mr. Chairman, one of the rules of this House is that in order to speak in the House you have to be sitting in your own seat and I submit that the member for Burgeo, Sir, is not in his own seat. He should not be permitted to speak in this House until he returns to his own seat.

Could I have a ruling, Your Honour?

MR. CHAIRMAN: The honourable member for Burgeo-LaPoile - (Inaudible).

MR. ROBERTS: Thank you, Mr. Chairman. I may say zeal is a rather pleasant word to describe the member for Burgeo. We must remember that.

Now as I was saying before I was so rudely interrupted several interruptions ago, Mr. Kelly's story in the "Evening Telegram," Saturday, February 24, 1973, seventy pages, number forty-seven, volume ninety-five, "The 135 bed regional hospital, now under construction at Carbonear, to serve the 25,000 residents of the Conception Bay North and Trinity South areas, will cost more than \$4 million beyond the government's budgetary estimate. Listed at \$7 million in the budget for the current fiscal year, the Finance Minister has confirmed that revised estimates put the cost up to \$11.1 million. The underestimate in the budget was based on information supplied to the Minister of Finance by the provincial department of public works." That is unusual, for a minister to blame officials. Perhaps the Minister of Public Works could comment on that because he of course is responsible for all of the acts of his officials. That is a well-known principle of parliamentary rules.

It goes on, "This increase in cost was one of a number of aspects of the Carbonear Regional Hospital project uncovered by the Telegram in a recent investigation." Was this just before or just after the Premier launched his attack on the "Telegram"? I

wonder. It goes on, "Others", including government officials, consider the project a total fiasco from day one. " Well, blame should be spread where it falls. We were the administration in day one and we have to take some of the blame there. "Performance of the construction managers, Scrivener Projects ..." Now I commend Your Honour to this particular point, Sir. Members of Scrivener Projects wrote these self-serving little letters explaining how everything was really just hunky-dory. We whack out \$350,000 all the time in contracts, without tender. "Performance of the construction managers, Scrivener Projects Newfoundland Limited, is under close scrutiny by the government."

So one can see there maybe a case for feeling that perhaps this letter is not an entirely neutral, unbiased and objective look at the situation. It is not a tissue of lies. It is not. What it is though is a tissue of misrepresentations, and the minister trots is out as his defense. The minister should be ashamed of himself. It would be better to sit in silence than that sort of nonsense.

It goes on, "Despite the Progressive Conservative government's announced policy that all work on public projects was to be awarded by open public tender, two contracts at Carbonear, valued at nearly \$350,000, were negotiated and let to one construction company; The whole project is at least two months behind schedule. Bidders on one aspect of the job were required to submit their tenders through a specific Newfoundland firm;"

If memory serves me, that specific Newfoundland firm is guess who? Would the minister like to guess who that firm was? There must be a hundred construction firms in this province and I wonder which one. I do not want to keep the minister in suspense, so I will see if I can find it now. Lo and behold! Do you know who that firm was, Mr. Chairman? It was our old friends Babb Construction. It is funny how they keep cropping up, very funny. Well, well, well!

The final little tidbit on just the first page, Mr. Chairman, of this is, "A site project manager quit his job and left the province because he disagreed with the way certain contracts were awarded." Now, Sir, we go over to page two and there is an interesting little quote here, Sir. It is in the fourth column and the third full paragraph on that page. "Company president, Harvey Self," presumably the same gentleman who wrote the minister's letter of defense, this incredibly weak letter which is all that the minister has been able to bring forth in his defense. "Company president, Harvey Self, in a telephone interview from the firm's head office in Toronto, stated emphatically that the order -" What order? That the smoke stacks bids be routed to Babb Construction. "That the order came from public works," Lo and Behold! It did not come from the blue, it came from public works, adding that the government felt (not Scrivener and this statement was not made to Mr. Self. It was in negotiating with the minister, on his fees.) "the government felt this would result in greater co-ordination on the job." On the job training it is.

"Mr. Self said, 'whether or not this was the best way to do the job is a \$64 question, I am not prepared to say.'" Now, Mr. Chairman, when you add all this together, and I could go on, one thing emerges clearly, that there has been irregularity amounting to apparent corruption in this whole dealing. I say apparent corruption. If the minister cannot produce some reasonable evidence, and he has not - he has produced a letter that is with all respect not worth the paper it is written on for the purpose for which the minister used it. The letter is exploded by its own internal evidence. The letter is exploded by the facts. The letter is exploded by that interview which Mr. Self gave two months ago when he was not negotiating fees. Of all the self-serving evidence, for the minister to bring that in.

The minister I think now owes it to the committee -

Mr. Chairman, he is an honourable gentleman. He and I disagree on political questions. He is an honourable gentleman and I am sure he would not be party at any time to anything improper. It is unfortunate that he has to bear the brunt now, because all this was done before he became the minister and he has just inherited it and he has to carry on. The minister I think owes it to the committee, Mr. Chairman, to give us some explanations.

AN HON. MEMBER: Who was the minister before?

MR. ROBERTS: The Minister of Public Works before was the present Minister of Transportation and Communications, the member for Humber East. The minister now owes it to the committee. I have made I think a prima facie case. I have made no allegations. I say that on the evidence apparently there is corruption. There is something wrong. As it appears Babb Construction were given those contracts deliberately, on the instructions of the government, for what reason I know not, without tenders and for no other reason than to give them the work. Now that at the very least flies flatly in the face of the government's oft declared policy, a policy which I support, a policy which I suggest any government would have to adopt and if any government had not adopted it in Newfoundland and there have been instances, I am quite prepared to concede that, any government who had not adopted it should be disciplined and has been disciplined.

The minister now has to make, I submit, a defense. I shall sit and listen with great interest and keen anticipation because if there is no defense, Mr. Chairman, then I am afraid the case will have to stand and the indictment will have to stand as proven. Now I think it is up to the minister

MR. EARLE: Mr. Chairman, I have listened intently to the Leader of the Opposition and there is not much that I can add to what I have already said, because there is absolutely no convincing a person who thinks that way. It is just because the name Babb, which happens to be closely related to the Premier, comes into the



question that this automatically is subject to suspicion. Now in this whole project, as I pointed out this morning, it has been a rotten mess from the start and the cause of this whole thing in Carbonear was right from the original planning or lack of planning by the former Liberal Government.

It will be a miracle if we get this hospital off the ground at anything approaching a reasonable cost because we were caught completely with this particular job where the Liberal Government had laid the foundation, dug out the necessary excavation and so on and the shape of the building was determined. I do not know if members of the House can see this picture but this is a picture of the Carbonear Hospital. Now I am not a construction man or an architect but this thing is known as angles, it is all angles. It is a triangle with octagons, with side walls and all sorts of stuff and it is in such odd and peculiar shapes that the exorbitant cost is determined by its foundation and this is exactly where we are caught. There is no way out of it as seventy per cent of the contracts have been let.

Incidentally on these contracts and this business of Babb you would think that Babb was the only one who was connected with this particular job and that we picked out something particularly juicy to give to Babb Construction. Actually the contracts started off, I have a list of them here, one called on September 24, 1971. Incidentally September 24, 1971, I think was before this government took office, was it not? Guess who got that contract? That happened to be Babb, given by the Liberal Government.

AN HON. MEMBER: (Inaudible).

MR. EARLE: These were all tenders called. Then it comes into the period when this government took over. A large contract for excavation and foundation, who got that one? NECCO, Newfoundland Engineering and Construction Company. Further along, boiler house structure. This is one of these which Babb got, \$144,800, and this is the one which is related to the following work which was necessary



to be co-ordinated with this particular job. Another one, windows and curtain walls, who got that one? \$213,000, LeeMatt Traders.

Now here is the really good -

MR. ROBERTS: Could the minister indicate which of these, if any, were awarded without tenders being called?

MR. EARLE: All of these were awarded with tenders. The concrete structure, all of those, there were tenders awarded.

MR. ROBERTS: All of the ones the minister has read to date were awarded after tenders, is that correct?

MR. EARLE: Yes, that is correct.

MR. ROBERTS: Thank you!

MR. EARLE: The concrete structure which is the big one, this was \$1,292,000 and Lundrigans got that one. Now here is the sort of thing which develops and this was the low tender at that particular time. This particular tender has been subject to what I hesitatingly refer to as the Liberal tactics because it was the habit in the old days when the Liberals awarded low tenders that there were always extras afterwards added on, after the contract was awarded.

This is where the boys who were in favour picked up the gravy. Well we have been subject to a lot of pressure on this particular contract for extras. They are not going to get extras, I might say, but this is the old, old tactic of awarding it to a low tender and then giving extras, which is not going to happen in this case.

Another tender later on for a fairly sizeable amount, \$1,400,000, to Decker Mechanical Limited.

AN HON. MEMBER: (Inaudible).

MR. EARLE: This one was mechanical services.

MR. ROBERTS: Plumbing and heating.

MR. EARLE: Yes. Electrical services, and this was a fairly substantial tender, \$770,000. Who got that one? Arthur Noseworthy. So, Mr. Chairman, there is no point in going over all that I have said to try to say that these tenders were awarded because of the connection with the boiler house, where they had got the particular contract which tied

in with this and also because of the need of expediting the project. This was not just tied to these contracts but it was tied to ongoing work which went on regardless of the weather. Work was progressing. But members of the House may recall, in November this year we had quite an exceptional winter and the weather did cause us to close down a lot of the work quite early this year and this is the reason why it has not progressed further.

But if the honourable gentlemen wish to express their suspicions, I cannot do anything about it. They are quite free to draw their own conclusions and we are free to draw ours. I have the explanation from Mr. Self which apparently they are not prepared to accept. Incidentally I might point out that the contract with Scrivener was negotiated in December. Mr. Self, when he wrote that letter in April, knew what the contract was and therefore it had no bearing or influence on it. Also the reason I asked Mr. Self for this particular letter or got my assistant deputy to ask for this particular letter was the very reason of the articles in the "Evening Telegram." I found in giving reports to that particular reporter that usually the articles were slanted in such a way that they put the worst possible complexion on the whole thing.

Then in the article which the honourable Leader of the Opposition read, there was reported to be a statement by Mr. Self, Well, Mr. Self is the president of the company. Now Mr. Andrew Davidson who left the job had made a similar statement to that which Mr. Self made in his letter to me. Then this article comes out in the paper which reported that Mr. Self contradicted that. So with his manager on the job saying one thing and the paper reporting something else, I wanted to get the thing straight and I got the letter from Mr. Self to get his written opinion and this is his written opinion. Now we are paying Scrivener a very substantial fee for this job, far better than the one which was originally negotiated, I might say we have beaten it down.

AN HON. MEMBER: How much?

MR. EARLE: One point nine per cent payroll costs plus. It was one point nine per cent in actual payroll fees.

MR. ROBERTS: When were Scrivener -

MR. EARLE: Early July of last year. So, Mr. Chairman, I can only give the facts as I have dug them out of our department and they speak for themselves. Members can put what interpretation they like on them but I am prepared to accept our project manager's advice that these are the reasons for which this job was not tendered and I have to let it go at that.

MR. ROBERTS: Mr. Chairman, I thank the minister. He has done his best and it is not his fault that his best is inadequate. Let me deal first with the fee, the minister said, if I heard him correctly, that there is a fee and it was a better fee than was negotiated by the Liberal administration. I find that a hard statement to accept because, as my question and his answer showed, the Liberal administration did not hire Scrivener in connection with Carbonear. Any dealings at all in connection with Scrivener and Carbonear were done by the present administration.

MR. EARLE: Excuse me, might I advise the honourable gentleman that the former government hired Scrivener for the medical complex.

MR. ROBERTS: That is true but that is a different matter.

MR. EARLE: As I asked this morning, does the honourable member realize what an exorbitant fee they are trying to get for that job?

MR. ROBERTS: No, I have no idea. My understanding is that the fee was never settled and it has not been yet to this day, fifteen months after.

MR. EARLE: It is settled.

