

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
10:00 a.m. - 1:00 p.m.
TUESDAY, JUNE 14, 1977

The House met at 10:00 A.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

STATEMENTS BY MINISTERS:

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. PECKFORD: Mr. Speaker, I would like to indicate without having a written statement before me that the Department of Mines and Energy has decided that we will put a date of July 11 on receiving written submissions as it relates to the white paper on oil and gas regulations. The July 11 date is not what one would classify as a firm and hard and fast date if it can be demonstrated by organizations or companies or individuals that additional time is going to be needed to get their comments and views together. In talking to a number of organizations and companies and individuals most have indicated that they would be able to respond in a meaningful way by the end of June. And it was with that in mind that we put the date of July 11 as the date for receiving submissions relative to the white paper.

MR. SPEAKER: The hon. member for Eagle River.

MR. STRACHAN: I think the date of July 11 is a reasonable date. In fact probably most of the companies and corporations involved would have their work done on the white paper. Certainly I would imagine they are in a pretty good state now since most of the information in the white paper is facts and figures which they are fairly familiar with anyway and concepts they are familiar with. So I would imagine that by July anyway most definitely we think that they will get most of these things in. I also feel that there is a question in that one cannot delay beyond a certain period of time. I think most of these companies and corporations know the concepts, know the ideas. It is only a matter of getting a position paper together and presenting it. So I feel that certainly July would be an excellent time and certainly not too late.

NOTICES OF MOTION:

MR. SPEAKER: The hon. Minister of Municipal Affairs and Housing.

MR. DINN: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, "An Act To Amend The Department Of Municipal Affairs and Housing Act," and "An Act To Amend The Local Government Act."

MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: I give notice, Mr. Speaker, that I will on tomorrow ask leave to introduce a bill, "An Act To Amend The Liquor Control Act, 1973." These are regulations of the Liquor Commission.

ANSWERS TO QUESTIONS:

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. PECKFORD: In response to a verbal question asked me some time last week as it related to the present status of the generators at the Upper Churchill site, the generating units and what we were doing about it, the problem at the site is not relegated to any one manufacturer or to any particular plant. It is an industry problem and has shown up on the Canadian General Electric units at Churchill Falls at an early stage, but it has also shown up on others. Canadian General Electric is one partner in a consortium known as Churchill Falls Machinery Consortium and CFLCo deals from a legal point of view with this consortium. The number one unit failed on December 25, 1975, and we have been trying to make repairs on that unit. Number seven unit failed on August 15, 1976 in a similar manner as number one unit. By mid 1976 the seriousness of the problem was totally recognized and the plan for repair of the damaged units and rehabilitation of the other units was finalized. The CGE units are numbers, 1, 3, 5, 7 and 9 and the current situation is; unit one, rewind complete, scheduled in service June 1977; unit three, disassembly scheduled for July 1, 1977, back in service November 1977; unit five, shutdown for rewind May 1977, scheduled in service September 1977; unit seven, rewind ninety per cent complete, scheduled in service July 1977; unit nine, scheduled for April 1978 temporary repairs early in 1977.

MR. PECKFORD:

Marine Industries Limited units are numbers 2, 4, 6, 8, 10 and 11. Apparently the generator winding problems have not been as severe as with the CGE units. However, at this time we cannot ignore possible occurrences on these units as well. A programme of rewedging has been undertaken on the following as a status ; unit two, partial rewedge early 1975, presently satisfactory; unit four, presently satisfactory; unit six, scheduled for complete rewedging July 1977; unit eight, presently satisfactory; unit ten, presently satisfactory; unit eleven, presently satisfactory.

There have been a fair amount of penalties involved in relation to our contract with Hydro Quebec. Up until May 31, 1977 capacity deficiency penalties in the amount of \$4,988,170 have been paid to Hydro Quebec. For the most part this can be attributed to the generator problem even though over the period other maintenance on the units required outages. These miscellaneous outages would normally have been handled without penalty if the generator problem did not exist. An arrangement has been worked out with Hydro Quebec to accelerate the rehabilitation of the generators this Summer without incurring capacity deficiency penalties for this problem. Advantage has been taken of this to make additional units available during this time. There may still be a risk of penalties, however.

The legal position - the writ was issued in April 1977 in Superior Court in Montreal against CFMC alleging that as a result of the circumstances involved in the repair to the units CFLCo had suffered damages in the amount of around \$6 million. These amounts were as of March 1977 and will be adjusted as a result of subsequent penalties, damages and repair costs. In effect, the writ protects the company's position with regard to prescription whereby the company might lose its rights to recover from the consortium. Legal counsel for CFLCo, CFMC and Acres Canadian Bechtel, engineers and project managers and interested parties have agreed to suspend the legal process for purposes of starting negotiations to settle the matter. That is the current status as it relates to the problem at the Upper Churchill site.

ORAL QUESTIONS:

MR. SPEAKER: The hon. Leader of the Opposition.

MR. ROBERTS: Mr. Speaker, a question, I guess, to the Minister of Justice in his capacity as the senior minister in the House -

AN HON. MEMBER: Hear, hear!

MR. MORGAN: (Inaudible).

MR. ROBERTS: - and also I am sure it is of interest to him - I would say for the benefit of the Minister of Transportation and Communications, I realize that the Minister of Justice may not be the most important minister in the House given the fact that the Minister of Transportation is here, but the Minister of Justice, Sir, is the senior minister present in the House and I am sure the question will also be of interest to him in his capacity as

MR. ROBERTS: the member for Grand Bank district
(Mr. Hickman). What I want to know, Sir, is what action the government
are taking to cushion or to avert the -

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Mr. Speaker, there is a rumble going on
over to Your Honour's immediate left and that is a geographic description,
not necessarily a political one, Sir. But my question is for the Minister
of Justice, I would like to know what action the government are taking to
cushion or to avert the decision which Alcan have taken to suspend oper-
ations at the mine in St. Lawrence.

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, my answer to that question
has to be very, very careful at this time. On Friday past two senior
officials from Alcan visited St. John's and indicated for the first
time to the Premier, to the hon. the Minister of Mines and Energy and myself
an outline of internal studies that they have been carrying on within the
company to ascertain the future viability or otherwise of the mining
operations at St. Lawrence. We saw this for the first time and agreed
that before there could be any comment there would have to be very intensive
study by the appropriate technical officials in the Department of Mines
and Energy, and I would assume also by the Government of Canada, this week.
And it was decided there that it would not be appropriate to make a
statement indicating the nature of the internal studies which have been
going on for several months to the knowledge of everyone in this Province
or at least those who are interested and particularly those from
St. Lawrence.

MR. ROBERTS: A supplementary, Mr. Speaker.

MR. SPEAKER: The hon. member.

MR. ROBERTS: Can the minister tell us when we may expect
some definitive answer? And I ask that because, as he pointed out, it has
been well known, indeed there have been questions in the House, it has
been well known that, you know, the future of St. Lawrence was under question,
as it were, and then given the visit of these officials here last week and

MR. ROBERTS: the very uncommunicative communique issued by the Minister of Mines and Energy, I think everybody in St. Lawrence now feels that the axe has fallen. But be that as it may, can the government tell us, can the minister tell us when we may expect a definitive answer? Because everybody in St. Lawrence now is living under the sword of Damocles waiting for it to fall at any time.

MR. SPEAKER: The hon. minister.

MR. HICKMAN: Mr. Speaker, I am not in a position, not is government, to give an indication as to when.

MR. ROBERTS: A further supplementary, Mr. Speaker.

MR. SPEAKER: A further supplementary.

MR. ROBERTS: I see the Premier is here now. I would have addressed the questions to the Premier if he had been here when the House met, but since he was not I will continue with the minister. Can he tell us whether the Alcan companies have asked for any assistance, financial or otherwise, from the government? If so, what? And if so, what response?

MR. SPEAKER: The hon. minister.

MR. HICKMAN: Mr. Speaker, I am not in a position to comment on that at this time.

MR. SPEAKER: The hon. member for Terra Nova.

MR. ROBERTS: What a help for people!

MR. LUSH: A question to the Minister of Mines and Energy. I wonder if the minister is in a position to inform the House today just what is the status with respect to legislation that will bring Hydro under the Public Utilities Board, whether it is ready today and just what the essence of the legislation will be?

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. PECKFORD: The bill will be circulated momentarily.

MR. SPEAKER: The hon. member for Eagle River.

MR. STRACHAN: A question for the Minister of Transportation. It is our understanding that CN Marine have prepared recommendations to

MR. STRACHAN: the federal Department of Transportation concerning the freight and the claims on freight on board the William Carson. I wonder whether the minister can indicate whether his department has communicated with the federal Department of Transportation or with CN Marine and has any information whatsoever on their status and what recommendations they have made?

MR. SPEAKER: The Minister of Transportation and Communications.

MR. MORGAN: Mr. Speaker, yes, we did make representations in fact last week to Mr. Tingley, the senior official of CN Marine and also to the Ministry of Transport, the hon. Otto Lang, and the representations made were along the lines we would like to have the CN make a decision in co-ordination with the Ministry of Transport as soon as possible with regards to honouring the claims made by the people, either the shippers or the consignee in the Labrador part of the Province, and the claims to the insurance companies. If the goods are shipped f.o.b. St. John's as earlier mentioned the shippers are responsible and if they are shipped f.o.b. Goose Bay it would mean that the carrier and the people in Goose Bay are responsible. The CN Marine, I understand now, has given all details to the Ministry of Transport and hopefully they can get a decision made as soon as possible and that was some of the representations we made along these lines, to get a decision made as soon as possible to indicate to the people in Labrador in particular what the situation is regarding their claims for insurance.

MR. STRACHAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. STRACHAN: I understand that the CN Marine have made the recommendations and I am just wondering whether the minister has been in touch with them or could he get in touch with them as soon as possible and find out what these recommendations are concerning the freight, because, as I say, every day is important to some of the businesses which are facing immediate bankruptcy.

MR. SPEAKER: The hon. minister.

MR. MORGAN: Mr. Speaker, I do not think it would be of any benefit to anyone at this time to make public the recommendations that CN Marine has put forward until the Ministry of Transport in co-ordination with CN Marine has made a decision. I do not think making these recommendations public at this time would be of any benefit to anyone. However, again I repeat that we will be pressing Ottawa and hoping, in fact, that Mr. Lang will be in contact with us on other matters today by telephone and we will be discussing with him then also the situation regarding CN Marine and the claims for insurance coverage on the lost freight.

MR. STRACHAN: A final supplementary.

MR. SPEAKER: A supplementary.

MR. STRACHAN: Is the minister then indicating that he is aware of the CN Marine's recommendations, but in fact, in essence he does not wish to make them public until the federal department have made them public? My main concern is that the minister is on top of it and he knows that the recommendations have been made and what these recommendations are.

MR. SPEAKER: The hon. member for Stephenville.

MR. McNEIL: A question to the Minister of Municipal Affairs and Housing. Could the minister tell the House what is the present status of negotiations regarding the construction of seventy to one hundred housing units at the Atlantic Design Homes Plant?

MR. SPEAKER: The hon. Minister of Municipal Affairs and Housing.

MR. DINN: Mr. Speaker, we have sent the request to Ottawa that we have approved here in the Province. The Province has approved the plan to build seventy homes and additional if required, and CMHC - the local office here - have held negotiations with us and now it is gone to Ottawa and we are waiting for a reply from Ottawa right now.

MR. McNEIL: A supplementary, Mr. Speaker.

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MR. SPEAKER: A supplementary.

MR. McNEIL: When do you expect to receive a reply back from Ottawa? Would it be in the coming week?

MR. DINN: Yes, Mr. Speaker, I would have expected to have received a reply by now, and it may be downstairs. I am expecting it at any hour. And when it is, of course, the appropriate announcement will be made.

MR. SPEAKER: The hon. member for Lewisporte.

MR. WHITE: Mr. Speaker, I have a question for the Minister of Justice, and it is relative to the controls that have been carried out by the RCMP in connection with impaired drivers. I wonder if the minister could tell us whether or not there has been any easing off on the roadblocks in connection with breathalizers? And I wonder if the minister could tell us in view of the fact that in Grand Falls a couple of nights ago there were ninety cars stopped and not a single one of the drivers was charged, you know, where the fine line comes between harassment and safety patrols?

MR. SPEAKER: The hon. minister of Justice.

MR. HICKMAN: The procedures, Mr. Speaker, being carried out by the RCMP are pursuant to the recent amendments to the Criminal Code of Canada. The reports I have been getting from the RCMP, and, you know, I cannot give figures, indicate a very massive reduction in motor vehicle accidents on the highway and also in the city of St. John's. And I am told this and this is certainly heresay, that if you check the Outpatients Department of any hospital in this Province they will verify a very

MR. HICKMAN: delightful reduction in accident cases coming in to their departments. The other thing which is also equally encouraging is the very strong public acceptance there has been to this kind of law enforcement on the highway. And any persons I have met, and from what the RCMP have told me, the word is that they just welcome it. A person whose ability to drive is not impaired as a result of alcohol does not mind being stopped because they know their concern is with the motorist whose ability to drive is impaired. And if they have to be stopped for a minute or two it is the most effective and most salutary lifesaving procedures in law enforcement that I know of on the highway.

MR. SPEAKER: A supplementary.

MR. WHITE: Mr. Speaker, the minister should tell that to a few people who have called me in the past couple of days. My supplementary deals with the aircraft patrol that is also being carried out by the RCMP on the highway. Let me say, Mr. Speaker, that it certainly does not bother me. But I would like for the minister to tell us whether or not this aircraft patrol is going to be extended beyond the Avalon Peninsula during the coming months?

MR. HICKMAN: I do not know the answer to that question, Mr. Speaker. The policy of traffic enforcement on the highway that has been followed with a great deal of success by the RCMP is that they keep almost daily statistics of accident rates and they can tell where enforcement must be increased on a particular section of the highway and they will do that. So I am assuming that if that same philosophy applies to their aircraft surveillance, their helicopter surveillance, that if they see that there is a desirable reduction in motor vehicle accidents and violations of the Highway Traffic Act on the Avalon that they will very quickly move on to some other part of the Province. It is a first-class helicopter, a very expensive machine and one that is capable of flying to any part of the Province without

MR. HICKMAN: any difficulty. So I am sure that from that point of view there is no problem in their going there.

MR. SPEAKER: Hon. member for Eagle River.

MR. STRACHAN: A question for the Minister of Transportation, again concerning the Carson business. Last week I asked a question concerning the community of Cartwright and I still understand from yesterday's discussion with CN that the Ambrose Shea will not be calling into Cartwright. Could the minister assure us that he will use the powers such as they are of his department to impress on the CN Marine that the community will be cut off unless the vessel does call in and that the vessel calling will only call in for a couple of hours. It is only two or three hours out of its journey and there will be no other vessel because the rest of the vessels are filled up. The Petit Forte and Tavernor cannot handle the existing traffic. So I wonder if the minister could give some assurance to the people that they will be using the powers of his department to persuade the CN Marine to change their decision?

MR. MORGAN: Well, Mr. Speaker, yesterday when the question was asked I indicated then that we would make representation to CN Marine on that matter. CN Marine's plans, by the way, are not finalized with regards to the operations of that service to Labrador and that is obvious from their statements they have made to date. I am expecting a statement to be made today by CN Marine outlining their procedures, what course they will take this Summer. As a Province we are totally opposed to taking a service off the Gulf and putting it on to some other part. And we want to see the service re-established to Labrador as a result of the loss of the William Carson. However, we do not want to see a reduction in the level of service in the Gulf from Argentia to North Sydney or from Port aux Basques to North Sydney. And CN Marine has now officially stated that they are going to have the Ambrose Shea on service for two weeks to Labrador and after that they will put the Marine Cruiser on for the rest of the Summer which means a loss of a boat into Argentia from North Sydney. And we expect

MR. MORGAN: an influx of tourists this year looking at the '77 Summer Games. We expect an increase over the movement of passengers across the Gulf over last year and therefore the removal of one boat is going to reduce the level of service. So we have now been in contact with the Minister of Transport, the Hon. Otto Lang, asking him to give approval immediately to CN Marine to acquire, and when I say 'acquire', not necessarily purchase, but lease or some other means of a boat by CN to make sure the level of service across the Gulf is maintained and also the service to Labrador is replaced with regards to the loss of the William Carson.

MR. ROBERTS: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. ROBERTS: What the minister says is very reasonable and makes a great deal of sense. I mean, there is one boat less now to provide the service and it happens to be I think probably one of the bigger boats. The Carson was not the biggest of the ferries but a large one. The question is this - it is the right thing to ask Mr. Lang in Ottawa to authorize CN Marine to go ahead and acquire by purchase or by charter, as the case may be, an extra boat but has the minister any indication or has he made any efforts to find out whether this is a feasible suggestion? Can these ships be acquired? They are specialized vessels. Can they be acquired on short notice, particularly in a season which I would have thought was the busy season, just as it is the busy season in Newfoundland, the busy season elsewhere in Europe or elsewhere in the world, wherever it may be, that we are looking for these ships? So has the minister any reason to suspect - I do not know one way or another - has he any reason to suspect or if not has he made any efforts to find out whether such a ship might be available anywhere, because this might be the stumbling block, not a weakness or a reluctance on the part of Ottawa to authorize a replacement for the Carson or another ship for the service. And they could

MR. ROBERTS: re-juggle - because they need an icebreaker for the Northern run; that is not the problem, The problem is is such a vessel available or are we just building hopes falsely?

MR. SPEAKER: The hon. minister.

MR. MORGAN: That is a good question, Mr. Speaker, and I am hoping today - in fact, I have been informed that the CN Marine will be making an official statement or a press release indicating what the present status is. Of course, if they cannot find a vessel that is another situation, but if they can find a vessel through some means of leasing or other means of getting it on the service, I am hoping that CN will put forward their view on that matter today. But what we have asked Mr. Lang to do is to - along the lines, we are assuming, that the CN people can find a vessel, and that therefore we want the Ministry of Transport to approve CN to acquire that vessel. So today rather than we make the statement indicating CN's position, CN Marine will be making a statement today outlining their official position.

MR. ROBERTS: A further supplementary.

MR. SPEAKER: A supplementary.

MR. ROBERTS: Mr. Speaker, given the assumption, it is a reasonable deduction; but my question still is, is the assumption a reasonable one? Now I know the minister is not in the ship brokering business nor is it his responsibility to find a vessel, but none the less given the urgent nature and the important nature of the problem and given the fact that the minister is so intimately involved in transportation matters, might he not give some consideration at least to asking one of his officials to get on the phone - I understand there are only three or four ship brokering firms of any size in this type of field - and finding out whether or not a ship is available? Because that is the heart of the question. It is all very well to make representations to Mr. Lang to say, "Dear, Otto give CN the authority to charter a new ship or buy one, as the case may be, to replace the Carson. But the real question is is one available?"

MR. ROBERTS: These ships are not stockpiled. They are very specialized vessels, especially designed and custom built in most cases, custom designed and custom built. So would the minister give some consideration to trying to help Ottawa and maybe speed them up? Time is of the essence, Sir.

MR. SPEAKER: The hon. minister.

MR. MORGAN: Mr. Speaker, we have done our investigative work and our homework on that matter but rather than the provincial Department of Transportation make a statement on that matter when it is strictly a federal government jurisdiction, we are waiting for the CN Marine to make their release, which I understand will be coming today outlining their position on the matter. And we will refrain from making any comment on what we think should be done until after the CN has made their statement. But we have done our investigative checks on this matter and we are of the opinion that there should be a boat put back in service immediately. And we are not saying that there is no a boat available.

MR. ROBERTS: But are you saying there is one available?

MR. SPEAKER: Hon. member for Port au Port.

MR. MORGAN: Let CN indicate that today.

MR. HODDER: A question for the Minister of Transportation and Communications. The Highway Traffic - I believe it was called the Highway Traffic Advisory Board or the Highway Safety Traffic Advisory Board travelled throughout the Province in the Summer of 1975, and I believe they did the whole Island. I was wondering if that board passed their report in yet to the Department of Transportation and Communications?

MR. MORGAN: Mr. Speaker, the Highway Safety Advisory Board had done considerable work over the past year

MR. MORGAN: as an advisory board to government. They travel all over the Province. They have held hearings in practically every section of the Province, public hearings, including Labrador and they now have their report being compiled and they will be in a position to present the report to me, in fact this week, but because of the House of Assembly being in session, etc., I want to sit down and talk with them when they present the report to me. The board is in the position to give me the report right away and I will be in a position to accept the report at the early part of next week.

MR. HODDER: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. HODDER: Will the report be made public?

MR. SPEAKER: The hon. Minister of Transportation and Communications.

MR. MORGAN: I will take that under advisement.

MR. SPEAKER: The hon. member for Terra Nova, followed by the hon. member for Lewisporte.

MR. LUSH: Mr. Speaker, a question for the Minister of Education. The teachers of this Province have been without the services of a most important position - or a most important person for a year now and possibly more, and that is, namely, a reading consultant, and I wonder whether the minister can inform the House whether that position has been filled yet?

MR. SPEAKER: The hon. Minister of Education.

MR. HOUSE: Mr. Speaker, the position has not been filled.

It has been advertised periodically for the last year and a half. The main problem is the fact that we are not getting the number of qualified people who could do the job, most of whom are working with school boards and would prefer to work with school boards.

MR. LUSH: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. LUSH: In view of the poor results that our students obtained last year in the Canadian test of basic skills, I am wondering

MP. LUSH: what urgency the minister attaches to this particular position?

MP. SPEAKER: The hon. Minister of Education.

MP. HOUSE: Mr. Speaker, the results of the basic skills test did not show me that there was any real problem at the departmental level. As a matter of fact, that showed me that we were improving our reading and this was, I think, the result of the fact these people are at the district level, the consultants are at the district level, and most of the consultants that we have in the Province, seven or eight of them, are on a curriculum committee on reading and that is headed up by the Assistant Director of Curriculum. So while we do put an urgency on it we do not think that the reading instruction in the Province is unduly suffering.

MP. SPEAKER: The hon. member for Eagle River.

MR. STPACHAN: The Minister of Tourism is not here. I want to direct a question to the Minister of Fisheries concerning the Fox Harbour plant and concerning the recent announcement of spending some money on the Labrador Coast. Number one, could he tell us what the situation is with the Fox Harbour plant? I understand he made representation to the company concerned indicating to them that they had to virtually get a move on and develop it in a proper manner. Secondly, could he indicate the situation regarding the funding of some of the fish plants and so on on the South Coast there which he indicated and may have reviewed. Could he indicate any change in that?

MP. SPEAKER: The hon. Minister of Fisheries.

MR. W. CAPTER: Mr. Speaker, we have made representation to the companies. We have got the lease on the Fox Harbour facility. We have told the company that we are not at all pleased with their performance and unless they can show us an improvement that we will endeavour to cancel the lease, but certainly we will refuse to renew it. With respect to the other facilities, we are having a second look at some of the proposed locations for facilities.

MR. W. CARTEP: At one point we talked about Mary's Harbour. On the advice, I should say, of certain people in Labrador and certain committees, we are now looking at Williams Harbour and other places in the area of Labrador South. But certainly the money that is being allocated will be spent there, and we will certainly ensure that it is properly spent and spent in the right places.

MP. STPACHAN: Is there time left in the Question Period?

MR. SPEAKER: Yes.

MP. STRACHAN: There is still time left in the Question Period.

A question for the Minister of Transportation and Communications concerning his statements - we are back on the Carson business and roads. The minister travelled over the Freedom Road, or I should say flew over the Freedom Road a couple of weeks ago -

MR. MOPGAN: No, no! No, no! I drove over the road.

MP. STRACHAN: The whole road?

MR. ROBERTS: - of it?

MP. STRACHAN: You did not drive the whole road.

You drove -

MR. MOPGAN: Except for ten miles, that is all.

MP. STPACHAN: Well, regardless.

MR. ROBERTS: It is the hippity-hopping around.

MR. STPACHAN: Well, regardless of it anyway the point that I am trying to make is that there is a great deal of washout in the road and so on and the road needs a considerable sum of money.

MR. HODDER: Did the helicopter lift his car over the water?

MR. ROBERTS: He walked on the water.

MR. STRACHAN: He stated that one of the reasons why they did not want to go ahead with doing anything on the road was because there was no ferry link to the Island. Now that the ferry link is in there with the Marine Crusier taking over from the Shea, the ferry link

MP. STPACHAN: is there, could the minister indicate whether he is going to spend actual dollars on the road so that the people from Churchill Falls and so on can drive down and get aboard a ferry and come on to the Island part?

MP. SPEAKER: The hon. Minister of Transportation and Communications.

MP. MORGAN: Well, Mr. Speaker, first of all I did not fly over the road. The fact that some of the press reports in Labrador are saying that we flew the road, we did not. We only flew over the parts that we could not get over by vehicle, which was approximately less than ten miles. And the rest we drove by four wheel drive all the way to Esker and back to Churchill Falls, 460 miles of rough road, driven by my colleague, the member for Naskaupi (Mr. Coudie) and myself. We drove 460 miles up to Esker and back to Churchill Falls. So we are quite familiar with the condition of the road in Labrador, know as the Esker Road. Now the question is, what are we going to do now? That is the question.

AN HON. MEMBER: Hear! Hear!

MP. ROBERTS: And then why?

MP. MORGAN: Upon meeting with the people who operate the railway service to Esker from the Western part of Labrador and the iron ore company and the Quebec North Shore and Labrador Railway, both the member for Naskaupi (Mr. Coudie), who has been automatically, of course, quite concerned with the problems in Labrador, we were very annoyed to say the least the the reaction and the lack of enthusiasm by these two companies who seem to say to us, 'Away! We do not want the people to go out on vacation over that road to Esker down to Goose Bay to the Island part of the Province! That was in essence what they said. 'We are not interested in supplying any on - off loading facilities at Esker. We are not interested in supplying any passenger facilities on the railway

MR. MORGAN: with regards to a car ferry.' And this to me, well, I will say it and openly, was annoying because we are talking about Newfoundlanders who live in the Labrador part of our Province, who want to travel down by boat to the Island part of the Province to their home part, if you want. And the iron ore company and the Labrador Railway, or Quebec North Shore and Labrador Railway showed very little concern at all. However, I am of the opinion we should overlook that attitude or lack of enthusiasm and we should make every attempt to keep the road open. But the fact is the cost of keeping the road open for three months will be, according to our engineer's estimates who travelled with us, \$1.2 million. And that is a fair amount of money to invest in a road this Summer merely to keep it open, keep it passable, and then to find out that the people cannot get from the Labrador - Wabush area of the Province out to Esker to get onto the road.

So we are sincerely hoping that the Labrador Railway or the Quebec North Shore and Labrador Railway and the iron ore company will change their attitude and will supply the facilities to people who are most of them their employees, iron ore company employees. And supply the on - off loading facilities at Esker and in fact passenger facilities while the cars are being moved by rail from Wabush to Esker.

MR. HODDER: A final supplementary, Mr. Speaker.

MR. SPEAKER: The final supplementary.

MR. HODDER: I was just wondering about the logistics of the minister's trip. He says that he flew and drove the road, I was wondering how you drive and come to a washout and then fly over that; was the minister driving a batmobile?

MR. ROBERTS: How many vehicles were involved and how many -

MR. MORGAN: Mr. Speaker, the hon. gentleman seems to think that Labrador is way out there in an unknown land. There happened

MR. MORGAN: to be vehicles on both ends of that road, you know. Maybe the hon. gentleman who is spokesman on transportation matters for the Opposition should go to Labrador and find out what is going on in Labrador.

MR. HODDER: Love to have the invitation.

MR. MORGAN: The fact is we have vehicles in Churchill Falls, which drove down towards Goose, we drove up from Goose towards Churchill Falls and the place we could not get over by vehicle we flew over and met the other vehicle by the side. But there are vehicles on both sides of the road.

MR. STRACHAN: Is that service going to be there all Summer?

MR. MORGAN: Get your spokesman to travel the Province, boy, and learn the facts.

ORDERS OF THE DAY:

MR. SPEAKER: Order 1, the adjourned debate.

MR. STRACHAN: There are no -

MR. ROBERTS: No Order Papers.

MR. STRACHAN: - Order Papers.

MR. SPEAKER: Order 1 is the Address-in-Reply.

I understand the Order Paper for today has not arrived yet, so Order 1. I am going by yesterday's Order Paper, Order 1 is the Address-in-Reply.

MR. STRACHAN: I wonder, Mr. Speaker, since it is some time since I handed in the amendment if the Chair could give me a copy of my amendment so that I could review it myself.

MR. ROBERTS: A little adjournment now until we get it,

Mr. Speaker?

MR. STRACHAN: Is that in order?

MR. SPEAKER: Yes.

Actually I am not sure if you made the amendment or when you were speaking said, Now I am going to make an amendment.

MR. STRACHAN: No. I made the amendment and it was actually seconded by the hon. member for Trinity - Bay de Verde (Mr. Rowe) and it

Mr. Strachan.

was submitted, I believe, and then I carried on from there for fifteen minutes.

MR. MURPHY: (Inaudible).

MR. ROBERTS: Mr. Speaker, perhaps we could

have an adjournment for a moment or so. The hon. gentleman - let me say a word - the hon. gentleman moved an amendment. It was three or four weeks ago. The government have given him little notice that they were calling the debate in these dog days of the session. I think it is reasonable, Sir, that the matter be put to the House, and Your Honour is the one who must put all questions. I think it is entirely proper to suggest that we have an adjournment for a moment or two while the clerks look it up and give Your Honour the wording as was put by the Chair late one night about a month or six weeks ago. I think that is entirely in order.

MR. SPEAKER: I think that is the appropriate procedure. We have to have a copy of the amendment in front of us, so I would adjourn the House for five minutes.

MR. STRACHAN: Mr. Speaker, to that point. I believe the trouble was that it was changed before it was submitted to the Speaker. I cannot remember if the change was the actual one here.

MR. SPEAKER: We shall adjourn for five minutes.

MR. SPEAKER: Order, please!

We have located the amendment and, therefore, the debate may resume.

The hon. member for Eagle River.

MR. STRACHAN: A brilliantly conceived amendment, Mr. Speaker, very complicated.

Mr. Speaker, I am trying to get back on track, because it was some weeks ago, five or six weeks ago, when we were talking on the Throne Speech, and I moved the amendment. At that time I was interested in talking on the development of some of the resources, the natural and physical resources of this Province, with particular reference to oil and gas and to hydro developments in Labrador, and also in particular later on we discussed the Churchill Falls taxation

Mr. Strachan.

which we discussed during a later speech during the Minister of Mines and Energy's estimates.

I noticed that - in just brief reference to the Churchill Falls taxation - I noticed that in the newspaper articles following that debate, and also the impression gathered by the ex-member for Twillingate (Mr. Smallwood) was that what we were doing - and it seemed to be strongly felt - was that what we were doing in the Churchill Falls taxation that we were proposing here was that we were interfering with a contract. And I would like to stay here and now, we read the number of newspaper items, articles after that debate, which lasted a considerable period of time, and there seemed to be a feeling that what we were talking about in developing that resource and applying a taxation principle to it was that what we were doing was interfering with a contract between CFLCO and Quebec Hydro, and that in effect that anything we did would be interfering with that contract and would be a breach of that contract and that statements that were attributed to us was that we were either near Communist or we were creating a Banana Republic by certain members and by the ex-member for Twillingate especially, who felt that to take a stance like this was far too harsh a stance. I should indicate very clearly that what we were talking about - and he seemed not to listen to it, and others too - that what we were talking about was talking about a taxation outside of a contract, totally and absolutely. The contract itself still stands. The resource taxation we are talking about, with plenty of examples in Canada, plenty of examples in Saskatchewan and B. C. and Alberta, is what we are talking about applying, a taxation principle totally outside of that contract so there is no breach of contract.

I should like to indicate that because it seemed from articles after that debate that the emphasis seemed to be that the reason why such a taxation principle would not work was because the taxation would interfere with the contract. And this is totally wrong. This is totally the wrong impression, this is totally the opposite; if the taxation principle did interfere with the contract, then, of course,

MR. STRACHAN:

there would be no basis for it whatsoever, and the whole idea would be totally foolish and ridiculous. And we had researched that very thoroughly and had checked it out very thoroughly to see that there were precedents elsewhere in Canada where the taxation principle had worked outside of any other contracts. There are a number of other contracts elsewhere which are different from the CFLCo - Quebec Hydro contract but the principle still applies, and it applied with Saskatchewan in potash, the oil in Saskatchewan as well, and also in other parts of Canada. So I wanted to indicate that here. That night on that amendment I had intended to discuss a number of natural resources and development of the resources, and in particular I would have gotten into Churchill Falls or oil and gas and various other things. So I want to indicate right now that subsequent to that we have had the debate on many of the points that I had intended to raise in the amendment. We have had the debate, and I have no desire whatsoever to waste the time of the House, especially in the month of June, by continuing on discussing things which have already been discussed. But I still want to indicate that it seems to me that in the subsequent debate we did have concerning a portion of the amendment that I had wanted to get into, that part dealing with Churchill Falls, there seemed to be a wrong impression gathered of what we were stating from this side. What we were stating was a taxation principle totally outside of a contract, and it seemed to be gathered, as I said, by many people in their attacks on that principle that we were espousing, it seemed to be gathered that we were interfering with that contract and, therefore, because we were interfering with that contract, we were totally wrong, that the principle could not be applied. And I would like to make that quite clear that we felt that some of the coverage, for instance, seemed to allude to the fact that we were interfering with the contract, and we have researched this very thoroughly, and we have found that it is not so. It is not the principle we are espousing. It is not the principle we are talking about. We are talking about something entirely outside of the contract and, therefore, it can work because it is outside of the contract.

Mr. Strachan.