MR. ROBERTS: When was it settled?

MR. EARLE: It has been settled recently. It was known to Scrivener in December and the negotiations -

MR. NEARY: There is no contract signed with Scrivener yet, so the Minister of Finance told us this morning. The contract is not signed.

AN HON. MEMBER: He never said that.

MR. NEARY: What did he say?

AN HON. MEMBER: He said -

MR. NEARY: Well then I asked him. I said, "Is there an agreement?" He said that the terms of the agreement had been agreed to but there has been no contract signed.

MR. ROBERTS: Well, whether or not there has been a contract -

MR. EARLE: No, Mr. Chairman, -

MR. ROBERTS: Oh, no, Mr. Chairman. If you want to talk about health sciences we will talk about health sciences as we should say a few words on it. But on the Carbonear one, any dealings between Scrivener on the one hand and the government on the other were since the present administration assumed office. That is common ground, is it?

MR. EARLE: No, not with the health sciences.

MR. ROBERTS: I am talking about Carbonear. I am not talking about health sciences. There is loads of time to talk about health sciences. It is common ground that with respect to Carbonear any dealings in which Scrivener have been involved have been since this present ministry assumed responsibility, assumed office.

MR. EARLE: Right.

MR. ROBERTS: Okay, so we will hear no more about their fees on Carbonear. If we want to compare their fees to health sciences that is another question. Okay, so much for that.

Now the minister made no defense, Mr. Chairman, and I am not going to go over the ground. I outlined my case and I submit that it stands. The letter from Mr. Self is a self-serving document from a gentleman written - I am sure the statements in it are correct but they do not stand up against test. They do not stand up against the facts. They do not stand up against the internal documents in the letter and they do not stand up against the "Telegram" story. Merely making an attack upon a reporter and

saying that he slants things and so forth, that does not serve as an answer. By the way let me say that I made no reference to the Babb Company and any member of this House. To my knowledge they have no connection with any member of this House, not any. I made no reference at all. Let me be quite clear, as the minister dragged it in as a red herring but I do not know why. I have made no reference to it.

MR. EARLE: It is pretty obvious.

MR. ROBERTS: No. What is obvious, Mr. Chairman, is that the minister is trying to hide something because he read a long list of contract awards and in every case except two those contracts were awarded to the low bidder, so the minister told us, and those two went to one company, \$350,000. Now, Mr. Chairman, let me make an offer to the minister. Let me try to be a fair-minded man. I believe he is a fair-minded man. I emphasize that he was not minister nor responsible when this scandal developed and there is a scandal. We have had it out here in the committee and the minister has offered no defense because there is no defense of which he is aware.

I would say that there is a matter which must be looked into and that matter is this: Apparently contracts were awarded improperly, whatever may follow from that. \$350,000 worth of contracts were given to a company for no apparent good reason. I know not why they were given. I could speculate but I am not going to. They were given without tender and the reasons which have been put forward by the minister in support of the decision to do that do not stand up to examination. When I put the examination to the minister and outlined my thinking he was not able to make any defense except to say he could not convince us where we would not believe. Well, that is true and he cannot convince us against the facts and he will not convince the people of Newfoundland against the facts.

So let me make an offer to him and I make it seriously and

I make it genuinely: Let the minister and I agree on any independent third party, an engineer or a builder in title, sort of a Newfoundlander from away, any independent third party, and let him be appointed a commissioner of enquiry to inquire into these contracts or for that matter into the whole of the Carbonear Hospital. I was the Minister of Health when that project began.

MR. ROBERTS: and I was in the government that began that project. So I mean, if I goofed, if I did anything wrong, let it be examined into (but above all let those two contracts to Babb) by an independent party with the power to call witnesses and to compel them to testify under oath, under penalty of perjury and let him - we will put it to the test and we will get the report and that will settle it. We agree that that would settle it. Then either it would have been a justifiable decision to have given those contracts to the Babb Construction firm, it is a company, or it would not have been justifiable. The report would be public. It would be made public in its entirety and then the people of Newfoundland could judge. Now I think that is a fair offer, Will the minister accept it?

MR. EARLE: Mr. Chairman, I do not particularly see any point in hammering away at this thing. It does not matter what commissions or anything else you have, you will not convince some people. So I will not accept the offer.

MR. ROBERTS: Mr. Chairman, let the minister stand condemn them because he is as guilty as anybody else. He is covering up. If there is something wrong, whatever it is there, he is covering it up. I will leave it at that but let me just repeat, the ministry are afraid to put this to the test. But let me say one other thing; when we form the administration we shall investigate this.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Witch hunt not a witch hunt, no. We may get Willie to be counsel, He will be available then - but we shall investigate it.

Would the gentleman from Burgeo, Mr. Chairman, contain his zeal as Your Honour earlier advised him to do. I am being deadly serious. I made an offer, a fair and open and frank offer to the minister, I put it on the line and he has turned it down. Well okay I have nothing more to say on the subject at this time. I will have more to say at other times, obviously,



MR. ROBERTS: but the ministry stands condemned now. They are afraid to put it to the test.

MR. EARLE: (1802-01) Savings realized through the deletion of two deputy ministers' posts, Messrs. Cochrane and Powers; two posts of secretary to the deputy minister, one of administrative officer, post formerly in Public Works, one director of administration, formerly in Supply, and a director of Supply also formerly in Supply.

It will be noted that the latter three posts named have been replaced by an Assistant Deputy Minister of Services, a director of administration and a director of services. Actually this is the result of a restructure of the department where certain personnel duties have been eliminated and combined so that there are less on the payroll.

MR. ROBERTS: Did the minister say that Mr. Cochrane, former deputy minister, is not being paid out of this vote? I see only one salary for a deputy minister, Mr. Jack Ralph. By the way, how is Mr. Ralph? Is he on the way, on the mend? He has been in hospital in Toronto. He has been quite ill.

MR. EARLE: He is coming along.

MR. ROBERTS: That is good, a splendid man and a splendid public servant. From whence then cometh Mr. Cochrane's salary, please? He is being paid full salary we understand.

MR. EARLE: Mr. Cochrane is paid from the Department of Finance.

MR. ROBERTS: Out of the Pensions Vote? He is receiving his full salary, am I correct?

MR. EARLE: Yes, you will have to ask the Minister of Finance. I do not know.

MR. ROBERTS: The Minister of Finance seems to have copped out - maybe the minister wishes he could cop out.

Well okay, the point is this; whatever salary Mr. Cochrane is receiving is being paid out of Head IV, I guess, the Finance vote. Does the minister have an executive assistant, by the way?

MR. EARLE: Yes.

MR. ROBERTS: Who?

MR. EARLE: Gerald Power.

MR. ROBERTS: Gerald Power?

MR. EARLE: A very good chap.

MR. ROBERTS: Well I think that anybody who works with the minister would have to be a very good chap. I say the minister needs all the help he can get. I would vote for three executive assistants for him.

Mr. Chairman, on this I would like your guidance or the minister's guidance, Sir, down here in (03) and (04) and (05) we have the three large votes which collect together little tidbits from all over the estimates. In almost every department there are a number of subheads where it says, "Expenses voted in other departments." There are some questions I should like to ask and my colleagues possibly have a few if they wish. Well, the committee may want to have a look at appendix (2) of the estimates, found on page 75. They might also want to look at appendix (4), beginning on page 78. That is the capital programme for the government. How do we wish to discuss them Sir, does he want to discuss them under salaries in which case the rest of it would be called fairly quickly.

You know I am open either way, whatever is convenient. Which would Your Honour or the minister prefer?

We are on (1803).

MR. WM. ROWE: No, we are on (1802).

MR. ROBERTS: Oh I take it all back. I made the point. Is there anything more in (1802)?

MR. WM. ROWE: No.

MR. ROBERTS: Well let us carry (1802) then if that is in order, Sir.

On motion (1802), carried.

MR ROBERTS: (1803) I guess my question now is appropriate, Sir. I mean, does the minister want sort of a general discussion under the (01) sub-sub or does he want us to have -

MR. EARLE: 1803-01?

MR. ROBERTS: 1803-01. What I am really asking, Sir, there are a few questions in fact on the appendix, we have large votes here of \$25 million gross, \$4 million gross, \$2.2 million gross. This is the government's capital programme for the year. It is the only place we can discuss them in the estimate really. At least it is the only place we can discuss this sort of thing. We can discuss individual departmental projects.

MR.WM. ROWE: Do it on salaries.

MR. ROBERTS: I prefer to do it on salaries, but whatever Your Honour rules is the way it will be.

MR. EARLE: Let us go on down through it.

MR. ROBERTS: All right, sure.

(1803-01) Before it carries, Sir, there is about a \$340,000 increase which is about fifteen per cent over last year's revised figure. That is fairly substantial, It would be far more than increments.

MR. EARLE: It covers the salary of the engineering, drafting, maintenance inspection staff, including security personnel in all public buildings. It includes provision for normal salary increases and extra assistance. It also provides for new staff. You will recall the new vocational training schools at Baie Verte, St. Anthony and Happy Valley.

It is noted also that increases in salaries and in overtime rates have considerably increased the cost of extra assistance and overtime as well.

MR. ROBERTS: Has there been an increase in the number of staff, Sir?

MR. EARLE: Yes of course for the new buildings that have been opened.

MR. ROBERTS: The new buildings that have been opened where, please?

MR. EARLE: Well I just gave them. Baie Verte, St. Anthony and Happy Valley.

MR. ROBERTS: Oh the new vocational schools, I am sorry. Okay! The maintenance of all buildings is under Public Works, that has been a long standing argument.

The line departments think that. You know, Health always thought they should maintain the hospitals and Education think they should maintain the schools. It was always Public Works in our day and this present staff feel the same way. Okay that is salaries, Mr. Chairman, let us go on to the other ones.

MR. ROBERTS: (02-05) This is a four hundred per cent increase. That sounds astounding at \$6,000 but what is it about?

MR. EARLE: This is for the microfilm reader-printer machine. It is a continuing programme of microfilming all building plans and specifications.

MR. ROBERTS: Could the minister - I am sorry I am having trouble hearing him Your Honour. Is the minister's mike on, by the way? I know the minister's voice is not - well I think the honourable gentlemen opposite are having trouble hearing him too.

MR. EARLE: Well the mike does appear to be on. Can you hear me?

MR. ROBERTS: Is the minister's mike on?

AN HON. MEMBER: Yes. Yes.

MR. ROBERTS: Well you will have to try a little louder.

MR. EARLE: This particular item is in connection with rental of a microfilm reader-printer machine in connection with continuing programmes of microfilming all building plans and specifications. This is a new machine which we have for particular purposes.

MR. ROBERTS: I see. I thank the honourable gentleman, Sir.

MR. ROBERTS: (1803-03) Could I have a word of explanation on this head, Sir? I think that would be of interest to the committee.

MR. EARLE: Maintenance of public buildings?

MR. ROBERTS: Yes.

MR. EARLE: This amount is \$2,236,600 against \$2,675,000 last year.

MR. ROBERTS: So, \$2,675,000.

MR. EARLE: Yes, this represents the expenditure of funds for normal maintenance of all public buildings in St. John's, including repairs to buildings, care of grounds, snow clearing and payment of salaries to an average of eighty-five open-vote or hourly paid employees, carpenters, labourers, painters, gardeners, etc.

Provision has been made for normal salary increments on open-vote employees and also for increased cost of wages in the various contract trades and the cost of material. Provision has also been made for maintenance of additional buildings, new vocational schools at Baie Verte, St. Anthony, Happy Valley and a new public building at Wabush.

However, our 1973-1974 estimates have decreased rather than increased due to the following offsetting reasons; maintenance costs for all the Newfoundland Liquor Commission stores have been transferred out of our vote and the maintenance cost in respect of the Mental Hospital has also been removed from our vote, as the hospital is now going under a board.