Suffice it for that part; the only other part that I want to get in briefly and discuss would be the concern of the oil and gas scene. Of course, since then we have had the white paper, the draft regulations on oil and gas. And possibly I would like to just expose a little bit on our feelings on this. The resources, as I saw it anyway for considerable years, the resources of this Province, I have always felt, nonrenewable resources, belong to the people. And if we follow that concept to its limit what we must regard then is that all minerals within this Province are under the ownership of the people of this Province. That does not mean to say that what we are talking about is either leftist or socialist or anything at all. What we are talking about is that because they do belong to the Province they, therefore, belong to the people, and we should never concede that right away. We should never concede ownership away to any outside corporation in any form. Now concessions were the run of the day at one time. Concessions of virtually giving away large chunks of the Province seemed to be the way to go. It also was the same right across Canada and also the same in many of the countries around the world; that what one had to do was to concede your right to minerals or concede areas, large chunks of land to companies, allow them to search for the minerals on that and allow them, therefore, to obtain these minerals at a fairly cheap rate. That seems to be the policy followed in this Province. And I have no qualms about any previous administrations, be they the P. C. administration now or the previous Liberal administration in the way they did it, but I have always disagreed with this basic principle of conceding away resources. In fact, if anyone wants to go to Labrador City and see the situation there, we could almost solve the unemployment problems of this Province, I believe, by some pretty drastic action, but it could be solved by some good legislation, and you could see the twin towns of Labrador City and Wabush jump from about 28,000 now, I think it is - 22,000 is it? - Labrador City is 12,000 - is it? -

MR. ROUSSEAU: You would have to count the people in the basements who do not go on the census role, because they are not supposed to be living there until the housing is completed.

MR. STRACHAN: Yes.

AN HON. MEMBER: They are still people.

MR. ROUSSEAU: Pardon?

AN HON. MEMBER: They are still people.

MR. ROUSSEAU: But they are not counted in the actual figures, they do not surface in the census. If they surface the fire chief would have to kick them out, you know.

MR. STRACHAN: There seems to be a great deal of trouble with actual population figures in Labrador anyway.

MR. ROUSSEAU: About 16,000.

MR. STRACHAN: About 16,000 the minister says. Because I remember last year's census, the 1976 census, showed a total population of Labrador of 32,000. That is the figure -

MR. ROUSSEAU: The census figures for Labrador West was 11,000 for Labrador City-Wabush.

MR. STRACHAN: I was reading this morning in which they come up with the census figures 32,786. That was the census in 1976, and I am sure there seems to be something far wrong with that figure.

MR. ROUSSEAU: It is more like 39,000 or 40,000.

MR. STRACHAN: Yes, closer to 40,000. In other words, that shows how accurate the census is in Labrador when you can miss 8,000 people, or 6,000 people can be missed out of a census.

MR. ROBERTS: Twenty per cent of the total.

MR. STRACHAN: Well, 20 per cent must be hidden off in the woods.

MR. CHAIRMAN: (MR. YOUNG): Would the hon. member yield?

MR. STRACHAN: Of course.

MR. CHAIRMAN: (MR. YOUNG): I would like to welcome to the galleries on behalf of all hon. members eight Grade IX students from James Moore Central High School in Carbonear accompanied by their teacher, Mr. Case. I trust that your visit will be an enjoyable one.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. member for Eagle River.

MR. STRACHAN: What I was indicating was that I am sure if the resources had been developed properly that, for instance, Labrador City and Wabush, the twin cities there, could easily accommodate a population of 50,000 very easily by further refining of the ore instead of shipping out the ore to Quebec and on to Central Canada where it is refined by utilizing the resources within Labrador, electricity for the electric

Mr. Strachan: smelters, and the development of the iron ore there we could very easily solve the unemployment problems in this Province by developing along these lines.

However, we have entered into situations in which there are concessions, there are contracts, there are ways of doing it. The most we have is a pelletizing operation, and it is shipped out and this was all part of the old contract, the old way of doing things. Now in order to change that one would have to talk about legislation or legislating changes or trying to get the companies to move in a different way, and that requires a fair amount of negotiations and a fair amount of guts.

But what I am getting at was the fact that under the concession principle most of the resources were conceded to companies, companies were given all rights to them, and they could virtually do willy-nilly what they wanted. If the concessions run out or become uneconomic one year, then they could consider closing down or in the case of Buchans, for instance, which is faced with it now there will be a time coming when Buchans will close down; whether it is this year or next year or two years from now, Buchans will close out and we do see therefore the end of a town, because the only reason for being for Buchans is for that mine. Once that mine is gone there is no reason for Buchans to be there at all.

MR. WHITE: Create something else.

MR. STRACHAN: So what we got to do then is start looking at something beyond the whole situation, start looking, and the same thing will occur eventually, of course, but not in the same time frame, the same thing will occur in Labrador City and Wabush where we are going to end up with then is a situation in which we conceded away the resources, gained very little back, and we have nothing left in the end but scars in the ground or holes in the ground which they have extracted everything from. Following the same principle then, it was when the minister brought in his oil and gas regulations, his draft oil and gas regulations, that I was pleasantly surprised - should not have been

Mr. Strachan:

of course. I know some of the members working in the minister's department, Cabot Martin and a few more of them, who spent a great deal of time researching the problem and researching the problem elsewhere in the world and looking at the situation elsewhere - and it was with a pleasant surprise that I saw that they took some of the attitudes they did take in the drafting of the regulations.

However, there was one point I felt that we should almost go to a bit more, and maybe the minister later on sometime can discuss it with us, in that I have always felt that we should therefore own - if we own the non-renewable resource, if we are going to fight Ottawa, fight Ottawa in order to own the oil and gas, or if we own a mineral, then if we own that mineral why get into any position in which we share or turn that mineral over? Why not get into a position in which become the owner and therefore a person who comes in becomes a contractor, is contracted to take that out for us? But when it is taken out it is still owned by us; all they are doing is removing that mineral. It is taken out and owned by us, and we in turn will sell that mineral maybe back to the company who took it out, who would get special preference, if necessary, if they are maintaining a market price, but it would also keep them on their toes. It would mean that they could not - if there was no long term contract for them, such as has occurred elsewhere, it would mean therefore that they could not push or they could not start squeezing us in obtaining something for nothing, obtaining minerals for very little and selling them elsewhere and amassing the profits outside of this Province instead of putting something back into the Province, because most of the situations we are dealing with they have put very little back into this Province. Most of the idea is to exploit the Province, take everything out of it, make your money elsewhere, pick up your monies in various ways along the line, and put nothing back into the Province. And I have often felt then that what we should look at is an oil corporation, possibly, in this Province which owns the oil, we contract Eastcan, or whatever other company, to get the oil out

Mr. Strachan:

for us, but when it has been gotten out of the seabed it is then ours to sell, and if Eastcan wish to buy it, or BP or Shell wish to buy it, whoever wishes to buy it, then they buy it on, say, a three year period or a five year block period and they buy it from us at market prices, and it is renegotiable after the five year period. But the fact is what we are doing here is trying to get into a situation in which we own, and they are in a contractual situation, they are not in a concession situation or owning it by any means like that.

Apparently this has been working in some areas, and I throw this out because I feel it is an idea which could possibly be developed. It is an angle that could be thought about and I throw it out and possibly the minister and I can discuss some of the aspects I am talking about. Essentially that is as much as I wish to say on this amendment. I have no wish at this time, nor do I have the feelings or the desire to keep the House going.

MR. MURPHY: Yes, and your backbenchers have all gone.

MR. STRACHAN: My backbenchers were gone all day yesterday too.

AN HON. MEMBER: And there are some missing on the other side.

MR. STRACHAN: Yes, the member for Naskaupi (Mr. Goudie) and I decided to go goose hunting, even though the Minister of Tourism tells us it is out of season. We do not mind, as long as I drive the boat and he shoots, I do not mind.

MR. MURPHY: I think I know why you like that arrangement.

MR. STRACHAN: Otherwise, Mr. Speaker, I support the amendment.

MR. SPEAKER (MR. YOUNG): Is the House ready for the question? All those in favour "Aye" -

SOME HON. MEMBERS: "Nay".

MR. SPEAKER (MR. YOUNG): Contray minded?

SOME HON. MEMBERS: "Nay".

MR. SPEAKER (MR. YOUNG): In my opinion the "Nayes" have it.

MR. ROBERTS: Put the main question.

MR. SPEAKER (MR. YOUNG): Is the House ready for the main question?

MR. STRACHAN: Yes.

MR. SPEAKER (MR. YOUNG): All those in favour "Aye".

SOME HON. MEMBERS: "Aye".

MR. SPEAKER (MR. YOUNG): Contrary minded.

SOME HON. MEMBERS: "Nay".

MR. SPEAKER (MR. YOUNG): In my opinion the "Ayes" have it.

SOME HON. MEMBERS: Oh, oh!

MR. PECKFORD: Bill No. 114.



MR. MURPHY: An act to provide for the closing of the House permanently.

MR. ROBERTS: Are there still no Order Papers?

MR. MURPHY: Not up yet, boy.

MR. PECKFORD: Bill No. 114.

MR. ROBERTS: There is a regular way of running a House.

MR. PECKFORD: Bill No. 114.

MR. MURPHY: Emergency measures legislated and we use yesterday's Order Papers.

MR. SPEAKER: It is moved and seconded that the said bill be now read a second time.

MR. ROBERTS: Hey! Hey!

MR. SPEAKER: First time! Sorry.

MR. ROBERTS: Bill No. 114, Sir, I do not have an Order Paper in front of me, but was this not the one in respect of which the minister gave notice today?

MR. SPEAKER: Yes.

MR. ROBERTS: Well then we are not going to read it today, Mr. Speaker, are we? Notice is given, there is twenty-four hours.

MR. MURPHY: It happens.

MR. ROBERTS: Yes, I do not have the Order Paper. A most irregular way to proceed, but I guess we have no choice but if this is one in respect of which the minister -

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

MR. ROBERTS: - gave notice today, Mr. Speaker. I am speaking to a point of order - then there is going to be no first reading or no second reading of this bill today unless there is consent, and at this stage no consent has been asked for or given.

MR. SPEAKER: To that point of order -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Well, it would not have happened if 'Alec Hickman' were here.

MR. SPEAKER: Order, please! To that point of order, does the hon. House Leader have leave?

MR. PECKFORD: No. We withdraw the bill from second reading.

MR. SPEAKER: It is withdrawn.

MR. PECKFORD:

Order 9, Bill No. 21, "An Act To Amend
The Stephenville Linerboard Mill (Agreement) Act, 1972."

MR. DOODY: 'Brian,' would you please call, Bill No. 73, which is Motion 3.

MR. PECKFORD: Why? I was just informed to call the
other one.

MR. DOODY: You can do it if you want to, but I have not
got it here with me.

MR. PECKFORD: Oh! The Stephenville Linerboard Mill one?

MR. DOODY: Yes.

MR. PECKFORD: Well, the Premier told me one thing and you
are telling me something else. Let us call the other one.

MR. SPEAKER: Order, please!

MR. ROBERTS: I move the adjournment of the House.

MR. PECKFORD: Bill 73.

MR. DOODY: Bill 73, motion 3, I move the House into
Committee of the Whole to consider certain resolutions in
relation to the advancing or guaranteeing of certain loans.

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

COMMITTEE OF THE WHOLE:

MR. CHAIRMAN: Order, please!

RESOLUTION: That it is expedient to bring in a measure
further to amend the Loan and Guarantee Act, 1957, the Act No. 70
of 1957 and to provide for the advanced loans to the guarantee
of the repayment of bonds or debentures issued by or loans advanced
to certain corporations.

MR. CHAIRMAN: Shall the resolution carry?

MR. DOODY: Not quite, Sir. It is always one of the more
significant bills brought before the House. This particular
bill, as the notes indicate, is one of the smaller guarantee acts
that have been brought before the House, certainly during my period

MR. DOODY: of time in the House. There are two guarantees specifically; one of them is the Falland Forest Products guarantee of \$200,000, and that is a sawmill industry in the Bay d'Espoir area which is currently experiencing great difficulty and that \$200,000 which government guaranteed some time ago is now in jeopardy. The Bank of Nova Scotia has called that \$200,000, whether or not government, through the Department of Industrial Development, can find a way out of the problem that the company is in remains to be seen but as of this moment that \$200,000 guarantee is in both principal and interest -

MR. ROBERTS: What security is left there?

MR. DOODY: I really do not know what security is left down there now. In 1976 Falland approached government for financial assistance because it was really incurring operating losses, very huge operating losses, a lot of which were the result of the wood situation down there. There was an ongoing dispute between the Conne River sawmill woods area and the area which had been allocated or which the company had felt was allocated to them.

Now the investment in the company as of August 1976 totalled approximately \$2 million. There was \$428,000 in direct investment by or contingent liability on shareholders and there is a \$921,000 Newfoundland Development Corporation involvement. There is \$230,000 in DREE money and there is \$425,000 in trade creditors. The company -

AN HON. MEMBER: What was that?

MR. DOODY: The direct investment by our contingent liability on shareholders is \$428,000.

MR. ROBERTS: Direct investment -

MR. DOODY: Our contingent liability which is personal

MR. DOODY: guarantees of the shares.

MR. ROBERTS: If the minister would permit since we are in Committee, how much is what? I mean, that is an impressive sounding total, Mr. Chairman, until - the public accounts please, not a report of - the public accounts of the Province, how much of it is direct - how much of it is cash and how much of it is guarantees and guarantees are worth only what the guarantor is worth. I mean, a personal guarantee from the minister might be worth a great deal and a personal guarantee from me might be worth very little in terms of the bank. So can the minister give us a further breakdown? How much cash is actually in it? We have got \$1,900,000 NLDC money -

MR. DOODY: The total investment in the company as of August 1976 is about \$2 million.

MR. ROBERTS: Of which \$1.6 million is from public sources of one sort or another?

MR. DOODY: \$921,000 was NLDC, Newfoundland and Labrador Development Corporation. There was \$230,000 from DREE. The other \$425,000 is trade creditors. This would appear to me to be accounts payable.

MR. ROBERTS: The normal amount of unsecured creditors. And now \$200,000 from us going into it. How much cash is actually in this?

MR. DOODY: Let me run through this document and maybe some of the answers are in there. I was hoping that there might be something there from - See if Mr. Lundrigan is around in there, would you please?

The company requested assistance at that time then, in August of 1976 totalling \$575,000. Government agreed to

MR. DOODY: purchase equity in the company amounting to \$375,000 and provide a guarantee to the bank in the amount of \$200,000. Approximately \$175,000 of this assistance was to be repaid to government or its agencies as follows, and it says here was to be repaid. \$73,000 Newfoundland Hardwoods Limited for the sawmill inventory programme. Well, this is a programme which the Department of Industrial Development or Rural Development introduced last year to finance the inventories of various sawmills which were in difficulty. They purchased the wood of various sawmills prior to their selling them to other people. And then as the monies were received for the sale the amounts were -

MR. ROBERTS: The report of the public accounts.

MR. DOODY: This is what the hon. member was -

MR. ROBERTS: Yes, there it is, the public accounts.

MR. DOODY: Except these are 1975, you know, but -

MR. ROBERTS: Close, but no cigars!

MR. DOODY: I was just showing them as a specimen to the -

MR. ROBERTS: It is not the Public Accounts Committee Report. It is the public accounts of the Province.

MR. DOODY: Period. That is right.

\$60,000 was owed to the Newfoundland Exchequer, and I presume that is S.S.A.

MR. ROBERTS: Is that stumpage?

MR. DOODY: \$60,000 to the Newfoundland Exchequer Account. I guess that is S.S.A. on sales undoubtedly. And there is a \$40,000 amount owed to the Newfoundland and Labrador Development Corporation, which is that portion of the interest and principal arrears. As of this date the company has effectively received its financial assistance from government with the exception of the \$175,000 referred to above. And that is the sum total of these three amounts

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MR. ROBERTS: Well, did the government buy equity in it now?

MR. DOODY: It appears that the government is purchasing or has undertaken to purchase equity in the company amounting to \$375,000. Now that \$375,000 equity purchase is in position then the \$200,000 guarantee -

MR. ROBERTS: Is over and above the \$375,000.

MR. DOODY: Is over and above the \$375,000.

MR. ROBERTS: Well what did we get for our \$375,000 if the equity -

MR. DOODY: It would appear to me as though we were buying equity in a company in which there is very

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MR. DOODY: little of substance.

MR. ROBERTS: Thank you very much.

MR. DOODY: And so that is why I was asking if the hon. - the minister is not out there?

MR. ROBERTS: Oh, yes. Can it stand over?

MR. DOODY: Yes.

MR. ROBERTS: Because, 'Bill', to put a half million bucks into a company that - at least on those figures - is hopelessly insolvent.

MR. DOODY: That is right. The notes that I have here -

MR. ROBERTS: Why do we not leave that and go on to talk about the Wabush Bus Company and maybe we could -

MR. DOODY: Okay. By that time - okay, the Wabush -

MR. ROBERTS: I mean, if they were selling pickles, Heinz would not even look at them.

MR. DOODY: Well, that is right. Unfortunately that is true of a great many of the sawmill industries in the Province during the past year or so.

MR. ROBERTS: I agree, and we should have a good debate on that.

MR. DOODY: And, you know, this one was to have been one of the answers to everything because they had the -

MR. ROBERTS: We have some new modern ones.

MR. DOODY: Yes, they had the kiln in there, the drying process. The expertise was in there. It was originally Ed Ralph and Ernie Strickland were the two principals.

MR. ROBERTS: Ernie Strickland. But is not Ed Ralph out of it now?

MR. DOODY: Ralph, I understand, sold his interest in the company to -

MR. ROBERTS: The Harvey Dawa people -

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MR. DOODY: - the firm of Dawes in Grand Falls, and I think that most of this personal guarantee and most of the direct investment is Dawe's investment or that company's investment and they have been in effect carrying that load ever since they got involved in it.

MR. ROBERTS: It seems folly to put -

MR. DOODY: I understand that they met - I was asking somebody the other day and I think that the Dawe company met that company's payroll from their own bank account during the past few weeks.

MR. ROBERTS: It seems folly to put more money into it, does it not?

MR. DOODY: That is right. And on the other hand if that sawmill down there cannot succeed with the kind of talent that was there and the equipment that they have had and so on, you know, it makes one wonder about the -

MR. ROBERTS: Well, add that to the Hawkes Bay on where the Lundrigans and Bowaters agreement has cost - what? - four or five million dollars down there.

MR. DOODY: - the Hawkes Bay mill and the big mill out near Gander which -

MR. ROBERTS: - is now in the receiver's hands.

MR. DOODY: - in the receiver's hands and so on. And so the answer is obviously -

MR. ROBERTS: The only one making a go of it is Peter Byrne in Roddickton.

MR. DOODY: And now the Canada Bay mill, without the pulp sales somewhere they are going to be in difficulty.

MR. ROBERTS: Yes, I mean, they were saved by the pulp sales -

MR. DOODY: That is right. But that is finished now.

MR. ROBERTS: - and thus we will pay for that through the linerboard account.

MR. DOODY: That is right, so that is an indirect or direct subsidy, whichever. So as you say, we can let that one sit here for a minute and I will try to deal with the Wabush situation.

Order in Council No. 451-73 as the note says authorized the issuing of a guarantee to the extent of \$250,000. There are actually two guarantees; one was for \$50,000 and one was for \$200,000. At that time in Wabush there were two alternatives with regard to transportation of school children and also there were company contracts particularly with the Wabush Mines, I think, more than IOC, but IOC also. This particular company was most anxious to get involved in that business and felt that they could do it, and do it well, and we were most anxious to give it to a local company rather than have the other bidder from Quebec.

MR. ROBERTS: Who were the shareholders?

MR. DOODY: The company, as I get that, is owned by Peter Walsh.

MR. ROBERTS: Oh, yes, he used to be President of the P.C. Association.

MR. DOODY: That is right, and he was a candidate in the -

MR. ROBERTS: Oh, the candidate.

MR. DOODY: The candidate -

MR. ROBERTS: That is right, yes.

MR. DOODY: - in 1971. In 1973 the loan bill that was brought forward at that time listed only the \$50,000 amount and not the second one for \$250,000, but fortunately the original amount of \$50,000 has been completely repaid and the \$200,000 -

MR. ROBERTS: That makes it \$200,000.

MR. DOODY: The \$200,000 amount is now in a situation whereby the garage which was built burned down and subsequent

MR. DOODY: to that the government of the Province took away the school bus contract from Mr. Walsh, because we felt we were being overcharged, if I may express it tactfully.

MR. ROBERTS: Put it delicately.

MR. DOODY: And we undertook to finance the purchase of buses by the school board up there. This, of course, resulted in some difficulty for the company. The company has subsequently sold many of their buses. They still have the contracts with the two companies for the transportation of workers. The result of that was that we deferred the two principal repayments of \$5,600 each which amounts to \$11,200 in arrears. Now the interest on the full loan has been kept up to date, and also all the subsequent payments have been kept up to date. And, of course, this one is - I am very familiar with - the personal guarantee of Mr. Walsh is in place. The security for the loan include the floating charge, the first mortgage on the fixed assets, the chattel mortgage and an assignment of all the insurance. The government is more than adequately secured on this particular one. That two months deferment of principal saved the company during that difficult cash flow period which resulted partially from the burning of the garage and partially from, as I say, the loss of the big chunk of his business which we felt was just not reasonable or sensible to hold in place. And so I think we have managed to keep the company afloat and at the same time protect the government's interests. And that one, as I say, I have absolutely no problems with at all.

On the Ralland Forest Products Limited, I really do not have enough information to supply the Committee. Perhaps the hon. Minister of Industrial Development may be able to supply us with more detail.

MR. ROBERTS: Well, Mr. Chairman, before we get into the Ralland one where perhaps the Minister of Industrial Development

MR. ROBERTS: can give us some information and I know my colleague from Burgeo - Bay d'Espoir (Mr. Simmons) will want to comment upon it. He has good firsthand knowledge and I would say to my colleague that the situation as revealed by the Minister of Finance on the notes he had is really very disquieting. But let me say a word or two on what seems to have been a very unusual series of transactions involving this Wabush Transportation Limited. And let me preface it by saying that I am not going to oppose the - I am not going to vote against it in resolution stage or in the House, simply because that is pointless. The guarantee has already been advanced. Whether the House ratifies it or not the government have no choice except to honour that or see the whole credit structure come tumbling down. And I do not know the answer to this particular conundrum. The government must have authority in certain cases to guarantee on the Province's credit even though the House has not ratified it and that puts the House in the position then of being a complete and an utter rubber stamp. We have no choice. If the House does not ratify this bill, not only does the government fall, but the bank or whoever advanced the money on the government's guarantee could still sue on it, I am quite sure.

MR. DOODY: That is the advantage of the bill -

MR. ROBERTS: Well, they would allow some retroactive debate.

MR. DOODY: Then you revealed what, you know -

MR. ROBERTS: Well some of the information is revealed and I think the minister is more forthcoming than some of his predecessors of both political stripes have been.

I just want to say that based on what I have been told today of the Wabush Transportation situation - and that is really all that I know about it. I had not heard of the company and I must confess I am not particularly concerned about the company. There are bigger fish to fry than \$250,000 guaranteed to a bus company in Labrador. And I must say, based on what the minister says, you know, the government seem to have operated with a degree of prudence. They have deferred a couple of

MR. ROBERTS: capital repayments. They have also extended a further line of credit. And what we are doing is being bankers. Obviously this company could not raise money on its own through the normal routes which include personal loans. Obviously the principals in this were not able to raise the money on personal loans. Obviously they were not able to raise it on chattel mortgages or assignment of their contracts - again, you know, unusual; most businesses are financed by a combination of these things or on personal investments of one sort or another. And I do not find it particularly objectionable that the principal in this company is the former P.C. candidate. Some people could call it a pay-off, but I know Mr. Walsh - I have come to know him fairly well the last little while. Perhaps his political views are becoming more advanced than they were but -

MR. DOODY: Maybe because of the school bus contract.

MR. ROBERTS: Well I think it is mainly because of the member from Minihiek (Mr. Rousseau) and the government, but

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I was not even aware of the school bus contract. And if the government took it away, well, you know, I do not quarrel with that and Mr. Walsh has never mentioned that to me, nor has anybody. I was not aware he had the contract nor was I aware he had lost it. That is irrelevant. What concerns me is that the government a couple of years ago - I am sorry, at some time in 1973 - now I assume that was subsequently ratified by legislation. I have not looked up the -

MR. DOODY: No, that is what I pointed out.

There were two - obviously I did not make that clear. And as I was saying, this is the point that I find embarrassing on this particular thing. It is not Mr. Walsh or the Wabush situation. That one is perfectly clear, and there is absolutely no problem or impropriety to it. And as I say, it was either help finance that particular company or have a company from Quebec move in and do the transportation in the area. There were two guarantees issued that year; one for \$50,000 which was for the cost of erecting a building to house the new buses which were needed; and there was \$200,000 to finance the purchase of the new buses. Only one of these amounts appeared in the bill. The \$50,000 amount appeared in the bill and that \$200,000 should have been in that same bill as the \$50,000, and it never was. And in fact this year the Province of Newfoundland has only issued one guarantee. That is the Ralland Forest Products one. And we are bringing now to light the fact that we did not - it was either through a printer's error or through some other error, but it never did appear on the Order Paper. And that is why as I say, I hesitate, because I do not want to strain the credibility or the credulity of members.

MR. ROBERTS: I thank the minister, and I am not going to accuse him of trying to cover it up.

MR. DOODY: No, I am not -

MR. ROBERTS: I mean it was an error somewhere along the line, whether it was a printer's error or a clerical error. We can blame it

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on gremlins down in the printing shop, the Queen's printer, if you want.

MR. DOODY: I do not want to blame the printer either.

MR. ROBERTS: I suspect that the real problem was that some lawyer or someone would have picked it up and said, This guarantee as it now stands is not worth the paper on which it is written. Because the former guarantees, unless it is changed, used to say, Ordered that, you know, the proposal of XYZ Limited for a guarantee be and is hereby approved on security to be determined by the Minister of Justice subject - and these are the concluding words in the order, the Minute of Council - subject to subsequent ratification by the House of Assembly. So in effect the loan, if it was in that form, the guarantee, the loan made under the guarantee, was not secure. And I would assume at some point the bank solicitors would write a polite letter to the minister saying, you know, Please honour the commitment to have it ratified by legislation. That is not - you know, that is by the bye. I mean, everybody concerned, I am quite willing to assume, has acted in good faith. And if they have acted in good faith, and if there is none of the sort of hanky-panky that went on with work orders in Public Works, there is nothing to get upset about.

What does concern me, and I merely want to note there are two things: First of all, the guarantee, it says in the explanatory note, was issued for a three year period. Now that is blinding the devil in the dark, because once a guarantee is issued, if money is advanced under that guarantee, it does not matter if it is limited to one day or one thousand days or one thousand years. It is like short-term borrowings in the government. I mean it is ridiculous to say if a note is only for ninety days it does not affect our credit. At the ninety~~th~~ day it must be paid off or renewed. And the mere fact that it is only for ninety days does not mean our obligation to repay evaporates on the ninety-first day. So, you know, a three year guarantee - the guarantee is the guarantee and it will have to be paid

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off either by the borrower, in this case the Wabush Transportation Limited firm, or by the government as guarantor.

MR. DOODY: The firm undertook to repay it in three years.

MR. ROBERTS: Yes, that is a better way to put it. The minister says, "The firm undertook to repay it in three years." And if all goes well, and if their plans are met, they will repay it. But let us not be deluded, let us not delude ourselves into thinking that the presence of a three year time limit on the guarantee somehow increases our position. We are on the back of the note and if the borrower does not pay it, we pay it, and it does not matter if he pays it in thirty years or in three years. We may have an action against him if he does not pay in three years. But if he does not pay in three years, it is presumably because he cannot afford to pay in three years and that is worth as much as, for example, one with which I am intimately familiar, the Reid one in Bide Arm. You know, we may have guarantees there but, I mean, what are they worth? The minister, I think, has sent in the bailiffs to seize some of the property there, you know, under the various mortgages we have, but so what? I do not know what it is worth.

What concerns me here - and I will not take long on it, but I want to say it - is that this is obviously a case of favoured and preferential treatment to a political supporter of the present government. The government are not in the habit of going around the Province and guaranteeing school bus contracts. Indeed, I do not know of any others they have guaranteed. There are hundreds of school bus contracts throughout this Province and all of them, with the exception of this one, are done without government guarantees. I do not know - the Minister of Education could tell me how many contracts there are, but I suppose there are literally hundreds of separate contracts.

MR. SIMMONS: Many hundreds.

MR. ROBERTS: Many hundreds says my friend from Burgeo - Bay d'Espoir (Mr. Simmons) who administered them. How many from the Springdale Board in Green Bay?

MR. SIMMONS: Twenty-eight in one district.

MR. ROBERTS: The Green Bay Integrated school district was run with great success by my friend as superintendent. They had a few staffing weaknesses in some of their schools, but with particular reference to the gentleman from Green Bay (Mr. Peckford) I do not want to say anything about any other teachers in the school. But there were twenty-eight in that district alone. Well, in all these cases, Mr. Chairman, the -

MR. SIMMONS: He was an excellent teacher. That is not where the -

MR. ROBERTS: Was he an excellent teacher?

MR. SIMMONS: An excellent teacher.

MR. DOODY: Go back to teaching, 'Roger'.

MR. ROBERTS: A better teacher, Mr. Chairman, than anything else. He makes a good kindergarten debater too. But let me go back on this point, because it is obvious that this is a situation where there has been a degree of favouritism, a degree, an unusual degree and perhaps an unwarranted degree. It is obviously political patronage. I do not say it is improper or unlawful. But as far as I am aware every single school bus contractor in this Province finances his own buses. Friends of mine in St. Anthony recently bid. The integrated board had put up their contract. A friend of mine happened to be the low bidder, and the board are deciding whether to award him the contract or whether to operate the buses themselves. They will do whatever they think is best. But in either case, if new buses have to be purchased or if buses have to be replaced, the financing will be done either by the board, out of their slender resources, or by the contractor,

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and I do not know of another case anywhere in the whole Province. The contractor may very well go to his bank or the IAC or whoever is financing his equipment for him and say, Look, there is my contract, I will assign it as security. That would be a normal proceeding. It is done in business all the time, you know, to assign a contract.

MR. HOUSE: We usually give a contract for three years.

MR. ROBERTS: Well, the Minister of Education says they usually give a contract for three years. That is one of the reasons why, because it would take three or four years, I would assume, to amortise a bus and as a contractor you would have to have a degree of security or else you would have to build all your capital costs into the first year, and that would profit nobody.

So the point I am making is that there are literally hundreds of these, twenty-eight in the Green Bay Integrated school district alone a couple of years ago. There are literally hundreds of them, but only one has been singled out for a government guarantee which is worth at the very least a point or two on the interest rate. At the very least it is worth that at the bank, and at the very most it might be the difference between being in business or being out. So I think it is obvious--

MR. CHAIRMAN: 105 should be 115.

MR. ROBERTS: Mr. Chairman?

MR. CHAIRMAN: I am sorry.

MR. ROBERTS: I am sorry, Mr. Chairman. I was not sure whether I had transgressed one of the infinitely varied rules, that Your Honour was bringing me to task.

But it is obvious that there has been some political and partisan action here. I do not say that in any way censurial of any of the principals in the company. But I think it should be noted that the government have in my view acted improperly - and in view

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acted improperly, not unlawfully. But I would predict now, and I would assume the government have no choice except to welcome any school board, bus contractor in the Province who is having a little difficulty with his financing, wandering in now and he will get his money, he will get a guarantee from the Minister of Finance. I mean the precedent is set. And the mere fact that one of the principals in the company happened to be the PC candidate in that district, that surely did not enter into the government's decisions. Surely, it did not!

But, you know, let it be recorded now, and I hope that the press will note it down, that the government have a new policy : School bus contractors now can get backed by the government.

MR. DOODY: They have got contracts with IOC.

MR. ROBERTS: Well now, I will come to that. That is the second half. The minister said that this firm had two kinds of contracts, one was a school bus contract, which in this case, I believe, was given by the government directly.

MR. HOUSE: No!

MR. DOODY: No!

MR. ROBERTS: No? By the board. Okay, so there is not even that. That is fine. Now then the company also had a contract with the companies, the Iron Ore companies, to carry men back and forth to work.

MR. DOODY: Which they would have lost because -

MR. ROBERTS: Now, is not that interesting, Mr. Chairman? First of all it says something about the credit rating of that company, forget any individuals, the company, that they could not get buses and interim and working capital on the strength of contracts with the Iron Ore Company and Wabush Mines. And secondly, it says something about the gutlessness - if that is a parliamentary word - of a government that would allow these two companies that are doing so very

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well out of our Province to hold us up to this sort of ransom. We now have His Honour, Judge Bartlett of the district court holding hearings on questions relating to Quebec, workmen coming in and issues of that sort. Perhaps he should look into this arrangement. These two companies, in effect, then said, Oh, we will give it to this man but if this man cannot get the financing, if he has not got the money, we will give it to a Quebec firm, and,

Mr. Roberts:

in effect,blackmailed the government of this Province to come in to make a loan to the man or the company with the bus contract. It says volumes for the member for Menihok. speaks volumes of the relations of the way in which this government and this country is treated by these companies. I think it is outrageous. The school bus one I can at least live with, prepared,as I am sure the minister is,to accept the fact that there will be many hundreds now. But it is easier, I say to the minister,to justify the school bus contract,backing that one,than it is to justify backing the companies. I would have thought a contract of these two companies would have been as good as money in the bank. They are reputable companies. They are large companies. They are not fly-by-night operations. All you have to do is perform your services and you will get your money. I find it hard to believe there is not a bank in the world that would not lend money on the strength of that. Indeed I would be very interested in seeing letters or documentation from the bank which surely was included in the request for the loan as supporting evidence. I would like to see a letter from a bank turning down advances on the security of that contract.