A determined effort was made, properly, to find the nature of each item of work comprising our 1973-1974 programme, with result that some expenditures involving minor alterations, additions and extensions, formerly included as maintenance, have now been appropriately classified as capital and consequently provision was included in the capital account estimates. Of course this decreases the current account estimates.

MR. ROBERTS: I thank the minister. He has really anticipated my question. Could he tell us in round figures what is the value

MR. ROBERTS: of the two categories that were to have been excluded?

All the Liquor Commission - I assume that will be borne by the Liquor Commission, in effect the cost of doing business.

Waterford Hospital, as we are now calling, I understand, the old Hospital for Mental and Nervous Diseases, that will be a terrific chunk. That is a very large, old and I should think difficult building to maintain. What did we spend on that last year?

MR. EARLE: I will try to get the information for the honourable member. Mr. Chairman, we do not have it separated. It cannot be separated out of last year's estimates.

MR. ROBERTS: It is extremely difficult to have any measure of - you know there could be a \$1 million increase in this. I doubt if there is but I mean there could be.

Well you have a \$400,000 decrease, Mr. Chairman, but we have three large new vocational schools coming on stream and we have the building up in Wabush.

MR. EARLE: \$250,000 represents the amount which has been transferred to capital.

MR. ROBERTS: Capital?

MR. EARLE: Yes as I just read. A certain amount of this has been transferred as capital expenditure.

MR. ROBERTS: Okay, But what I am asking is how much does it cost for janitorial services, etc., in the liquor stores and at the Hospital for Mental and Nervous Diseases? That is the name of the game.

MR. EARLE: I am sorry we have not got it here.

MR. ROBERTS: All right, the minister is falling into the same pit as did the gentleman from Labrador West when he exposed his inadequacies this morning.

Well if the minister has not got it, he has not got it.

MR. EARLE: It could probably be easily determined on the Board of Liquor Control vote.

MR. ROBERTS: There is no Board of Liquor Control vote, That is one of the problems. It is nowhere in these estimates. I mentioned it earlier to the Minister of Finance. Not only is it to be an allegedly non-partisan outfit from now on -

MR. EARLE: It is a commission.

MR. ROBERTS: No I mean there is no vote here for it. Nowhere in these estimates, nowhere in this committee did we discuss the Liquor Commission. The Finance Minister and I were chatting about that one day and I think he accepted my suggestion that there be \$100 token vote put say in Finance -

MR. EARLE: If the honourable gentleman should wish, we can get the information.

MR. ROBERTS: Well I do wish it. I would not have asked otherwise.

MR. EARLE: We furnish ten per cent of it.

MR. ROBERTS: All right. Send me a letter at some point or table it or whatever the minister would like to do.

MR. EARLE: There is nothing hidden there.

MR. ROBERTS: I do not think there is, I am just interested.

I mean the Babb Construction thing has been hidden, but not this.

MR. EARLE: It is a matter of opinion.

MR. ROBERTS: Yes I know. I am right and he is wrong. It is still an opinion.

MR. ROBERTS: (1805-04) Rentals are always intriguing subjects. PBX rentals Could the minister give us a few words about it? have a new phone system in this building, I do not know if it is a new one. We have a partially new one, much like the English system, at least it make a noise like the English system.

MR. EARLE: Yes on the telephone situation in the building, it is not too satisfactory at the moment. That is putting it very mildly I know. There are new panels being added to the exchange, which will give when installed a much more efficient service. But what is holding



MR. EARLE: this up at the moment, and it is going to take approximately two months longer, with the offices moving out of this building to various buildings around town, they have all to be connected into the new telephone switchboard. They will all be linked in and this is quite a major undertaking to the telephone company.

Until they get the actual location of offices, the numbers assigned to each person and so on, this is quite a complicated job and it will take at least two months.

MR. ROBERTS: That is most interesting and most worthwhile that even though we are spreading our tentacles out over St. John's, I suppose we will probably have the four digits now instead of just three.

MR. EARLE: We will dial through the same Confederation Building number and give the extension.

MR. ROBERTS: So the Mines and Energy Department over in the Eastern Canada building there -

MR. EARLE: They will still be on this extension.

MR. ROBERTS: With that horrible garish neon sign that disfigures, next to the brewery.

MR. EARLE: We did not put that up.

MR. ROBERTS: It takes away from the brewery. The brewery has a red light there. Red lights normally do not mean drink. That is what the Finance Minister was telling me.

MR. EARLE: Perhaps the honourable member would prefer we change the colour to blue.

MR. ROBERTS: Change the colour to?

MR. EARLE: Blue.

MR. ROBERTS: Blue? Blue, blue moon, yes. The honourable gentleman is wearing either a blue shirt or a very dirty one.

Mr. Chairman, I have some penetrating questions I am going to ask. Yes, how much space have the government rented in the last year? What are they paying? I assume they are paying the commercial rate. I assume they are. How much more do they anticipate renting

MR. ROBERTS: and are they, Sir, open to - I guess you do not tender on space but you know, anybody who has space to rent does he sort of ring up the minister and say, "I have got some"?

The government seem to be spreading ameba-like (there is a hyphen in there for the Hansard reporters) ameba-like through all of St. John's.

MR. EARLE: I have a note here which gives I think most of it here. It is quite lengthy. Additional rentals- this is the relocation of certain government departments through outside accommodation.

First of all there is the Eastern Canada Savings and Loan building - the Department of Mines and Energy have moved into this building, including the Mines staff that were formerly occupying space in the Prince Philip Place. The area rented is 7,000 sq. feet, the rate is \$5.50 per sq. foot basic rent and 60¢ per sq. feet per services included. I imagine that is janitor -

AN HON. MEMBER: And parking?

MR. EARLE: Yes it includes parking.

AN HON. MEMBER: Parking and snow clearing?

MR. EARLE: Yes that is all included. Just a minute now I will make sure, Cleaning is not included. Cleaning of this is estimated to cost \$3,500 a year.

AN HON. MEMBER: Inaudible.

MR. EARLE: Yes, this department is responsible for erecting partitions, etc. as per the requirements of the Department of Mines and Energy. Our own staff did the carpentry work. This cost about \$26,000.

MR. ROBERTS: Inaudible.

MR. EARLE: The Minister of Mines and Energy.

Mr. Chairman, there is additional information, if the honourable members want it. In addition to the original 7,000 sq. feet, there is also an additional 2,500 sq. feet

MR. EARLE: included in this cost so there is a total rental there of 9,500 sq. feet.

Additional space for the Department of Education -

MR. ROBERTS: Paying rent, you know paying per foot cost.

MR. EARLE: Yes it is the same thing \$6.10 per sq. ft.

MR. ROBERTS: Inaudible.

MR. EARLE: I will go right through it if you like.

The Gorman Butler Building, Department of Manpower and Industrial Relations will be moving into this building when renovations are complete.

MR. ROBERTS: Where is that?

MR. EARLE: Gorman Butler Building is on O'Leary Avenue. The space rented is 8,100 sq. ft. The rental is \$581 per sq. ft. including services. Here again cleaning services are not included and they are estimated to cost \$4,000.

The department responsible for erecting petitions, estimated cost - \$27,500.

MR. ROBERTS: How many people are going to be in there?

MR. EARLE: The whole Department of Labour and I think if you look at some of the salary estimates you can see the number.

In this building also there is an additional area as it was subsequently found that this building contained insufficient office area to accommodate the requirements of the Department of Manpower and Industrial Relations. Authority was obtained to rent an additional 1,892 sq. feet, which the owner agreed to provide. This will cost an estimated additional rental of \$11,000 per annum.

MR. ROBERTS: What is that per sq. ft.

MR. EARLE: It is the same rate.

The next building to which a department is moving is the Day-Nite Neon Limited Building. Space in this building was initially rented as accommodation for the Rural Development Authority. However, it will now be occupied by a division

MR. EARLE: of the Department of Manpower and Industrial Relations.

There are 2,833 sq. ft. rented, sq. ft. rate of \$5.50, annual rental \$15,500, and this lease is for five years.

MR. ROBERTS: Are they all for five years.

MR. EARLE: No, the others were two years. This one is five years.

Cleaning services are not included and they are estimated to cost \$1,200. The erecting of petitions, etc. in this case will cost approximately \$5,000. The last one I have here is the Viking Building, that is on Crosbie Road. A lease agreement in respect of this proposed rental has not yet been executed pending the finalization of negotiations.

The government have approved the leasing however it has now been determined that this department will be liable for renovations in excess of \$5,000. Estimated cost as per present requirements will be \$30,500. This means Public Works and Services will be responsible for \$25,500. This was not initially known and therefore the matter has to be resubmitted to Treasury Board.

MR. ROBERTS: Is that for five years?

MR. EARLE: Five years,

9,114 sq. ft. at a rate of \$6.62 per sq. ft., the total rental per year of \$60,334 and the effective date of the lease is not yet arranged.

MR. ROBERTS: Is that parking included?

MR. EARLE: Yes.

Now this means that these shuffling of offices means some other provisions for which there is no extra rent. For instance, the Department of Provincial Affairs is scheduled to move to space now occupied by the Department of Tourism at the Elizabeth Towers and the Department of Tourism will move back into this building, so there is no additional rent involved.

MR. ROBERTS: This is not a terribly difficult question but it is

MR. ROBERTS: a very interesting one. When are we going to get a building telephone book, a building directory? I realize that with all this coming and doing and going and restructuring and unstructuring - the last one I saw still had Dr. McGrath listed as Minister of Health and that sort of thing. There have been about eight Ministers of Health since the honourable gentleman.

MR. EARLE: In two months.

MR. ROBERTS: He is going to have it illustrated. Is George McLean publishing it, by the way?

MR. EARLE: Not that I know of.

MR. ROBERTS: There may be many things the minister does not know. Would you like to go into the Rand-Whitney contract?

MR. EARLE: In the Minister of Finance's words, in my department Mr. McLean has neither a jot nor a tittle.

MR. ROBERTS: Would the minister like to go into the Rand-Whitney contract because there may be things the minister did not know about.

MR. EARLE: I have not been making any contracts that I do not know about.

MR. ROBERTS: Well there is a story on that. What did the Bond Auditorium cost, please? It has been now unbonded, what did it cost to renovate it?

MR. EARLE: The what?

MR. ROBERTS: The Bond Auditorium has been unbonded, it has been made into offices I understand, I have not been there.

MR. EARLE: It has just been completed. I have not got the final figures on that.

MR. ROBERTS: Well to the nearest thousand dollars.

MR. EARLE: I do not know. It has just been finished.

MR. ROBERTS: Well I mean is it a \$1,000 job or a \$10,000 job?

MR. EARLE: I have not got the faintest idea until I get the figures.

MR. ROBERTS: But somebody must have some idea. Are we just

MR. ROBERTS: going to open cheque books? It is a simple little question.

MR. EARLE: Well Mr. Butler here, my Assistant Deputy Minister, is familiar with this sort of thing. He says that a guess, and he is generally right, about \$2,000.

MR. ROBERTS: About \$2,000?

MR. EARLE: Yes.

MR. ROBERTS: Well that is all I wanted. I will not demand the minister's political hide if it is wrong and I will not suggest that the minister should discipline his Assistant Deputy Minister if that is wrong.

MR. EARLE: The fact is that the minister is honest, he does not know.

MR. ROBERTS: Yes, the Minister of Rehabilitation had to be forced to admit that he did not know. He covered with shame and humility.

I guess that is all I am going to say on the rentals, Mr. Chairman, let me just look through it to see if there are any others, Sir, because this covers a great list of things.

Many of these rentals are in effect under lease-back agreement, am I correct?

MR. EARLE: With the honourable gentleman's permission I now have the information on the amount which was transferred for the Mental Hospital and the Liquor Commission.

In the case of the Mental Hospital it was \$295,000 and the Liquor Commission was \$101,300, full production of \$396,300.

MR. ROBERTS: It is in the vote for last year. Would the minister tell us how \$2.26 million plus \$400,000, to round it off \$2.636 million, and last year we spent to \$2.675 and this year we got four new buildings coming in, how is he going to do that, Sir? If this keeps up, they will make him Minister of Finance again. We are obtaining four new buildings for nothing, apparently.