MR. DOODY: I am not sure how long these contracts are for.

MR. ROBERTS: I do not know how long they were for.

MR. DOODY: I mean, a one year contract ...

MR. ROBERTS: I know nothing about the whole situation.

MR. DOODY: The bank would be hesitant if it is a one year contract.

MR. ROBERTS: You know, this is the sort of thing that makes our blood boil.

Now that brings up another question of course, how long was Wabush Transportation in business? Was this another of these dandy little companies that has been incorporated since, say, to take a date, 19th. of January, 1972?

MR. DOODY: No,they have been -

MR. ROBERTS: How long have they been in business?

MR. ROUSSEAU : Longer than that.

MR. ROBERTS: I mean, I do not know. I could go and look it up in the Registry of Deeds.

MR. ROUSSEAU: They handled the school bus transportation when I was principal there.

MR. ROBERTS: Now, okay, if they handled that, the Minister of - what is he? the Minister of Public Works these days, and Investigations, says that they handled the school bus contracts when he was principal of the Catholic school, I believe it was, in Wabush, the Catholic half of -

MR. ROUSSEAU: Both Wabush and Labrador City.

MR. ROBERTS: I am sorry?

MR. ROUSSEAU: Both Wabush and Labrador City.

MR. ROBERTS: Both Wabush and Labrador City. Now if the company was able to get financing then without getting guarantees, how come they get guarantees now? You know, the more you get into this, Mr. Chairman, the more curious it becomes. I mean, just what is the full story on it? Do we need another judicial enquiry? You know, everything we turn to these days, Mr. Chairman, seems to get more and more curious.

I say if the company has been in business for a while, and I accept that they have, and if they were able to finance their school buses before, how come all of a sudden in 1973, shortly after the government are in office, they need a guarantee to get school buses, presumably to get new school buses, a company that had established track record? Now there is something wrong somewhere there, is there not? There must be. It is bad enough if it were a new company just started up like the infamous A. B. Walsh firm to take advantage of the changing political fortunes, and that is why A.B. Walsh Limited was founded, obviously it was. Whether they did it properly or lawfully will be found out in due course by enquiries. But that is not the case here. Here is a company that was doing business for a while, doing precisely this sort of business, taking contracts from school

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boards and running children back and forth to school. Well and good. And all of a sudden they need a guarantee? You know, there is something wrong somewhere there, Mr. Chairman. There is something - and I do not think the Minister of Finance is withholding anything - but there is something that is being withheld from the Committee. We are not getting anything like the full story of why this guarantee was asked for or why it was made. For the companies, why are we in the business of a Province of financing Iron Company and Wabush Mines. We could pass legislation banning a Quebec bus company coming in here, that could be done with a flick of a wrist, it would go through the House instantly, and any nonsense of any company saying if you do not finance this bus company we will give it to a Quebec firm should be met with the Premier of the Province saying definitively you try that and we will legislate on it. And if they are foolish enough to defy that warning then bring a bill before the House and you will get unanimous support for it. I mean the whole thing is tin-pot politics. It is pretty shoddy.

What is the truth? The Minister of Finance has told us what he knows. We do not have the full story. What is the truth? Why was this company given a guarantee? It gets more and more curious. It is like the whole A.B. Walsh thing where we started with a few innocent comments from the Auditor General. And to hear the hon. Minister of Public Works speak when he made his statement after a month or so, you would think it was really all quite straightforward, there was hardly anything to it. And as we now get into we now have two judicial investigations, and one police investigation into one firm's dealings of one kind or another with the government, and there is more to come. We are not anywhere near the bottom of that particular barrel of slime and sludge yet. So what is the story here?

Bus companies all over the Province, contractors, take school board contracts and finance it on their own. So that is unusual: we have one company favoured. Is it a new company?

Mr. Roberts:

Is it having a little trouble getting started? No, it is a company that has been doing business. I did not know that. The gentleman from Menihek (Mr. Rousseau) tells me it was. So why then does that company get singled out? You know, it is very unusual. My friend for Burgeo-Bay d'Espoir (Mr. Simmons) has administered school boards and has been involved; have you ever heard of the government guaranteeing a school bus contract?

MR. SIMMONS: I have heard of the government refusing to do it.

MR. ROBERTS: Ah! Ha! He has heard of the government refusing to do it. Sure. I am sure there is a whole room in Finance filled with files containing letters saying, Dear bus company, we are sorry we are not able to accede to your request for a guarantee to enable you to finance your buses for the school bus contract with the ABC Board; you will have to do it on your own. But this one company is singled out and favoured. Now why?

I think before the Committee is asked to adopt this, to ratify it—I mean we are on the hook anyway, the Cabinet have made sure of that. The gentleman from Menihek (Mr. Rousseau) three years ago made sure of that, four years ago.

MR. ROUSSEAU: No. Excuse me, if I may?

MR. ROBERTS: Yes, sure you may.

MR. ROUSSEAU: I can say to the hon. member, because I thought that point might be raised, the hon. member was not involved in this. It was a straight business transaction. I was not aware of it. I was told about it after that an application had been made and that is the extent of it, and I can assure the hon. Leader of the Opposition that those are the true facts.

MR. ROBERTS: Mr. Chairman, I accept the gentleman's word, no question. But I would point out that what he says is not right. He was involved in it. It was an Order-in-Council, and the hon. gentleman was a member of the Cabinet.

AN HON. MEMBER: No, he was not.

MR. ROBERTS: In 1973?

MR. ROUSSEAU: Yes, I was.

MR. ROBERTS: He certainly was. It was one of the few good things done by the government in 1973.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Yes, after the 1972 election the hon. gentleman was promoted to the Cabinet.

MR. DOODY: After Burgess was defeated.

MR. ROUSSEAU: December 1972.

MR. ROBERTS: And it was one of the few wise appointments the Premier has made.

MR. ROUSSEAU: Insofar as being a member of the Cabinet, yes.

MR. ROBERTS: Yes, well, I mean, that is the only - I am not suggesting the hon. gentleman has a piece of Wabush Transportation or anything else, I am not suggesting that.

MR. ROUSSEAU: Nor did I lobby on his behalf.

MR. ROBERTS: No. I am not saying that he lobbied or did not lobby. I do not know what passes behind the Cabinet walls, I could not care less. All I know is that the Cabinet authorized an Order-in-Council in 1973 and the minister was a member of that Cabinet and therefore is fully and completely responsible for everything the Cabinet does.

MR. ROUSSEAU: Most certainly.

MR. ROBERTS: And the more we look at the company's involvement the more curious it becomes.

First of all we are told, oh well a very little innocent school bus contract, but it turns out that no other company in this Province, out of hundreds, has been so favoured. That is an interesting point.

AN HON. MEMBER: Yes, Sir.

MR. ROBERTS: Secondly when we say, Oh well, maybe it is a new company, we are told it is not a new company. It is a company that has been doing business of this precise nature for a number of years. So that makes it even more curious that this one company is favoured. And then we are told, Oh well, IOC and Wabush Mines are getting

Mr. Roberts:

tough. And when you look at that with all respect is pretty thin gruel, pretty thin gruel indeed. To begin with a Quebec company cannot licence buses in this Province unless we licence them, and they are operating on public roads. They are not operating only on mine roads. And to finish with, the writ of this Legislature still runs to IOC and Wabush Mines. They are not above the law. So the whole thing is curious. You know, the whole thing is very curious. The fact that the principal in the company apparently is a - or the apparent principal in the company, the man we are told is the principal, and I do not doubt he is, is a former P.C. candidate, certainly did not hurt his cause any more than the fact that the former P.C. candidate on Bell Island, Mr. Fitzpatrick, was given a Rural Development loan and you know, some others. We could go on and on.

So I think one of the ministers, Mr. Chairman, ought to be a little more forthcoming on this. It is curious. Apparently the Province has not lost any money as yet. The loan seems to be up to date. It seems straightforward. I mean, what is the truth on it. Can the papers be tabled? Can we be given a full explanation? There is obviously something not before the House. This company has been favoured. And I get very suspicious, Mr. Chairman, of companies being favoured, very suspicious. And I think on the evidence that has come before the Public Accounts Committee and the evidences that have been presented before judicial enquiries to date, public evidence, public hearings, I have every right to be suspicious, and so do the people of this Province. And we are going to go on questioning these things, because

MR. ROBERTS: We feel that there is something rotten in the state of Denmark and the deeper we get the more we find. So perhaps one of the ministers, Mr. Chairman, could explain. Before we go on to talk about the Ralland one, I might say to my friend from Burgeo-Bay d'Espoir (Mr. Simmons) the Minister of Finance quite candidly admitted that he was not in full possession of all the information. Really his colleague the gentleman from Grand Falls (Mr. Lundrigan) would have to deal with it, but it is certainly open to some discussion. And then there are a few other loans I would like to talk about in the Public Accounts. This is a good place to talk about them because they were issued under the Loan and Guarantee Act, the authority of it, or approved by the Loan and Guarantee Act. Perhaps the gentleman from Menihek (Mr. Rousseau) or somebody could tell us a little more.

MR. ROUSSEAU: I do not know the details.

MR. ROBERTS: Well, it is not good enough. Here are the government waltzing in and saying we have spent \$200,000 of your money and we do not know anything about it. And I get up and ask a few innocent questions and the more questions I ask the more it becomes obvious that there is something wrong. I am not sure what it is, it may just be incompetence but it may be more than that.

You know, Mr. Chairman, it is not a joking matter now. Does Your Honour realize there are three judicial investigations under way into this government at present? Three judicial investigations into actions of the government or the public service, and in it one police investigation? Well, two if you want to count the fisheries one, we have not touched on that one yet. We have not begun to get to the bottom of that particular unsavoury mess. So Your Honour will have to understand we are very tender, we are very much aware of the fact that the way this government are running things is not the right way, and so we question everything and we question it with a suspicious mind. If I may say, Sir, that I think on the record

MR. ROBERTS: we are justified in being suspicious. The whole A.B. Walsh thing seemed to be so innocuous in the Auditor General's report. And to hear the minister talk about it! He looked up and said, "Sure my friend has," the minister's first answers when we asked a few questions, "It all seems straight forward." Well, I do not know what Mr. Justice Mahoney is going to find, I have no idea. But I know what I suspect and I know that what has come out to date - you know, police in, the RCMP have taken the books of the company, seized them, a big investigation going on, obviously there is something wrong. So we are suspicious of this one, we would like to have some more information. I do not know which minister is responsible. The gentleman from Menihek (Mr. Rousseau) says he know nothing about it, the Minister of Finance does not know very much more about it, and yet somebody must know about it. These are reasonable questions, Sir. \$200,000 is a lot of money, a lot of money, It is a fifth of what Alec Walsh or A.B. Walsh Ltd. gets in a year for work done without contract. It is probably as much almost as his profit. He makes about \$300,000 profit a year on government business. That is the estimate I get from people in the trade, that it is worth about \$300,000 a year cash in that company's pocket. It is a lot of money we are talking about. I am not going to vote against it because it has been done anyway, but I do think the committee are entitled to some information, Sir, and so I ask the ministers to give us that information. If we get it then we will happily steam ahead. If not, well, Regatta Day is still two months away and there is no time limit on committee and I would like to have another go at it if we do not get some information.

MR. SPEAKER: Hon. Minister of Finance.

MR. DOODY: Mr. Chairman, it is difficult to give information other than that which I have already put forward to the committee. The Labrador City-Wabush area, as the hon. members know, is not an

MR. DOODY: area in which there are that many competitive or competing groups who are in a position to get involved in this sort of business enterprise, and I think government quite properly did what could be done to see that this particular company - and indeed had it been some other particular company I have no doubt the same situation would have occurred - was in a position to adequately take advantage of the opportunities that were there. Now it is quite clear, I suppose, that we could have legislated Quebec companies out of the Province. It sounds a bit high-handed and it does not sound like a very reasonable or sensible approach to me to a situation but, however, that may very well be a way to do it.

I can assure hon. gentlemen that there was nothing underhanded or there was nothing unusual about all this. As I say, the security for the loan is there, the loan is up to date, the interest has been paid, the \$50,000 guarantee has been liquidated. The wonder of this situation on this particular resolution, Your Honour, is not the fact that there is a company to zero in on: It is the fact that there are only two companies who are under guarantee by the Province at this particular time - or at least under this particular bill. The hon. Leader of the Opposition, who says that there is undoubtedly a file down in the Department of Finance that is full of letters to the effect that, "Dear Mr. Bus Company, We regretfully decline to accept your invitation to guarantee your loan" is undoubtedly and absolutely without question correct. And I would also say that there is a whole filing cabinet or a whole room down there that is full of letters to the effect that "Dear Mr. Company. The government regretfully declines your invitation to guarantee your particular loan." Once again I suppose the sin that this gentleman has committed was not the fact that he was in business, was not the fact that he applied for and was successful in getting a guarantee, nor that he operated in the remote area of the Province called Wabush-Labrador City. I

MR. DOODY: guess his sin is the sin of being an ex-candidate or a candidate, an unsuccessful candidate at that, of the PC administration, or the PC party. And I can understand the tenderness of members opposite. Obviously they lost the election and subsequent elections and appear to be on the same trail this time and if it is possible to muddy the waters and bring Wabush Transportation Company and Mr. Walsh and whatnot into the business of this House under these circumstances so it be; obviously hon. members have every right so to do. The company, as I stated, was in business before. If it had not been in business before it would have been condemned for having been set up subsequent to the election. Since it had been in business before it has been condemned for not having enough assets to adequately take advantage of a business opportunity that presented itself. If there is indeed, as has been suggested, the possibility of an irregularity, I just can say that that just is not so. If hon. members in the Public Accounts Committee want to discuss that or any other particular loan or guarantee I am absolutely certain that the officials of the department will be only too happy to answer their questions as they have in the past. I think that the co-operation of the Department of Finance and Treasury Board has been all that the committee have asked for and I can assure hon. members that it will continue to be. There is nothing in that Loan and Guarantee Act that we are bringing forward, particularly as it applies to Wabush Transportation Company, for which this government feels any shame at all. It was not a matter of guaranteeing a school bus contract. As I have said, this government, despite the fact that Mr. Walsh is supposed to be allegedly is being favoured for being a PC candidate and was given these advantages and privileges because of that fact, subsequently government refused to approve the school board's acceptance of the tender bid of that company. The company applied and was the only one who tendered because it is the only company up there in Wabush which can tender on the school bus contracts for the schools, and when the request for approval came into government

MR. DOODY: It was analysed, looked at, and we thought it was far in excess of what it should be compared to other bus contracts which had been issued by the department. We contacted the company and told them that in our opinion we were being overcharged. The company told us that they could not make money unless they could make a profit, could not reasonably operate unless they got these rates, so government said, "Well we are very, very sorry about all that but we are just going to regretfully have to enable the school boards to set up their own bus system." And this is a departure, as hon. members are aware, from the norm. Now if this is favouritism, political favouritism when you take away from the only school bus operator in the area, who happens to have the mortal sin of having been a candidate for the PC party four or five years ago, you take away the principal part of his contract and virtually put him out of business because we feel that he is overcharging the government, if that is political patronage and if that is political favouritism and if that

Mr. Doody:

smacks of wrongdoing and evil goings on, well I am willing to defend that sort of wrongdoing from here to eternity. I would assume that had the gentleman been of the Liberal persuasion and we cancelled these school bus contracts we would have been accused of political bias down the other side of the field or putting the fellow out of business because he was a Liberal. The reason we took the school bus contract away from him was for the same reason that we helped him get his business on an operating and even keel in the first place - because we felt it was in the best interest of the Province and the best interest of that particular part of the Province. There is absolutely nothing wrong. Hon. members can keep looking under toad stools and turning over sods and looking under rocks, and eventually I suppose they are going to find some snakes or some snails somewhere along the line. But I respectfully submit to the Committee that they are not going to find them under this particular toad stool because there are none. This was done in complete propriety. I have absolutely no hesitation in saying so. And if the hon. member wants to stay here until Regatta Day, as he says so, to discuss it, well, that is fine with me. We can stay here on Regatta Day also because it is not one of my favourite sports. I have never attended. It seems to me of something of interest to a lot of people, but it certainly does not impress me very much, although I used to work on various little concessions down there, helping out various charities selling tickets and that, but I can willingly give that up this year if hon. members want to stay here and discuss this particular loan, this particular guarantee.

The point of the matter is that the Wabush Transportation Company is a legitimate company, operating under the laws of the Province. Their books are an open secret. There is nothing about them except - there is nothing about them that is questionable except for the fact that we merely put him out of business when we cancelled their - when we told the - not that we cancelled, we just told the school boards up there that we would not supply them with the money

MR. DOODY:

that was necessary to honour the tender that Mr. Walsh's company had put in, that we felt it was excessive, and we worked out an arrangement with the two school boards I think in the area to buy school buses of their own, to hire their own people and to put up a garage in which to keep the buses, which is very necessary up there, particularly in the Wintertime when they have to be preheated and so on.

And I say this is a perfectly legitimate operation, money as loans. The \$50,000 guarantee has been completely repaid except for the two arrears, the \$11,200 moratorium on two payments which were deferred, and which will be subsequently paid; the loan is up to date, interest is up to date, everything is completely legal and above board except for the fact that Mr. Walsh was unfortunate enough to have run for the Conservative Party in an election, and that appears to be the only irregularity in this particular instance.

The Wabush Transportation Company if it disappears and goes out of business I can only assure that somebody else will start up. I sincerely hope that does not happen. I know Mr. Walsh. I think he is an admirable gentleman, and he has worked very hard. He started with nothing, and he has worked his way up to operating a good business, a business that he himself has put a lot of time and effort and work into, and you know, I can wish him well.

As I have said, that was a guarantee that was done in 1973. The number of guarantees that were issued in 1976 was one. I do not really think that the hon. members in this Committee can say that government has been anything but diligent in protecting the Province and the commitments of the Province in the issuing of guarantees, and I would respectfully submit that Guarantee and Loan Bill that was brought forward before this Committee was far in excess of anything that is in this particular bill. But if hon. members wish to make political hay out of it then, you know, by all means go to it. There is nothing we can do about that. We are all aware of the fact that these by-elections are in effect, and we cannot blame, I suppose, hon. members for doing the best they can with a bad job.

MR. CHAIRMAN: The hon. member for Burgo-Bay d'Espoir.

MR. SIMMONS: Mr. Chairman, that statement from the Minister of Finance during the past few moments must be one of the more convincing that we have heard in this Chamber in a long time, at the same time one of the more pious, and I say that kindly, one of the most heart-felt statements we have heard here in this House in a long time. And listening to the minister we can have very little reason to doubt him, because he is so convincing, he is obviously baring his soul, he is obviously telling us exactly as it is.

And let me say, Mr. Chairman, I believe he is. I not being tongue in cheek. I believe the minister is telling us exactly as he understands it. The last time I heard a statement that convincing from a minister, Mr. Chairman, the last time I heard a statement that pious from the minister was on March 10, when the Minister of Public Works bared his soul on the subject of Public Works spending. And like the minister today, the Minister of Finance, so on March 10 I believed with all that is in me that the Minister of Public Works told us everything he knew at that point in time. I believe in both cases the ministers concerned have given us what they consider with the knowledge that they have at hand, within their command, to be full statements.

Now I have made reference to the statement of March 10 only by way of an analogy, only by way of example to draw an inference in relation to the present situation. It is one thing for the Minister of Finance to tell us all he knows about the situation. But as we found out following the statement of March 10 by the Minister of Public Works, as I told him on March 7, three days before he made the statement, as I advised him then to make a very full statement because there was more to it than meets the eye, I am wondering if we have before us today another one of those situations? One of those Pandora's boxes, Mr. Chairman, where on the surface it looks all so hunky-dory, it looks all so sensible, it looks all so straightforward. And why, Mr. Chairman, would we in the Opposition latch on to this one this morning?

Mr. Simmons:

It is a fairly small amount of money.

Well, we have heard the reasons from the Minister of Finance. His reasons are two: First of all he said it is because we want to muddy the waters. Well, whatever he means by that, to that I would respond, that what I want most, Mr. Chairman, at this point in time is to expedite the business of the House, to have a few days talking about the budget speech which should have been called a long time ago, but if we have to wait until the end of June or the first week in July to talk about it then I feel strongly enough about what is in that budget to take my time then to say what I have to say. So with that proviso, with that understanding, Mr. Chairman, I otherwise want to get out of here just as fast as I can because I have some other things I want to do, and I have been here too long already, thanks to the way the government has so badly managed the introduction of its legislation.

Now the minister says I want to muddy the water. I counter it out by saying mainly I want to get this over and out of here. He says we want to make some political hay. Well, Mr. Chairman, that must be a new one. That must be a motive never before ascribed to any politician in Newfoundland. Imagine a politician wanting to make political hay! Perhaps he is right, Mr. Chairman, because perhaps with our ability to sniff out something, as we have demonstrated, perhaps there is something here we can make some political hay on, perhaps there is. If so, I tell the minister we will make political hay. We will make no apologies to him for making it. But in addition, Mr. Chairman, let me give the minister a couple of reasons of my own why I believe there may be more to this than meets the eye. Reason number one; to my knowledge, Mr. Chairman, this is the one and only bus company in this Province ever to receive a government guarantee for its borrowings. The one, the only bus company ever in this Province to receive a government guaranteed loan for its borrowings, as security for its borrowing programme. Now, Mr. Chairman, I believe that is pretty significant. And you had to ask why? Why?

Mr. SIMMONS:

You particularly have to ask why when you realize that this contract or these contracts of this particular company were in some measure related to the transportation of school students. Because it calls to mind the particular dilemma that the thirty-five or forty school boards face across this Province, a dilemma that they have taken to the government many, many years, ever since this government came in, indeed in about 1972 or 1973

MR. SIMONS: I met with people at Cabinet level on behalf of a school board to discuss a request, Mr. Chairman that the government would guarantee the borrowings of a board who wanted to provide some additional educational facilities for their youngsters. You want to know what the answer was? Well, the Minister of Education can tell us because he knows. That board, the Green Bay Board, like every other board in this Province, was refused government guarantees for its borrowing programme.

Mr. Chairman, did you hear what I have just said? Every board in this Province, because every board has requested either directly or through the school board federation, every board in this Province at one time or another in the past three or four years has been refused by this government a government backing, a government guarantee for their borrowing programme to provide extra capital facilities. And why? Well, the reason we were given, the reason those boards have been given is that if we did that it would effect adversely the overall credit rating of the Province. Now that makes a lot of good financial sense, Mr. Chairman. I can buy that. I can buy that. They refused the boards in this Province because it would effect adversely the financial credit, the long-term borrowing capability of the Province. That is a very good reason. But why does the government not be consistent about it? Why are they so inconsistent? Why all of a sudden when they have refused every board, and the Minister of Education might ponder this one because if he had the power to assure his colleagues in Education that there were guarantees available from government his job would be a lot easier today. But he must have quite a conundrum here today when he realizes that the same government that is roughing it up for him by not allowing him, not giving him the authority to say to his colleagues across the Province, "We will give you the government guarantee," that same government is doing it for one company up in Wabush, Labrador and we are supposed not to ask

MR. SIMMONS: Why? We are supposed not to muddy the waters. We are supposed not to make political hay. How stupid does the Minister of Finance think we are? How stunned does he think we are at all? I will muddy the waters, the Leader of the Opposition will muddy the waters, and we will make political hay, if that is what it is called, until we get some answer to this.

Why is it on the one hand that the school boards of this Province, continuing institutions if there are any, if there ever was an ongoing institution in this Province it must be a school board. The names change. The names of the chairman and the members are changed but there are not many examples in this Province, Mr. Chairman, I put it to you, where school boards have ceased to exist for financial reasons. They have ceased to exist because they have been absorbed by larger jurisdictions, by changing times and changing legislation, changing degrees of co-operation among the denominations and the other parties in education.

But there are not many examples in our history, Mr. Chairman, where school boards have ceased to exist for financial reasons. They are ongoing institutions. They are fairly reliable institutions. There are responsible community people all across this Province. But they were refused, Mr. Chairman, they were refused holus-bolus, they were refused government guarantees.

MR. HOUSE: These government guarantees. In what way? Government guaranteed capital construction grants for a ten year period.

MR. ROBERTS: Not the school bus -

MR. HOUSE: No. No. No. He is talking about capital.

MR. SIMMONS: No. No. No, Mr. Chairman. Now the Minister of Education muddies the water. What he is saying -

MR. ROBERTS: They have not guaranteed it either.

MR. SIMONS: That is right. Let us get this quite - quite differently, quite different altogether. What the government has said is that over the next x years he will give out y dollars; for the next number of years it will give so many dollars.

MR. HOUSE: Right. Correct.

MR. SIMONS: Now that is not a guarantee of the board's borrowing problem. What it is is proper notice that x dollars will be forthcoming each year over so many years.

MR. HOUSE: And the banks honour that.

MR. ROBERTS: Yes. But it has never been embodied in legislation and it does not show.

MR. SIMONS: The Leader of the Opposition is right but it is even simpler than that. The government has refused outright to guarantee the borrowing programmes of individual school boards.

MR. HOUSE: Right. Individual.

MR. SIMONS: All right? That is what I have said. That is what I have said and that is why I draw the close parallel because we are not talking here about broad principles or about how much money can be expected to be available for the next x years, we are talking about a very individual thing. We are talking about giving to one Peter Walsh, or Wabush Transportation, any guarantee, the same kind of guarantee that the Green Bay School Board, the Avalon Consolidated School Board and the PC School Board of St. John's and the Humber-St. Mark's School Board and you name the rest of them, the thirty-five or thirty-eight boards across this Province, not one of them, Mr. Chairman, has been able to achieve the security through government guarantees that this company, this one company - now, Mr. Chairman, it is not as though there were different categories, as though a government

MR. SIMMONS: had a policy which applied to bus companies and not to school boards because if that were the case, Mr. Chairman, I could go to a number of good friends of mine in the busing business, a number of people who come to me and tell me about the financial difficulties they are having because they can only get a contract for three years and it is difficult to write off the cost of the equipment over that short period of time, I could go to them this morning were that the case and advise them, "Look, go to the government, the word is out. They have categorized those companies they will give guarantees for and they will give them for bus companies."

MR. HOUSE: No, they will not.

MR. SIMMONS: Does the Minister of Finance tell me that I can do that now? Is that the new policy?

MR. DOODY: You can if you want to but it is not the policy.

MR. SIMMONS: It is not the policy? That is right. And that is the point. It is not a broad policy. It is a one time, an ad hoc decision for one particular company and we are not supposed to ask why. Well, Mr. Chairman, I am going to ask why. I am going to keep asking why until I get an answer.

MR. HOUSE: Is the hon. member referring also to the recent negotiations we had with the boards where we guaranteed funds to buy buses for the boards and not for a company operating them for the boards at the present time in Labrador?

MR. ROBERTS: If this is the case -

MR. HOUSE: He is not referring to that because that is policy.

MR. SIMMONS: What is policy?

MR. HOUSE: The policy now is with the Department of Education in bus transportation, if tenders are called and we feel that there is collusion and we feel that people are charging too much, that the government will enter into a negotiation with

MR. HOUSE: that board and allow them to operate their own buses, like they have done for Labrador now.

MR. ROBERTS: Have there been any instances of that being used?

MR. LUNDPIGAN: Labrador City.

MR. HOUSE: Labrador City is the only one.

MR. ROBERTS: Is there collusion there?

MR. HOUSE: I am not talking about collusion.

Just wait a minute now.

MR. ROBERTS: No. No. The minister, Mr. Chairman, if I might, the minister used the term "collusion". Now in law collusion is a very definite concept. And I would like the minister to be a little more specific. He said, and I quote him, "Our policy is that where there is 'collusion' now we may enter into a direct, in effect, direct negotiations and the board will directly operate school buses. Now I then say - oh yes, in Labrador City. Now this is the precise area in respect of which this company now being discussed is involved. Now is the minister telling us, and these are the words he used, and I have never heard of it -

MR. HOUSE: Sit down and let me finish, will you?

MR. ROBERTS: Mr. Chairman, I have the floor. Let the minister sit down.

MR. HOUSE: I was up before.

MR. ROBERTS: He can take the floor in a minute if he wants it and I hope he makes better use of it than he did before. That thought had never crossed even my suspicious mind. He now tells us there was collusion in Labrador City -

MR. HOUSE: I did not say that.

MR. ROBERTS: Get the Hansard. Now maybe the minister used the word loosely. Maybe he used it improperly. But let him make it straight because collusion in law, Sir, is a very definite concept and it implies - I know the minister is not a lawyer, he is an educator.

MR. HOUSE: Oh my, oh my, oh my, oh my!

MR. ROBERTS: Yes, "Oh my, oh my!" When a minister of the Crown, Sir, stands in this House and says, "We have a policy that where there is collusion we will end private -

MR. HOUSE: If we have any indication -

MR. ROBERTS: This is what the minister said, We will end private contractors and at the same time it turns out that the one and perhaps the only instance where this has been used is in Labrador City, the very area in respect of which a company got in unusual circumstances a loan, a guarantee of a loan. No. Let the Minister of Education tell us first of all what the policy is and secondly was there any collusion. Did he and his officials suspect there was collusion because if there was it follows that the collusion had to be between Webush Transportation Limited on one hand, and the school board on the other. I mean, that is the clear implication, the clear inference, indeed the clear statement of what the Minister of Education said.

MR. HOUSE: Very clear!

MR. ROBERTS: Now let him make that clear. Then when he makes that clear let him tell us, if there was no collusion, why he and his colleagues intervened in this contract - either to terminate it or not to renew it as the case may have been - particularly in view of the fact that at the same time he and his colleagues had guaranteed a loan to the company whose contract they had terminated. You know, this is beginning now to look more and more like this other unsavoury situation we untied; on the surface it seems very innocent, very innocent, but as we get into it now, one minister after another blunders out with the truth - and I think it was blunder, the minister did not intend it - now we are getting deeper and deeper and the thing gets curiouser and curiouser, and

Mr. Roberts.

we are going to need that fifth Supreme Court judge we were talking about in the House yesterday, Mr. Chairman, because maybe we need another judicial investigation. Now let the Minister of Education tell us about this.

MR. HOUSE: Mr. Chairman, I wanted to explain the policy. We have had in the past, and the hon. member for Burgeo - Bay d'Espoir knows this, as do a lot of superintendents in the Province -

MR. SIMMONS: Knows what? Knows what?

MR. HOUSE: - we have had in the past where we know there has been a number of people tendering for school buses and they have been getting together on it in various districts. And a lot of people had gotten together and said if you tender this run we will not tender it, and so. We know this has been happening. So we set up a policy. That is where I referred to collusion.

MR. ROBERTS: Well, that is collusion in law.

MR. HOUSE: Yes.

MR. ROBERTS: It is also illegal.

MR. HOUSE: So I said we will - we set up a policy through the Department of Education, Transportation Division saying that we will look at all the contracts that come in, if we think they are too high, if we think they are unrealistically high, we will make provisions under some kind of a regulation in the transportation system whereby we will make money available to boards to buy and operate their own buses.

MR. ROBERTS: A wise policy.

MR. HOUSE: Now that is the whole thing. Now we looked at two or three -

MR. ROBERTS: Now how many -

MR. HOUSE: - and we looked at a number throughout the Province, and this particular one this year did seem unrealistically

Mr. House.

and we went back to the board and said, We could not accept it, but we would make funds available to them to set up their own buses.

MR. ROBERTS: And how many other boards?

MR. HOUSE: And that is just simply it.

MR. ROBERTS: How many other boards?

MR. HOUSE: That is the only one as yet.

MR. ROBERTS: The only one?

MR. HOUSE: As yet. Right.

MR. ROBERTS: Oh! Take your spade, 'Roger,' and dig my friend, dig. There is dirt in this one.

MR. CHAIRMAN: The hon. member for Burgeo - Bay d'Espoir.

MR. HOUSE: I do not think there is any digging there.

MR. ROBERTS: Only one in respect of which they found collusion.

MR. HOUSE: I never said we found collusion.

MR. ROBERTS: The only trouble with bus companies.

MR. SIMMONS: Mr. Chairman, the Minister of Education's response, if I can get the attention of the Committee, the Minister of Education's response to the Leader of the Opposition is curious. Because, you see, he said, when he explained his use of the word 'collusion' that it was a case of where two or more companies got together or was suspected of getting together - and let us call it what it is - rigging the bid. And that, Mr. Chairman, we - when I was a superintendent, when he was a superintendent - we were aware of that possibility, and I am sure it went on. And he is right, Mr. Chairman. The minister is right. But let me say to you, Mr. Chairman, his example of collusion of that kind has nothing to do with the Labrador West situation, because we have it from the Minister of Finance's lips this morning that there was only one bus company in Wabush who could bid. He said that in Committee in the last hour or so. So we do not have that kind of collusion, Mr. Chairman. So the Minister of Education must be talking about another kind of collusion, something else other than that in Labrador

Mr. Simmons.

West, because there was only one bus company, the Minister of Finance told us, and so if there was collusion it was not the collusion of two companies getting together because there was only one company there.