MR. EARLE: In addition to that of course there is the \$250,000 which was transferred to capital.

MR. ROBERTS: I see, so we are going to maintain three vocational schools and the Wabush public building for \$250,000, actually about \$200,000.

MR. EARLE: Apparently that is about it.

MR. ROBERTS: That is about \$50,000 each, is it?

MR. EARLE: They are new buildings, we should not have a great deal of maintenance on them.

MR. ROBERTS: Well the vocational training, Mr. Chairman, for twelve schools, \$122,000 repair and maintenance, that is \$10,000 each. We got three new ones, at \$50,000 each. It is interesting. I am reading from page seventy-five.

Well why have further squawk with the minister? It is not fair to him. Anything else on the rentals boys? The only question I have is - are we going to be renting any more space in St. John's. There may be one or two offices left the government have not rented in the capital City?

MR. EARLE: I do not think so but if there is, it will be very, very little.

MR. ROBERTS: Okay, any plans to build a new Confederation Building or whatever name it would be called?

MR. EARLE: That would come up under a later vote but if the honourable member should like, I shall tell him.

MR. ROBERTS: Well let us skip on to (05), Mr. Chairman, if the committee wish, and that is a good place to start.

MR. ROBERTS: Mr. Chairman, I draw attention to the fact that Your Honour and the four of us are only - there they come but there is still no quorum, Sir.

AN HON. MEMBER:(Inaudible).

MR. ROBERTS: No, I am not counting the honourable gentleman's officials. I like to see their smiling faces, Sir. I feel lonely without the gentleman from Burgeo. How is the Greek now by the way? Do they talk in Greek in St. Mary's these days?

MR. CHAIRMAN: We have a quorum. Shall 1803-05, carry?

MR. ROWE (W.N.): What about Confederation Building.

MR. ROBERTS: To start with and we have a few other things. The minister was going to tell us a little about the plans. I understand the government are spreading the tentacles out throughout St. John's on an interim basis for two year or five year leases, because the plan at some point is to build another government building.

MR. EARLE: Yes, all right if you want the explanation on this particular vote. There is an amount in my estimates of \$580,000 for a new building or an addition to this building. It will probably turn out to be a completely new building. The advice I have from my engineers and all the qualified people in the department is that this building does not lend itself to addition. The structure of it is very extravagant with the high ceilings and so much waste space. They figure out that it would be a lot cheaper to build simply an utility type building.

MR. ROBERTS: Other than on the main floor which has I suppose maybe a fourteen foot ceiling, every other room has normal eight or nine foot ceilings.

MR. EARLE: Another thing with this building, the heating plant and the plumbing of this, it is very doubtful that it could carry the

extra space required. It is taxed to capacity and apparently it is not suitable to add on another piece just on to this building.

MR. ROBERTS: I am not arguing with the minister's conclusion. I am just knocking down one of the foolish reasons he gave.

MR. EARLE: The main floor is eighteen feet from the floor to the ceiling. That is quite a considerable area.

MR. ROBERTS: That is for architectural reasons. Just stand on Osbourne Street and look at the building.

MR. EARLE: All of the other floors of course, with the exception -

MR. ROBERTS: Eight or nine or whatever.

MR. EARLE: Fourteen.

MR. ROBERTS: Fourteen?

MR. EARLE: Fourteen yes.

MR. ROBERTS: Fourteen? I invite the minister to stand out here.

MR. EARLE: Only a part of a floor here.

MR. ROBERTS: We only have part of a floor. I count two floors here with a sort of a hole up between them.

MR. EARLE: This is just only a cubbyhole on the side.

MR. ROBERTS: I know it is just a cubbyhole. It will do for a little bit.

MR. EARLE: It is all right. When you come over here, you will still have the same ceiling.

MR. ROBERTS: I intend to be over there, Mr. Chairman.

MR. EARLE: By that time the honourable member will be a lot bigger in stature.

MR. ROBERTS: No but maybe in girth.

MR. EARLE: I hope.

MR. ROBERTS: What I hope is that the minister will build the building and I shall have the pleasure of opening it.

MR. EARLE: Well that may be. I will even attend the ceremony.

MR. ROBERTS: I would ask the minister.

MR. EARLE: I may be too old. I might have to be carried in.

MR. ROBERTS: Well two or three years will do "Frank," Does he want an election this year?

MR. EARLE: I think we are on 05. Are there any other things?

MR. ROBERTS: Oh, there are one or two things, yes. Last evening, this morning or at some point I mentioned a report I had seen in the "Muse," a journal of wide circulation in certain circles in St. John's and elsewhere. I did not have the documentation but I now have it. I think it is perhaps worth putting on the record. I have before me what purports to be a miniature photostat of some papers which I understand were liberated from the office of the president of the university during some events which took place last summer. I assume they were. I am quite content. Their memorandum was marked, in the Lord's handwriting, confidential. They have been published in the "Muse." They are now very public. I did not publish them in the "Muse." I think it sets the matter straight. The Premier I think was somewhat taken aback when I casually asked him had he promised \$4 million for a student union building at Memorial University. I think he should know where it comes from, \$4 million for a student building at Memorial University. I mean I am trying to set the record straight. This document, not by me, was liberated. Apparently when we have these sit-ins, Mr. Chairman, one of the unfortunate (I mean this) aspects is that apparently files are looked at and everything. Well here we are.

This is a memorandum: " From Taylor to Dr. Eaton, personal, to await return, dated August 17, 1972. The attached is self-explanatory. "I would value your advice on how to deal with these young people in order to prevent their wasting their time and everyone else's and in order to educate them a little about the true facts of life. I

think we should bear in mind that any propaganda put out by these people may damage our prospects for enlarging the Tompson Student Centre."

Now we come to the attached. Oh, I think the press should have them. I mean the "Muse" published them. That is where I came across them. The attached is a memorandum, not signed but typed, Lord Taylor underneath, dated August 16, 1972 but it is marked "confidential" in handwriting which I know to be His Lordship's. It is headed, "Student Union Proposals For New Student Union Building And Sporting Complex." The Premier is listening.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: I was quite amused by it. "On August 15, Mr. Charles Green, Student Union President, Mr. Bath, Student Union Treasurer, and Mr. Walker, Student Union General Manager, brought before me" (I assume the me is Lord Taylor) "a proposal that the union should erect two buildings, a sporting complex" (that conjures up vision) "and a student union building with the sum of \$4 million which they said the Premier" (It identifies the Premier correctly. It has the right Premier, the present Premier) "had given them verbal assurance that he would be prepared to lend them."

AN HON. MEMBER: Out of his own pocket, no doubt.

MR. ROBERTS: I am just reading it, Mr. Chairman. I mean Lord Taylor, I am sure did not make it up. "They proposed that the student union building would cost \$2 million and the sporting complex" (that is a marvelous term I must say) "which was in fact an ice arena (multi-purpose) another \$2 million." When they said cool it, they meant it.

"When asked how they proposed to repay the debt," (It was only a loan. The Premier was not giving them \$4 million. He was lending them \$4 million) "they stated that they would reinstitute the levy on the students for an union building and pay off the debt over a period of perhaps twenty-five years." If it were not twenty-five, it

would have been fifty or one hundred. What the heck!

"I suggested"(this is His Lordship, Sir)"gently" -  
(I invite the committee to consider that word carefully, Mr. Chairman.  
Can the committee picture His Lordship having a delegation of  
Mr. Green, Mr. Bath and Mr. Walker waiting upon him with the somewhat  
astounding intelligence that \$4 million had allegedly been offered  
by the Premier as a loan to build a sporting complex (multi-purpose)  
and a student union building and then The Lord Taylor, to give  
him his correct - it is his title by the way. His title is The Lord Taylor  
as opposed to Lord Taylor - The Lord Taylor. He is referred to  
as The Lord, in case there be any doubt. I invite the committee to  
picture the scene, Sir, in the President's Office. This was before  
the liberation. What a liberation! "to them that there was probably  
some misunderstanding." The Premier will say I hope what he said  
last night that there was in fact a bit of a misunderstanding. I  
will finish it. Then there will be a little fun. "I could not  
conceive of the government lending them this sum of money." Did  
you realize how His Lordship has subtly changed the tone? Originally  
it was the Premier lending them the money but now it is the government.  
Very coy this fellow over there. "They could offer no security."  
I suppose they had signed a note, Mr. Chairman. They backed a note.

MR. ROWE (W.N.): A personal guarantee.

MR. ROBERTS: A personal guarantee. What does one want? I  
once was present at a luncheon when Mr. Donald Gordon - this is a little  
off but it is worth repeating. Mr. Donald Gordon was a giant of  
a man in every sense of the word, Mr. Chairman. He was one of the  
great Canadians of all times, when they were getting the BRINCO deal,  
the financing straightened out in New York. Mr. Chairman, Your Honour  
being a learned gentleman will appreciate that there was a committee



of lawyers to advise on that bond issue. There were forty-seven on the committee. They were representing the other lawyers. So, Mr. Gordon and Mr. Donald McFarland were the two chief officials in BRINCO at the time and they would commute to New York and the committee would wait upon them, forty-seven in the committee. They were going through the trust deed because as Your Honour would understand a \$900 million trust deed requires some attention. It got some attention, about six years worth from this committee of lawyers all of whom were earning large fees and determined to earn them. At luncheon Mr. Gordon could be most entertaining. He was a most entertaining gentleman. He was well fueled in every sense of the word.

Relating an incident relating to guarantees, they had been at it for months and months and finally they thought that they had solved everything but no they had not, Mr. Chairman. Down at the end of the room one young fellow stuck up his hand and the chairman of the meeting said, "yes, Sir?" He said, "I am so and so from so and so and I have a question please for the BRINCO people with respect to this issue. We are having a piece of it, my clients." He said, "Yes please go ahead." He said, "The security for this large loan is essentially a large hole in the ground in Labrador, the power house underground. I mean there is a very large hole in the ground and that is our security." "Well yes," said Mr. Gordon, "I never thought of it that way. I guess that really is your security along with other things." "Well," said this fellow - he was on to something. He had oppressed his peers now. Picture forty-six other of the leading lawyers, Craig, Atkins, Swain, Nixon, Montrose and all the firms in New York hanging breathless because this was something that they had not thought off - disaster looming. Quite innocently he said, "Mr. Chairman, what happens if there is an earthquake, our security is gone?" The whole project nearly collapsed, to hear Mr. Gordon relate it. The whole BRINCO

project, Churchill Falls nearly stopped right there. Donald Gordon was a resourceful man as only a Scotsman could be. He said, "Let us adjourn, and there are firms that measure the seismic probabilities. Would it be in order or acceptable to these gentlemen, Mr. Chairman, if I were to get a seismic report showing the earthquake probability?" They cogitated and consulted in caucus and agreed that it would be suitable. That would meet the point. The project could go ahead. They adjourned. Word went out to wherever the best seismic firm in the whole world was. They came to Labrador, looked, tested, studied and finally they reported. The report was, as Mr. Gordon related, that there was zero probability of any earthquake ever on the Labrador plateau. To conclude the story, Mr. Gordon related this to the meeting. He said, "Furthermore if it will help, I will give them my personal guarantee that there is no earthquake." It looks exactly as what was going to happen over at the university after His Lordship stated gently.

He said, "They could offer no security, just as a previous council had abolished the building fund contributions so their successors could repudiate their debts leaving the university to deal with the \$4 million loan. They stated that they had approached a firm known as Warren and Associates, Architects, to do the necessary planning. I told them that I could give no opinion on their proposals until Dr. Eaton returned from his vacation and I had discussed the matter with him." I guess that is why it has been sent to Dr. Eaton. There is always a reason behind a reason when you are talking about the Public Work's vote, Mr. Chairman.