MR. DOODY: Would the gentleman yield? In this particular case, you know - the hon. member for Humber Valley, the Minister of Education, has pointed out that in some areas of the Province the collusion possibility, which everybody agrees is more than a possibility - it is a rigging system that has gone on and continues to go on, and we have been trying to find a way around that. Now in this particular case this year when the bid came in from the only bidder in that area, we looked at it and said, This is too high, this is exorbitant - and I have said it here in Committee - we went back to the company and said, If you cannot cut that bid down to a reasonable level, comparative to other bus tender bids in the Province, we shall have to advise the school board not to renew your contract. The company said, We cannot cut the bid, so they did not renew the contract. And the Province of Newfoundland then used this as a pilot example. They started for the first time to put into effect the policy that we have been deliberating over for some time and that is to allow the school boards to operate their own bus system. Now whether that turns out to be economical or sensible or reasonable is subject to some discussion and it will prove itself to be a sensible decision or not a sensible decision depending how wisely that thing is operated. Experience in the past has been that boards and Crown corporations and government agencies of one sort and another are very often not as efficiently operated as a private company. In this particular instance, where there was only one company and there was no competitive factor involved, we felt that the overriding consideration was to try to get the price down as low as we could. Examining all the facts we felt that this was a proper

Mr. Doody.

place to start this pilot project, and that was done, and I see absolutely nothing wrong with it. But suddenly from the other side of the House another great possibility of a scandal arises, because of this pilot programmes that we have now started and which everybody across the House agrees is a necessary one and should be perhaps extended if this one works to other parts of the Province.

MR. NEARY: It may be, yes.

MR. SIMMONS: Mr. Chairmen, this gets more complicated as we go and now I hear the Minister of Finance tell me in particular and the Minister of Education, both of whom were superintendents until 1973, he tells us that they have a new pilot project where they are going to let the boards operate school buses.

MR. DOODY: Own them, own them.

MR. SIMMONS: Mr. Chairman, let the Minister of Finance get his facts straight because he is so far off base. Let me tell this Committee that as far back as 1973; one of the last acts I performed as a superintendent of education was in relation to having the board in Green Bay operate its bus. So let the minister say what they are trying to say.

MR. HOUSE: Yes, under a tender though.

MR. SIMMONS: I just copied down the actual words of the Minister of Finance. He said, "The government decided to allow boards to operate their own buses." Let us not deceive the Committee. The boards have been operating their own buses for years. The Green Bay Board alone has been operating at least one bus since 1973. There are all kinds of precedents. Now let me shoot away another - one more red herring now, Mr. Chairman, that the ministers have given us, the Minister of Education and the Minister of Finance. This nonsense about we, the government, refusing the bid, Mr. Chairman, if we brought the Director of Bus

Mr. Simmons.

Transportation up here from the Department of Education, he would tell us - because he would have to if he told the truth, and I am sure he would - he would tell us that every year without exception there are dozens of examples of where the bid first submitted is refused and the board is asked to go back and negotiate. I do not suppose there was a year that went over my head as superintendent for five years but the Department of Education sent back at least one of the bids and said, Look, that is too high. It is a routine procedure, and it is not done by Cabinet, Mr. Chairman, let us not deceive the Committee.

MR. ROBERTS: - backed by the government.

AN HON. MEMBER: Right!

MR. SIMMONS: It is not done by Cabinet, Mr. Chairman -

AN HON. MEMBER: Right!

AN HON. MEMBER: (Inaudible).

MR. SIMMONS: - it is done by an officer of the Department of Transportation, the supervisor or director of bus transportation within the Department of Education. He looks at the bids. The procedure is, if I call a bus run, say, for Triton, and I get three bids in, I will send in the amount for the three bids, and I will request that we have authority to approve the lowest. And I know of many cases, many cases - I can name names - many cases where we were told even where we had three bids that the lowest one was still too high, and would we go back and negotiate. That goes on in this Province, Mr. Chairman, every year, because the man in Education down there is doing his job. It is not one of those big things where we, the government, as though Cabinet had a special meeting to tell Peter Walsh that his bid was too high. It is a routine procedure which goes on in Education, in the Department of Education regularly, which the minister for the most part never even hears about let alone the Minister of Finance, and let alone the Committee.

MR. DOODY: This is the first time that a school board has been given a grant.

MR. SIMMONS: And I cannot believe what is going on here, the misinformation that is getting into this Committee. It is shocking, Mr. Chairman, and it should not be allowed. The red herring approach again.

MR. DOODY: If the member will allow me? There was no intent to drag a red, pink, green, orange or any other coloured herring across the hon. member's chops. The honourable truth of the matter is - and I have to say this quite clearly this time, because we do not want to confuse the hon. gentleman - this is the first time that a grant has been made to a school board to buy and operate their own buses and to build and operate its own service facilities, the garage, and this has been done as a pilot project, and because of the fact that it was a precedent, that it was considered by Cabinet, it was considered by Treasury Board, and the decision was made. It was not done by the inspector of school buses or what have you.

MR. SIMMONS: Is Wabush Transportation the other name for the school board? Is that what the minister is saying?

MR. DOODY: For the school board?

MR. SIMMONS: Yes.

MR. DOODY: No, no!

MR. SIMMONS: No, of course.

MR. DOODY: The school board now owns its buses. Wabush Transportation has sold a bunch of its buses to somebody else. I do not know who they sold them to.

MR. HOUSE: Wabush Transportation is not in school bus operations at all.

MR. DOODY: It has got nothing to do with the school board at all right now.

MR. SIMMONS: So in other words -

MR. ROBERTS: The government put Wabush Transportation out of the school bus operation is what the minister is saying.

MR. DOODY: Pardon?

MR. ROBERTS: The government put Wabush Transportation out of the school bus operation.

MR. DOODY: Yes.

MR. ROBERTS: And there was only one bid, theirs, and there was only one company backed by the government, them.

MR. DOODY: That is right. And their bid was unacceptable .

MR. SIMMONS: Look, the government, de facto, if you want to say, the government - the supervisor of bus transportation -

MR. DOODY: No, not in this case. It was not the supervisor because there was a new, radical departure of financing a bus operation.

MR. SIMMONS: So we can expect another amendment to the Loan and Guarantee Act in which we will get "X" amount of dollars for the board in Labrador West.

MR. DOODY: No, it is part of the capital grant to that board . We just made them an additional grant to set up a school bus operation. And if it works out well it will be applied to other parts of the Province.

MR. ROBERTS: With the approval of the DEC's?

MR. SIMMONS: Where is the guarantee?

MR. HOUSE: Right!

MR. SIMMONS: Where is the guarantee?

MR. DOODY: The guarantee is in the budget.

MR. HICKMAN: It is a grant.

MR. DOODY: It is a grant. That is right. It is a capital grant.

MR. SIMMONS: The Minister of Justice said in the right way. There is no guarantee, and that is our entire point here, Mr. Chairman, and that is what got us off on this tangent about ten minutes ago, because I was saying very clearly, and got interrupted by the Minister of Education, I was saying very clearly that the boards cannot get guarantees

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for their bus problems or for their building problems. But one company in this Province can. Now which company? Wabush Transportation,

Mr. Chairman. Wabush Transportation.

MR. MURPHY: (Inaudible) fortv (Inaudible).

MR. SIMMONS: - Peter Walsh!

MR. HICKMAN: That was 1973?

MR. SIMMONS: Oh, we are hitting some more nerves.

MR. MURPHY: Sit down, boy!

MR. SIMMONS: Some more nerves. Oh.

MR. HICKMAN: Since 1973.

AN HON. MEMBER: Go on!

MR. SIMMONS: Up she comes!

MR. MURPHY: Stupid ninny, The educated man!

MR. SIMMONS: Oh!

MR. MURPHY: Fifty times the ministers have told you the story.

MR. SIMMONS: Does somebody in Committee, does somebody, Mr. Chairman -

MR. MURPHY: There is nothing hidden.

MR. SIMMONS: Does somebody in Committee -

SOME HON. MEMBERS: Oh, oh!

MR. MURPHY: Kids in kindergarten would not say that.

MR. SIMMONS: Does somebody in Committee have the cold facts?

MR. MURPHY: Come on, cut out this scum. You will go down in history as scum gathers and the slime spreaders.

MR. SIMMONS: Oh, up she comes!

MR. ROBERTS: (Inaudible) RCMP investigation.

MR. SIMMONS: Now he should know. He should know, he was the Minister of Labrador Affairs.

MR. ROBERTS: Right. Oh yes, he would know all about Labrador.

MR. SIMMONS: He should know all about Labrador, that fellow.

MR. MURPHY: That is right.

MR. SIMMONS: Oh yes.

MR. ROBERTS: Like lowering the price of beer.

MR. SIMONS: He went there twice sure.

MR. ROBERTS: Did he?

MR. MURPHY: I was not fired out -

MR. SIMONS: Oh he was in Labrador twice.

MR. MURPHY: - I will guarantee you that. I was not fired out or blackballed by the teachers, I will guarantee you that.

MR. ROBERTS: He came back that was the problem.

MR. MURPHY: Oh, oh!

MR. ROBERTS: Tell us about the price of beer, 'Ank'?

MR. CHAIRMAN: Order, please!

MR. MURPHY: A bottle of beer is all right.

MR. ROBERTS: Yes, for the hon. gentleman it is.

MR. CHAIRMAN: Order, please! Order, please!

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please! When the Chairman calls, 'Order!' the hon. members of the Committee should await the disposal of the point being raised before engaging in further statements or interjections or what have you. I think we are considering a resolution before the House and I think the remarks were getting a little astray, and a little heated. I would suggest that the hon. members would now like to get back to the resolution.

The hon. member for Burgeo-Bay d'Espoir.

MR. SIMONS: Thank you very much, Mr. Chairman. And I was about to say, what company? What is the only company in this Province to get a government guaranteed loan on a matter like this? The school boards could not get it, although we have a great need out there for school construction. They could not get it. I could not get it on behalf of the Green Bay Board. The now Minister of Education could not get it when he was Superintendent of a school board in the Deer Lake area. But one particular company—because I have got some other companies, Mr. Chairman; I would like to speak on behalf of my good friend, Guy Bailey in Baie Verte, a very good friend of mine, the man who was involved in the Innerboard contract, but a man who operated some buses. Not even he, Mr. Chairman, could get this government

Mr. Simmons:

guarantee on this matter. Not even my good friend down the Southern Shore, Southern Bus Lines is it? Walter Power, he could not even get this, Mr. Chairman. And they did not even know then he was going to be the Liberal candidate, and the next Liberal member for Ferryland at that time. But notwithstanding he could not get it, Mr. Chairman.

AN HON. MEMBER: Is that the (Inaudible).

MR. SIMMONS: But one, saying the same, the one and only -

MR. ROBERTS: There is only one company in the history of this Province, and that is Wabush Transportation.

MR. SIMMONS: Only one company, Wabush Transportation. And with my luck, Mr. Chairman, with my luck his last name is Walsh.

MR. ROBERTS: No relation.

MR. SIMMONS: No relation at all. Indeed, I have a secretary whose name is Walsh, and I keep looking over my shoulder. I was campaigning yesterday and I ran into some more Walshs, but with my luck this fellow is Walsh. I suppose he will be out demanding public apologies tomorrow morning when he reads this in the paper. The last fellow looking for public apologies was John Stares, and he, by the way, I regret his reaction because his only indiscretion, if there was one, was getting in bed with A. B. Walsh.

MR. ROBERTS: Only getting in bed on business.

MR. SIMMONS: One of the ground rules you should learn about getting in bed is that you should check and see if the partner has got anybody else under the sheets before you get in, and that was John Stares indiscretion. His partner was already in bed with somebody else. But, Mr. Chairman, that is another issue. We will talk about that at another time.

Mr. Chairman, I cannot help that it is suspicious for two reasons: One because of the clear precedent which is being set here, the only company to ever get this kind of a guarantee; and then, Mr. Chairman, I do not think this is at all incidental, it gets dismissed,

MR. SIMMONS:

this political hay and muddying the waters and that kind of thing, but I do not think it is at all incidental that this fellow Peter Walsh was the P.C. candidate in that riding in the not too distant past.

MR. MURPHY: Perry Mason would have arrived at that deduction.

MR. ROBERTS: And Perry Mason would have been running.

MR. MURPHY: It has not been denied by anybody.

MR. NOLAN: The hon. Minister of Finance denied it.

MR. MURPHY: What.

MR. SIMMONS: I never said there is any doubt that he was the candidate, I am saying that because he was the candidate may well give him an edge that no school board could get in this Province, that no other bus company could get in this Province that he gets.

MR. MURPHY: That has not been denied either.

MR. ROBERTS: The question is how come this was the only company ever to get this -

MR. SIMMONS: Yes, but the Minister of Finance cannot answer that question, the question, how come he is the only company?

MR. MURPHY: He answered (inaudible).

MR. SIMMONS: We are here supposed to be told - told that we are supposed to be here expediting legislation, and this is the kind of nonsense we have got to deal with.

MR. MURPHY: Gee, 'Roger' come on now!

MR. SIMMONS: I am talking about the Wabush Transportation part of it, I will come back to the Ralland Forest part of it after we get rid of this.

MR. MURPHY: Try to show the young people that the application is to their benefit.

MR. SIMMONS: Mr. Chairman, does he talk in his sleep too?

MR. MURPHY: Everytime. Always.

MR. SIMMONS: And if so, does he make more sense asleep than he does awake?

MR. MURPHY: When I get nightmares like you, yes.

MR. SIMMONS: Ah, ha!

MR. MURPHY: I get cold sweats and everything.

MR. WHITE: We have not started yet, my friend.

MR. SIMMONS: One delightful thing about Committee, Mr. Chairman, if we do not finish it today, we can finish it tomorrow -

MR. MURPHY: Or next month. Where are we going?

MR. SIMMONS: - if we want to hear the babblings of the member for St. John's Centre (Mr. Murphy), -

MR. MURPHY: There is no one going anywhere.

MR. SIMMONS: The former eminent Minister of Labrador Affairs, -

MR. MURPHY: Sure.

MR. SIMMONS: - the man who straightened it all out.

MR. MURPHY: That is right. Everything -

MR. SIMMONS: Visited Labrador twice -

MR. MURPHY: Happy -

MR. SIMMONS: - made a mistake in coming back the second time.

MR. MURPHY: The best minister there ever was in Labrador Affairs.

MR. ROBERTS: The minister will never lack for a fan as long as the minister has himself.

MR. MURPHY: Yes, thanks be to God there is one Murphy anyhow.

MR. SIMMONS: During Committee in the last few minutes a number of slightly red herring have been dragged in. This nonsense about the pilot project, this nonsense about how they courageously turned down a contract, when I can bring into Committee dozens of cases where proposed contracts are turned down on the grounds they are too high.

MR. ROBERTS: That is a rescue project, not a pilot project.

MR. SIMMONS: So let the Minister of Finance come clean this one, and let us give the Minister of Education a bit of advice. Do not get sucked in on this one. I say to him, do not get sucked in on this one.

MR. SIMMONS: I drew an analogy which served the purpose.

MR. HOUSE: This is the pilot project, there never was one before.

MR. SIMMONS: That is fair enough.

MR. HOUSE: That is right.

MR. ROBERTS: There probably never will be again.

MR. HOUSE: And it will be again. You may see it used again this year.

MR. SIMMONS: Mr. Chairman, there are two issues here, you see. Suppose the minister is right in saying it is a pilot project. Let us keep in mind that that was after the fact that this loan was approved before the fact.

MR. ROBERTS: Sure -

MR. SIMMONS: All right. This loan was approved -

MR. HOUSE: It was not approved for school buses.

MR. MURPHY: It was not a bid.

MR. HOUSE: It was not approved for school buses.

MR. MURPHY: It is not telling us anything new. The Committee has all of that. The hon. Leader of the Opposition summed the whole thing up.

MR. SIMMONS: Well okay let us forget, for the purpose of the discussion, I say to the Minister of Education, let us forget school buses. And can he tell me now as a member of Cabinet that now that the precedent has been set for school bus companies that he will be in favour in Cabinet of allowing the same for all school bus companies, that he now feels that all school bus companies should have that same kind of guarantee?

MR. HOUSE: There is no school -

MR. SIMMONS: Let us separate it out from school bus companies altogether.

MR. HOUSE: There was no school bus company, got a guarantee.

MR. SIMMONS: Mr. Chairman, what is so wrong -

MR. ROBERTS: That is right. Only one school bus company -

MR. SIMMONS: What is so wrong about youngsters, Mr. Chairman -

MR. HOUSE: None.

MR. MURPHY: (Inaudible) only one got it.

MR. ROBERTS: Only one school bus company in the whole Province ever got a guarantee.

MR. MURPHY: That is unanimous. We all agree to that. What are you arguing about, 'Roger'?

MR. HOUSE: They never got a guarantee.

MR. ROBERTS: Yes, they did. And then he took the contract away from them.

MR. MURPHY: What is the argument?

MR. ROBERTS: Mr. Chairman, really, this is getting out of order.

MR. MURPHY: To be an argument there has got to be two different sides.

MR. ROBERTS: Mr. Chairman, this is getting out of order.

MR. SIMMONS: Mr. Chairman, is there any way of - no there is not. I am sorry, I was going to ask an impossible question.

MR. MURPHY: Yes, I can go home to my lunch.

MR. SIMMONS: I was going to ask an impossible assignment, and I withdraw that.

Mr. Chairman, look, somehow I get the impression that school youngsters, school children who happen not to work at IOC are somehow a lesser breeds, and that somehow there is a distinction being made here that it is advisable, Mr. Chairman, it is perfectly all right to guarantee loans as long as you do not bus youngsters, do not bus youngsters.

AN HON. MEMBER: (Inaudible).

MR. SIMMONS: Oh!

MR. MURPHY: (Inaudible) here too.

MR. SIMMONS: We are getting into the niceties of the situation now, are we not? What is this nonsense about they are not bus contracts, school bus; what is the difference whether it is a school bus contract or a company bus contract? As long as the company is an legitimate outfit which is conveying people from point A to point B and needs some financial backing to put together their capital programme, what difference who they are busing or what colour shirt he wears or how old he is or where he is going when he gets off the bus? Either it is a legitimate company

Mr. Simmons:

that deserves government backing or it is not a legitimate company.

So I would hope that the hundreds of bus companies around this country who condescend to bus school children would not be discriminated against for that particular reason. I would hope if they had capital borrowing requirements that the government would be so free and so easy and so willing to guarantee those people in their borrowing programme as they have Peter Walsh, even though all those people may not have been Tory candidates at one time. I hope the government will be as magnanimous in those matters. Whether or not they are busing school youngsters, whether or not they have been Tory candidates, I hope the overriding concern will be what we are being told is the concern, except I do not believe it.

MR. SIMMONS: I hope the overriding concern will be the need and that government used its wisdom, because I cannot buy the argument, Mr. Chairman, that somehow in this entire Province there is only one company in all its history who satisfied the particular requirements, who had the particular credentials that would bring about such an historical departure from government policy as to make it the only company in our history who receives a guarantee of this kind. The Committee has not been given the reasons yet.

MR. ROBERTS: There was no evidence -

MR. SIMMONS: The Committee has had to do some suspecting because there has been so little information. There were a few red herrings about pilot projects of the Department of Education, but let us not forget that however many pilot projects there were in the Department of Education they were after this decision was made.

AN HON. MEMBER: Right.

MR. SIMMONS: They were after this decision was made, so, therefore, directly had nothing to do with the fact that the government made that decision. It goes to show that the government did not do its homework before making the decision, because it goes to show that they were dealing with a fellow - with a company - that was prepared to put in a bid that would take the government and the school board for what they were worth if they were sucker enough to pay it. Now to the board's credit and to the credit of the man in the Department of Education who spotted this, as is his job, to their credit they did not buy his outrageously high bid. But, Mr. Chairman, what have we here? We have on the one hand a company whose bid was so outrageously high, so unethically high, that the department would not approve it even though he was the only bidder. 'No way,' they said, 'we would rather set the board up in business; we would rather not have the youngsters bused than accede to that kind of blackmail.' That is what they have on the one end, that is the kind of company we are talking about. And at the same time, Mr. Chairman, we are supposed to believe that on the other hand that company's credentials are

MR. SIMMONS: so good that they become the only company in history to get a government guarantee on a matter like this. You know, the two do not add up, Mr. Chairman, the two do not add up. On the one hand we are being told it was an unethical bunch of fellows that we had here running the school bus business because they were taking us for a financial ride, and on the other hand we are told it is a great company which deserves the kind of government backing that no other company can get.

MR. HOUSE: It is still in operation.

MR. SIMMONS: Now, Mr. Chairman, you cannot have your cake and eat it too. It cannot be both ways. Either they are a bunch of scoundrels or they are a reputable company, and if a reputable company, which I hope and believe, then I ask, Are they so much more reputable than all the other companies in the Province that they are the only company who can get this kind of guarantee? Or I ask another question: Will the government now agree to extend the same kind of guarantee to other companies in similar situations? Will the government make it a policy now? No time for chalk for one and cheese for the other! I am sure my colleagues on this side of the House without exception can call to mind a bus company, whether a school bus company or a company of busing loggers or busing miners or busing whoever you like, busing the general public from point A to point B, I am sure every one of my colleagues can call to mind people who would dearly like to have this kind of financial security. How sweet it is! And yet there is only one company in the history of this Province who can get it. And we are still asking, Mr. Chairman, why? Why only this company? Oh, the Minister of Health is here now. He never shows up during Question Period when I want to ask him about what he is going to do about the situation out in Grand Falls. He manages to show up to heckle a little when he cannot be asked any questions -

MR. COLLINS: I did not open my mouth.

MR. SIMMONS: - when he is being protected by the

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MR. SIMMONS: government House Leader.

MR. COLLINS: You had me almost put to sleep. I might have been snoring probably. I did not say anything.

MR. SIMMONS: That is possible. It probably was a snore because it made some sense.

MR. COLLINS: Get some higher shoes! Look, get some higher shoes, boy!

MR. SIMMONS: It was probably a snore because it made some sense.

MR. COLLINS: Come on! Get up there to six feet tall and pretend you are in a courtroom and you are a great big lawyer!

MR. SIMMONS: Ah, ha! A great big what?

MR. COLLINS: Lawyer. You would not think that - 'Roger' look, get on with whatever you are getting on with and have it over with now, for God's sake!

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: The minister is incoherent earlier today than he is on most days, much earlier today than he is on most days.

Mr. Chairman, they cannot have it both ways. And I want to know now if it is the government's intention to make this a matter of policy. So I am going to sit down in a moment. My other buddies are going to get up and they are going to ask the same question until it gets answered. The question is, Why? Why do this for one company and one company only? So far the Committee has not been given an answer, but I am sure if we persist -

MR. MURPHY: Because he was the P.C. candidate. What other worthier gentleman could you get to look after? Now, sit down! I have answered your question. Now that was honest enough, was it not?

MR. SIMMONS: You know, we are going to miss him, Mr. Chairman, when he is gone. We are going to miss the fellow from St. John's Centre.

MR. MURPHY: I heard they are looking for you to put you in charge of the Public Utilities Board.

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MR. SIMMONS: If he did not exist, Mr. Chairman, we would have to invent him.

MR. ROBERTS: Oh, no, you could not invent him.

MR. SIMMONS: We would have to invent him.

MR. ROBERTS: No, the Food and Drug Act would prohibit it.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: All right, Mr. Chairman, I think I will sit down now and let the member from St. John's Centre tell us the reason if he so well knows the reason, but there has to be a better reason than the kind of nonsense he is getting on with as to why the government would take this very unusual step of guaranteeing the borrowing programme of only one particular company, or even a category of companies. You could justify it perhaps arbitrarily if there were a category, but there is only one company. Why? Certainly not because his last name is Walsh, that is not a good enough reason. Because he is a Tory candidate? That is not a good enough reason. Because they had some favours they owed somebody? That is not a good enough reason. Because they are thinking about a policy along these lines? Well if so let them announce it, Mr. Chairman. Let them announce it and announce it today.

MR. CHAIRMAN: Shall the resolution carry?

MR. SIMMONS: No Siree!

MR. ROBERTS: Mr. Chairman.

MR. CHAIRMAN: The hon. Leader of the Opposition.

MR. ROBERTS: The resolution is not meant to carry.

If the government do not want to say any more on this Wabush Transportation thing we still have the rather interesting affairs of the Ralland Company where the Minister of Finance undertook to have the Minister of Industrial Development give us some information. But before we come to that, ought we not to get some information about the Wabush one? Ministers have been - with the exception of the gentleman from St. John's Centre who has been

MR. ROBERTS: forthcoming and has given it as his opinion that the only reason this company got this treatment was that one of the principals in it was a P.C. candidate.

MR. MURPHY: The Minister of Finance gave the reasons.

MR. ROBERTS: No, the hon. Minister of Finance gave some of the reasons but the member -

MR. MURPHY: And you did not believe him, eh?

MR. ROBERTS: The member for St. John's Centre -

MR. MURPHY: He is a liar - that is right - tell him he is a liar.

MR. ROBERTS: No, I did not disbelieve the Minister of Finance.

MR. MURPHY: Go on! Go on, 'Eddie'!

MR. ROBERTS: No, I think the Minister of Finance is one of these gentlemen who always tells the truth as he knows it.

MR. MURPHY: A straightforward, honest gentleman. He gave the full facts.

MR. ROBERTS: Of course he is. If I could only say that about the gentleman from St. John's Centre I would be a lot better off.

MR. MURPHY: Sure you would.

MR. ROBERTS: Sure I would.

MR. MURPHY: If you said it about anybody you would be better off.

MR. ROBERTS: Sure the House would but, Mr. Chairman - Mr. Chairman, the hon. gentleman had better go back to the funny papers.

MR. MURPHY: They are there, look.

MR. ROBERTS: Well, he is reading it here and we do not think it is funny that the government have given -

MR. MURPHY: That is right.

MR. ROBERTS: - a guarantee to a company -

MR. MURPHY: It is far more entertaining here than over there.

MR. ROBERTS: - with no explanation of it. They have given a guarantee to a company of a type to which they have never given a guarantee before - never.

MR. MURPHY: Mr. Chairman, I have heard that seven times.

MR. ROBERTS: Mr. Chairman, I am quite willing to engage in repartee with the hon. gentleman from St. John's Centre except he comes so ill-equipped to a battle of wits -

MR. MURPHY: That is right, 'Eddie', you have got it all.

MR. ROBERTS: - but could I ask that I be allowed -

MR. MURPHY: You have got it all, bubbling over with enthusiasm and personality.

MR. ROBERTS: Mr. Chairman, may I ask Your Honour to afford to me the same protection which every other hon. member is entitled to, that I be allowed to say what I wish subject to the rules of the House without the asinine harassment of the gentleman from St. John's Centre?

MR. MURPHY: I promise to be quiet if the hon. member promises to be decent, all right?

MR. ROBERTS: I do not care if the hon. gentleman promises to be quiet or not, Sir, All I ask is that he be asked to obey the rules.

MR. CHAIRMAN: Order, please!

The hon. Leader of the Opposition has requested that he be heard in silence as is his right.

The hon. Leader of the Opposition.

MR. ROBERTS: Well, thank you, Mr. Chairman. The point that I was making - and I think it is worth making again although it has been made before, but it has not been answered by any spokesman for the government - the point which I was making, Sir, is this: The government have never - not ever - never guaranteed any loan for any bus operator - any school bus operator, or to my knowledge, any other kind of bus operator in this Province. We have heard that they have now adopted a policy of making a

MR. ROBERTS: grant to a school board to enable a school board to operate a bus system. I think that is a very wise rule because, as the Minister of Finance and as the Minister of Education have said, there is no doubt in my mind - I cannot prove anything - but on what I have seen over the years there is no doubt in my mind that there have been certainly suspicions, and I think well-justified suspicions, of what amounts to price fixing - rigging of bids - and let us put the correct and accurate name on it. Some bus owners get together and say, 'Look, there are six routes and there are three of us. That is two routes each or two runs each. We will arrange it so the bids are this way.' My friend from Lewisporte says that is particularly true on the Avalon. Well I accept that. I mean, I do not have any detailed knowledge of the situation, but it is obvious there have been this kind of conduct being carried on. Well the right and proper way to do it is to say, 'All right, we will give it to neither of you. We will run it ourselves if we can do it cheaper.' I would say to the Minister of Finance though that he ought to be very cautious because, and

Mr. Roberts.

I am sure he will agree with this, my experience and my conviction is that government cannot run anything. I mean the minister is wise to make it a pilot project. I suspect it is more a rescue project, if the truth be known, than a pilot project.

MR. DOODY: His buses are not involved in it.

MR. ROBERTS: No, I know this company is not involved in it. It is rescuing the school board -

MR. DOODY: Oh, I see, yes.

MR. ROBERTS: - rescuing the school board from what apparently was rapacious conduct on the part of the contractor or the putative contractor. But I would say to the minister to be very cautious because in my experience government running something is usually a prescription for financial disaster and often operating disaster in the bargain. And I know the school boards have strengthened their administrative capability immensely these last few years, a very competent group of administrators now in the school board offices throughout the Province. But, you know, if they are going to start running buses now, which is a specialized field, we may discover we are ending up paying far more to run our buses. It may well be that this policy ought to be really a club to be held in terrorem over the heads of bus contractors or would-be bus contractors so they could, and the Minister of Education is nodding acquiescence - well, we agree on this - that as long as a contractor knows that if I get too greedy, if I push it too far, if me and my buddies push it a little too far, you know, they are not going to give it to one of us, they are going to run it themselves; you know, that would be, I think, a salutary check. But I have no real faith in a system, I must confess, which would see every school bus in the Province run by the school boards. I think we would be in a worse pickle, a worse mess of every kind than we are in today. School buses - what is it up to, \$10 million now? - and no end in sight.

Mr. Roberts.

I was talking to a friend of mine the other day who had bid - he happened to be the low bidder. I do not know whether the board will accept it or not - but a contract that last year was \$60,000, he wants seventy-odd thousand dollars to do it this year. And, you know, that happens to be the low bid in a genuinely competitive situation. Whether it is the lowest possible bid is another matter, but the tender system does not give you the lowest possible bid, it simply gives you the lowest genuine bid, and that may or may not be the lowest possible bid.

But that is not the situation we are faced with here. And when we strip aside all the verbiage, what it comes down to is this, a company was given a guarantee, a company of a type that has never been given a guarantee before to my knowledge, and I think I would recall, and the minister has not challenged me so I think we are safe in assuming that never before has a company in the bus business been given a guarantee. The United Bus Company might have been given one many years ago on the Southside of Conception Bay, that I do not know. But they are not listed. I have a recollection that they did have some guarantees at one time, and I think the old Golden Arrow Company - was it? - the Golden Arrow used to run business here in town many years ago? I recall they had a guarantee, but neither of them is shown in the current list of outstanding loans, so they have either been paid off or written off.

MR. DOODY: They are both gone out of business anyway.

MR. ROBERTS: Well both are now out of business, but you know they may or may not have paid off their loans. I just do not know. It really does not matter because they are not either of them in a comparable position. They were both general transportation companies serving fairly large areas, one the city of St. John's and the other the Southside of the bay, the South Shore of Conception Bay out as far as what? Holyrood or Harbour Main? at the head of the bay somewhere.

MR. DOODY: From Seal Cove in.

MR. ROBERTS: From Seal Cove in, and Furey's picked it up from Seal Cove out.

MR. DOODY: Holyrood.

MR. ROBERTS: Well Seal Cove is next door to Holyrood, is it not? Unless they have moved one or the other since I was last out there.

MR. DOODY: No, the bridge is still there.

MR. ROBERTS: Yes. It used to be half way to Brigus that bridge.

So this company is given a guarantee, and no company has ever before been given a guarantee, no company of this type. And it turns out that this company have two types of business operation, one is running some school buses for the various boards in Labrador West, which by the way are unique boards. They are different generically than almost any other school board in the Province, because the companies are still absorbing very large parts of the operational costs.

MR. DOODY: They work closely together also.

MR. ROBERTS: So they might. There are two boards. There is a Catholic Board and an Integrated Board and they do work very closely. Indeed over in Wabush they share a common building, with some common facilities, as the minister knows, in a collegiate that is estimably named, the J.R. Smallwood or the Joseph R. Smallwood, or whatever it is called, Collegiate in Wabush.

MR. DOODY: It sounds as though you really believe he is retired this time.

MR. ROBERTS: Well, my friend from Twillingate (Mr. Smallwood) has retired, but whether he rises again we have to wait for the requisite three days and see.

But now, Mr. Chairman, this company is given a contract, they have school buses and they have buses to carry workers back and forth to work, because both Wabush Mines and IOC under the terms of their agreement, their collective agreements with their employees, provide transportation. This company then comes to the government, and it says in effect, We cannot raise the financing on our own strength;

Mr. Roberts:

our strength as a company or the strength of our principles or, more accurately, what the principles are prepared to put up - which may or may not be their total asset, they may or may not be willing to pledge their total credit - all those together are not enough to enable us to finance what we must finance, which essentially are buses, and maybe a garage. But essentially that is - you do not need a great whack of working capital because your money comes in fairly quickly.

MR. DOODY: They have to do their own repairs and maintenance and spare parts and so on up there too.

MR. ROBERTS: Yes. I mean, it is not an inconsequential amount but it is not the same as building an iron ore mine where you are investing \$300,000 or \$400,000 for every job of work involved.

Now the government look at it, and what do they say? They end up agreeing to give the guarantee. But what is the process? School buses - they have never before given a guarantee to any outfit to operate school buses. I have no doubt the minister has confirmed it and my friend from Burgeo-Bay d'Espoir (Mr. Simmons) has confirmed it that there have been hundreds who have in one way or another let it be known they would welcome a guarantee. I suppose every school bus contractor in Newfoundland and Labrador would love to have a government guarantee -

MR. DOODY: Every businessman in Newfoundland.

MR. ROBERTS: Well every businessman sure, and many of them get -

MR. DOODY: And the bank encourages them.

MR. ROBERTS: Indeed the only risk capital in Newfoundland often is government risk capital.