"It then emerged that their immediate request" (remember they had been in looking for \$4 million) "was for a grant of \$770 to enable the three of them to visit Dalhousie and Acadia to inspect their union buildings," - not their sporting complexes. There may be honourable gentlemen here who graduated from Dalhousie or Acadia.

Maybe they know of the sporting facilities available. Are their sporting facilities available in Wolfville? There has to be something available in Wolfville. The Minister of Justice was at Dalhousie. He could perhaps tell us of the sporting life in Halifax twenty years ago, without prejudice. That is between him and his charming wife, Sir.

In any event the president went on. He said, "I have informed Mr. Walker that we could make no decision until Dr. Eaton has investigated the proposal and has decided whether or not the student union itself would pay for this trip or whether he recommends its payment out of his funds." "I formed the opinion," The Lord Taylor said, "that these were three pleasant young people completely out of touch with reality. Why anyone would lead them \$1,000 let alone \$4 million would pass my comprehension." I must say that when the students liberated this they must have had a few. God knows what else they have found. "Their proposals are naive and grand ones and any investigation of them as a practical proposition is a waste of time." (Not that His Lordship was prejudiced in the matter.)

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Everybody wonders what happened at the university.

"However as a means of occupational therapy for the student union for the next nine months it may I suppose be justified." Now everybody wonders what must have happened over there. "I am myself attempting (there is the crunch now) to inquire of the government whether any such promise has been made." (Now His Lordship, back in the back of his head, said; "Ah! What has the Premier been up to?" (He knows the Premier.) "so as to bring this whole affair to a timely conclusion. In any case it might be useful to lay down that no further consideration of the matter should take place until the students can themselves nominate a

representative to serve on the student affairs committee and the student affairs committee itself met to consider it. "

Signed: "The Lord Taylor, President."

Now, Mr. Chairman, as I say I was reluctant to read a document which was confidential but it was made public in a very public way before then. It purported to quote the Premier, and the Premier tells us that it is incorrect. I have no doubt it is so. It is something that should be set at rest.

AN HON. MEMBER: It is very informative.

MR. ROBERTS: It was very informative. If anybody wonders, Mr. Chairman, what happened at the university, I submit that that document, not only the \$4 million or the sporting complex, gives a great deal. the Premier may want to clear the matter up. I mean there is obviously a misunderstanding. These young gentlemen put the thing forward, I am sure believing what they said. I think it is fair to give the Premier a chance.

MR. MOORES: Mr. Chairman, very briefly, there is no substance to the fact of the report of either me personally or the government both in equal financial stress -

MR. ROBERTS: Is the Premier going to have a mini-budget if there are any raises?

MR. MOORES: It will all be on a deficit this year. Regarding this particular proposition, I was fascinated by the document that the Leader of the Opposition had. I do not know if it should be tabled but I would love to have a copy of it for future reference. I would like very much to have it because it is the sort of thing one likes to remember that one did not do. One thing I would also like to say, Mr. Chairman, is that whilst I may differ with the impression left by the president of the university, never will I ever

be responsible for contradicting the impression of The Lord.

MR. ROBERTS: I am sorry. I did not hear. I was talking to the page. He does not want to contradict The Lord.

MR. MOORES: I will take issue with the president.

MR. ROBERTS: He will take issue with the president. That is fine. I wonder is there anything on a student union building? I see that the students have voted to reinstitute this student building fund levy over there. Are the government prepared to be sympathetic? There is nothing in the estimates I am quite sure. I know there is nothing in the estimates. Are the government prepared to be sympathetic? The students have long felt this way. There has been a lot of controversy back and forth.

Well, Mr. Chairman, the only thing now is that I would like to have an understanding, i.e., there are some things in the Health Department. I would like to have a few words on the Bonavista Hospital. I prefer to do it under the estimates of the Health Minister but I do want the understanding, if that is in order, so that we will not be told then that we should have talked about it now - the Grand Falls Hospital, the Bonavista Hospital, all those sort of things.

MR. EARLE: Actually, if you look at the vote here there is only a net total of \$860,000 because all of the rest of it, the \$24 million is transferred to other departments.

MR. ROBERTS: I just want to make sure that I do not get locked out of court.

MR. EARLE: I can give the honourable gentleman a list if he wants it but the explanation would come from the other department.

MR. ROBERTS: We will deal with it when the minister is concerned. That is the fair way.

MR. WOODWARD: I would like to raise a question, Mr. Chairman, before we go on. I recall going back a couple of years ago or perhaps a year and a-half ago, a couple of senior ministers of the government had

visited Happy Valley and had made some preliminary plans for a provincial building in the community. They sat down and discussed it with the community council or the town council at the time.

I wonder if the minister can tell us if there is anything in this vote for the construction of the provincial building in Happy Valley?

MR. EARLE: No, Mr. Chairman, there is nothing in the estimates for such a building.

MR. WOODWARD: Another bleak year, Mr. Chairman.

On motion 1803-05 to 1803-07, carried.

On motion 1804, carried.

MR. WOODWARD: Mr. Chairman, on 1805-01, Printing and Photography, perhaps the minister can inform the committee if there is anything in this vote for George McLean or any of his companies?

MR. EARLE: As I said earlier, not a jot nor a tittle.

On motion 1805-01 through to 1805-04, carried.

MR. NEARY: Mr. Chairman, 1806, I presume that this is the car pool. Honourable members will recall last fall I think it was when the Minister of Social Services and Rehabilitation at that time was caught driving a car from the motor pool for several months. When it was brought to the attention of the government, the minister made a public statement that he was going to reimburse the government for the use of this car. He was going to give up his \$1,000 travelling allowance to pay for the hire of that car during the time he was driving it. I wonder if the minister would table the agreement that was made between the Minister of Social Services and Rehabilitation and his department to repay that \$1,000.

MR. EARLE: It was before I became involved in this. Our department was not mixed up at that time. Of course, it did not occur to me to check until there was a Treasury Board minute anyhow.

MR. NEARY: I presume the Treasury Board then directed the minister.

MR. DOODY: No. The minister requested Treasury Board to deduct



a proportionate amount from his car allowance while his car was incapacitated. This is prior to his using the car as I understand it.

MR. NEARY: Could the minister inform the committee if the full amount has been paid yet?

MR. DOODY: It was deducted from his car allowance.

MR. NEARY: Was the whole -

MR. HICKEY: The full amount of what? What full amount?

MR. NEARY: The minister said publicly that he was going to pay this car hire out of his \$1,000 a year travelling allowance and the impression that was left was that he was going to pay the whole \$1,000. Has this been done? I want to know if the full amount has been paid.

MR. HICKEY: Mr. Chairman, that is typical of the way the honourable member would interpret something because he seems to have a way, either that he is unable to understand or he chooses not to understand. What I said was simply this, that the period of time that I used a government vehicle, I would pay for it, had paid for it, and that is what I have done, to Treasury Board by means of my car allowance. I at no time said what the amount would be. If the honourable gentleman so wishes, we can debate this at another time at which time I will also provide some information to the House on the use of a private vehicle by the honourable gentleman and some of his colleagues. Does he want a whole debate on it?

MR. NEARY: No, Mr. Chairman, this is the opportune time to ask questions on the misuse or abuse of cars in the car pool.

MR. HICKEY: Okay, fine.

MR. NEARY: I am merely asking how much the minister paid for car hire when he had this car for several months. Could the minister tell us how much was paid?

MR. HICKEY: Whenever there was an occasion during a month or however many times during a month that I used a government vehicle my car allowance for that month was paid to Treasury Board.

MR. NEARY: Well how many months was that, Mr. Chairman?

MR. HICKEY: The honourable gentleman who is supposed to know so much about it -

MR. NEARY: I would like to know how many months and what the amount was?

MR. HICKEY: The honourable gentleman was the one who raised it and he said that it was about three months.

MR. MOORES: It does not matter how many months we are talking about. We have had an unusual circumstance here where a minister was using a car from the government car pool and paid, because of the loss of his private vehicle, the equivalent of \$1,000, prorated on a monthly basis for the year, into the fund. I think to carry this on any further is really trying to incite (a) personalities and (b) to take partisan politics into a debate.

MR. NEARY: That is nonsense, Mr. Chairman. That is nonsense.

MR. MOORES: I am not finished speaking, Mr. Chairman. If we are going to take that approach - I mean the oracle of nonsense is now due to get on his feet.

MR. NEARY: The Premier has made his little contribution. Now he can take off for the Caribbean.

MR. MOORES: Mr. Chairman, on a point of personal privilege, I am not going to the Caribbean. I think I will go to Bell Island and see how the honourable member is making out.

MR. NEARY: Sure, come over and have some tomatoes.

MR. MOORES: I think I will in about three years.

MR. NEARY: All right.

MR. CHAIRMAN: Shall 1806-01, carry?

MR. NEARY: No, Mr. Chairman, I am merely trying to get some information. There is nothing personal involved in this. I want to

find out how much the minister paid for car hire. How long did he have the car on personal business that is, not on government business? How much did he pay? The minister should be able to answer. He has run out of the House now. Okay! Let us go on to another question then.

There is a gentleman who drives the Premier's car, the Chrysler-Imperial, a gentleman by the name of Crummy. I do not know if his salary is paid by the transport services or paid by the Premier's office. Would the minister be able to answer that question for us?

MR. EARLE: Well yes quite easily. The gentleman named is occupying the same position as the former driver to the former Premier occupied and it is being paid from this vote.

MR. NEARY: What is his salary?

MR. EARLE: It is the same salary estimate as the driver -

MR. NEARY: I do not know what his predecessor was getting. What is the salary? Does the minister have it there? If he does not have it, would he undertake to get the information?

MR. EARLE: It is in the estimates.

MR. NEARY: That is all right. I can read.

AN HON. MEMBER: I doubt it.

MR. NEARY: It is \$6,195 a year. I would like to ask the minister if in addition to the Chrysler-Imperial that he chauffeurs the hon. Premier around in and runs messages for the Premier, does he also have another car from the motor pool? If so, why does he have a second car? Is this car being used for government business or for private business?

MR. MOORES: On this subject, Mr. Chairman, it is possible that he may. If he does, it is to do business for the Premier while the Premier is driving the government car.

MR. NEARY: Would the minister confirm that? Does this gentleman have a second car from the motor pool?

AN HON. MEMBER: (Inaudible).

MR. NEARY: No, not the Buick. It is a Chevy.

MR. EARLE: Mr. Chairman, if I may have the floor. This is such a petty discussion that I simply am not going to answer this sort of trash.

MR. NEARY: Mr. Chairman, would you call it petty to have an individual using a car from the motor pool, from Transport Services, for personal business at the expense of the taxpayers? That is kind of petty all right.

MR. EARLE: (Inaudible).

MR. NEARY: I am not worried about the car. The Chrysler-Imperial was at Roache's Line for two years. Sir, the minister is refusing to give the committee the information.

MR. EARLE: Absolutely.

MR. NEARY: Does he have a second car from the motor pool?

MR. EARLE: I have not spent my time chasing around to find out.

MR. NEARY: Does anybody know?

MR. EARLE: I doubt it.

MR. NEARY: How many other people have cars from the transport services that we do not know about? Obviously, Mr. Chairman, we are not going to get the information.

MR. W.N. ROWE: Mr. Chairman, it may be a small matter in quantity but it is a large matter in principle and I think the minister is taking a very arrogant, unreasonable stand on the matter. Does he know the answer to it or not? If he does, let us have it. If he does not, maybe he can find out.

MR. EARLE: I take it, Mr. Chairman, that he is treated the same as any other servant of the government. They can all get cars from the motor pool on request, if it is a legitimate request, for government business.

AN HON. MEMBER: (Inaudible)

MR. NEARY: I am not questioning, I asked.

AN HON. MEMBER: Well that is the answer to it.

MR. NEARY: No that is not the answer, that is not the answer at all. What I asked the minister was if this gentleman has a car on a permanent basis from transport services.

MR. EARLE: (Inaudible)

MR. NEARY: No? The minister said no?