MR. DOODY: That is right. The banks say, Sure we will give it to us, go to the government -

MR. ROBERTS: Sure. Oh, yes. Although I may say to my friend the Minister of Finance, I am sure he is aware of it as I am, the banks apparently are closing in on Newfoundland. I am told that there are a lot of very large business enterprises operating under extended bank

Mr. Roberts: credits, you know, covered by section 88 where the banks are pulling the reins, and what we have seen in the case of the Newfoundland Brokerage Empire which was a large and a very reputable, and a very long standing company—I would assume Newfoundland Brokerage was as substantial a company as we had in this Province doing business of that sort, a very large outfit - and the bank, of course, quite public now, the bank moved in, I do not know why, but I am told that the banks generally not with any, I think it was the Commerce Bank involved with Newfoundland Brokerage, but banks generally are tightening up credit in the business context, and that may have very serious implications indeed. People I know in business tell me the wisest retail merchants now are the ones who make everything cash. That they pay on delivery, COD on all their goods coming in, and they are very reluctant to extend credit, and I am told that indeed, and this is very worrisome, because the business cycle is slowing down, that even retail credit, you know, short term credit, thirty days, sixty day stuff is becoming very hard to come by, and many companies are being badly squeezed for cash.

But in any event the Wabush Transportation Company came in and asked for a guarantee. No law against that, they are certainly not the only people to have asked. But they get a guarantee. All we want to know is why? I do not really think, with all deference to the gentleman from St. John's Centre (Mr. Murphy), I do not think, and neither do any of us over here, that it was simply because Mr. Walsh, a principal in the company, happened to have stood for election as a P.C. candidate. I mean, there are a lot of people who have stood for election as P.C. candidates, and some have been elected, and some have not; a lot have stood for election as Liberal candidates, some have been elected, and some have not - but I do not think that was the reason why. The most that would gain him surely would be an entree he would be able to pick up the phone and know some of the ministers on a personal basis as friends, but that in itself is surely not what happened, and if it was the case it would be most unjustified. But all I want to know is why?

Mr. Roberts:

The government have never authorized guarantees for school bus contracts. If it were a new company then I could understand it, but I would not agree with it. The Minister of Finance is quite right, I would then say, here is a company set up to take advantage. I mean, A.B. Walsh Limited, whatever it is called, was the clearest example, a man who was not even in business

MR. ROBERTS: on his own hook before the land of milk and honey was entered into and then in three or four years ends up doing, was it \$1 million a year?

AN HON. MEMBER: More than \$1 million.

MR. ROBERTS: More than \$1 million and ninety per cent of A. B. Walsh Limited's business is with this government and doing it without tender. You know, I mean it was a clear case of a company being set up to take advantage of the political situation. Nothing wrong with that, there may have been something wrong with the way in which it was carried out. But that is not the case in Wabush Transportation, the company was in business - Mr. Peter Walsh, a very reputable businessman, an outstanding figure in the community, his only failing was he did not get elected, that may or may not be a crime, that was the election in which Mr. Tom Burgess defeated our candidate who happened to be Mr. Roy Legge at that time and Mr. Peter Walsh and anybody else who - you know, Tom Burgess won a great vote and then of course proceeded to turn it to sawdust in his hands in a period of several months in circumstances we all recall, some of us with more knowledge than others.

But, Mr. Chairman, why did this company need a guarantee? Why of all the bus companies? They had been in business. They had a track record. You know, if their track record was not good enough that the banks would back them then what are the government doing backing them? To help them with IOC and Wabush? Well, Mr. Chairman, I mean if a contract with IOC and Wabush is not good collateral at the bank, I cannot think of anything that is, and in any event if the government said as a matter of policy, We are not

MR. ROBERTS: going to allow Quebec to come in and we are told that if Wabush Transportation Limited does not get the contract then a Quebec firm will, then the answer for that is not in lashing out \$200,000; the answer to that is the Premier of the Province getting on the phone to the appropriate figure in these companies and saying, Look, you do this or you will have a row on your hands. We are not going to put up with it. It is our Province. You can buy your services here.

Now on top of that there comes the news that the government, at Cabinet level - it was not even done by an official at the subordinate level, at Cabinet level - the government have decided not to allow the board, and presumably done this with the full consent and maybe even at the instigation of the board involved, not to allow the board to enter into a further contract, a renewal of a contract with Wabush Transportation on the ground that the bids were, now these are my words but I think I am reproducing the thought of the Minister of Education as he conveyed it to us, outrageously high, exorbitantly high. They could not be justified.

MR. HOUSE: That is right.

MR. ROBERTS: And as the Minister of Finance has told us, in that situation you normally go back and you say, Boy we cannot buy that. That bid is just out of the question. Can you cut it down?

MR. DOODY: That was done.

MR. ROBERTS: And the firm came back and said, No, we are sorry. You know, that is the minimum figure for which we will take the business and they were then told, Well, in turn we are sorry, boy, but you are not going to get it. The board will be given

MR. ROBERTS: whatever they need, \$50,000, \$100,000 and they will go buy their own buses and hire their own drivers and they will run the service and we will see how it works out.

Now, the whole thing is just very curious, the whole tangled web and skien of events. There is more to it than we know. And I think it all comes back to the single question of why was this company of all the companies given a guarantee. We have heard no credible explanation. To say it was given because it is in Labrador is sheer nonsense. There are bus companies in Goose Bay. There are bus companies carrying children in other parts of Labrador and they are not being given - there are bus companies down in my district or individuals, they may not be incorporated. But you know there are a half dozen buses running on that extrable road between L'Anse-au-Clair and Red Bay and the schools, as the minister I am sure knows, there are schools at Red Bay up to grade ten but then there are only two school systems in Southern Labrador, West St. Modeste, the Catholic school, Our Lady of Labrador, and then at Forteau, the new school and the old mountain field, the high school named after the two bishops which will now become an elementary school when the new high school comes into operation in the Fall. So the bus is there. They are not given guarantees. So why? It cannot be because it is in Labrador. Labrador City and Wabush are not remote areas in that sense of the word. In a commercial sense they are as prosperous and as busy and as substantial as any part of this Province. It cannot be because it is a new company without a proven track record. The company has been doing business. I cannot accept it is because of the Wabush-IOC situation. But if it was then the minister would have to I think say that it was

MR. ROBERTS: an error in judgement on the part of the administration we ought to have gone at it differently. We should not have flung out \$200,000, we should have invested \$5 in a phone call to the President of INC or to the General Manager of Wabush Mines.

What was it? And was it connected? You know this company was so badly run that they ended up losing one of their big contracts. They have only got two and I do not know the dollar value or the relative weights of either but one of their two lines of business and they are now out of it and the government themselves had to do it. And I am sure the government in doing it were aware of the fact that this same company was indebted by way of a loan which was guaranteed by the government and thus the government were liable to repay that loan to the banks, or whoever lent it, in the event that the company did not.

Now you put it all together, Mr. Chairman, and it is a situation that requires explanation. Whether or not there is more to it I do not know. But I know the minister will understand, whether he agrees with it or not is another story, understand the cast of mind which we feel with respect to these matters. I mean the A. B. Walsh thing started as a very innocent series of paragraphs in the Auditor General's report, indicating possibly some mismanagement, you know, or sloppy procedures and I think when most of us looked at it we felt that that is what it was and the Auditor General ought to be congratulated for bringing that up and he is very good at it and you know there will

MR. ROBERTS: not be a year, there has not been a year, there has not been a year and there will not be one when he does not pick up that kind of -

SOME HON. MEMBERS: Inaudible.

MR. ROBERTS: Mr. Chairman, if the hon. Minister of Industrial Development and the Minister of -

MR. CHAIRMAN: Order, please!

MR. ROBERTS: - could keep it a little quiet? They have very penetrating voices and I do not mind that, that is not their fault but I wish they would not exercise them in the chamber.

MR. LUNDRIGAN: I am the only one of the three who never said a word.

MR. ROBERTS: Well then, I apologize to the Minister of Industrial Development.

MR. LUNDRIGAN: Thank you very much.

MR. ROBERTS: He was the only wise one. It is his colleagues, the Minister of Mines and Energy and the Minister of Transportation who are guilty, sinners, offenders and generally will-nots, and I will not define a will-not. But I will define it for any hon. gentleman outside the House if he would like to. It would not be, I suggest, very helpful.

Now, Mr. Chairman, the point I am making is that we are suspicious and perhaps unwarrantably so in this case. I happen to know Mr. Peter Walsh and I think he is an estimable gentleman. I have no quarrel at all. But we have learned to be a little suspicious. The whole A. B. Walsh Limited business - I do not know what will come of it, I mean I really do not, but I do know that there is a great - and I think the Minister of Finance will agree with me, I think he has learned as we have learned. I was not in the House last week, I was in my district on the day in question when

MR. ROBERTS: my friend from Burgeo - Bay d'Espoir (Mr. Simmons), and my friend from Lewisporte (Mr. White) did such a superb job of laying out a series of facts and I gather the Minister of Finance said, "Look, it is obvious there has got to be something done about it. It is obvious there is something wrong and he got on the phone to the Premier who was in Toronto, as was Mr. A. B. Walsh. I do not know if they met or not. Toronto is a big city. It is interesting to know if they met and had a chat.

MR. DOODY: I doubt it.

MR. ROBERTS: The Minister of Finance may doubt it. I am not sure that I doubt it or not but it is an interesting question. Toronto is a big city and a lot of people go there.

However, you know, the Minister of Finance I think was as upset as we were as we learned, and I am reasonably certain the Minister of Public Works was not aware of what was going on, reasonably certain. I do not think the Minister of Public Works would be guilty of what I suspect was going on. And the police obviously share those suspicions or they would not have authorized a police investigation. The government, I do not know if they have as yet appointed but they have announced they intend to appoint Mr. Justice Mahoney to look into it. The Chief Justice is looking into a set of facts involving A. B. Walsh Limited. You know the whole thing is obviously very concerning.

So we will call it one o'clock if Your Honour wishes. Maybe after lunch I assume the government will wish to resume this bill and carry it through. We should finish it some time tonight, early tomorrow morning maybe. But it would go much more

MR. ROBERTS: quickly if the Minister of Finance could -

MR. DOODY: If I could I would.

MR. ROBERTS: Well he says if he could he would and I do not doubt that. I think the minister if he could would have one of his colleagues, somebody must know why this firm, and I am not asking to be privy to the secret debates of the Cabinet, internal insurrections can be kept to the ministers and their oaths. They have a duty to report them to the Governor but not to the House. But there must be some reason. Maybe the minister over the lunch hour could have the files drawn and have a look at the Cabinet papers which ought to have accompanied it and I am sure did, the analysis. I mean what justification was there for it? That is what we are looking for and if we are given adequate justification then no problem. If we are not then the minister will understand us, pardon us, and I think probably even agree with us, it being a little suspicious. Because on these series of facts as they have come out, and I did not know and I do not think my friend from Burgeo - Bay d'Espoir (Mr. Simmons) knew the first thing about Wabush Transportation Limited until this morning. He did not even know it existed. I mean there are 5,000 or 6,000 companies in this Province.

MR. DOODY: It has been known because it was brought to the attention of the House.

MR. ROBERTS: Yes, the minister has been, I praise him again, it may cause him trouble with his colleagues but I mean he has been forthcoming. I think he has been as candid as he could. He has given us what information he has. What I am suggesting is he has not given us

MR. ROBERTS: enough and over the lunch over perhaps he could have the files drawn and let us have a look and maybe he could give us some more information. Because certainly what we have been told to date does not satisfy any reasonable person and that is what we are trying to be on this side although hon. gentlemen opposite may not agree with that. But you know I could go on, it is one o'clock but let me just say that sure I can tell the fact that there are only two guarantees, that is some sort of miracle.

MR. DOODY: It is really only one.

MR. CHAIRMAN: Order, please!

MR. ROBERTS: It is one o'clock. Well, we will have a go at it afterwards.

MR. CHAIRMAN: I now leave the Chair until three o'clock.

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
3:00 p.m. - 6:00 p.m.
TUESDAY, JUNE 14, 1977

The Committee resumed at 3:00 P.M.

Mr. Chairman in the Chair.

MR. CHAIRMAN: Order, please!

Before I recognize any hon. member I would like to welcome to the galleries a group of grade six students from Grand Falls Elementary School, Grand Falls. The group consists of some students and they are accompanied by their teachers, Mrs. Young, Mrs. Woolridge, Mrs. Piercey and Mrs. Thompson. On behalf of all the members I welcome you and I trust your stay with us will be an enjoyable one.

The hon. minister.

MR. DOODY: Mr. Chairman, I do not know if there is all that much that I can add to what was said this morning on the Loan and Guarantee Act, particularly on that part of it which relates to Wabush Transportation Limited. As I said earlier, this is probably the smallest guarantee act that has been ever brought before the House. There is really only one new guarantee involved in here and that was for Ralland Forest Products Limited for \$200,000.

MR. NEARY: Apart from what they got from the development corporation.

MR. DOODY: Yes, which we will discuss shortly.

MR. ROBERTS: They got more than this from the government.

MR. DOODY: They got more than that.

MR. NEARY: I would say that is a total of about \$1.5 million that Mr. Ralph is after conning out of this crowd now.

MR. DOODY: I think when I read the notes this morning it was somewhat in excess of that.

MR. NEARY: It is probably closer to \$1,750,000.

MR. DOODY: Anyway that one will be dealt with. But that is the only guarantee that is being brought to the House of Assembly that was issued in 1976 which as I have said is not only a record but it is an amazing record. It is by far the smallest amount that has ever been brought in.

MR. NEARY: That does not mean anything because now you are referring them to the Development Loan Corporation and the Rural Development Authority.

MR. DOODY: The Department of Finance is, as has been suggested, flooded with requests for guarantees. Every businessman and everybody who wants to become a businessman at one time or another applies to the Department of Finance for a workman's guarantee.

MR. NEARY: They are still getting them.

MR. DOODY: Aided and abetted and pushed and suggested by the banks who say, "Certainly we will give you all the money you need. All you want to do is go in and see the government and get them to guarantee it and we will only be too happy to collect the interest on it." And so we have resisted as much as possible the issuing of guarantees to private companies.

The Wabush Transportation Company: as I have said, there was a \$50,000 guarantee and a \$200,000 guarantee authorized by Order-In-Council in 1973. The \$50,000 guarantee was taken up first and it was subsequently retired - paid off. And it was brought to the attention of the House at that time that the \$200,000 guarantee, which was a separate one, should have been brought forward at the same time, but it was not. There is an ongoing discussion as to why it was not. They can blame it on the printer, or blame it on departmental inefficiency, or blame it on the fact that having seen Wabush Transportation Company's guarantee listed and accepting it as having been brought to the House or whatever interpretation hon. members wish to put on it, the fact of the matter is that it is now being brought to the attention of the House. The original guarantee, as I said, was issued because of the fact that it was a local company, they were the only bus company that were operating in the area, they had an opportunity to expand and we wanted to help them expand. The cardinal sin that was committed was the fact that the gentleman who was the principal in the company was a defeated candidate

MR. DOODY: for this particular party and that of course renders him suspect and renders his operation suspect.

MR. NEARY: Do not try to defuse us now before we get started.

MR. DOODY: No, no! You are late. This was all gone over in great detail this morning and will be gone over in great detail this afternoon and probably tonight and maybe tomorrow.

MR. NEARY: It has to be one of the great scandals of this century.

MR. DOODY: Well, this is one of the ones we are working on. The turning of a normal business transaction into a scandal is what is being worked on here today. The \$50,000 guarantee has been fully retired and as I have said the payments on the loan, as I explained this morning, on the \$200,000 guarantee is being looked after. The security is the personal guarantee, the floating charge, the first mortgage on the fixed assets, the chattel mortgages and the assignment of insurance. In the opinion of the department, security of the company is adequate and we do not anticipate any further problems at this time.

Now Mr. Walsh some time ago came into the department and asked for a two year extension of the guarantee, which the department refused saying there was no need for it and that he should keep up his payments. The reason that he wanted the two year extension of the guarantee, one of the items that sparked the great debate this morning was the fact that he was the only person up there - he was a transportation company now, not a school bus company. One of his business activities was the transportation of school children. The major item of his business, as I understand it, was the transportation of workers for the Iron Ore Company and for Wabush Mines. The threat that was hanging over our heads - not a threat as such, The Iron Ore Company of Canada and the Wabush Transportation Company did not say "If you do not give this gentleman the business we will

MR. DOODY: give it to a Quebec Company." That was never said nor was it ever held over our heads as a threat. I would not want any hon. member of this committee to feel that these two companies used that threat. What I do say is that company, the Wabush Transportation Company, was the only company in operation in Labrador City. The only other companies nearby were across the border and we felt that it was in the best interests of the Province to keep this business operating and active, and the company has demonstrated its good faith by keeping up its payments and by honouring its commitments. When the time came this year that the tenders were called by the two school boards up in Labrador City-Wabush for school bus transportation, the only bid that was received, naturally, was the bid by this company. It was offered to the Department of Education for their consideration and the department quite rightly brought it to the attention of Treasury Board. We examined it very carefully and we found that it was unacceptable; it was completely out of line with the rates that were being charged by other companies around the Province. We called the company in and said that if they could not do better than that then they would lose the business; we would find another way to provide the transportation for the school bus contract. The company said that they could not operate for less and so we said, "That is tough," and we made a grant to the school boards to buy their own busses and to operate their own bus transportation system which resulted in the Wabush Transportation Company losing a large portion of their business and which resulted in the company selling off a lot of their buses because they no longer had

Mr. Doody:

the school bus contract. And we could not in all conscience keep that contract in being because the charges in our estimation were unconscionable. Now if that is political patronage then it is political patronage in a strange and wonderful and weird way when you take away what we could have very well have justified as being the only bus company in the place and use as an excuse that this is the only option we have, but we did not. We went out on a new tack and provided a grant for the school boards up there to buy their own buses and put up their own garage to operate their own transportation system. The result of course, as I say, was a considerable blow to the Wabush Transportation Company, and on top of that their garage and whatnot burned down, which was an extra problem for the principals of the company, but nevertheless the company has been honouring the commitment.

Hon. members opposite have said that this is the only transportation company to which government has issued a guarantee. I have absolutely no doubt that if we go through the list of guarantees back over the years we will find individual companies in individual areas who are the only one of their kind to whom a guarantee has been issued. I have not had an opportunity to go to that length of research and I do not think I have any intention of so doing because I do not think this particular effort warrants that sort of thing.

The grant to the school boards up there for the operation of their own school bus system was quite literally - one hon. member opposite said that it was a bail-out operation rather than a pilot operation, and I think that he is absolutely right. It was a bail-out operation for the school boards, for the transportation of school children. We could not give it to that one company that was up there - there was no one bidding against him, he had it his own way - despite the fact that the principal of the company was a defeated candidate for the Progressive Conservative Party in 1971, which appears to be an unforgivable sin. I myself feel that it is a shame to be defeated, but I do not think that it is a shame to be a defeated P.C. or a P.C. But however I do not expect hon. members opposite to share that view.

Mr. Doody:

The point of the matter is that this was not only a bail-out operation. It was in effect and is in effect a pilot operation. And I have said earlier, and afterwards the hon. Leader of the Opposition agreed, that it is a good and wise principle to establish this as a pilot project. We do not know whether or not the school boards can operate a school bus system as well and as profitably or as sensibly or as efficiently as a private enterprise. Perhaps they can. This will give us an opportunity to find out. In any event whether they do or whether they do not that weapon is there for school bus owners all around the Province who do not, in the estimation of the Department of Education in consultation with Treasury Board and so on, feel that they are getting reasonable and sensible bids. There is no secret, as hon. members opposite and hon. members on this side know, that various school bus owners and operators in various parts of the Province get together quietly and divide up and slice up various tender areas, and say, You bid on this run, and I will bid on this run, and we will bid on another run. And now we are in a position to be able to say, Look, we have an example up in Labrador West, in Menihek now that where the school bus company got out of line and started to take advantage of the situation, government stepped in and provided that school board with the funds to set up their own system. Now either you people behave properly and do the thing properly or we will find ourselves forced to do the same with you.

As I say, this example will give us an opportunity to demonstrate and to find out whether or not this is a good course to follow. Whether it is economically sensible and reasonable to do that or to follow that course we will find out in time. In any event, the club is there, the threat is there, it has been implemented in Labrador, and if we can demonstrate that we are in a position to implement it elsewhere if it is necessary.

The major question that hon. gentlemen opposite seem to want to get into or get under or get behind is to why was this

Mr. Doochy:

company given this guarantee in the first place, back in 1973. And the answer is, as I have said earlier, that it was the only transportation company, the only private transportation company in the area. They wanted to expand, we felt that they were worthy of expansion. They came in and asked for the guarantee and they get forth all of the facts and all of the figures and all of the statistics. They demonstrated to us that it was a reasonable request, and we honoured that request. And they in turn have honoured their commitment. There is nothing scandalous, there is nothing rotten, there is nothing bad about it. Hon. members opposite can make as much of an issue of it as they wish, there is nothing more or less to it than what I have said. I have asked our people in the department to pull out the file again and have another look at it to make sure that there is nothing else to it, and that, I have been assured in conversation with them over lunch, that to the best of their knowledge and to the best of their memory that this is indeed the case as I have set it forth. If anything else comes up or shows up, if there is something else I do not know about or this House does not know about, I will bring it to the attention of the House, just as I brought to the attention of the House all the facts that I mentioned earlier in relation to this particular transaction. I see no shame involved in it. I see nothing wrong with it. I see absolutely nothing wrong with helping a particular company in a particular area under these particular circumstances. I do not intend that this House or this Province get the impression that we are going to get into a policy of guaranteeing loans to transportation companies or to any other companies as a matter of principle, as a matter of policy. I think it is demonstrated in this Act as it is brought forward today, Mr. Chairman, that the policy of this government is to put into effect as few guarantees as are possible, as it is possible for us to do. In 1976 there was one Order-in-Council authorizing the issuance of the Ralland Forest Products Limited, which bill, of course, has been before the House, I might say, I guess for the past three or four weeks.

Mr. Doody: But other than that, you know, hon. members can probe and pry as much as they wish, and if I have any further information, if I get any further information I will be only too happy to pass it along. But as it stands right now that is the sum and substance of the situation, and I can add nothing further to it than that. I know the hon. member for LaPoile (Mr. Neary) is going to be asking a lot of questions, and I wish that he were here -

MR. NEARY: No. Not necessarily.

MR. DOODY: - I wish he were here this morning because many of them are answered. But that is the situation as it stands. If there are any specifics that the hon. member wishes to ask me I will be only too happy to try to help him on it. But as to that situation in Labrador City-Wabush area, the principle was that there was a local company there that had an opportunity of expanding, they were not sufficiently capitalized to expand. The fact is that the gentleman who was the principal in the company was a P.C., hopefully still is a P.C., although I do not know how he feels about our having cancelled his school bus contract which has got him into a big financial bind. But I would hope that his political principles are stronger than his mercenary or pecuniary principles, but that we will see as time goes on.

But in any event, Sir, as far as I am concerned, this is a very, very reasonable, sensible transaction, and it is completely open to discussion, it is completely open to investigation. If there are questions that the hon. members want to ask either of the officials of the department or the A.G.'s Department or any other department, I am only too happy to have them go down and have a look at the file. They can talk to the Debt Management people tomorrow if they want to, or this afternoon if they want to, and look at all of the files that are involved in this particular transaction. I have absolutely no hesitation in making them available.

AN HON. MEMBER: Table them.

MR. DOODY: I have no intention of tabling them in the House because of the fact-

MR. SIMMONS: That is just fine!

MR. DOODY: (Inaudible) that all business transactions will be tabled in the House. But if they want to go down and look at them, and if there

Mr. Boddy:

is something in there that they feel is unreasonable or that is not right or not justified then obvious other courses are open to them. But other than that I do not really know what I could add. I cannot apologize for Mr. Walsh having been a P.C. because I am kind of proud of being a P.C. myself.

SOME HON. MEMBERS: Hear, hear!

MR. BODDY: If that is the only sin the man has committed then obviously he is headed for cannonization. But on the other hand, if approving a loan or guaranteeing a loan and then sitting on it so strongly that you take away from him, because in our opinion

MR. DOODY: he has not played the reasonable game in offering competitive prices to the school boards, if that is political patronage well then that is the kind of political patronage, I think, that every government should be guilty of, and that is looking after the interests of the taxpayers of the Province. And that is my concern and that is what we have done. And so on Wabush Transportation, Sir, I really cannot add anything else because I do not have anything else to add.

MR. CHAIRMAN (Mr. Young): Before I recognize the hon. member I would like to make a correction lest I be reprimanded by the hon. Minister of Rural Development. In welcoming the Grand Falls students and teachers to the galleries, I referred to one of the teachers as Mrs. Pearcey. It is Mr. Pearcey and I apologize. I am sure I had no intention of welcoming you in the feminine gender.

The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, after being out of the House for a day and a half it is very difficult to get back into the swing of things. When you travel right across this Island, Sir, like I have done over the weekend, right from St. John's to Port-aux-Basques, 565 miles away, meeting people at airports and terminals and so forth and talking to people in shopping malls, talking to union people and talking to the ordinary people of this Province, Sir, you begin to realize, Mr. Chairman, I am sure that the children in the gallery and the teachers today from Grand Falls and the other people in the gallery really do not know what is going on inside of these four walls of this House of Assembly. They really do not know. But they do know, the word is beginning to filter out, to get through to the people of this Province that this administration is riddled with political patronage and arrogance and the brazenness of the likes we have never seen in this Province. We just heard the Minister of Finance get up and mutter and mumble to himself and set up paper soldiers, arguing with himself about giving this piece of political patronage to a former defeated Tory candidate

MR. NEARY: in Labrador West. Now it is just as well for the minister to call the shot, to tell it as it is, to tell the story as it is. This gentleman got \$250,000 out of the Public Treasury put in by the hard-pressed taxpayers of this Province because he paid the supreme sacrifice for the Tory Party. He ran in the 1971 provincial general election in this Province, got defeated, and his payoff was a loan, a guarantee by this government of \$250,000 that he may or may not ever pay back -

MR. MORGAN: He has paid it back!

MR. NEARY: - that the Province may never get back.

MR. MORGAN: He has been crucified because he is a P.C., that is the reason why. Because he is a P.C. Party supporter he is crucified.

MR. NEARY: Madam Chairman, the reason I say -

MR. MORGAN: It is ridiculous! Shameless!

MR. NEARY: - the reason I say that the ordinary people of this Province do not understand what is going on in this House and if you go out and talk to the ordinary person across this Province they will say to you, This is the hon. crowd, the Tories, when they campaigned in two or three elections - three elections in this Province, they told the people of this Province they were going to clean up politics. There was going to be no more graft and corruption and fraud and political patronage and political appointments. There was going to be no more of this, the people of this Province were told. Is it any wonder, Madam Chairman, is it any wonder that the people are disillusioned and discouraged and fed up with this hon. crowd -

MR. MORGAN: Where are the payoffs?

MR. NEARY: - and that this hon. crowd will be creamed in the next provincial general election?

MR. MORGAN: Where are the payoffs?

MR. NEARY: Here is a payoff right here, Sir, a political payoff -

MR. MORGAN: Because he happened to be a P.C., a

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MR. MORGAN: businessman? Come on, stop your nonsense!

MR. NEARY: This, Madam Chairman, can only be classified as a political payoff -

MR. MORGAN: Because he happened to be a P.C. businessman?

MR. NEARY: - \$250,000 and I wonder if that defeated candidate is worth it. Is he worth it? Is that gentleman worth \$250,000 of the taxpayers' money?

MR. MORGAN: He happens to be a good Newfoundlander.

MR. NEARY: Now, Madam Chairman, remember -

MR. HOUSE: He is paying it back.

MR. NEARY: - maybe the students in the gallery are too young to remember, maybe they can remember back three or four or five years ago, this party, the P.C. Party, the administration, the P.C. administration went around this Province and told the people that if they were elected in 1971 and again in 1972 and again in 1975 that there would be no political appointment, no political patronage, that they were going to do away with all the things they used to accuse 'Joey' of doing. 'Joey' was the only one that used to do that and this was the hon. crowd that was going to clean her up, going to do housecleaning - no more handouts. Mr. Chairman, I can start in my own district in the last election. I was not the real winner in LaPoile district. The real winner in LaPoile district was the Tory candidate that I defeated. He is now retired on full salary. He is pensioned off by the administration on full salary. He is earning more money than I am - not that I begrudge it to the gentleman - but he was the real winner. And then over on Bell Island I defeated another Tory candidate, a hockey player. He was the real winner. He has managed to gouge \$500,000 out of this administration to have his own self-help project on Bell Island, fixing up the stadium and then gets himself appointed manager of that stadium for a big fat salary, probably more than private members are making in this hon. House. And who else, what other defeated Tory candidates can hon. members think about that got themselves stowed away?

MR. NEARY: Let us see. If I had their names in front of me I could go down the list.

MR. ROWE: The one down in Hermitage by-election.

MR. NEARY: The one in Hermitage by-election - no, he is a schoolteacher. I think he went back -

MR. ROWE: He got appointed to a rural development board or something.

MR. NEARY: He got appointed to the rural -

MR. ROWE: I know he is a teacher but that does not mean he cannot be appointed to something else.

MR. MORGAN: (Inaudible)

MR. NEARY: No, there are others -

MR. MORGAN: Be reasonable, boy!

MR. NEARY: - I thought about them a few minutes ago, but it really does not make any difference.

MR. MORGAN: Stop attacking individuals.

MR. NEARY: There are scores of -

MR. MORGAN: Scores of them where? Come on!

MR. NEARY: - of defeated Tory candidates who have either gotten loand out of this administration or who gouged and conned money out of this administration, the taxpayers' money, for their own selfish gains. And the minister can get up and mumble and talk to himself all he wants. And I am sure that the minister's argument that he put forward there a few moments ago would baffle any professor of logic at any university in this world. The minister should call the shots as they are, tell it as it is, not try to pull the wool over the eyes of the people of this Province or pull the wool over the members of this House. This guarantee, this \$250,000 was taken out of the taxpayers' pockets and passed over to Mr. Peter Walsh because he was a defeated Tory candidate.

MR. DOODY: It was not. It was a guarantee.

MR. NEARY: It was, Sir.

MR. DOODY: It was not. It was a guarantee.

MR. NEARY: Mr. Chairman, how come there was a laying on of hands on Mr. Walsh's head and not on everybody else in this Province? Why was he all of a sudden picked out? Did he descend from above? Where did he appear from?

MR. DOODY: From the North.

MR. NEARY: The only claim that he has to fame is that he ran for the Tories. That is all. That is the only thing he can hang his hat on. And so, Sir, let us not try to hoodwink and fool the people of this Province. That \$200,000 may or may not find its way back to the Public Treasury.

MR. DOODY: It is being paid back.

MR. NEARY: Oh, the minister tells us it is being paid back. First it was \$50,000 that was borrowed -

MR. DOODY: That is paid back.

MR. NEARY: - then the gentleman came back and borrowed \$200,000 to pay off the \$50,000. That is almost the equivalent of what Eastern Provincial Airways did a few years back. They borrowed \$6.5 million from the Public Treasury and then several years later they came back and they borrowed \$12 million. They paid off their \$6.5 million and now they said, 'We do not owe you a cent.'

MR. DOODY: Is the hon. member interested in some of the numbers?

MR. NEARY: I beg your pardon?

MR. DOODY: Would you be interested in learning some of the figures or numbers that have been paid back?

MR. NEARY: I think I have a list of them. I asked the minister for a list last year.

MR. DOODY: No, no; On this particular guarantee.

MR. NEARY: I do not know if I got an updating on the loans. Yes, I did. I got a list the other day on write-offs.

MR. DOODY: No, these were the write-offs.

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MR. NEARY: These are write-offs. I am sorry I do not have it with me.

MR. DOODY: I have a copy here.

MR. NEARY: Well, would the minister mind sending it over to me?

MR. DOODY: No, boy!

AN HON. MEMBER: You have a copy of that.

MR. DOODY: I can give you a breakdown -

MR. NEARY: Mr. Chairman, the hon. gentleman will have his chance to speak again. The hon. gentleman can speak as often as he wants. The students may not realize it, but what we are doing now, we are in Committee of the Whole on a financial matter, on a financial bill. We are debating a resolution in the Committee. The Speaker is not in the Chair. We have a Chairman of Committee. We are in Committee and we can speak as often as we want and we can only speak for forty-five minutes at a time and then we have to take our seats. I do not intend to speak my forty-five minutes today. I made about ten speeches over the weekend.

AN HON. MEMBER: Complain away.

MR. NEARY: No, I am not, I am bragging. I spoke to a lot of ordinary people, and as I said a few moments ago, Sir, it is no wonder that the ordinary people of this Province are fed up to their ears -

AN HON. MEMBER: Are you speaking to -

MR. NEARY: - fed up to the eyeballs.

AN HON. MEMBER: (Inaudible)

MR. NEARY: No, Mr. Chairman -

AN HON. MEMBER: Ordinary people, every day -

MR. NEARY: Mr. Chairman, one of the big complaints around this Province is that the people cannot see ministers -

MR. MORGAN: Oh, hold on now! One second now!

MR. CHAIRMAN (MR. YOUNG): I would ask the hon. gentleman to speak to the resolution, I feel he is drifting away a little.

MR. NEARY: Yes, Sir, I am speaking to the resolution. I am speaking on a finance bill, and I am speaking on extravagance and waste by this administration. We have the Minister of Rural Development, Your Honour should know this, living over in Upper Island Cove, over there on weekends with a helicopter going out over the fishermen's traps, scaring the fish away.

MR. MORGAN: Who? Who? Who?

MR. NEARY: And I just said to the hon. gentleman why do you not give up -

MR. MORGAN: Who is doing that?