MR. EARLE: I will get the answer for the honourable gentleman and send it over to him.

MR. NEARY: That is better, Mr. Chairman, now we are getting somewhere. That is better.

MR. MARTIN: Mr. Chairman, would the honourable minister just explain who is allowed to use the services of the car pool and what is the method of requisition?

MR. EARLE: Any person who is authorized by his department, any civil servant. He has to get authorization from somebody in authority

in his department. He may then apply for a car and if it be legitimate business he will get it.

MR. MARSHALL: Call the next vote. The air services is going to be transferred from the Department of Public Works and Services to the Department of Transportation and Communication. I would move that this vote, 1807, Air Services, be moved to the Department of Transportation and Communication, to be subhead number 1715. Then, Mr. Chairman, it could be discussed when Transportation and Communication comes up.

MR. NEARY: (Inaudible)

MR. MARSHALL: Because it is under the jurisdiction of the Minister of Transportation and Communication and he can most conveniently deal with it, Mr. Chairman.

MR. W.N. ROWE: It is an important Head, Mr. Chairman, and honourable members might want to say something about it. I wonder if the clerk could make sure that it is brought to our attention, because it will not be in the printed estimates. Maybe as we go down through the Department of Highways we might see it or we might miss it.

MR. MARSHALL: We can bring it to your attention because there are certain amendments.

MR. W.N. ROWE: If one of the clerks would draw it to our attention or should we happen to miss it and the total for the department comes up, I am sure Your Honour will allow some leniency in that respect.

MR. MARSHALL: I move that it be transferred from Public Works and Services. Subhead 1807 be transferred from Public Works and Services to the Department of Transportation and Communications, bearing subhead number 1750.

Motion, that Air Services be transferred from the Department of Public Works and Services to the Department of Transportation and Communications, carried.

MR. W.N. ROWE: Would the minister explain this, Mr. Chairman, it seems to be a new vote. Institute of Public Administration.



MR. EARLE: 1809-09, Institute of Public Administration. Membership fees in the Institute of Public Administration, of \$2,200, formerly paid through general contingency vote to the Department of Finance, has been transferred to our department.

On motion, Head XVIII, with amendment, carried.

HEADING XII. FORESTRY AND AGRICULTURE:

HON. E. MAYNARD: Mr. Chairman, just a few brief remarks before we start. I would assume there will be some questions from the honourable members. I will attempt to answer them as we go through the Headings or under the minister's salary.

The total vote for the department this year is increased. What we are asking for is increased by two or three million dollars over and above what was asked for last year. It is a fairly substantial percentage increase. In any case we can go through some of the things as we go through the headings. These increases are partly due to the fact of the new ARDA programme in agriculture signed a few days ago, a fifty-fifty cost-sharing programme and our winter capital works projects which are very extensive under the forestry section.

The most significant thing in the forestry division this year was the setting up of a task force to study the forestry in the province. I might say that the task force has now completed its report and I expect to have the final printed report on Monday or Tuesday. If the preliminary reports I have received are any indication of what will be in the final one, which I assume they are, it will go a long way in helping government determine the future policy of the forest industry in this province. We are looking forward to it, to studying it and relating our future policies to the suggestions made in the task force report.

AN HON. MEMBER: When do you expect to have it?

MR. MAYNARD: We should have it Monday or Tuesday. It will be presented to government. It will be, as I understand it, the first report of the task force subcommittee to be ready for us.

MR. W.N. ROWE: If the minister will allow? If these estimates do

not happen to go through, say before Tuesday, will the minister be in a position then to make any comments on the task force report does he think?

MR. MAYNARD: I would think not, Mr. Chairman. I would think the government is going to want to have a few weeks at least studying the report and looking at the recommendations which are contained in it. We did expand two or three of the programmes throughout the year compared to previous years. One of the most important ones I suppose was the expanded programme on access roads. We spent \$316,000 last year opening up access roads with the result that quite a number of people were involved in forestry operations, sawmilling and so on and so forth, and the returns to the province are self-evident I would think.

This year we are going to expand the forest access roads considerably and we are asking for \$770,000, most of which has been not necessarily allocated but we have a pretty good idea of where the roads need to go. There may even be need for more roads than that throughout the year, but our access road policy is basically to try to open up timberlands where there are a number of people who could become employed as a result of the access road and where the resources can be utilized.

The intensive forestry inventory that was being done, a federal-provincial programme, is completed for the island. Not intensive, a global inventory is completed for the island and we have an extension to do the Labrador Area as well. That will be continuing throughout the year.

As I said; the main thing in agriculture this year was the signing of the new \$16 million, what is now four-year ARDA programme, which I think will form the basis of future development in agriculture in the province. We have certain goals which we hope to accomplish. Naturally, we are always having to work within budgetary restrictions but essentially we would like to see the province become self-sufficient in as many agricultural products as possible and there are

a number whereby we can become self-sufficient and which would be a great boost to the economy, put a great number of people to work. I think the returns would be very valuable to the people and to the province as a whole. There is also a task force working on the agricultural sector and we hope to have their report, possibly by the middle of May.

There are two other areas that come under this department. Crown Lands which have certain programmes on-going which we can discuss throughout the estimates and of course, the Gros Morne Park development. Now that we have cleared away most of the major stumbling blocks as far as the provincial government views the thing in the Gros Morne Park, the last stumbling block being cleared away a few days ago, when the federal people decided to allow five communities to remain within the park boundaries, we feel that we can have a much more intensive and expanded programme of development in that area this year. We are asking for a certain amount. It is hard to tell, Mr. Chairman, how much will be needed as the amount asked for in the Gros Morne vote is really a guesstimate. Probably the best thing to do is to let honourable members ask some questions or make some comments and we will try to go through it in that light.

MR. NEARY: Mr. Chairman, I am surprised that the minister in his introductory remarks did not make any reference to the Reid holdings. Negotiations are going on with Mr. Reid I understand and -

AN HON. MEMBER: That is not in the estimates.

MR. NEARY: It is not in the estimates? No, but it is a part of the policy of the department -

AN HON. MEMBER: No it is not.

MR. NEARY: Oh, it is, Mr. Chairman! We are talking about the minister's salary and we would like to have some details on the negotiations with the Reid family. Can the minister bring us up to date, give us a progress report on what is taking place? The only information we have gotten so far is what we have heard on radio and television. I think it is the duty of the minister to inform

the people of this province of the facts on such an important matter. I will give the minister the floor.

MR. MAYNARD: Mr. Chairman, the situation with the Reid holdings is simply this: All honourable members will recall that the Reid group made an offer or offered to sell their holdings in the province to government. I think the original offer was made back in 1962. There was an offer made to government and as I understand it, the government did not have too much desire to buy the Reid properties at that time and things sort of lay dead for a few years. Then an offer was made again last year. The reports that have appeared in the press regarding the negotiations with the Reid and the amounts that have been stated, to the best of my knowledge have not been released by us, nor the amounts if any that we have offered the Reids in our negotiations and this sort of thing. I am not saying that we have offered any specific amounts but the negotiations are continuing. There is a committee set up to do the negotiations on behalf of the cabinet, or let us say talk on behalf of the cabinet. We have to determine the value of the Reid holdings to the province and whether there is a necessity of trying to purchase them or whatever. No definite decisions have been taken on this yet and until such time as something definite has been worked out with the Reid people or that negotiations have broken off or otherwise, I do not think it would be appropriate for me to release details.

MR. W.N. ROWE: Mr. Chairman, on this whole question, it is a most intriguing question, the whole idea of the Reid holdings and the government buying them for a publicly stated price offered of \$36 million or \$38 million, arrived at apparently by counting the rabbits legs and dividing by four and coming up with twenty-five cents a rabbit or something. Whether it is valuable to the province or not is really irrelevant for the moment, for the sake of the argument that I am going to put now, Mr. Chairman, and how much it might be worth to the province.

The question really is, whether the land is valuable or valueless, whether the province should really have to pay any money for that land. I would like to hear the minister's comments on this. As I understand it, and I do not profess to be completely, thoroughly knowledgeable on the area, as I understand it, when Reid Newfoundland Company built the railway across the province, part of the consideration therefore was these blocks of land, alternate square miles of land along the railway track. Now that is part of the consideration. Subsequently Reid Newfoundland went bankrupt. I do not know if it was formally bankrupt or not but it was in an insolvent position so the state had to take over this private enterprise. What in essence happened was the state took over the liability, namely the railway, and left Reid Newfoundland Company with the assets, namely the land plus some cash.

What I am wondering about is from any kind of a legal, moral or practical - we have heard about moral obligations and everything in this House a lot, concerning the Shaheen deal, What I am wondering about is if that position of Reid Newfoundland Limited, (I do not really know, I am wondering what the minister's position might be on it or if he has any ideas on it) whether the Reid Newfoundland position is at all tenable in law, fact, morality, practicality or anything else. When you have a situation where the government apparently bailed out the company to begin with, took over their liabilities, the railway and the liabilities associated with the railway, as I understand the history involved, and left the company with no liabilities but with all these assets, I do not know what happened there, I just cannot understand the deal that went on. It seems to me that any government would have to look long and hard and searchingly before they paid out any money for this land, any money at all. There would have to be some overwhelming moral argument and certainly an even more overwhelmingly legal

argument before the government, if it wanted to get hold of this valuable resource, was to pay over one cent of public money.

I am just putting forth this as more or less of a hypothesis more than anything else, because I had no direct involvement when I was in the government previously but this is the impression I have of what transpired back when the old Responsible Government, when Newfoundland was a Dominion, took over this railway. Could the minister give us the benefit of his advice on it because he has obviously looked into it?

I know that he cannot get into the realm of any negotiations, but I would just like to hear what he thinks about this whole idea of a government now, which is a successor to a government which took over all the liabilities, now being called upon, if they want this resource, to pay hard cash for the assets. If the government had done the right thing in that day, it should have taken over the assets and the liabilities, obviously. If the government - if the honourable Minister of Industrial Development is to take over the oil refinery, for example, at some point, he would not take over the liabilities for the Shaheen group of companies and leave the Shaheen group of companies all the assets. We hope he would not do it anyway.

MR. MURPHY: He would take the oil rig.

MR. W.N. ROWE: Yes, he would get the oil refinery but -

MR. MURPHY: The railway, even though there was debt -

MR. W.N. ROWE: Yes, but he would take over the oil refinery. This is the thing which all the liabilities are attached to. If the same company, Shaheen Natural Resources Limited, had been given by the government as part of the consideration of getting into the oil refinery, say one thousand acres of land adjacent to the oil refinery, any government when taking over the oil refinery and the liabilities attendant thereon would also take over the assets of that company.

MR. DOODY: Is he suggesting that Reid lost their assets in the



Reid Newfoundland Railway or the Reid Newfoundland Company?

MR. W.N. ROWE: I am suggesting that this is an angle.

MR. DOODY: This was a direct payment to Reid for building the railway.

MR. W.N. ROWE: Yes, Okay. I am glad the minister is in now because he has obviously gone into it. I was just putting forward this hypothesis that the government took over liabilities and

AN HON. MEMBER: (Inaudible)

MR. W.N. ROWE: I should like to be set straight on it. Perhaps the minister could give us a general résumé of the situation.

MR. DOODY: The situation on the Reid lots and their acquisition, as the honourable member probably knows because the Smallwood Administration were dealing with this question.

MR. W.N. ROWE: Yes, but I was not directly involved.

MR. DOODY: Yes I know. This is an amazing thing but nobody on the other side of the House was involved in anything that went on even though they were members of the administration, but that is not to the point. The point is, during that period of time when the Reids were asked to build a railway across the province, the Government of Newfoundland, for some strange reason, were short of cash. This is a rare situation for a Government of Newfoundland to be in. Instead of paying them in money, they paid them in kind. For so many miles of track laid, they gave them so many square miles of land. It is not a grant, it is not a purchase it is an outright payment which might be a legal complication which the honourable member might be more aware of than I. Therein lies an novelty of the thing.

MR. W.N. ROWE: Who held title to the land at the time that the government took over the railway? Did the same company that owned the railway own the land?

MR. DOODY: Yes, they received title to the land.

MR. W.N. ROWE: Here is a company that is insolvent for all intents

and purposes and the government come in to bail them out. However they got the land is irrelevant. It might have been given to them by grant, they might have bought it from a guy in Timbaktu for that matter but here is a company, now, which has a railway and also as part of its assets has land as well. It so happens, irrelevantly, but it so happens that they got this land by grant from the Newfoundland Government, Now the government take over the operation of the railway and the liabilities attendant thereon of this more or less insolvent company.

It seems to me that at that time, if they were going to take over the liabilities they had a right, which they stupidly did not obviously enforce, to take over the assets to go against the liabilities.

MR. DOODY: They could not take back money they had paid for the building of the railway, because if they did receive - I am not apologizing for their decision. I am just explaining to the best of my knowledge what went on at that particular time. This is the basis upon which the Reid claim was made, for what it is worth. It is obviously not worth \$36 million.

MR. MAYNARD: In any case we have looked it over very carefully, Mr. Chairman, and it appears that the Reid group, the Reid family does retain title to all the land that was given to them by grant or otherwise at the time that they built the railway. Even though the government at that time did pick up the liabilities and take over the operation of the railway, the grants were not cancelled or whatever at that time. It is a very tricky question and I am sure that even if the legal minds came up with an ironclad answer, probably some of my colleagues in the legal profession could give the answer better than I could, in the public's eye there would still be a cloudy area as to what should be done.

I tried to read up on old documents and what not to get the background of it, but it was a very confusing state of affairs

right from day one. I do not know if my legal friends on this side would like to comment on the legality or what they have read up on it in regards to the legal freeholdings.

MR. NEARY: Obviously, Mr. Chairman, this is a very complicated matter. We all agree with that. It is the kind of a matter that the ordinary person does not comprehend. They do not understand it,

AN HON. MEMBER: Not only the ordinary person.

MR. NEARY: That is right, even the legal minds I suppose. Most people feel that the province was given away years ago. In listening to some of the "open line programmes" the comments on this, most of the comments that I have heard state that the people feel that the Reids are not entitled to a cent, that we should send the Reids a bill for looking after their property all down through these years.

We saw Mr. Reid on a television programme a couple of weeks ago, more or less implying that if they could not come to an agreement with the government, they would dispose of the land to whoever wanted it, whoever came along to buy the land, to use it for cutting wood, whatever purpose they wanted it for, they would dispose of it. This brought up the matter of foreign ownership and so the two matters are related, Sir. I would like to ask the minister to comment on this. What happens if the government and Reid cannot come to an agreement? Will it go to arbitration? Will there be a freeze put on the land while the negotiations are going on? Obviously, it is going to be a long drawn out set of negotiations. What is the government's position on foreign ownership? It is creating a problem in some of the other Provinces of Canada. I understand that some Americans have bought up property in Newfoundland. I heard a report recently that people down around Eastport are becoming concerned about this. I would like to hear the minister state the government's views on this matter, Sir, which is related to the Reid property.

Is the government contemplating bringing in legislation to impose taxes on foreign owners or are they going to put a freeze on so that people outside the province will not be able to buy this land or buy up our beaches or our forests? I would also like the minister to state, while he is on his feet, if an offer has been made to Reid, because I got the impression in his introductory remarks that an offer has been made.

MR. DOODY: Offer him a dollar.

MR. NEARY: Offer him a dollar? That is what I would do, Sir, I would offer him a dollar. I do not want the minister to state what the amount is, because I do not think that these negotiations should be carried on in public, although Mr. Reid took to the television himself and if the minister did reveal the state of the negotiations, what was going on behind the scenes, he would be perfectly justified because, Mr. Reid, has already taken to the television in more or less a threat to the government. If I had my way, well maybe I would not, I would have to think about it. I think a dollar would be a pretty fair offer at this particular time. Will the minister tell the committee if in fact an offer has been made and if Mr. Reid is now considering this offer? I would also like to hear his views on foreign ownership.

MR. MARTIN: Mr. Chairman, before the honourable minister answers the questions put forward by my honourable friend from Bell Island, I wonder if the honourable the Minister of Justice would give us a ruling on exactly what is the legal status of the Reid claim? Is it in fact a good, sound, legal claim?

MR. HICKMAN: Mr. Chairman, in view of the negotiations that are going on, it would be inappropriate for me to indicate the government's legal position at this time. There are serious negotiations going on and I am not involved in them but undoubtedly when the final negotiations are concluded, if they are concluded, then it would come to my department for the necessary documentation. I think it would be most imprudent for me to give an opinion off the top of

my head or in any manner. When negotiations are going on, you do not let the other side know the strength of your case.

MR. MARTIN: Presumably, Sir, this was a legal and binding agreement back in the days when the Reid Company were building the railway and I would just like to know, without going into all of the various ramifications, I certainly would not want the government to play their hand at this moment, I would just like to know whether in fact we should be negotiating with them? As has been suggested, maybe we should just expropriate the whole thing and say; "The devil with it."

MR. HICKMAN:

There is a principle in law, Mr. Chairman, that is very, very clear, that was established by the Supreme Court of Canada in the British Columbia case, that if a provincial government expropriate it does not have the right to set the compensation it would have to go to arbitration. Now whether that is the sort of case that should go to arbitration again I would not be prepared to indicate at this time. I am not sure whether we are talking about agreements or whether or not the legal question is whether they are a fee simple grant?

MR. ROWE, W.N.: Mr. Chairman, we should not get bogged down in legalities like this but this House could pass an act stating what the compensation is.

MR. HICKMAN: They did that in the British Columbia case.

MR. ROWE, W.N.: I mean the government could not expropriate under the law now, I would submit, but if this House were to pass an act setting the compensation at \$1.00 or \$1 million or \$100 million, for any court to overturn that would fly right in the face of all the British jurists, provincial documents that have been built up. I mean we are supreme in our own sphere and that is that as a legislature.

MR. HICKMAN: Let me make it clear, Mr. Chairman, that this is simply one of many alternatives that have been opened to the government.

I certainly do not want to get into a long dissertation with my learned friend, but in the British Columbia electric case the legislature of British Columbia, which had absolute jurisdiction, set the compensation as being British Columbia bonds in return for the shares. The Supreme Court of Canada said it was ultra vires because some of the shareholders resided outside of the province.

MR. ROWE, W.N.: Yes, that is a separate case.

MR. HICKMAN: Well, you know -

MR. M. MARTIN: I apologize to my honourable friend for Bell Island and the honourable the Minister of Forestry and Agriculture, but I



think we should establish the premise of our argument here first of all. There is I believe and (all I want to do is to have the honourable Minister of Justice clarify this point) it is a fact that the Reid company holds a fee simple title, and fee simple means that they have all of the rights of that property including the birds and the bees that walk on and fly over it.

AN HON. MEMBER: Inaudible.

MR. MARTIN: Well perhaps if the honourable Minister of Justice, Sir, could just tell us what fee simple means in legal terminology.

MR. HICKMAN: Fee simple language.

AN HON. MEMBER: Without charging a fee.

MR. HICKMAN: A fee simple grant would mean that you would have title to the land but then there would be mineral reservations. Certainly I know of no doctrine of law which would say, even if you own the land, that wildlife and all that sort of thing that may be wandering back and forth over it also goes with the land.

AN HON. MEMBER: Similarly water rights.

MR. HICKMAN: Or water rights. These things would certainly be new doctrines of law.

MR. MARSHALL: What does the honourable the member for Bell Island think of that advice?

MR. NEARY: Mr. Chairman, really I am looking for a couple of answers from the minister.

MR. MAYNARD: There were two questions which the honourable member for Bell Island asks, one about foreign ownership - the government's policy. As far as I can say right now the thing has been discussed but there is no firm set government policy formulated by us over the past few months relating to foreign ownership. No doubt we will get around to a policy in that regard. I am sorry to see purchase of land in the province by people from outside of Canada. We do not know of any great purchases of land. We have heard about the Eastport thing but as I understand it is purchase of private lands so therefore we would not have a record of such. Certainly I have not seen any go through the crown lands routine of any purchases made by people outside

of Canada.

The second question I think was; has an offer been made to Reid? The answer is there has not been any firm offer. We have evaluated the land for our own purposes and the resources on it and it is quite possible that the Reid group know the evaluation we have made. But there has been no firm conclusive offer made to the Reid group as yet.

MR. NEARY: Mr. Chairman, as the government have not developed a policy yet on foreign ownership of land in this province, can we have the assurance of the minister that while negotiations are going on with the Reid family, we have the assurance that none of this property will be leased or sold to anybody outside of this province. I am sure the government must have talked about that and they must have taken a position on it.

AN HON. MEMBER: Inaudible.

MR. NEARY: They have not taken a position?

MR. DOODY: It is a difficult thing to do, Can the people of Ontario deny you the right to buy land there?

AN HON. MEMBER: Can we deny you the right to sell your house and property?

MR. DOODY: If you want to move to Prince Edward Island to buy a house, can we deny you that right?

MR. NEARY: No, Mr. Chairman, that is not quite -

MR. DOODY: You said outside of the province.

MR. NEARY: No, no, but the minister is confusing the issue. This is a private dwelling the honourable minister is talking about.

MR. DOODY: Well then a private piece of land.

MR. NEARY: A private piece of land.

Well I am talking about foreigners coming in and taking over our lakes, rivers and large blocks of land. Well the minister said the government have not taken a position on this yet. There is no policy on it. So in the absence of a policy, all I am doing is asking the minister to give assurance to this House that Reids will not

be allowed to dispose of this property to foreigners, outsiders, for recreational purposes, while the negotiations are going on. Sir, that is a reasonable request.

AN HON. MEMBER: No it is not.

MR. NEARY: No, it is not a reasonable request?

MR. DOODY: What constitutes a foreigner?

MR. MURPHY: Dictatorship.

MR. NEARY: It is a dictatorship?

MR. MURPHY: Yes.

MR. NEARY: Well they are doing it in Nova Scotia and they are doing it in Ontario and they are doing it in the other provinces. They are not allowing -

MR. DOODY: Prince Edward Island is the only one.

MR. NEARY: Prince Edward Island is the only - no, Nova Scotia is.

MR. DOODY: No.

MR. MURPHY: Mr. Reid was quite worried about it.

MR. NEARY: The other provinces are very concerned about it, I do not know whether they brought in legislation but -

MR. DOODY: We are concerned too, We had discussions about it many times, with the other provinces, but we do not know how to exclude each other from each other's province but we all felt we were Canadians.

MR. MAYNARD: It is not constitutional to exclude any other Canadians.

MR. NEARY: No, I am not talking about excluding Canadians, Sir, I am talking about Americans primarily, Americans coming in and buying up the lakes and the rivers and the -

AN HON. MEMBER: Irishmen.

MR. NEARY: No, no, the Irishmen come over make their killing and go back to Ireland and buy a little cottage down by the sea-shore.

MR. DOODY: Well when are you going?

MR. MURPHY: Then start a revolution.

MR. NEARY: Well, Sir, they have trouble enough in the Northern part of Ireland now.

MR. MURPHY: That is the truest word I have heard yet.

MR. NEARY: If they only had the honourable Minister of Industrial Development and the honourable the Minister of Social Services and myself over there, we would either straighten it out or we would blow her up, one thing or the other.

No, but, Sir, this is quite a serious matter and other provinces are looking at this, Sir. My understanding is that some of the provinces have taken the position, they are discouraging it, they are imposing taxes, high taxes. What is Newfoundland going to do about this, if anything?

MR. DOODY: It is under active consideration now, Sir, which is more than it has been.

MR. NEARY: That is right. Well I understood that from the minister. He said there is no policy. What happens in the meantime should Mr. Reid decide to dispose of certain parts or parcels of land?