MR. NEARY: - using that egg beater on weekends? The Minister of Rural Development. And the minister said, "How am I going to learn how to fish?" Well, you do not learn how to pull a cod trap in a helicopter.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: If the member wants to learn how to fish, let him go out in a boat the same as the fishermen have to do. And here is another example of the kind of extravagance and waste that we have seen from this administration in the last four or five years. And the minister, Sir, had the gall to stand up and tell us, when the minister was over there muttering and mumbling to himself about this bill, and probably kicking himself for being so stupid as to be conned into passing out the taxpayers' money so freely, the minister stood up and said, Oh this is the smallest Loan And Guarantee Act that we brought in in years. But what the minister did not tell the House and tell the people who are listening is this; that there is no need now for loans and guarantees to be brought into the House, that the administration have found ways and means to bypass the House. They can bypass the House now with the Newfoundland and Labrador Development Loan Corporation, and we cannot even get a list of these loans. Well, it is federal money, but it is administered jointly by the Provincial

Mr. Neary:

Government and by the Government of Canada. And so if hon. gentleman want to, the same as I have done over the last year or so, if they want to get a list of the con artists in this Province all they have to do is get a list of those who have borrowed money from the Newfoundland Development Loan Corporation and from the Rural Development Authority. And that is why we have such a small Loan and Guarantee Act, the administration have found a way to bypass the House. We can no longer get this information into this House. And what they are doing now, they are trying to - they managed to keep this under wraps for four years. We knew that Mr. Walsh had gotten his hooks into the Public Treasury. We knew that Mr. Walsh had been paid off for paying the price of losing the election for the Tories. But we did not think he had been paid off to the extent of \$200,000, \$250,000 really, but he took \$50,000 and paid it back out of the \$200,000.

MR. HOUSE: How long ago was this?

MR. NEARY: 1973, that is how long ago it is.

MR. HOUSE: He is paying off his loan, too. He is paying it off well.

MR. NEARY: He borrowed \$50,000 initially, and then came back and said to the government - did the same thing as EPA did - said to the government, Look, I cannot meet my commitments, I cannot pay you back that \$50,000, I want to borrow another \$200,000, and out of that I will give you your \$50,000. And Mr. Chairman, this is the hon. crowd, who were not going to do anything like that. They were going to run this thing in a businesslike way. There was going to be no political patronage, no political payoff, no skulduggery, no under the table wheeling and dealing. How often did we have it thrown at us? How often did the hon. gentleman who resigned the other day -

MR. MORGAN: What are the results of your ballot?

MR. NEARY: How often, Mr. Chairman, did that gentleman have it pushed down his throat from the Tory party and from the present administration when they were in Opposition.

MR. NEARY: It has to be one of the great scandals, Sir, of this century.

And then on top of that we got Ralland Forest Products Limited, another \$200,000. They have already gotten out of the Newfoundland Development Loan Corporation I would say about \$1.25 million or \$1.50 million. I do not know how much, I had it all here in the House several weeks ago, but I would say it is getting up close to \$1.50 million. Mr. Edward Ralph, Esquire, the gentleman went down to Connecticut when we were the administration to attend a forestry college, a university down in Connecticut, and then took a Water Bomber and had his furniture flown down to Connecticut, and wanted the taxpayers to pay for it.

MR. DOODY: What administration was that?

MR. NEARY: That was back before we got kicked out.

SOME HON. MEMBERS: Right.

MR. NEARY: Before we got kicked out.

AN HON. MEMBER: And what are you on now?

MR. NEARY: But, Mr. Chairman, but let me point out to the hon. gentleman that that gentleman was severely disciplined for taking the water bomber and flying his furniture down to Connecticut where he was attending a university to get his degree in forestry.

MR. DOODY: At government's expense.

MR. NEARY: That gentleman got the Royal Order of The Boot from the former administration. But what happens when this crowd came in? Along comes Mr. Ralph, forms up a company called Ralland Forest Products Limited, which is a sawmill, as the hon. members will know, down in Milltown, down in the Head of Bay d'Espoir, costs about \$1.5 million out of the Newfoundland Development Loan Corporation, gets another couple of hundred thousand directly from the Cabinet. The minister has not told us what it is for. Then the hon. gentleman sets up another company called -

MR. DOODY: I told you this morning but you were not here.

MR. NEARY: - Ralland Forest Products, sets up another company of

Mr. Neary:

which the hon. gentleman is secretary or was secretary, I do not know if he still is. And then he cons another half million out of the Newfoundland Development Loan Corporation. So between the two companies, Mr. Chairman, Mr. Ralph, who was once an administrator himself, who once worked for the government, who was a top-ranking government official, who learned the tricks of the trade, who learned the ropes, managed to con about \$2 million for two companies out of the Newfoundland and Labrador Development Loan Corporation.

I told the minister this story before, I called up the Newfoundland Development Loan Corporation after Mr. Spencer had put in his resignation and I wanted to know if the Newfoundland Development Loan Corporation had to have a list of the shareholders of companies in order to approve loans? And I was told by Mr. Nolan, who is now the manager of that Corporation, that they did not need to know who the owners of the company were. They did not need to know who the owners of the company were! Well, I said, How much money has Mr. Ralph's companies now gotten from the Newfoundland and Labrador Development Loan Corporation? He told me that Mr. Ralph only had one company. I said, Mr. Ralph has two companies. He said, he has one company.

MR. HOUSE: You said, he has two companies.

MR. NEARY: And we got into an argument on the phone. I said, Mr. Ralph is also secretary of Ralland Forest Products which is another sawmill out in the Gambo area. He said, You are wrong. I said, I am right. And I had the share list in front of me.

AN HON. MEMBER: Rayo, Rayo.

MR. NEARY: Roland and Ralland, is it? Or Rayo, I am not sure which.

AN HON. MEMBER: Rayo.

MR. DOODY: Rayo is the other one.

MR. NEARY: Rayo, yes. Rayo is the other one. So anyway I had the share list in front of me. So I said to Mr. Nolan, the manager of the Corporation, I said according to this share list that I have for this other company, Mr. Ralph is secretary of the company.

Mr. Neary:

He said, No he is not. I said, Well I got the share list here. But if you like, I said, I will send down to the registry office and I will check it, and I will call you back. So I sent down to the registry office and I checked it, and sure enough! Mr. Ralph was a shareholder of this company. So I called him back. Well, he said, he may be a shareholder now, but he was not one of the original shareholders. Oh, I said, now how many more times do I have to go back to the registry office? So I hung up the phone and I went back to the registry office again, and I discovered that Mr. Ralph was an original shareholder of that company that had conned about a half million dollars out of the Newfoundland and Labrador Development Loan Corporation. So I said, Do you mean to tell me that you did not know that Mr. Ralph, a gentleman who you had already given about a million and a quarter or a million and a half dollars that you did not know that he was a shareholder in this company? He said, No we did not know, and we could not care less. And I said, No you could not care less because it is the taxpayers money you are spending and you could not give a damn.

I do not know if it sharpened it up any over there or not.

But any way, Mr. Ralph now,

MR. NEARY: according to a routine check that I made last week he is no longer a shareholder of either one of these companies.

MR. MURPHY: He is in Grand Falls now, in Central Newfoundland.

MR. NEARY: He is out now trying to set up a hardwood factory in Grand Falls and back to the Development Loan Corporation again looking for another loan. And now I hear he is going to write a book on "How Not To Start A Sawmill in Newfoundland." Well, if there is any gentleman in this world who is qualified to write a book on "How Not To Start A Sawmill In Newfoundland" it would certainly be the gentleman who managed to con \$2 million of taxpayers money to start up two.

Mr. Chairman, the people of this Province have had so much shock treatment over the last four or five years, Sir, that I have a feeling they have become immune to it. Nothing, Sir, surprises the people of this Province anymore any longer. It is just one scandal after another, it is just one example of political patronage after another, it is just one example of skullduggery after another.

And, Mr. Chairman, you can get up and you can criticize the administration all you like and it is just like water on a ducks back. They have no pangs of conscience at all. They just lash out the taxpayers money like drunken sailors. Is it any wonder, Sir, that the Province is in the mess that it is in? So here we have another \$200,000 for Ralland Forest Products. I presume this was an emergency grant of some kind to bail out that operation. And after all this, Sir, after all this, Ralland Forest Products getting about \$ 1,750, 000, I think probably it is up close to that now, out of the government, out of the taxpayers in one way or another, either getting it from the government agency which is the Newfoundland and Labrador Development Corporation or getting it directly from the government, we heard last week an announcement from the new owners that they are now going to close it down. So after all

MR. NEARY: this they are going to close it down. And I asked the Minister of Rural Development last week if there was anything could be done to keep it operating. The minister said that they were not getting another cent but Bowaters may be able to help by exchanging timber rights. We have not had an updating on it but it would look to me like it is going to close down. The same as I asked the Minister of Mines and Energy about St. Lawrence and the minister refused to give me the information, and today it has leaked out that St. Lawrence may close down. And the Minister of Justice, the hon. member for Grand Bank (Mr. Hickman), who rubs his hands and rolls his eyes heavenward, so far has been silent, a complete mute, has not said a word, has not offered the people of that great mining community who suffered so much over the last twenty or twenty-five years, has not offered these people one word of encouragement.

AN HON. MEMBER: (Inaudible) move off.

MR. NEARY: No. I am not going to get off the bill. The minister need not worry. I will have my opportunity to wrack the minister up when the time comes. I am dealing with the administration as a whole and of which the hon. gentleman, who was always so sanctimonious, is a part. The hon. gentleman, who would not have anything to do with political patronage or political payoffs, is now supporting an administration that is far worse than the Duplessis government ever was, is far worse than 'Whacky' Bennett's government, and is far worse than the Lesage government. Take them all and put them together, and if you want to take 'Joey' and throw him in too, the four of them were just babies, were just pikers when it came to this honourable crowd.

MR. ROBERTS: Three judicial enquiries and one police investigation.

MR. NEARY: Every judge and every magistrate -

MR. MURPHY: They did not have the guts to bring it up.

MR. NEARY: Every judge and every magistrate -

MR. ROBERTS: Did not have the guts to bring them up!

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MR. MURPHY: Yeah.

MR. ROBERTS: Did not have the guts to bring them up !

MR. NEARY: Every judge and every magistrate in Newfoundland is tied up today in a judicial enquiry of some kind or another. The administration is just rocked to its very foundation with scandal and corruption.

MR. MURPHY: What about the quarter of a million dollar campaign fund you had over there?

MR. ROBERTS: What quarter of a million dollar campaign fund?

MR. MURPHY: What do you think of them over there now?

MR. ROBERTS: What quarter of a million dollar campaign fund?

MR. MURPHY: On Bell Island.

MR. ROBERTS: Bell Island? Nonsense! There was an enquiry and nothing was wrong.

MR. NEARY: Mr. Chairman, if the hon. gentleman has a charge to make let him make it.

MR. MURPHY: I am only reading the Mifflin report.

MR. NEARY: Does the hon. gentleman have a charge to make?

MR. MURPHY: I really only read the report.

MR. NEARY: Well let him get up and make it. Let the Minister of Consumer Affairs, the little fellow from Flower Hill, let him get up and make any charges that he may have. Mr. Chairman, I am making charges, I am making pretty serious charges at that. This is not hearsay. I am making a charge now of a political pay-off, political scandal and corruption in this Province. I do not suppose we have a magistrate or a judge left that could carry on the enquiry. We will have to wait and appoint a few more to the bench before we can have a few more enquiries.

Mr. Chairman, it is a terrible, terrible situation. And as I say, I think that the people of this Province

MR. NEARY: have had so many shockers over the last four or five years that this one will probably just slide out unnoticed, it will just be accepted as a way of life in this Province. Do what you like with the taxpayer's money! And what gets me about it, Sir, is that this administration in less than five years have become arrogant and so brazen about things that it is unbelievable, and so sloppy in the way they handle the taxpayers' money. It is incredible, Sir, that an administration could become so arrogant in such a short time. If you did not see it with your own eyes you would not believe it, and you did not hear the things that are going on. Sometimes you wonder to yourself is this for real? Is it any wonder the people out there look upon this here as in some kind of another world, a world of its own, a different kind of a world where things are done in an unorthodox kind of way. And if you want to get ahead in this Province, if you want to get a loan out of this government, if you want to get a few favours out of the ministers and out of the Premier and out of this government, then run for the Tories and get defeated and you are on your way. If you can run for the Tories and get defeated you have got it knocked. I gave the House three examples there and numerous other examples. The real winners, the real winners in this Province are the ones who were defeated in three general elections. The defeated Tory candidates are the real winners in this Province. I think it is a scandal, Sir, of the worst kind and the government should hang its head in shame.

And the minister is so arrogant. I suppose I have more respect for the hon. gentleman than I have for most hon. members on that side of the House, but the hon. gentleman is falling into the same trap as his colleagues of just shrugging things off, of hoping that they will just go away and people will forget about it, they will not hear about it, the press will not report these things. Even the newspapers and the radio stations and the television stations of this Province have become immune to the blatant political

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MR. NEARY:

patronage that is going on in this Province.

And now scandals and the political appointments and

Mr. Neary:

political skulduggery and patronage you will find it over on page 10 and 11 and page 12. It does not even make page 3 any more. Why on the Mainland or down in the United States or in any part of the free world if a government anywhere in the free world did what this hon. crowd are doing, Sir, they would be shamed into resigning, but they just sit there and brazen it out! And you get up and you offer them a bit of constructive criticism to try to economize and save the taxpayers money, and all they do is shrug their shoulders, joke about it, and just sit there with a smirk on their faces, arrogant, sadistic looks on their faces as if they enjoy lashing out the taxpayers money to their buddies, and their chums, and their friends, contracts and loans and guarantees and helicopter contracts and the like, electrical contracts, maintenance contracts, and you can go on and on and on. The list would stretch from where the Sergeant-at-Arms sits in this House right up to the Speaker's Chair.

Hon. gentlemen should take a run around the Province and get the consensus, get the feeling of the people of this Province today towards the administration.

MR. H. COLLINS: What was the result of the polls for that?

MR. NEARY: The hon. gentleman will find out the result of the poll in due course.

Mr. Chairman, it is a terrible shock to have to come back after making a trip right across this whole Island, to come back and to - you are only in the House three or four minutes, and to listen to the Minister of Finance get up and try to make excuses for this piece of political payoff that we have before us. And why do not the minister just get up in man-fashion and call it what it is: It is a payoff to a gentleman who ran for the Tories in the 1971 Provincial General Election.

MR. CHAIRMAN: The hon. Minister of Rural and Industrial Development.

MR. LUNDRIAN: Mr. Chairman, I am just going to take a minute or two to do a couple of things which need to be done almost on a daily basis when you have to stand across the House, and the hon. member for

Mr. Lundrigan: LaPoile (Mr. Neary), and earlier on from the Leader of the Opposition. I fail to understand as a person that I believe is a reasonable person why the government on a daily basis, on an hourly basis, on a minute basis is cast in the role, with no evidence, proof, no justification at all of being a mess of scandals, under table deals, payoffs, corruption, bribes, every conceivable phrase and term that could be used on a daily basis - what is the trouble with the Opposition? Is it because they got no hope for prosperity? Or is it because they got no plan that they expect will ever be anywhere where they can take some constructive decisions? What is the trouble?

I was embarrassed today, somewhat embarrassed. I had just spent a half an hour upstairs on the eleventh floor, in the Museum, with a 101 boys and girls from Grand Falls, all bright-eyed, all bushy-tailed, all anxious to see parliament in operation. And I put on my best Diefenbaker approach to things and explained about Parliament, and the seat of government, and a chamber where decisions are made, the legislative process, the great forum for debate and exchange of ideas. And I came down to see the hon. member who did not even have the decency to be a bit polite with 101 students, got up, and because he gets a phone call from Island Cove, he has got a croney in every community, without even asking me about my use of a helicopter on the weekend, which I did for an hour on public business to help a bunch of people with a problem, with a very significant problem, never mentioned it, he got up and attacked me, abused me, belittled me, and catered to the youngsters in the gallery which is totally out of order, totally out of order, I have never seen it done before to try and impinge on their understanding to try and get some kind of support for his philosophy, which is one of unbelievable depravity as far as I am concerned. The member has a split personality. He goes on as a nice fellow, easy to get along with -

MR. PECKFORD: Only when he wants something.

MR. LUNDRIGAN: everybody likes him - I do not say there is a member of the Legislature who does not like the hon. member - for some reason

Mr. Lundrigan: when he stands in his place in the Legislature he goes into a frenzy, everything is corrupt, the hon. minister, the hon. members. It is so bad today that I am going to say, you talk about making charges, I will make a little charge.

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: Let me make a little charge. The Opposition today has placed the government in a position where it is becoming a disgrace for reputable business people who want to have dealings with government. If somebody comes in tomorrow morning and wants to discuss with me, wants to negotiate with me as the Minister of Industry, or any of our ministers here, they are placing themselves in jeopardy automatically, Because tomorrow morning if it is even heard that they are discussing with government, involving themselves with government, negotiating with government, planning with government, looking at government programmes, looking at development opportunities, they are placing themselves out on a limb. It is almost a disgrace today -

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: - for a businessman to come forward and want to get involved with government. This is the role of the Opposition. They have placed the government in the position where this Legislature very unfortunately -and I have not spoken much in the last two years, but I have got to say this - is becoming a liability, The House of Assembly, our Parliament, which is suppose to be the inspiration to pave the horizon's and give some hope to our people, is becoming a liability. Who are going to deal with government? You are taking your reputation in your hand today, you are placing your reputation on a limb today to have any dealings with government. Whether it is a thousand dollar decision with a little fisheries committee or a million dollar decision with a large business firm, it is disreputable to deal with government! This is what the Opposition have been able to do in this Province today, The most anti-development attitude that we ever had is coming from this Opposition. Everything is a corrupt scandal. We have thousands of decisions we are making on a daily basis with communities, water and sewer systems, business communities, rules and regulations, corporations with reputable business people.

MR. LUNDRIGAN: We have got the Newfoundland and Labrador Development Corporation, a bunch of independent businessmen duly appointed by the two levels of government, not getting five nickels, not getting payoffs where they get out like they formerly did and they get a living out of it, just to get an appointment, reputable business people, nobody knows their politics, helping to make decisions in a development manner, no input from the minister, no input from the government, nobody says, make a decision in favour of that company or the other company, on their own, independent, the Development Corporation. But they are a scandal, all of those business people are scandals, all scandalous people, \$16 million worth of scandals in the last four years. Marystown Shipyard is a scandal - an independent board totally without remuneration from government, not a nickel, giving you their time every week, no direction from me except when they want something approved by Cabinet, no persuasion, no political appointments, nobody getting a job in the yard because of their politics, none of that, but it is all corruption.

SOME HON. MEMBERS: Oh, oh!

MR. CALLAN: Would the hon. minister permit a question?

MR. LUNDRIGAN: The Rural Development - all corruption!

SOME HON. MEMBERS: Oh, oh!

MR. CALLAN: Would the minister permit a question?

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: (Inaudible) people get jobs because of their politics. This government has given up its bloody authority when it comes to jobs!

MR. CALLAN: Would the minister permit a question?

MR. LUNDRIGAN: A Public Service Commission.

MR. HODDER: What about my opponent? What about my opponent -

MR. LUNDRIGAN: A Public Service Commission.

MR. HODDER: - running Harmon Corporation.

MR. CALLAN: Would the minister permit a question?

MR. NEARY: What about Crosbie's buddy you used to have down there now out running the Harmon Corporation? How did he get out there?

Mr. Lundrigan: Mr. Chairman, the Opposition are absolutely bankrupt, absolutely bankrupt! They cannot take the issues, What I was hoping they would say is there is not enough guarantees.

AN HON. MEMBER: Fuddle duddle!

MR. LUNDRIGAN: The government is not moving quickly enough to support some industries.

MR. NEARY: My son (inaudible).

MR. LUNDRIGAN: We do not support this industry.

MR. FLIGHT: We do not need them any more.

MR. LUNDRIGAN: If I were Ed Ralph today I believe I would almost be willing to leave the Province.

MR. FLIGHT: He probably will.

MR. LUNDRIGAN: The member for LaPoile (Mr. Neary) -

MR. NEARY: He should. He should -

MR. LUNDRIGAN: - I was here the other afternoon and I sat out back in the lobby, there were some business people there, and they said, Who is Mr. Ed Ralph? I said Mr. Ed Ralph is a professional man in his field, he moved out from government and tried to get into industry, he got into industry in a significant manner, he got a mill off the ground, it might still take years for it to get properly airborne. He said you mean to tell me that man is still in this Province? How can he survive in this Province with the attitude from members like the member for LaPoile (Mr. Neary)?

MR. NEARY: He is getting close to the border, he will soon move out.

MR. LUNDRIGAN: That man sold his interest in this company we are talking about a year and a half ago. Nothing to do with this bill that is before us today! The company that owns the mill right today has no involvement from this particular individual whatsoever. We put \$200,000 in guarantees -

MR. NEARY: You should not have let him off the hook. You should not let him off the hook.

MR. LUNDRIGAN: What are we going to do? Arrest him because he tried to get into business?

MR. NEARY: No, but Newfoundland and Labrador -

MR. LUNDRIGAN: Put him in jail because he was not a massive success?

MR. NEARY: - Development Loan Corporation had shares in that company.

MR. LUNDRIGAN: If he was from Germany or Russia or Indonesia or Upper Canada you would say, Look! They are Come-From-Aways. He is a Newfoundlander, he got a bit of a break, a small break. We are against our own people.

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: A small-mindedness about us that has got us in a lot of the trouble we are in today, of small mindedness about us. Just you listen to what I am trying to say, listen to that one point.

MR. HODDER: Would the minister permit a question?

AN HON. MEMBER: Tell him to sit down and listen.

MR. HODDER: A little fellow out in my district wanted to get a little money for a sawmill and he cannot get it.

MR. LUNDRIGAN: Maybe the little man from his district was assessed, and perhaps we decided that he was too big of a risk. We have done that with hundreds. Every month we get 200 applications. We agree with about 50. The 50 we agree with if they were known in detail would be 50 scandals -

MR. HODDER: We could not get an expansion grant.

MR. LUNDRIGAN: The member for LaPoile (Mr. Neary) -

MR. HODDER: Two million dollars go just in -

MR. LUNDRIGAN: - and the other member there who is just learning the ropes, he is trying to take his leaf from his colleague from Stephenville (Mr. McNeil), -

MR. CALLAN: Now that is not nice.

MR. LUNDRIGAN: - should read the editorial this afternoon in The Evening Telegram. There are reasonable people in this Province. The mass of our people are reasonable people.

AN HON. MEMBER: That is right.

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MR. LUNDRIGAN: The mass of our people are reasonable people.

The mass of our people recognize that

MR. LUNDRIGAN: governments have to deal with the business community. If we are so free enterprise that we have no programmes, if we are so wealthy as Alberta that we need no programmes, if the climate were so ripe here for profits, for great returns on investment we would need no programmes, then the government could legitimately be accused of expending its assistance in various directions unnecessarily. The concern we have is that we do not have the financial capability to provide levels of assistance sometimes that new enterprise requires.

But, Mr. Speaker, the attitude here today is a dangerous attitude, a very dangerous attitude. Certainly if we are guilty of making a mistake with an industry we have got to take the political brunt of it. That is what politics is all about. If we take enough political brunts, and an Opposition is competent, and the people perceive them as having the ability to govern, they will get elected. That is what governments are all about. That is why governments get defeated, oppositions get elected. But the situation in this Province today is everybody is a scandal. If we discover one individual that had anything to do with the Conservative Party over the past twenty-five years, it is a scandal.

AN HON. MEMBER: Patronage.

MR. LUNDRIGAN: I am embarrassed by it. I almost have to look down through the list today -

MR. CALLAN: We saw the first administration.

MR. LUNDRIGAN: I would not even be bothered with that. You know why, Mr. Chairman -

MR. MURPHY: Are you guilty of that, that paragraph there?

MR. LUNDRIGAN: Of expending monies without having been otherwise approved is it, whatever that is. I would not be bothered with that. The member was in his job in his Welfare Department, he made his decisions, he was accused of not having proper authority and whatever, there was an enquiry, it all came out.

MR. NEARY: I asked for it.

MR. LUNDRIGAN: All right, the member asked for it. It was all gone, all aside. People are still living. I am satisfied to stand by that.

MR. MURPHY: Read the paragraph.

MR. LUNDRIGAN: But the member for some reason, perhaps because he got exposed or because he got analyzed or enquired into, which no minister enjoys, carries with him a pit-prop on his shoulder, not a chip, it is a pit-PROP that he must have picked up in the number four level down in the mines. Because everything now is a massive scandal. I have an empathy with the hon. member in terms of his feelings here today. I have suggested to him, not to try to chide him or lecture him, if he could use his energies and his abilities to try to say to governments, "Look, you are on the wrong track here. Here is the direction you should go. I believe there is an alternative."

AN HON. MEMBER: Exactly what he is trying to do.

MR. LUNDRIGAN: The hon. member is doing no such bloody thing. He stands up every day, if he finds out that Leading Tickle got \$700 for a community stage to buy twenty-five tins of paint, and some one from Grand Falls got this twenty-five tins of paint, he wants an enquiry, an investigation, a royal commission, a police investigation. He wants the minister to launch another attack on the individual. It is becoming a liability, a hazard, a disaster, for the public of our Province, our business community, to deal with government.

Yesterday afternoon I spoke to fifty or sixty businessmen in Grand Falls.

MR. CALLAN: Yes, I heard about that.

MR. LUNDRIGAN: Fifty or sixty businessmen in Grand Falls.

MR. FLIGHT: You did not impress them either.

MR. LUNDRIGAN: Mr. Speaker, the interesting thing was that these people provided more suggestions to me, alive on radio, carried live!

MR. LUNDRIGAN: I said, "I want an exchange. I will speak for ten or fifteen minutes or twenty minutes; we have got forty-five minutes of air time with the CBC, I would like for you the businessmen to get up and ask me or suggest to me or recommend." I was really impressed with the fact that fellows who have got very little exposure to government could stand up in their places before a live audience of 50,000 or 60,000 or 100,000 people which it was on the Northeast Coast and in Central Newfoundland, and raise recommendations, comments, some of them I was impressed enough with them that I promised I would bring them to the attention of the Minister of Finance as suggestions for ways we can help stimulate the economy of our Province.

MR. CALLAN: Should have been doing it for long ago.

MR. LUNDRIGAN: Good suggestions, tax recommendations, budgetary recommendations, development recommendations. They were saying that maybe a lot of your programme are not the types of programmes you should have because maybe the tax system should be used to a greater extent, and of course we discussed that and we tend to agree with it. But I never get this kind of attitude emanating from the Opposition these days. What is the reason?

MR. HODDER: I will tell you the reason.

MR. LUNDRIGAN: What is the reason for it?

MR. HODDER: Do you want to hear the reason? Because we see things happening in our districts with calcium chloride on our roads and pavement in Green Bay.

That sort of thing we see. And then you give a level -

MR. LUNDRIGAN: There is a danger that the hon. gentleman is going to get his head caught in the chicken wire.

MR. HODDER: - four weeks of employment. That was the big handout that Port au Port got.

MR. LUNDRIGAN: Mr. Chairman, these are the types of days I would like to see television in the Legislature. Do not the people of Port au Port district deserve to see their member in action? That is the reason we are not happy with you. That is

MR. LUNDRIGAN: the reason we are not giving you suggestions because you are not giving us calcium chloride. That is his development philosophy, little odds and ends of old stuff. No leadership, no stature. Cannot stand tall in the minds of the public.

MR. MURPHY: Twenty-two years that is -

MR. LUNDRIGAN: Any wonder that we are in so much difficulty in our Province today. Any wonder that we are in so much difficulty as the people of our Province got to take the lead from the stature manifest through the House of Assembly.

MR. CALLAN: How does the minister expect the people to have confidence in the government when he goes out to Grand Falls and says the Cabinet made a wrong decision not to do something about the hospital out there?

MR. LUNDRIGAN: Mr. Speaker, I retain the right to be a human being even despite the fact that I am a politician.

MR. CALLAN: Playing politics, you mean.

MR. LUNDRIGAN: The member for Bellevue (Mr. Callan) ought to go to North Harbour, he was out to his district yesterday -

MR. CALLAN: The hon. minister made it to Grand Falls but -

MR. LUNDRIGAN: They needed \$250 -

MR. CALLAN: But the hon. member -

MR. LUNDRIGAN: He was down once and spoke to the Lion's Club - They needed \$250 -

MR. MORGAN: They are going to pave the roads down there this year.

MR. LUNDRIGAN: They needed \$250 -

SOME HON. MEMBERS: Oh, oh!

MR. PECKFORD: In North Harbour?

AN HON. MEMBER: Yes.

MR. PECKFORD: In the hon. member's district?

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: They needed \$250 - Mr. Speaker, they needed a

MR. LUNDRIGAN:

\$250 pump for their little community stage, a beautiful community stage, a beautiful community -

AN HON. MEMBER: Where is this?

MR. LUNDRIGAN: North Harbour. Yesterday about 50,000 pounds of the largest cod was landed in the member's community. I would like to advise him they need a \$250 pump -

MR. CALLAN: Were you in Woody Island?

MR. LUNDRIGAN: - to spray down the little stop, and I said, "Why do you not approach you member about it? I never heard it before." "We never heard talk of our member. We do not see our member. We got no member." They said, "We got no member." I said, "Yes, you have got a member. You are lying to me. It is unparliamentary for you to lie to me."

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: Mr. Speaker, I will tell you what I will do - look -

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: This morning I will bring it to the attention of the Minister of Fisheries.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, Please!

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please!

MR. CALLAN: - speak to the Lion's Club -

MR. CHAIRMAN: Order, please!

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please! Interjections from each side of the House have to be expected but in the interest of helping the ladies who take this down upstairs in Hansard, would you try to keep the interjections one by one, please? The hon. minister.

MR. LUNDRIGAN: Mr. Speaker, -

MR. HODDER: Why do you not sit down?

SOME HON. MEMBERS: Oh, oh!

MR. PECKFORD: Silence! Silence!

MR. HODDER: You have said nothing worthwhile since you stood up!

MR. LUNDRIGAN: Mr. Speaker, I cannot understand why the hon. gentleman is so riled up.

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: I do not understand why he is so -

MR. HODDER: Why do you not sit down, we do not want -

MR. LUNDRIGAN: - engaged in frustration.

AN HON. MEMBER: The poor little boy.

MR. MURPHY: Go on home! Go on!

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: I think I will -

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: Mr. Speaker, the simple fact -

MR. MURPHY: Why do you not read the paragraph?

MR. LUNDRIGAN: I am not. The hon. member can read it.

But I do not want to get the hon. gentleman frustrated. It is a hot day out, it is a warm day, it is getting late in June and, I think, perhaps that the heat may be getting to him, but I do not want to precipitate any further frustration on his part.

MR. MURPHY: The young ladies -

MR. LUNDRIGAN: The fact of the matter is, I am serious when I say, that the member for LaPoile (Mr. Neary) and the Leader of the Opposition, and the member for Burgeo-Bay d'Espoir (Mr. Simmons), while their enthusiasm for exposing government has to be commended, because that is what keeps government on its toes, they have to be a little bit more responsible because their attitude today is creating a climate in this Province where the average Newfoundlander that the member for LaPoile continues to rave about will not have any dealings with government. The business community will not have any dealings with government. Reputable people will be nervous about putting their reputations at risk by dealing with government, because the members here without regard for facts, without knowledge, without information which can prove their points, getting up and cutting in all directions, that is a dangerous attitude

Mr. Lundrigan.

and I would like to suggest that members exercise a little bit more responsibility in making the charges. Ralland Forest Products, this company last year we gave them a \$200,000 guaranteed loan. The bank which was guaranteed the loan has security on inventory.

MR. PECKFORD: How much did the people put up?

MR. LUNDRIGAN: Last year they had eighty to one hundred people either directly or indirectly with the small mills that feed it, that were employed. It might not have been a good investment on the part of government. As a matter of fact, had it not been for the social and economic climate of the area perhaps the government might not have made the decision. We are secured with the inventory. There are 5,600 cords of logs in the woods, three million board feet of lumber, when it is manufactured, which is over a half million dollars worth of property. So we are well secured. The company that we stood behind is a central Newfoundland company, Harvey Dawe. Three hundred and fifteen thousand dollars they have put out.

MR. MORGAN: What, did we hit a sore point over there? Now then!

AN HON. MEMBER: Unbelievable.

MR. CALLAN: You will get a sore point on the weekend.

MR. LUNDRIGAN: Mr. Chairman, the parent company that we stood behind, the new company, has exposed itself, and I have just indicated it - maybe I should have not indicated it - the amount of money that they have put themselves out on a limb on which they are going to lose if it goes down.

MR. MORGAN: What they did not see!

MR. CALLAN: This is taller than you.

MR. LUNDRIGAN: And this gentleman from LaPoile (Mr. Neary) got the gall to get up and say we have helped them too much.

MR. CALLAN: Do not be talking -

AN HON. MEMBER: The Moores PC.

MR. LUNDRIGAN: Mr. Chairman, can I have the hon. gentlemen across the way to maintain a little bit more control of their emotions.

MR. CALLAN: Who is talking about control? Who is talking about control? You ranted and roared at the member for Twillingate (Mr. Smallwood) a couple of weeks ago.

MR. LUNDRIGAN: Mr. Speaker, I wonder can we have the hon. gentleman -

MR. CALLAN: You called him everything in the world.

MR. LUNDRIGAN: - look he is riled up. North Harbour is on the bat.

MR. CALLAN: The member for Twillingate told you you would be sorry.

MR. LUNDRIGAN: He cannot take the pressure.

MR. CALLAN: And you have said something today that you will be sorry for, too.

MR. LUNDRIGAN: The fish have struck in. They need a pump. I have recommended it. I will give the member assistance. The hon. member cannot get up and kick everybody else around and not expect to get kicked around a bit himself. Did you ever notice that? The minute you happen to hit out a little bit they all, they are under attack. You are not allowed to do it.

MR. FLIGHT: We are laughing at it, 'John'.

MR. LUNDRIGAN: Mr. Chairman, the company that we have helped in this regard has put themselves in grave jeopardy, private, responsible business citizens of our community. As a matter of fact their concern to us - and I am not able to recommend to government - is that we have not gone far enough with them. I cannot recommend any further assistance. We have recommended, we have risked to the limit of our capacity, to the limit of what we want to do. And as I have indicated to the members present, if we did not have the social and the economic, the circumstances in the Bay d'Espoir area behind our decision, maybe we would not have made it in the first place. That is what we have done. That is what we are guilty of.

AN HON. MEMBER: Another great Tory district.

MR. LUNDRIGAN: Another great Tory district. This would be the charge if it was in Grand Falls, or if it was up in the Harbour Main area or any other part. Down in Bay d'Espoir, where we never got a look in the last election, yet we went with the people of that area because we had the sense of responsibility. Previous to now they would have been cut off at the pass.

Now, Mr. Chairman, I am not afraid to stand up here and justify the decisions we have made. Over the past - I have been in this Cabinet for a year and one-half, and I am getting a little sick and tired maybe because we are too responsible, too eager to sit back and let the bunch across kick us around. That is what our supporters are saying, Why do you sit back and take it? You are a responsible government.

MR. FLIGHT: The hon. bunch.

MR. LUNDRIGAN: Mr. Chairman, I am just a little bit at the end of my rope when it comes to taking it.

MR. NEARY: If you cannot stand the heat, then get out of the kitchen.

MR. LUNDRIGAN: I am never going to get out of this kitchen, Mr. Speaker. I will be in this kitchen - it is going to have to come a lot hotter than the member for LaPoile (Mr. Neary) can impose on me before I will start to find the heat in this kitchen. I have been in a couple of kitchens where the member for LaPoile would not even be permitted to enter to take a picture. I never exactly ran away from it. I carry myself across the country, like other people have done too, representing our Province, with a bit of dignity I tried. I am not afraid of the heat. Bring on the bloody heat. The other day the member here, the bunch of them stood up and spent two days trying to kick around the little bill I had here to give me a bit more flexibility in making a decision to eliminate the red tape which is in the department.

MR. LUNDRIGAN: The Evening Telegram this afternoon came out and said something which I was trying to say. I mentioned to the member for Eagle River (Mr. Strachan) this afternoon, and he indicates to me - and maybe I should not say it - that he was not quite clear on what I was looking for, because I was saying that we have got too much red tape. Government has got to have some businesslike basis for their operation. They are not a business. I recognize that. They have to have some businesslike basis. The way the Opposition are going today, government in this Province is in jeopardy - government, not PC government, government is in jeopardy.

MR. HODDER: The minister's department in my district does not exist. You have nothing to do with it whatsoever.

MR. LUNDRIGAN: Why does not the hon. gentleman talk to his friend to his right, talk to his friend to his right.

MR. HODDER: I am talking about my district.

MR. LUNDRIGAN: Last week I was out -

MR. HODDER: You have done nothing since you have been minister.

MR. LUNDRIGAN: What has the member done? I do not see the member knocking on my door. He has not asked me a question since I have been here. He has not been in my office. He has not written me a letter. He has not come across the House. He has not shown a bit of interest. "What are you doing for my district," he says?

MR. HODDER: I would not mind -

MR. LUNDRIGAN: He has not got enough energy to drop out of bed let alone coming looking for stuff for his district.

MR. HODDER: I have gone to everyone of your officials.

MR. LUNDRIGAN: Get your energy up. Crank up your battery.

MR. HODDER: Ask your -

MR. LUNDRIGAN: Go after stuff yourself.

MR. HODDER: - ask your Corner Brook office what I have been doing.

MR. LUNDRIGAN: I just came back from the West Coast, Doyles, a beautiful

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little farming settlement, opened a \$200,000 wool carding mill. It is not a great industry. It does not compare with any of our major industries.

MR. NEARY: What has that got to do with the unemployment? We have the highest unemployment.

MR. CALLAN: The highest unemployment is out in Ferryland.

MR. LUNDRIGAN: I would say that if the hon. member goes up to the Doyles area and mentions anything about Rural Development, they will have a job to get a bottle of beer in any bar despite the fact that I found them quite friendly.

MR. HODDER: Come out to Port au Port, they would not even know what it means.

MR. LUNDRIGAN: Mr. Chairman, the hon. member now can get up now and have his little fling.

MR. HODDER: It is no good. You got to have \$500,000.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. member for Windsor - Buchans.

MR. FLIGHT: Mr. Chairman, -

MR. CALLAN: Birds of a feather flock together.

MR. FLIGHT: Mr. Chairman, I had a specific point I wanted to bring up here on this bill. It is the Ralland Forest Industry thing. But having listened to the hon. member for Grand Falls, the hon. minister, there are a couple of other things that I have got to say. It is unbelievable. We listened to the minister. Now, Mr. Chairman, I remember - he talks about the Opposition being negative, anti-government - I remember the first election campaign the hon. member won when he went to Ottawa on the first trip and for five weeks I heard every speech he made on every radio and, Mr. Chairman, I wondered and everybody else listening to his campaign wondered if he realized he was into a federal election or a provincial election. He never once addressed himself to the Ottawa issues. He spent five weeks crucifying, tearing down the former administration of J. R. Smallwood, and that is the man who stands up

Mr. Flight.

stands up and tells us not to be negative. For five weeks, provincial issue, after provincial issue - he did not know Ottawa existed. Now I will be the first one to say the hon. member, as I have said privately, that I admired his position in Ottawa. I respected the way he represented the riding and the way he represented Newfoundland. But that is one thing, Mr. Chairman. For the minister to stand up and be so sanctimonious and tell us that we are negative when we think back on how he first got his start in politics! If the minister were to - and it is documented, all the statements he has made - he was the start - I suppose that would have been the start of the end of the Smallwood administration. And the minister and his colleagues who were running in that by-election spent five weeks castigating the Smallwood government, and he has spent this last year and one-half taking a page out of the book the way Smallwood went.

Mr. Chairman, when the minister tells that we are turning off the business people of this Province, I would ask the minister, Did this Opposition invent the work orders? Is it out fault that the Telegram publishes the kind of editorials they publish, that they use the kind of cartoons they use? They talk about the millions, the \$20 million maybe that was gone out in public money in \$15,000 work orders. Are we supposed to keep quiet? Is that being negative? I would like to see what the hon. minister would have done with that when he was in Ottawa if the administration of the day had come up with something like that or if the Opposition had come up with it. So, you know, Mr. Chairman, I got a great deal of respect for the minister, and I get all kinds of co-operation, but I can tell him that he is not impressing anyone on this side when he gets up with such a great statement that he - he reminds us of how he rubbed shoulders with Mr. Diefenbaker. There are people in this House, Mr. Chairman, who have never rubbed shoulders with Mr. Diefenbaker, but has got just as much concern about the affairs of this Province as

Mr. Flight.

the hon. member for Grand Falls. And he also indicated to my colleague sitting to my left that his constituents wondered where the member was. Well I can assure this House and the member for Grand Falls that the people in my hon. friend's district, in North Harbour, are not wondering where their member is any more than the people in Grand Falls are wondering where their member is.

MR. DOODY: He went back yesterday.

MR. LUNDRIGAN: I am going out tomorrow.

MR. FLIGHT: The first time since when?

MR. CALLAN: At government expense.

MR. LUNDRIGAN: Sure.

MR. FLIGHT: So, Mr. Chairman, the minister -

MR. LUNDRIGAN: Do it tomorrow, too.

MR. FLIGHT: Those who live in glass houses should not throw stones.

If the minister wonders what his constituents think about his absenteeism, then he should read the Grand Falls Advertiser once in awhile.

So now, Mr. Chairman, having said that and having wasted my breath, and I suppose having invited the next time the hon. member is on his feet to take a few flicks at me, I would ask just one question of the Minister of Finance. It appears to me that I recall the Minister of Forestry a week ago, or some minister declaring that Ralland Forest Products was practically bankrupt, that if Ralland Forest Products continue to harvest the timbers that they have on their limits, or on the Crown lands that they are harvesting on, at the same rate they are harvesting, there is not enough wood in the Island of Newfoundland to keep that operation going. Now the Minister of Forestry said that. And, Mr. Chairman, I would like for the minister when he stands up to tell us that if in approving a \$200,000 guarantee for Ralland Forest Products

Mr. Flight.

that they have attached the rider, that that company would operate in a way that would make the operation viable. It is too bad the Minister of Forestry is not here to tell us, The Minister of Forestry stated publicly in this Province that if Ralland Forest Products continue to operate the way they do, if they continue to follow the same management, forest management procedure, there is not enough timber in Newfoundland to keep that mill going.

Now the Minister of Forestry having made a statement like that, his Cabinet colleagues approves \$200,000 for that company to continue to ravish the forest of this Province, to continue to waste our forests reserves in the Bay d'Espoir area. And I am wondering if the minister is aware of the Minister of Forestry's statements, and I am wondering if there is any rider, if there is any strings attached to this guarantee? That if we are going to loan a company or make it possible for a company to borrow \$200,000 to run a forest industry, to run a saw mill, are we going to say that contingent on your getting that money you will practice good forest management?

The minister have said we are wasting our money, the Minister of Forestry said a week ago that that company cannot continue, there is not enough timber in Newfoundland to keep them going. So where is our \$200,000 going to go? Is it going to go in a way that will guarantee Ralland Forest Products to continue the type of forest management that they are now practicing?

MR. NEARY: Plus the fact that they got a million and a half -

MR. FLIGHT: Plus the fact they got a million and a half - why the \$200,000 when in the Minister of Forestry's view they are going bankrupt, that they are practicing forest management, that there is not enough timber in Newfoundland to keep them going at their present

MR. FLIGHT: rate of cutting, at their present forest management practices. Is the Minister of Finance aware of that, aware of his colleague's statement and in making this \$200,000 is the condition going to be that they, Price (Nfld.) and Bowaters, have got to submit a forest management plan or else be subject to high taxes. Has Ralland Forest got to submit a forest management plan in order to qualify for \$200,000 of the people's money? Did they have to submit a forest management plan in order to get the first \$1.5 million? I think these are legitimate questions, Mr. Chairman, and I do not see why we are putting \$200,000 - I am all for putting \$200,000 into Ralland Forest Products or any other company in Newfoundland and I do not particularly care who the principals of the company are as long as they prove to the administration and to the House that they are going to create jobs and they are going to manage our resources properly, that they are going to utilize our resources. But I do not see giving \$200,000 to a company within a week after the Minister of Forestry gets up and says that there is not enough timber in Newfoundland to keep them going, one small sawmill operation.

So I wonder if the minister, when he stands up, if he will indicate that this problem that the Minister of Forestry refers to, has been cleared up, that Ralland Forest have indicated they will spend the \$200,000 wisely, that they will not be bankrupt because they have used up all the timber wastefully.

MR. DOODY: They got the money last year. This is 1976.

MR. FLIGHT: It does not matter when they got the

MR. FLIGHT: money, Mr. Chairman, the Minister of Forestry was aware of the kind of operation. He did not find that out last week, the kind of operation that was going on.

I remember when the Native Council of Conne River was operating a sawmill in competition with Ralland Forest Products and they were saying that there is not enough timber in the Bay d'Espoir area to keep the two mills going, that Rallands had the greater share of the timber. And now we find out that over the years Rallands was not even utilizing all the timber in the area, that according to the Minister of Forestry and Agriculture there was not enough timber in Newfoundland to keep them going. And we find ourselves financing a company like that! The Minister of Forestry did not get those facts yesterday or the day before. He has known what has been happening down there. He was probably aware of it, and the Cabinet was probably aware of it - or should have been aware of it, if they were not - when they first came to seek that kind of money, That was the time to put the pressure on Ralland Forest Industries and say, "Yes, if you want \$200,000 of the public's money in this Province you will utilize and manage the limits that you have been given and the timber on those limits properly." But it obviously did not happen and now we have the spectacle of standing up in this House and approving \$200,000 for a company that the Minister of Forestry has already bereated and said cannot exist in this Province, there is not enough timber to keep them going.

It is a perfect example, Mr. Chairman, of one branch of government not knowing what the other

MR. FLIGHT: branch is doing. The Minister of Forestry stands up publicly in Newfoundland and states - the member for Grand Falls (Mr. Lundrigan) says, "I wonder how Mr. Ed Ralph feels when he hears things like the member for LaPoile (Mr. Neary) or other people said?" I wonder how the principals of Ralland Forest Products feel when they hear the Minister of Forestry standing up publicly - half that is said in this House nobody hears, but when the minister makes a statement on radio the whole Province hears it. I wonder how the principals of that company feels now when the Minister of Forestry says that if this company continues to operate the way they are there is not enough timber in Newfoundland for them to continue, there is not enough timber in Newfoundland to keep them going. What kind of waste must be going on down there for the Minister of Forestry, who is usually a very conservative individual when it comes to making rash statements, when he gets on radio and says that there is not enough timber in Newfoundland to keep Ralland Forest Products going at their present rate of consumption, the way they are utilizing the timber reserves that they are using.

The Minister of Industrial Development, who was very much involved in Ralland Forest Products last year, must have been aware of the kind of forest management that was going on down there. The word was there was lots of timber in the Bay d'Espoir area and now the Minister of Forestry says that there is not enough in Newfoundland, let alone in the Bay d'Espoir area, to keep that company going with the type of forest management that they have practiced. And here we are saving, Oh well, the minister says this money was used in 1976.

MR. FLIGHT: The forest management that I am talking about was taking place in '76 and we were looking to give them \$200,000 more, on top of the \$1.5 million, to put them in a position to continue to waste the resource, not to utilize the timber that was available to them. To keep that company going according to the Minister of Finance, Price and Bowaters would have had to give up all their timber limits in Newfoundland. That is the only way that company could have been kept going under their present forestry management programmes.

So, Mr. Chairman, I would think that the onus - I think it is incumbent on the Minister of Finance when he stands up to close this debate, if he closes it, to tell us how is it that the Province is considering giving - one minister is considering giving a company a \$200,000 guarantee, while another minister is saying that company cannot survive with its unbelievable waste, that there is not enough timber in the Province to keep them going. And if when that \$200,000 loan guarantee was being discussed, with Ralland Products, was the folly of their ways being pointed out? Were they being told that the Province was not prepared to stand and watch the kind of forest management that was going on down there, the kind that the minister referred to publicly?

So that is all I have to say, Mr. Chairman, and I would hope the minister would indicate.

MR. LUNDRIGAN: In response to that, the member has asked a very sensible question, a sensible series of questions. The company has been pretty closely

MR. LUNDRIGAN: inter-related with the forestry people out of the Central region, particularly out of the Gander office, with Mr. Lester Shea, forty-three years with Bowaters, wood superintendent out of Glenwood, one of the experts in the woods business in our Province. He has given them a tremendous amount of advice and assistance. What the member said the Minister of Forestry said was that they have to change some of their harvesting practices. And he is right. What they did last year was to take an area which was, I saw it myself, I went down and in one of my flicks around with the egg beater I had a look at their inventory, I had a look at their road, I had a look at their forestry reserves that they have had. It is not my first time doing it. I looked at their mill, I went through the mill, I have met their management on numerous occasions and what he was saying was that they went in with a total skidder operation. Now the member is very knowledgeable about woods because I know he is a woodsman, and he spent a lot of his time involved with the environment and involved with hunting and fishing and that sort of thing. And what they did was because of their methods of harvesting, if I might sort of elaborate on what the member was saying, the points of timber, the slopes which are not able to be used by skidder operations because of the steep slopes and so on, were not utilized. And we are aware of that. Consequently the global inventory of wood for the area is not able to be fully utilized using the very efficient and less costly methods of skidder operations. And the member is saying in some fashion of hyperbole, you know, there is not enough

MR. LUNDRIGAN: timber in North America.

Now I am never used to exaggerating but a lot of members of the Legislature do. That is what it is really saying to have to have a better utilization of the resource. Now I will say to the member, that company still hopefully will continue. I do not know. It might be bankrupt as of this minute. It could be done under as of this minute. But we are still trying to work out ways and means -

MR. NEARY: The taxpayers' money is protected.

MR. LUNDRIGAN: The taxpayers' money, the \$200,000 that the member is talking about that we are debating here -

MR. NEARY: - \$1.75 million, that is taxpayers money.

MR. LUNDRIGAN: It is not \$1.5 million, Mr. Chairman, the Minister of Finance today gave the precise debt structure of

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MR. LUNDRIGAN: that company, The NLDC has \$921,000 behind the company.

MR. NEARY: More than that.

MR. LUNDRIGAN: Well, Mr. Chairman, -

MR. NEARY: Plus the other company, \$500,000. _

MR. LUNDRIGAN: Mr. Chairman, there has been considerable discussions with Bowaters, the principals of Bowaters recently to find short-term two year, or if maybe longer, but short-term advantages for the company in terms of timber resources. There have been discussions with Price in terms of selling their pulp as well, which is one of their big problems, the cost of producing pulp and transporting it and then not having a ready market for it at the same time. Because you know what happens with these large companies; most of the wood harvesting is contracted out under union agreements so there is a problem there. But we have had excellent co-operation from Price, excellent co-operation from Bowaters in recent months, and I am hoping these two factors will help keep the company in a position where they can perceive the opportunity of making a dollar. It will be a personal, great, great sad day for me if the company goes under. The mill will not go under. Eventually that mill will operate, somebody will operate the mill. But if the company goes under - this company that has just gotten dragged into a controversy here today, has gone out on a limb, more major in some ways than some of the original people who got involved with Come By Chance. One small little local company in our Province, hundreds of thousands of dollars of their own money! The big operation has not worked yet, it might take ten years. I was talking to one of our large successful operators who has not got a nickel from government and he said, "Do not be discouraged. When you get involved in the larger unit it is not the old traditional hundred and fifty, two hundred thousand board feet a year, small operations, small management, it is the larger unit, eight to ten million board feet a year" He

MR. LUNDRIGAN: said, " It might take you ten years before you can iron out all of the difficulties and all of the kinds of decisions that management will have to make. It might take you ten years before those larger mills will get properly air-borne." And then he tried to explain to me -

MR. NEARY: The public treasury cannot stand it.

MR. LUNDRIGAN: He tried to explain to me the growing pains that this almost new enterprise in our Province has to go through. One of the little things, for example, was getting rid of chips. We spend about two years trying to work out arrangements with a paper company, trying to work out transshipment arrangements, trying to work out arrangements where the trailers can back into the mill, have connecting outfits blowing the chips right into the trailer and have your tandem trucks just take it and carry it away, and then put the receiving facilities at the site in the paper company - things of that nature. The pulpwood problem is a problem and again that is exacerbated to a certain extent by the Lab Linerboard situation which hopefully in the future will find its way back into operation in a more constructive fashion.

So these are matters that are difficult, they are not easy matters. We have had a lot of people gone out on limbs with their own dollars, we have put out our own dollars ourselves, the Government of Canada through NLDC with loans have put out \$921,000 to that company and it could be every nickel will be lost - that is possible. But it is the type of investment that is not in your \$43,000,000 category or your \$200,000,000 category, and that is the type of investment and the type of venture that I am not nervous about trying. I am willing to try even if I know there are good chances or there are doubts that they might even fail because they are not going to bankrupt the Province even if they go under themselves. That is not the attitude we have, we try to keep all of the components in place that will ensure success. If they fail, we have not lost a lot. But the company here has put a lot of their own dollars in and

MR. LUNDRIGAN: I think it is an embarrassment to me today, especially with the member for Windsor-Buchans (Mr. Flight) who knows some of the principals involved in this company personally, knows their stature, knows the managerial capability, knows their business acumen. I would like for him to reconsider some of his remarks.

MR. CHAIRMAN: Hon. member for LaPoile.

MR. NEARY: Mr. Chairman, it should not be necessary for me to have to answer the hon. gentleman at all, Sir, because I think if I did I would be belittling myself. I would only be getting down in the mud and rolling around with the hon. gentleman. The hon. gentleman, Sir, in replying to the charges of political patronage that were made from this side of the House, the hon. gentleman in replying stooped to about the lowest degree that I have ever seen a member of this House stoop by going on the personal attack, by personally attacking members on this side of the House, character assassination that has been synonymous with this administration and this party right from the time of Confederation. Character assassination! Witch hunts! Witch hunts and Character assassination! This crowd will go down in history.

Mr. Chairman, the member for Grand Falls (Mr. Lundrigan) attacked my hon. friend from Bellevue (Mr. Callan) saying that the hon. gentleman went down there and somebody remarked to him "Oh they do not have a member. Who is our member?" in North Harbour. The hon. gentleman addressed the Lions Club. Look, Mr. Chairman, I will table the document. The hon. gentleman addressed the Lions Club in North Harbour the week of May 26th. "The North Harbour Lions Club held their third charter anniversary celebration May 14th. Wilson Callan MHA was the guest speaker for the evening. His address was very much enjoyed by the Lions and the Lionetter and all assembled guests."

And the hon. gentleman says, "Somebody in North Harbour!" Who is the somebody? Is it the big PC in North Harbour? Mr. Chairman, I want to table this document and I want to ask the hon. gentleman if he has any intestinal fortitude at

MR. NEARY: all to apologize to the hon. gentleman from Bellevue (Mr. Callan) for making these wild charges and accusations, for acting so irresponsibly in this House. And then the hon. gentleman, not being satisfied with that, decided to get up and personally lacerate me. Now the hon. gentleman can lacerate me personally all he wants, Mr. Chairman, but that will not, Sir, deter me from standing in my place in this hon. House and try and keep this hon. crowd half honest and half decent. And I will tell you you have got to have eyes in the back of your head to be able to do that.

Mr. Chairman, the hon. gentleman got up and used an argument that I am sure the hon. gentleman must have been saying it with tongue-in-cheek, that we over here were trying to discourage business and industry from doing business with this administration, that we were scaring people away from the administration because of the attacks that we have made on the administration, on the graft and the political patronage and the examples skulduggery and under-the-table wheeling and dealing that we have seen in the last five years in this Province.

Mr. Chairman, let me point out to the hon. House, Sir, that the only cases that we have debated - at least I can speak for myself - the only cases that I have debated in this House, Sir, are ones that the administration tried to cover up and are still attempting to cover up. And that very minister, Sir, that got up there a few minutes ago and preached a sermon is the very gentleman who has refused to give this House a list of Rural Development loans, to give the people of this Province a list of those people who were involved in the hon. gentleman's game of Rural Development roulette.

Mr. Chairman, I would submit to the House and to anybody who heard the hon. gentleman that the reason business and industry are shying away from this administration, Sir, is because of their reputation, is because they cannot be trusted,

MR. NEARY: is because of the sort of thing that they did to Brinco, which was the best corporate citizen we had in this Province and they kicked them out.

Mr. Chairman, I would like to hear the hon. gentleman explain to me how a drive-in theatre in the Corner Brook area, in the Bay of Islands district, how a drive-in theatre can fit into the criteria, can fit into the terms of reference of the Newfoundland Development Loan Corporation. Perhaps the Minister of Justice can tell me how it fits in? How can you classify it as Industrial Development?

MR. MURPHY: Industrial Development.

MR. NEARY: Is it Industrial Development?

MR. MURPHY: - Industrial Development -

MR. NEARY: I will tell the House how it fits into the criteria and the terms of reference of the Newfoundland and Labrador Development Loan Corporation.

MR. HICKMAN: Is this the one which Mr. Nolan is chairman off?

MR. NEARY: Of which Mr. Nolan is the manager.

MR. MURPHY: You can borrow money for any purpose under that.

MR. NEARY: No, you cannot, Mr. Chairman. Therein lies the problem and therein lies why the complaints are coming from this side of the House, Mr. Chairman.

MR. HICKMAN: On a point of order, Mr. Chairman.

MR. CHAIRMAN: A point of order has been raised.

MR. HICKMAN: We have had a long debate on this bill. It has gone on for hours and hours and hours. And the rule of relevancy surely has to be imposed.

MR. MURPHY: And repetition.

MR. HICKMAN: No. Forget repetition for a minute. This bill deals with two very simple issues.

MR. HICKMAN: Ralland Forest Products, \$200,000 guarantee, and Wabush Transportation Limited, \$200,000. The activities of the Newfoundland Industrial Development Corporation, a federally funded corporation, most assuredly is not relevant to this bill.

MR. CHAIRMAN: (Mr. Young) To that point of order, I would like to say that the Chair has been giving speakers a wide range for debate. Now that it has been brought to the attention of the Chair I would ask the hon. member if he would be more relevant and speak to the subject.

MR. NEARY: I would assume, Your Honour, that members of this side would be entitled to the same privileges that were afforded to the hon. Minister of Rural Development. And therefore I will abide by Your Honour's ruling and I will conform to the rules and regulations of this House the same as the hon. member for Grand Falls, the Minister of Rural Development. No problems, Your Honour, everything is under control. I am just answering, Sir, foolish, stupid remarks that were made by the hon. gentleman.

MR. CHAIRMAN: Order, please! I did say that we allowed a wide range of debate, but now that it has been brought to the attention of the Chair, I would like hon. members to be a little more specific with the resolution.

MR. NEARY: I understand what Your Honour said and I am just merely pointing out for the benefit of the House, Your Honour, that Ralland Forest Products not only is after getting its hooks into the government under the Loan and Guarantee Act for \$200,000, but has its hooks also into the taxpayers for another \$1 million from the Newfoundland and Labrador Development Corporation. And I believe, Sir, that is very pertinent to this debate and to this bill. That is \$1,200,000 they have in one company. And, Mr. Chairman, let me say for the benefit of the House that my complaint is not against the sawmill. I would like to see that sawmill industry flourish and prosper. And my complaint is not about the gentlemen who now own that sawmill, Mr. Strickland and his colleagues - Mr. Strickland, who has become a president of the

MR. NEARY: company, a gentleman for whom I have a great deal of respect. My beef and complaint is, Sir, about this con artist who has been let off the hook. That is the complaint. And the hon. Minister of Justice can screw up his face all he wants, but it happens to be \$1.25 million of taxpayers' money.

MR. HICKMAN: How do you protect - (Inaudible)

MR. NEARY: You will protect this gentleman the same way as you protected the two gentlemen who were scourged by the minister in the Shirley Blanche affair.

MR. HICKMAN: If the hon. gentleman thinks that 'con artist' is a name that he does not need the protection of the House on, go out and make that same accusation against whoever the gentleman is you were just talking about, outside the House.

MR. NEARY: Mr. Chairman, for the last two nights we have seen on television a CBC expose of how the Mafia operate in Canada. I would say, Sir, in another year or so if it continues in this Province that we will have the CBC doing an expose -

MR. HICKMAN: Mr. Chairman -

MR. NEARY: on how political patronage -

MR. CHAIRMAN: Order, please!

MR. HICKMAN: A point of order, Mr. Chairman.

I have been sitting here all afternoon listening to totally irrelevant, scurrilous, libelous statements by the hon. gentleman from LaPoile, and he is hurling them across this House at everybody and he does not have that right to make these accusations. They are totally unparliamentary and totally intolerable.

MR. NEARY: Mr. Chairman, to that point of order; Your Honour knows full well that a member, Sir, I do not care whether it is the Minister of Justice or any other minister or no member of this House can make a charge of slander or libel against another member of this House, Sir, and in raising his point of order the Minister of Justice has used a word that is unparliamentary. And I ask Your Honour

MR. NEARY: to ask the Minister of Justice to retract his statement or name the Minister of Justice and have him removed from the House.

SOME HON. MEMBERS: Oh, oh!

AN HON. MEMBER: Is there something wrong with you, 'Steve'?

MR. NEARY: That is unparliamentary and you cannot use that word, Sir, in this House. The hon. gentleman should know that. In case Your Honour did not hear what the gentleman said, the hon. Minister of Justice -

MR. CHAIRMAN: Order, please! I want to -

MR. NEARY: To the point of order, Sir.

MR. CHAIRMAN: Oh, no, you brought up the second point of order you see and I want -

MR. NEARY: I was speaking to the point of order. I would like to raise a matter of privilege of the House, Sir.

MR. CHAIRMAN: We can only deal with one point of order.

MR. NEARY: Well, we will raise a point of privilege of the House. The hon. Minister of Justice, Sir, the Government House Leader has used about the lowest form of unparliamentary language that any gentleman could use in this House and I ask Your Honour to ask the Minister of Justice, the minister who has breached the privilege of this House, Sir, to retract his statements that he made, that he hurled across at members on this side of the House of making accusations of slander and libel, to ask the minister to retract, or name the minister.

AN HON. MEMBER: Hear, hear!

MR. MURPHY: Who would you expect to name him, Joe Smallwood? He is not here anymore. It cannot be the member for Kilbride.

MR. HICKMAN: 147: No accusations containing imputations of inferences.

MR. SPEAKER (Young): I would like to recess for awhile, at least five minutes.

MR. ROBERTS: Does Your Honour wish any argument on

MR. ROBERTS: it? I was not in the Chamber.

MR. MURPHY: He was not here.

MR. ROBERTS: No, I was not here. I know I was not here.

MR. MURPHY: Go back to where you came from, boy!

MR. ROBERTS: I would go back to where the minister came from except I could not get under the rock,

MR. SPEAKER (Young): Order, please! Order, please!

MR. MURPHY: We would not allow you under there if they set you up -

MR. SPEAKER (Young): Order, please! Order, please!

MR. MURPHY: Sorry!

MR. SPEAKER (Young): I would like to recess and discuss the matter a little bit further with the Clerks, outside. Five minute recess.

MR. CHAIRMAN (MR. YOUNG): Order, please! There are two points raised before I will call the recess, and first I would like to deal with the point of privilege raised by the hon. member for LaPoile (Mr. Neary) regarding the word "libelous" used by the Minister of Justice. I find this unparliamentary, and I will ask the hon. Minister of Justice to withdraw the remark.

AN HON. MEMBER: Hear, hear!

MR. HICKMAN: Of course I will withdraw it, Mr. Chairman.

MR. NEARY: Mr. Chairman,

MR. CHAIRMAN (MR. YOUNG): Order, please!

MR. NEARY: - a point of privilege of the House, Sir.

MR. CHAIRMAN; (Mr. Young) I am making a ruling now, please.

MR. NEARY: Yes, a point of privilege of the House.

MR. CHAIRMAN (MR. YOUNG): I am making a ruling now, please, and I have ruled on your point of privilege.

MR. NEARY: I want to make another point of privilege.

MR. CHAIRMAN (MR. YOUNG): Order, please! I want to finish my ruling on the other point of order.

Now the point of order raised by the Minister of Justice with regards to remarks made by the member for LaPoile (Mr. Neary) regarding a T.V. programme on organized crime, there was some similarity drawn by the member between the Mafia and members of the House of Assembly. This, too, I feel is unparliamentary and I will ask the hon. member for LaPoile (Mr. Neary) to withdraw.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN (MR. YOUNG): Order, please!

MR. SIMMONS: Point of privilege, Mr. Chairman.

MR. CHAIRMAN: Order, please! I would like to make my rulings and then bring your point of privilege.

MR. SIMMONS: You mean I cannot interrupt a ruling with a point of privilege?

MR. MORGAN: No.

MR. CHAIRMAN: No. I am sorry.

MR. SIMMONS: I cannot interrupt -

MR. CHAIRMAN: (MR. YOUNG) Order, please!

MR. MORGAN: You have been told you cannot interrupt.

MR. CHAIRMAN: Order, please!

MR. SIMMONS: I just want it for the record.

MR. CHAIRMAN (MR. YOUNG): I will ask the hon. member to be seated, please. I must complete the ruling.

MR. NEARY: Yes, Mr. Chairman, I withdraw. Is Your Honour finished the ruling now?

MR. CHAIRMAN (MR. YOUNG): Yes.

MR. NEARY: I would like to raise a matter of the privilege of the House, Sir.

MR. MORGAN: You have to withdraw first.

MR. NEARY: And that is -

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN (MR. YOUNG): Order, please!

MR. NEARY: Mr. Chairman, the hon. government House Leader, the Minister of Justice, Sir, used three offensive words, words that are considered to be obnoxious and offensive in this House. One was slanderous, the other was scurrilous, and the other was libelous. And so far, Mr. Chairman, the hon. gentleman has only retracted, withdrawn, one of these words. Now I ask Your Honour to rule on the other two. Should not the hon. Minister of Justice, Sir, withdraw these obnoxious, offensive words, and the hon. Government House Leader should know better, or name the hon. gentleman, Sir.

MR. CHAIRMAN: (MR. YOUNG): Order, please! To that point of privilege, the only word that was brought to my attention was "libelous". I have not heard the tapes. Those other words too, are unparliamentary. I will ask the hon. minister to withdraw.

MR. HICKMAN: If I said them or not I will withdraw them, I will withdraw the whole lot of them, all these obnoxious, shocking words. I will withdraw them.

MR. CHAIRMAN (MR. YOUNG): Thank you.

Now the hon. member for -

MR. SIMMONS: Making fun of the Chair.

MR. NEARY: Mr. Chairman, as I - do you want to make a personal point of privilege?

MR. SIMMONS: No, Mr. Chairman, I rose on a matter of privilege. Really I want to clarify that a member may not interrupt a ruling from the Chair on a matter of privilege. That is the ruling?

MR. CHAIRMAN: That is correct.

MR. SIMMONS: That is good because we need it in the Public Accounts Committee. Some fellows do not understand it.

MR. CHAIRMAN (MR. YOUNG): The hon. member for LaPoile.

MR. DINN: To that point of privilege, Mr. Chairman.

MR. NEARY: No, no, no. It is not a point of privilege.

MR. DINN: You made a point of privilege.

MR. CHAIRMAN: (MR. YOUNG) The hon. member for LaPoile.