MR. DOODY: Appropriate action will be taken at the appropriate time. Have confidence in the administration, the people of Newfoundland have.

MR. NEARY: Well that is all I asked for - the minister's assurance that this would not happen.

MR. DOODY: I am sorry, this always happens to me when you speak, you know that.

MR. NEARY: Okay, well let us hear it from the minister.

MR. MAYNARD: I think we are able to take the steps that are necessary to protect the land in the province and we have not formulated any strict policies on it as yet, (1) because there is no evidence of a great problem. I am not dismissing it by that, it could very well become a problem and we certainly have to take it under consideration but it has not reached a crisis or anything like that or anything approaching that as yet.

As far as the Reid holdings go, the negotiations are on-going and I see no possibility of getting into any real problem with negotiations

on that score. I am sure the subject of foreign ownership will be actively studied by government, as I understand it is to be in the very near future. We will be formulating policies on it at the appropriate time.

MR. F. B. ROWE: Quite frankly as worried and concerned as my honourable colleague might be, from Bell Island, it seems to me that we might have our own built-in protection against foreigners taking over our land, if they experience the same difficulty that Newfoundlanders do in trying to get particularly crown land in this province.

AN HON. MEMBER: Inaudible.

MR. ROWE, F. B. This may be private land as well, Right?

Sir, the point that I want to bring to the attention of the minister is that a very frequent complaint that I get, particularly from my own district, I know it must exist in other districts, is the difficulty that people have in getting some sort of a concession to land for the purpose of cutting logs, as established in the sawmill operation. I was wondering if the minister could be specific on the one hand and general on the other. Now what I mean by specific is to indicate to me what exactly is going on in the Area of St. Barbe North as far as who owns what land is concerned. Because there are a tremendous amount of people who want to get into private sawmill operations and between Newfoundland Forest Products and between Bowaters and other concessions that might be out there, just how much crown land is available on the Northwest Coast in the area of the Castor River Basin for the purpose of having the individuals out there, the private citizens establish them for the sawmill operations? I would like for him to be able to answer that specifically because I promised to inquire about it.

Secondly, what is the situation in Newfoundland, period? You know I understand that people all over the province are trying to get crown land for that purpose and between Price and Bowaters and other concessions that might have been given out, the land is virtually tied up. There is nothing partisan about that, I dare not get

partisan because a lot of these concessions were handed out by the previous administration. But it seems to me that somewhere along the line in the campaigning of this administration -

MR. CHAIRMAN: I wonder would the honourable member permit me, is it the pleasure of the committee to deal with all these items now because there is a specific heading for that? Does the minister care to answer this now or are we going to wait?

MR. DOODY: Sir, this would not relate to any particular subhead,

MR. ROWE, F. B. If I get my answer now I certainly will not ask the question again when we get down to that particular vote. I never do this in this honourable House, Sir, never repeated myself once, hardly at all.

AN HON. MEMBER: That is provoking.

MR. ROWE, F. B. Well that is provoking. So, Mr. Chairman, it seems to me that this administration during its campaigns indicated that they were going to try and do something about exchanging blocks of land so that people would have access to the woods for the purpose of establishing private sawmill operations. That is point number one, Sir.

Number two. crown land is under this particular department. What steps has the minister taken to speed up the whole operation of the Crown Lands Division? Sir, there are applications down there for years and months and years, from people who wish to build private homes on crown land, I know in my own district their applications have been held up for years. Now it may not all be the fault of the Crown Lands Division because this comes under the Rural Development Control Division as well and you have to get these building permits.

AN HON. MEMBER: It has to go through a hundred agencies.

MR. ROWE, F. B.: It has to go through a whole whack of agencies. I ask the honourable Minister of Municipal Affairs and Housing what steps he is taking to co-ordinate the effort of all these various divisions. the Department of Health; Clean, Air, Water and Soil Authority; Crown Lands and what have you? But what is being done in Crown Lands itself to speed it up? Sir, I think that is one of



the biggest areas where the biggest problems exist, to speed the whole process up, what is being done, and as well a survey is always required before a grant or a lease of land is given. Presumably the grant comes from the Crown Lands Division. Is that correct? The final grant that a person gets or a lease that a person gets comes from the Crown Lands Division. Has the minister ever thought possibly of putting a staff of surveyors, government surveyors, in the Crown Lands Division? These surveyors would be employed by his department or by that division and they would be sent out around the various areas of the province for the purpose of doing these surveys for the Crown Lands Division to try and co-ordinate, speed up and above all make the whole system less expensive for the people. Now I know the Surveyors' Association would not be too pleased to hear that kind of a proposal being made. But, Sir, there are thousands of people around this province up in the tip of the Northern Peninsula who have to pay thousands and thousands of dollars just to get a couple of acres surveyed for a grant of land. That seems like a ridiculous expenditure for a person to go through. The only way that I can see to get around this is to establish a core of government surveyors who would be responsible for doing the surveying work for the Department of Crown Lands so that the expenses will be cut down for the people.

I do not know if the minister has thought about it but I would certainly make that recommendation, Sir, because there are hundreds of people going through a tremendous amount of hardship in terms of the waiting time to get their grants approved or their leases approved and once they get approved, Sir, they have a year to do this survey and in many cases people do not get this survey done and let the whole thing slide.

So I was wondering if the minister could give me some indication of whether he started that or whether he would consider it.

MR. MAYNARD: Briefly in answer to some of the questions, they are fairly general, so it should come under this heading. We are talking about timber more specifically in the Castor River Area of timber and land. We are really talking about two different things. Even

though Bowaters have the right to most of the timber up there, they do not actually own any of the land. I do not think there is a Reid lot up in that area. Is there either one?

AN HON. MEMBER: Inaudible.

MR. MAYNARD: Reids own land, Bowaters have the timber rights.

AN HON. MEMBER: No .

MR. MAYNARD: Oh, they have brought the lots outright. There is still a lot of crown land there with timber licence areas.

AN HON. MEMBER: Oh, yes.

MR. MAYNARD: Large portions of crown land. Price Brothers have the timber licence, they have the timber rights. They do not own the land.

AN HON. MEMBER: Inaudible.

MR. MAYNARD: They have the timber concessions, you see.

AN HON. MEMBER: Inaudible.

MR. MAYNARD: Well it is just as bad as far as the person who wants to set up a sawmill is concerned because he can technically buy the piece of land but he still would not be able to cut the timber.

AN HON. MEMBER: Inaudible.

MR. MAYNARD: Price are not in your area but they are in that general area around the White Bay North, very extensive holdings. Well Price have very extensive holdings in White Bay North Area around Great Harbour East. But we have worked out some exchanges with Bowaters and with Price in various areas over the last few months. We are still working out some exchanges for them but it depends essentially on whether they want to give up that block of timber or not and take a block of crown land somewhere else. These are things that will be studied within the area of the task force report.

You mentioned the difficulty in getting crown land and you mentioned Bowaters and other having land tied up. The difficulty in getting crown land is not because of Bowaters or other companies, because there are very small bits of land comparatively that they

own. Reids own a considerable amount, Bowaters considerably less than that. So that is not one of the problems.

MR. ROWE, F. B. In other words they have the timber rights and we could not very well give people grants and leases -

MR. MAYNARD: No, that is true, if they have timber rights. But we can for instance lease vacant lots where there is no timber, for summer cabins and this sort of thing. The difficulty in the crown lands thing, and we are trying to wrestle with them to find a solution to the problem in getting applications through a vast number of divisions and people, that all of those applications have to be referred to. Under the act as it is now half the people in this building have got to look at a crown lands application for either a lease or a grant before it ever goes through.

Anyway we are trying to come to grips with the problem and we are working on it now to find some way to streamline the whole process. There are times when it takes up to two years to do things. The surveying - personally I have not given any consideration to having surveyors within the Crown Lands Division. It might be something that we could look at but I have never given it any consideration up until this particular time. I think probably the others will come out as we go through the subhead.

MR. WOODWARD: Mr. Chairman, before we carry the subhead, maybe the minister can inform the committee as to the present status on the Javelin concessions in Labrador - now reverted back to the crown. Maybe he can also inform the committee as to what the status is on the Sandwich Bay concession. What is the name of that organization?

AN HON. MEMBER: Newfoundland Pulp and Chemical.

MR. WOODWARD: Newfoundland Pulp and Chemical concession in Southern Labrador and Sandwich Bay. Also maybe if he can tell us what happened to that little concession of timber that exist in Western Labrador that was owned by an outfit in Liechtenstein. I do not recall the name of the company, I am sure that the honourable the Minister of Finance is more than familiar with it.

The name of the company that owns that concession of timber in Labrador West, in Liechtenstein.

AN HON. MEMBER: Societe Transshipping

MR. WOODWARD: Societe Transshipping. We own it now. Maybe the honourable minister can inform the committee as to what the present status is. I think it was mentioned in this House, going back maybe to one year ago or a year and a-half ago, that those concessions would revert back to the province and then this would come under crown lands or whatever the case may be. Also, Mr. Chairman, maybe the minister can give some input into the committee as to what is happening as far as Linerboard Labrador Board is concerned. A number of people in the Melville Area expressed the willingness to get involved or the government supporting sawmill operations. We understand now that possibly with the present Labrador Linerboard wood-harvesting operation, that there is a possibility that they may sell saw logs to private operators and to have sort of an integrated system. So maybe the minister can inform the committee.

MR. MAYNARD: The first question was regarding the timber concessions in Labrador and I think I am correct in saying, my legal colleagues can correct me if I am wrong, but there are at this time no concessions anywhere in Labrador as far as timber is concerned.

What is happening to Labrador Linerboard operation I cannot answer the question off-hand because there have been some change in management as far as Labrador Linerboard woods operation is concerned and I do not know what there particular plans are at this time. Maybe the Minister of Finance could answer the question for you.

MR. CROSBIE: Well on that particular question about a sawmill, that is what the honourable gentleman is asking about? As the Minister of Forestry has said, all of the timber rights that NALCO had and that Societe Transshipping allegedly had are now held by the crown. As far as the woods operation in Labrador is concerned there is no reason why they could not consider any sensible proposal by anybody there who wanted to start a sawmill operation and co-operate with

them in getting saw logs. Now whether there is actually anything being done along those lines - I know it has been suggested but that is a possibility that they would certainly co-operate in if any feasible proposal be made.

MR. ROBERTS: Mr. Chairman, I have not been in the committee every moment. Maybe this question has been asked and dealt with. Did the Societe Transshipping ever actually have timber rights? I am not saying what they claim to have or what Javelin may have claimed to have, but did they ever actually have a lease or a grant or whatever the phrase would be?

MR. CROSBIE: All they had was a letter from the then Premier. I have forgotten the wording of it now but allegedly giving them -

MR. ROBERTS: Could the minister table the letter? I have never seen it.

MR. CROSBIE: I do not know if it were ever tabled or not.

MR. ROBERTS: But could the minister table it for us?

MR. CROSBIE: It is no problem. I thought it was tabled. But anyway there was a letter and our legal advice is that the letter did not grant any -

MR. ROWE, W.N. There was never any question, we always had title to that land.

MR. ROBERTS: Well there were a couple of orders-in-council purporting to -

MR. CROSBIE: It was a letter that purported to give them rights to timber on 10,000 square miles, which they sold to Canadian Javelin for so many million dollars, I forget the amount right now, but our legal advice was that the letter was of no value and therefore they sold something that was worthless to Canadian Javelin, for \$4 million.

MR. ROBERTS: Canadian Javelin paid money for something that was worth nothing. That is Canadian Javelin's problem.

On motion Clauses 02-01 through 02-03 carried.

On motion that the committee rise, report having passed items of current expenditure under the following headings; XIX - Municipal Affairs; XX - Provincial Affairs; XVIII - Public Works (with some

amendments,) and ask leave to sit again. Mr. Speaker returned to the Chair.

On motion report received and adopted.

On motion the House at its rising adjourned until tomorrow, Monday, April 16, 1973, at 3:00 P.M.