MR. NEARY: It is useless, Mr. Chairman, for hon. gentlemen, it is useless for hon. gentlemen, Sir, to go on the personal attack, to try to attack the character of the hon. gentlemen on this side, because we are still going, Mr. Chairman, we are still going to say what we feel about this kind of political patronage. We are still going to condemn it, Sir, despite the Minister of Justice who may think he has got a halo over his head. We think this is wrong, Mr. Chairman. And we do not want to see this industry go under. As a matter of fact, I am all for it surviving, and flourishing and prospering. But what we are against, Sir, is the Newfoundland Development Loan Corporation allowing the President of that company to get off the hook. And he could not get off the hook, Mr. Chairman, he could not get off the hook unless the Newfoundland Development Loan Corporation let him get off the hook, because the Newfoundland Development Loan Corporations are shareholders in Ralland Forest Products Limited. They hold so many shares in that company. As a matter of fact, they are a majority shareholder in the company, I would think. They hold the controlling shares. And there had to be an extraordinary meeting, as the hon. Minister of Justice

Mr. Neary: well knows, there had to be an extraordinary meeting of that company, and the new share list had to be approved by the shareholders of the company, one of which is the Newfoundland and Labrador Deveopment Loan Corporation. There had to be an extraordinary meeting of that company in order for Mr. Ralph to get off the hook, to get himself off the hook, and be bought out by the other shareholder, I just cannot

MR. NEARY: think of the gentleman's name, Sir. So, Mr. Chairman, we are all for this industry surviving. We are all for all kinds of industry and business, Sir, surviving. But what we are condemning, Mr. Chairman, and it is our duty to condemn it - and nobody is going to knock us down on this side, or at least nobody is going to knock me down by going on the personal attack and attacking me personally - we are going to condemn this kind of political patronage. And as long as I have breath and my health and strength to come into this House, I am going to condemn this kind of political patronage. It is wrong, Sir, it is wrong and the administration told the people of this Province that they would clean house, that they would bring in reforms, that they would not pay off defeated candidates in elections and the like. And here we have before us today a bill doing the very same that the government said they would not do.

Mr. Chairman, I would say, Sir, if the government continues in the present unbusinesslike way that it is operating, if it continues to operate in a sloppy businesslike way that it has been operating for the past four or five years, if we continue to have the kind of scandal that we have seen over the last few months and the last few years in this Province, that it would not surprise me, Mr. Chairman, that in a very short time the CBC will have its hands full to do an expose in this Province as they have done in other Provinces of Canada. Your Honour cannot find any fault with that.

MR. ROBERTS: What was that?

MR. NEARY: I would say the CBC, who do such a magnificent job of exposing people like the Mafia, for

MR. NEARY: instance, in other provinces, did such a magnificent job on these two programmes that we saw last night and the night before, that if they put their investigative reporters to work in this Province - now it would not be the Mafia that is, well, I do not know, Mr. Chairman, I am not so sure that we do not have the Mafia in Newfoundland. I am not so sure. I heard there was Mafia money. I started to do some investigation and when the House opened I had to get off.

MR. CHAIRMAN: Order, please!

I would like to call to attention before the debate gets heated again, that I would like for the hon. member to be more relevant to the subject to the resolution. I am afraid he is drifting.

MR. NEARY: Well, Mr. Chairman, I certainly will be relevant, Sir, and I would hope that the CBC in the foreseeable future will put their investigative team, their investigative reporters to work to look into the kind of political patronage that goes on in this Province in connection with the Mabush Transportation Limited as is going on in other Provinces of Canada. Why they would have a gold mine down there. They could have a field day, Sir. They could have a field day if they would only just come in and latch onto a few examples as the ones that we have here before us today. And all the personal attacks in the world will not stop us on this side from condemning it, Mr. Chairman.

I am all for government involvement in business and industry, I am all for government helping business and industry. The minister said that no reputable company would come handy to that government. Well, I believe that, Sir. I believe that to be a statement of fact. I believe the

MR. NEARY: hon. gentleman was being genuine when he said that, that no reputable company would come handy to this administration.

Well, Sir, I am inclined to concur with the hon. gentleman that no reputable company in this Province would touch the administration with a barge pole. So that is one trueism, that is a true statement the hon. gentleman made. Sometimes out of the mouths of babes, and the hon. gentleman probably did not realize what he was saying. What you have to do, Mr. Chairman, is to create an atmosphere whereby business and industry can flourish. But if you start wheeling and dealing under the table, Sir, if you start doling it out to your chums and to your buddies, and when you start doling it out like we see in this bill here and for drive-in theatres and all that sort of thing, then you are going to get yourself in trouble and you are going to get a bad reputation. And that is the real reason, Sir, why business and industry is steering away from this hon. crowd.

MR. ROBERTS: ever published a report?

MR. NEARY: They published a report but I wrote the Minister of DREE up in Ottawa and I asked the gentleman to submit a list to me of all those people who got loans from the Newfoundland Development Loan Corporation and first he reneged and then he came back and said, "Yes." He had a change of heart. He realized with a freedom of information bill going through the House of Commons and the Minister responsible for DREE refused to give a taxpayer of this country, a member of a provincial legislature information that he asked for, he had second thoughts and he wrote the minister and told the minister to release the information the same as DREE does. In other words, to announce the

MR. NEARY: loans at the time they were made. That has not been done. The minister came into the House with his estimates, had the list, told us during the estimates he was going to table the list and to this moment the minister has not tabled it. We have not seen that list. And that has a great bearing, in case the hon. Minister of Justice is wondering, that has a great bearing on this bill. Ralland Forest Products is one of the companies. The Minister of Rural Development would not release the information.

AN HON. MEMBER: Tell us who -

MR. NEARY: The Minister of Rural Development would not release the information. The Minister in Ottawa told the minister, ordered the minister, to go ahead and give me the information, give the information to the House, give the information to the people of this Province and of Canada, and so far the minister has covered it up, just the same as he has covered up a list of the loans and grants from the Rural Development Authority.

MR. SIMMONS: You know he has become known as the minister responsible for the concealment of information.

AN HON. MEMBER: That he is.

MR. NEARY: Yes, Mr. Chairman, Now I hope, I sincerely hope, Sir, that the padlock, the golden padlock that this crowd have been noted for - the hon. member who resigned, the member for Twillingate (Mr. Smallwood), was noted for going around the Province with his silver spade turning sods. And the hon. gentlemen used to poke fun at him - and now the hon. gentlemen themselves are going around with the golden padlock. Well, I hope the golden padlock will not be put on Ralland Forest Products Limited.

MR. NEARY: I sincerely hope it will not if there is any way to keep it afloat.

But, Sir, my beef, my main complaint about this is that the principal of this company and the principal of the other company has waltzed away scot-free and the Newfoundland and Labrador Development Loan Corporation and the Minister of Finance should have kept him on the hook. He was supposed to be the one to provide the expertise for this company, to tell them how they should run their operation. He was the expert in the field. The minister just finished telling us that the gentleman who formed this company was an expert in his field. And the minister let him get off the hook. And it had to be done with the minister's approval. That is the only way it could be done, an extraordinary meeting of the Newfoundland and Labrador Development Corporation.

So, Sir, I hope I have cleared up

MR. NEARY: this matter. I should not have had to respond to these foolish statements that were made by the Minister of Rural Development. Mr. Chairman, I should keep myself above it, because I hate to get down and roll in the mud with the hon. minister, whose only defence is to go on the personal attack. And that is not going to work, Sir. The people of this Province saw through that years ago, three or four or five years ago.

MR. FLIGHT: He concealed the name of the person he was talking about.

MR. NEARY: He concealed the name - Yes. That is right. My hon. friend should get up and demand -

AN HON. MEMBER: He was not talking to anybody.

MR. NEARY: No, because he was up in his little chopper, in his little eng beater and he probably had one of these things you use in track and field - what do you call these things?

SOME HON. MEMBERS: Bull horn.

MR. NEARY: A bull horn. He was probably talking down to the proletariat with his bull horn.

MR. WHITE: A taxi cab, the flying taxi.

MR. NEARY: Yes.

MR. ROBERTS: And coming out of the bull horn was bull something else.

MR. NEARY: That is right. Can you imagine, Mr. Chairman, over flying around the trap over around Port de Grave and Island Cove and out in Conception Bay with a helicopter and then the hon. gentleman gets up and says, "How dare the member bring that up when little children from Grand Falls are in the gallery," and their parents paying the taxes!

MR. ROBERTS: I wonder is it the same helicopter that the minister took in on a fishing trip to Long Pond?

MR. FLIGHT: Stagg Ridge.

MR. ROBERTS: Stagg Ridge, in behind Long Pond.

MR. SIMMONS: They think they are above the law.

MR. NEARY: Mr. Chairman, it is no harm to say, Sir, that the truth hurts.

MR. ROBERTS: Any of you know Reg Webb Limited in Burgeo? That is where the -

MR. NEARY: The truth hurts, Mr. Chairman. We condemn this, Sir, we condemn this with all the vigor and all the energy that we have.

MR. ROBERTS: Ask him who paid for them.

MR. NEARY: It has to be the most blatant example of political patronage, Sir, that we have ever seen in this Province and you can take 'Wacky' Bennett and Joey Smallwood and Duplessis and Lesage and put them all together and you will not find an example that is more obvious and more blatant than this.

MR. SIMMONS: Of the ones we have seen, but I got a few more yesterday.

MR. ROWE: What about Idi Amin?

MR. NEARY: Yes, and there are a few more coming up that I am working on.

SOME HON. MEMBERS: Hear! Hear!

MR. NEARY: We have not even started on this hon. crowd yet and they cannot wait to get out of the House. They got their trips booked. They got their holidays booked. They want to rush a bill like this through the House as fast as they can. They call a bill like this housekeeping, Mr. Chairman. Housekeeping! It is house

MR. NEARY: cleaning, cleaning out the taxpayers' pockets. That is what it is. It is not housekeeping, it is house cleaning. And the Minister of Justice sits over there so pious and says, "Can you shut this one up? Can you shut that one up? We want to get the House closed. Can we get it closed tonight? Can we get it closed tomorrow?"

MR. HICKMAN: I have not opened my mouth.

MR. NEARY: We will keep the House open as long as we want, Mr. Chairman.

MR. MURPHY: Hear, hear!

MR. HICKMAN: He makes the charge, then answers it. Nobody else opens their mouth.

MR. ROBERTS: Nobody else over there will answer it.

MR. HICKMAN: What is he talking about?

AN HON. MEMBER: It is not worth answering.

MR. NEARY: Yes, I make the charge and I answer it.

MR. MURPHY: That is one thing I really appreciate the hon. member for, he does not get personal.

MR. HICKMAN: "The Minister of Justice says" - I never opened my mouth, never said a word all day.

MR. CHAIRMAN: Order, please!

MR. MURPHY: A real Mr. Clean.

MR. NEARY: Mr. Chairman, we were told, Sir, that there would be a few pieces of housekeeping legislation brought into the House to be -

MR. SIMMONS: Yes, but not very much though.

MR. NEARY: - disposed of. All the Legislative draftsmen have not been able to cope with it down there, just a few pieces of housekeeping legislation, a few minor bills and then we will probably adjourn for this session. Does the Minister of Justice want to sit there and tell me that the did not say that, the minister did not say that?

MR. HICKMAN: Nobody said this was a housekeeping piece of legislation. It is not.

MR. NEARY: Well, I certainly hope not.

MR. HICKMAN: No money bills are housekeeping bills.

MR. MURPHY: That one you are referring to is four years old, I think, is it not?

MR. HICKMAN: That one has been circulated for weeks.

MR. NEARY: It can only be classified, Sir, as housekeeping.

MR. ROBERTS: Perhaps if we could have some words about lending money and then four years later asking for authority to -

MR. MURPHY: Proper thing, go ahead my son. We can always go back to 1952.

MR. ROBERTS: No, I may be many things, but I am glad I am not the hon. minister's son or any relation to him.

MR. MURPHY: I could go back to - "y God, if I ever had you for a son!

MR. NEARY: This bill that we have before us, Sir, a part of the racket that we have seen for the last four or five years in this Province, has been covered up for two or three years, been covered up by the administration. This is the first time it surfaced. This is the first time this bill has seen the light of day, The first time it surfaced! And I believe we are entitled, Mr. Chairman, to have a few words about it. I would think that that is perfectly in order. And that is what we are doing and if the administration do not like it, if the Minister of Justice does not like it, well I say he can lump it.

AN HON. MEMBER: Exactly.

MR. HICKMAN: Did I say I did not like it?

MR. NEARY: It is tough.

MR. HICKMAN: Did I say I did not like it? If I did not like it I would have left here -

MR. NEARY: I am sorry for the hon. gentleman if his blood pressure is gone out of control, gone haywire. I am sorry for the gentleman. The hon. gentleman may be working hard, may need a rest. I feel sorry for him. But the job must go on. 'Sail on, oh ship of state.'

MR. HICKMAN: The hopes, the fears of future years.

MR. NEARY: Mr. Chairman, this is really terrible. I cannot find words to describe it. This is the worst, it has to be about the worst example of political patronage I think that I have ever seen. And I have seen a good many in my time, and I have seen a good many in the last four or five years, just one defeated Tory candidate after the other getting stowed away, one after the other getting put on this agency, getting put on that Crown corporation, getting a loan to set up this business, borrowing from the Rural Development Authority, borrowing from the Newfoundland and Labrador Development Corporation.

You know, Mr. Chairman, I said this about four years ago in this hon. House, that an administration, Sir, that came into power in the way that this hon. crowd did in 1972 was doomed right from the start. I do not think I have to write Your Honour, or any member of this House, a book on how this administration formed the government of this Province, right from day one, right from the beginning, right from the affair that took place in Carbonear, the secret rendezvous over in Carbonear, right from the day that a courier was sent to

MR. NEARY: Carbonear, the trouble for this administration started and has been going on ever since.

MR. MURPHY: Got any money to -

MR. NEARY: And they have been trying to hide and cover up ever since. When we are told that a couple of hundred thousand dollars exchanged hands and that, is it any wonder the Minister of Consumer Affairs will look at me wild eyed when I talk about expose and the CBC investigative reporters coming down here and doing a job on that? That alone would create a scandal right across this nation that would force any administration to resign.

MR. MURPHY: - a little expose here myself.

MR. NEARY: Yes. Does the hon. gentleman want to stand up and make any charges?

MR. MURPHY: No, I am not - I will just extract -

MR. NEARY: Well, the hon. gentleman can go ahead. I will yield the floor.

We are making some very, very important points here and we are lacing the administration. We are trying to keep them half honest, if we can. Now as I say that is a difficult job; you have got to have eyes in the back of your head, Sir, to be able to do that. Now how much more of this are we going to get, Mr. Chairman? How much more are we going to get before this session ends?

MR. SIMMONS: Two more years.

MR. NEARY: Two more years?

MR. MURPHY: Two more years and then another five years.

MR. NEARY: The William Carson disaster will only be peanuts compared to the financial diaster of this Province. And that is why the government got such a bad

MR. NEARY: reputation and why business people will not go handy to this government and will not touch them with a barge pole. That is why, Mr. Chairman. It is not because reputable businessmen are afraid that their names will be mentioned in this House.

Can any hon. gentleman stand in this House and name one reputable businessman, or one reputable firm or business or industry that has been dragged through the mud in this House? No, Sir, not one. What we are zeroing in on, Sir, is political patronage and political skulduggery and under-the-table wheeling and dealing. The hon. Minister of Justice would really like to find fault with that so he could stand on a point of order. There is not a thing in the world wrong with it. One thing I have learned in this House is how to debate, parliamentary debate, back and forth, and I do not get personal, as the hon. gentleman can see.

MR. HICKMAN: I have to confess I did not hear what the hon. gentleman said and I am sure what he said was perfectly in order or he would not have said it.

MR. NEARY: That is right. That is right, Sir. Because practically everything I say in this House is in order, Mr. Chairman.

So, Mr. Chairman, I am going to vote against this resolution and I am going to vote against this bill, Sir, on a matter of principle, moral principle. Any hon. decent member of this House would vote against the principle of this bill and this resolution.

Mr. Chairman, if hon. members on the government side, Sir, voted in favour of it the

- MR. NEARY: only thing I can say is forgive them for they know not what they do.
- MR. HICKMAN: Carried.
- MR. NEARY: Not likely.
- MR. CHAIRMAN: The hon. member for Burgeo - Bay d'Espoir.
- MR. ROBERTS: - a place to be you know.
- MR. SIMMONS: Who would want to leave this for a picnic?
- MR. ROBERTS: We are just starting.
- MR. HICKMAN: There was more work yesterday when the hon. gentleman from Eagle River (Mr. Strachan) was the House Leader -
- MR. PECKFORD: A tremendous man.
- MR. HICKMAN: And the best debating we have had in this House this session, by far.
- AN HON. MEMBER: Nursery school is recessed for the day.
- MR. HICKMAN: And the hon. member for Terra Nova (Mr. Lush), some of the best debating that we have seen in this House this year, by far. Sound, good points, no repetition, it was excellent and what a pity the hon. gentlemen were not here to hear it, to see it.
- MR. SIMMONS: Now I did not want to interrupt that citation, that eulogy to my good friend from Eagle River (Mr. Strachan). It is the most well deserved one I have heard in a long time, though I caution him it was not given for that reason.
- MR. HICKMAN: And the best debator in the House.
- MR. SIMMONS: It was not given for that reason.
- MR. ROBERTS: Surely the best debator on the other side.
- MR. HICKMAN: You know, the one man who does not have to repeat himself to make a point.
- AN HON. MEMBER: Right. Right.
- MR. HICKMAN: That is an art. It shows some ability too. I commend him for it.
- MR. WHITE: Stay there, boy.

MR. SIMMONS: It is okay. We have not lots of time. I was hoping anyway that the Minister of Forestry would make a -

MR. ROBERTS: Rare visit.

MR. SIMMONS: - a rare visit to the House. Because he is one of the main culprits insofar as this bill is concerned.

MR. HICKMAN: That is an unparliamentary word.

MR. SIMMONS: It is a good word though and it is a very accurate description. Mr. Chairman, a very accurate description of that particular minister. I wish he were here because if this -

MR. HICKMAN: Do not make a -

AN HON. MEMBER: About the dead.

MR. SIMMONS: No, never mind the dead. I would start with the minister were he still alive.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: One kind comment, one.

MR. PECKFORD: That just proves it all. I mean to say, it is response.

MR. SIMMONS: We have got all the time in the world. Mr. Chairman. It is that crowd over there who wants to shut her up before Thursday night's results come in, not us. That crowd over there want to shut her up.

SOME HON. MEMBER: Oh, oh!

MR. SIMMONS: That is the crowd who want to shut her down, Mr. Chairman. We want to stay. We are trying simply to keep this House open. We are working like dogs to keep the House open and that crowd is trying to get up to meet day and night -

MR. MURPHY:

MR. SIMMONS: - rob Private Members' Day from us, everything, everything they can, to muzzle us in every way possible in the House, in the Committee, in another Committee, every chance they get they are going to try and muzzle us. And every chance -

MR. MURPHY: Muzzle who? Mandrake the Magician would not do that.

MR. SIMMONS: - every chance we get -

MR. N. WINDSOR: Tell us about it?

MR. SIMMONS: You want me to tell you about it, the member for Mount Pearl (Mr. N. Windsor)?

MR. WINDSOR: On a point of privilege, Mr. Chairman.

MR. CHAIRMAN: The hon. member for Mount Pearl.

MR. N. WINDSOR: The hon. member (Mr. Simmons) just said that we, as members of the Committee, are attempting to muzzle the Committee. I want to make it quite clear that that is not the case and that I would ask the hon. member to withdraw.

MR. WHITE: What committee is he talking about?

MR. ROBERTS: Mr. Chairman, there is no point of privilege. Furthermore, the facts of the Committee as they have existed show in fact the Minister of Municipal Affairs

MR. ROBERTS: and his colleagues engaged in a concerted, co-ordinated, organized attempt to muzzle the committee. But even if he did not, even if he did not it is not a point affecting the privilege of the House. Even if it was it had to be raised at the earliest possible opportunity which is an hour or so ago.

MR. DINN: He just mentioned it.

MR. ROBERTS: No. If there was a muzzling of the committee the gentleman from Burgeo-Bay d'Espoir (Mr. Simmons) simply drew attention to a state of facts which was that the Minister of Municipal Affairs and his colleagues, the gentleman from Mount Scio (Dr. Winsor) engaged in -

MR. SIMMONS: I said the Committee.

MR. ROBERTS: I know he is talking about the Public Accounts Committee.

MR. SIMMONS: I suppose he is. I do not know.

MR. ROBERTS: -engaged in a deliberate, concerted and organized effort to muzzle the Public Accounts Committee. Next they will probably be trying to muzzle Judicial Enquiry. But there is no point of privilege, Mr. Chairman. My friend from Burgeo-Bay d'Espoir (Mr. Simmons) has simply made some observations that at the very worst are a difference of opinion between hon. gentlemen in the debate. There is an attempt by the government to try and railroad this session of the House to a quick end, but that is another story altogether.

MR. N. WINDSOR: You cannot attribute motives!

MR. ROBERTS: Why else are we meeting eleven hours a day with legislation we could have dealt with months ago?

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please! I would ask hon. members for the sake of the decorum of the House and also so that the Chair can discharge its duties to some effect, I would ask hon. members if they would respond when order is called from the Chair. Otherwise the situation does become very difficult indeed and of course if it does get unduly disorderly the Chairman has no alternative but to report that state of affairs to the Speaker.

MR. CHAIRMAN: A point of privilege has been brought before the committee. In considering the matter I do not feel that a point of privilege as such exists. It has been put forward that certain activities or certain statements or certain words have the effect of muzzling. As long as statements or words or remarks are not outside the normal rules of debate, these cannot be taken as being an undue interference. I would think that any remarks made, as long as they are within the rules of debate and as long as they are within the rules applying to the committee, that these remarks might be a difference of opinion, might be a difference of approach to a specific matter. But they cannot be taken as taking an unfair position and therefore interfering with an hon. member's privileges.

Hon. member.

MR. SIMMONS: The Minister of Municipal Affairs must have really found it difficult to sit through that ruling without interrupting it. Mr. Chairman, I thank you for your ruling. The Minister of Municipal Affairs, as is often the case, mis-heard me, did not hear me, I said "the committee," and if he does not realize that we are in committee now so I am entitled to say "the committee!" I was talking about this particular committee. I made reference to another committee and I say to the Minister of Municipal Affairs if he wants to get me on a point of privilege on that one he need only listen to the radio tomorrow morning because I have said publically on that particular committee about how my efforts were muzzled. I have said that publically because I believe it so strongly, Mr. Chairman.

Now let us talk about this committee. Our efforts here are being muzzled by getting us to shut the House while there is still legitimate business to be done. And I am not to be muzzled on this one, Mr. Chairman, intimidated and muzzled. There is an important issue on this bill and on other bills. Where is the Linerboard bill? Where is the budget

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MR. SIMMONS: debate that we have not even called yet?

And they cannot wait to get out of here before tomorrow night.

MR. HICKMAN: On a point of order. This is totally, absolutely irrelevant. There is not a soul -

MR. SIMMONS: This bill is irrelevant to this bill?

AN HON. MEMBER: No.

MR. HICKMAN: You are irrelevant.

MR. CHAIRMAN: Order, please! The hon. Minister of Justice is speaking on a point of order.

MR. HICKMAN: I rise on a question of relevancy. There is a rule of relevancy. What the hon. gentleman from Burgeo-Bay d'Espoir (Mr. Simmons) is talking about and talking to himself about nobody else here seems to know. Nobody said a word. He got up and he started and nobody has told him he had to cut it short, nobody told him he could not talk all night, speak all night on the bill, nobody said a word. But he is giving us a great lecture, lecturing himself about we are not going to be muzzled, we are not going to cut it short, not on our life, Mr. Chairmar, we are not going to cut it short. And I say, Mr. Chairman, on a point of order that that is totally and absolutely irrelevant to Ralland Forest Products Limited and Wabush Transportation Limited.

MR. CHAIRMAN: Hon. Leader of the Opposition to that point of order.

MR. ROBERTS: If I might to that point of order, Sir. I do not think the Minister of Justice has made any point of order at all. My friend from Burgeo-Bay d'Espoir (Mr. Simmons) is speaking in respect of a bill, a resolution, in fact, before the committee. He is certainly entitled in speaking to that to comment upon the fact of the way in which the government have arranged the business of this House, namely, that they have dawdled for the first three or four months and now at the end significant legislation is being brought in and will be attempted to be ramroded through and railroaded through. Furthermore I may point out that this particular bill, Sir, has

MR. ROBERTS: been on the Order Paper for some time and the government choose not to call it until this particular time. And furthermore one of the matters in this bill, Sir, is at least three or four years old, which shows how urgent it is in the government's eyes. And surely it is in order, Sir, for the hon. gentleman to refer to that, which is all that he was doing. There was no point of order. All that we have is a Minister of Justice who is tired and worn-out and obviously not willing to take the harsh words, and they are harsh words, which gentlemen on this side are using in debate. But, Sir, the words and the terms being used I submit are parliamentary, they are within the rules, and therefore if hon. gentlemen wish to use them they are at liberty to use them. So there is no point of order there.

MR. PECKFORD: Mr. Chairman, the point of order as I understand it is that the hon. member for -

SOME HON. MEMBERS: Oh, oh!

MR. PECKFORD: May I have silence, Mr. Chairman, please! I am trying to speak.

MR. CHAIRMAN: The hon. minister is permitted to rise on a point of order and requests to do so in silence. The hon. minister.

MR. PECKFORD: The point of order at issue is that the hon. member for Burgeo - Bay d'Espoir (Mr. Simmons) started talking about the fact that the government are trying to close the House. The fact that the government is trying to close the House of not trying to close the House is not relevant to the bill under discussion and surely that indicates a total lack of relevance to this resolution.

MR. CHAIRMAN: Order, please! The point of order deals with relevance as has been stated in committee and in the House a number of times. The rule of relevance is difficult to draw the line on and difficult to apply. And in discussing this resolution the committee is of course discussing the principle to the bill consequent thereto. The debate has been wide ranging and the Chair has seen fit to permit that because

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MR. CHAIRMAN: one aspect of things have lead to another. However, I cannot recall that in the course of the debate the wish or otherwise of hon. members to my left wishing to close the House had come up before in any definitive way. It would seem that the hon. member for Burgeo - Bay d'Espoir (Mr. Simmons) did bring this point up more up less denovo and that point itself is not particularly related to this resolution or the consequent bill. So I think the Chair would have to rule that these remarks were not relevant. I would ask him if he would not pursue these to great lengths but would now proceed with remarks he wishes to make on the resolution.

MR. SIMMONS: Thank you, Mr. Chairman. I shall respect your ruling and I shall now get back on track from which I was led a few moments ago when I was talking about the Minister of Forestry, the chief culprit in this particular situation here, the man who, if this company goes under, this Ralland Forest Products, must take the blame for it

MR. SIMMONS: because he has gone out and damaged that company's reputation publicly by screaming, 'bad management,' one of the foulest blows I have ever seen a minister of the Crown of any political stripe heave at a company, a shocking, disgraceful thing. Now even if the management were bad the last thing you do, particularly if you have some money in it as a government, is to say so publicly, so it is indiscretion at best, but in addition to that, of course, it happens not to be true. And his statements, his wild, irresponsible, irrational statement about the company's forest harvesting techniques are so far from reality, Mr. Chairman, that I wish he were here in the Chamber so we could have an exchange on the matter. It is a shocking, disgraceful misrepresentation of the facts that even he, the chief culprit in this matter, should know better.

The Minister of Rural Development, with whom I have differences on occasion, once in a while, I believe has handled this situation extremely well, has handled -

AN HON. MEMBER: Careful!

MR. SIMMONS: No, I am talking about the situation insofar as the immediate question of the Ralland mill is concerned, the events of the last week or two. He to my knowledge has handled them extremely well. I am not talking about how the money situation in a bill has been handled - that is another issue - but the Minister of Rural Development insofar as the developments of the last two weeks are concerned, has handled the situation, in my view, extremely well. He has kept me briefed on the situation and he has arranged meetings between the Ralland people and the government and he was handling the situation extremely well, and why the Minister of Forestry and Agriculture had to get in and muddy the water perhaps to the point of no return, Mr. Chairman, perhaps has now scuttled whatever chances Ralland Forest Products had of succeeding. And let it be known, Mr. Chairman, in this Committee, in this House that if that company does go under I shall hold to blame in particular one man, the Minister of Forestry and Agriculture and his extremely -

MR. ROBERTS:

Probably -

MR. SIMMONS:

Sorry?

MR. ROBERTS:

It probably even affects their credit rating. Companies now might not lend them money after hearing the minister say that they cannot manage it.

MR. SIMMONS:

I shall hold one man particularly responsible and that is the Minister of Forestry and Agriculture and his arrogant, irresponsible, ill-informed, stupid, stunned statements about the management of that mill - absolutely stunned even for that minister! - stunned statements, ill-informed. He has been known to be ill-informed before, but rarely has he so affected the financial reputation, the credit rating of a company as at this particular time. Luckily his purview does not normally involve him too much in relationships with commercial companies. Luckily that is in the hands of other people. Luckily he is dealing with the woods and usually in the woods and usually cannot see the forest for the trees - luckily, luckily, luckily. But this time somebody let him loose for a minute. Somebody let him dare talk about a commercial concern. And he was true to character, true to style. He botched the job so badly that I would think the Government House Leader or the Premier, if he is around, or the Acting Premier has got to that fellow and perhaps that is why he is not in the House today. They finally smartened up and locked him up. They finally put him as far from a mike as they can get him so he does not make any more irresponsible statements like he made about Ralland Forest Products, the net result of which, Mr. Chairman, may very well be that that company will go under because it will have difficulty borrowing money once the money market hears the kind of statement that minister made about that company's management practices and in particular its forest harvesting techniques. It is a shocking statement and it should not be allowed to stand on the records. And why the Premier or some other official of the Cabinet, probably the Minister of Rural Development, does not take exception to the statement I do not know.

MR. SIMMONS: In effect, the Minister of Rural Development's actions take exception to what the Minister of Forestry and Agriculture has said and that is to the credit of the Minister of Rural Development. His actions belie, his actions contradict what the Minister of Forestry and Agriculture has said, because if they are such a lousy, sloppy bunch of managers down there in Milltown -

MR. ROBERTS: If they are so bad, why are they giving them \$200,000?

MR. SIMMONS: If they are so bad, why is the Minister of Rural Development tearing off his rear end to help them stay in business? So they both cannot be right.

AN HON. MEMBER: Hear, hear!

MR. SIMMONS: And I submit that for this time the Minister of Rural Development is right. He has been often wrong. He has been often wrong, God knows, but this time, Mr. Chairman, I believe he is right. The facts support that statement. The facts do not support the nonsense - it is worse than nonsense though, it is mischievousness, it is skulduggery of the worst order that the Minister of Forestry and Agriculture should engage in that kind of a thing. And one wonders why he would do it, why he would see fit to do that kind of thing?

I wish we had the time, Mr. Chairman! There are so many issues raised by my good friend from LaPoile (Mr. Neary) that need to be talked about here, but we have another money bill coming up and perhaps we will get an opportunity to do so then.

The other issue that I do not believe has been resolved in Committee at all this afternoon is the one that I touched on ever so briefly this morning, and the questions have not been answered, why this Wabush Transportation outfit is the only company in the history of this Province that got this kind of guarantee, this kind of backing from a government.

AN HON. MEMBER: In the history of the world, I would say.

MR. SIMMONS: " In the history of the world, I would say, it is right. It is a shocking set of events, you know, and we are asked to turn the other way, look the other way, turn our heads, asked to ignore it - it is just one of those little arrangements, little accommodations the government was obliged to make. I will say it was an accommodation - and what an accommodation! - the kind of which the school boards cannot get, the bus transportation companies cannot get, but this particular one company gets? Nobody has answered that question yet today, Mr. Chairman. I do not know what they are on to here and I guess somebody has addressed himself to the fact that this is old as the hills, this was an Order in Council back in 1973. Somebody has dealt with that issue, I would think.

MR. ROBERTS: Very gently!

MR. SIMMONS: Because there needs to be some answering done on that particular point. What kind of fools do they take us for in this Committee? Here we are almost into the middle of 1977 and we are now asked to give authorization for an Order in Council that went through sometime in 1973. I mean, what kind of idiots are we supposed to be?

AN HON. MEMBER: How is that for management?

MR. SIMMONS: How is that for management? Yes, I say to the Minister of Forestry and Agriculture, 'How is that for good management?' How is that for good fiscal management, if he wants to talk about management? I would say to Ralland Forest Products, if they are having any trouble with their management they not take too many examples from this government - they not take their example, their lead, their cue from this government when it comes to fiscal management. An Order in Council in 1973 and now they do us the insult of bringing it in here in June, 1977 at least four years after the fact. This was the crowd that was going to clean her up, Mr. Chairman.

AN HON. MEMBER: Scandalous!

MR. SIMMONS: This is the hon. crowd that was going to clean her up. This was the crowd that was going to see to it that the procedures were all right and proper. Well, Mr. Chairman, I was hoping,

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MR. SIMMONS: sincerely hoping as a member of this House, having in my possession a fair amount, literally mountains of information yet relating to spending practices in the Department of Public Works and other departments of government, I was hoping and fully expecting that I would get the opportunity to demonstrate the need for a very deep probing by a House Committee into the spendings of government generally. I hoped that would be the case as a member of this House. I hoped to draw on

Mr. Simmons: the fact that I was a member of the House Committee on Public Accounts to do that. My efforts in that particular respect, and the efforts of my colleague from Lewisporte (Mr. White), and my colleague from Carbonear (Mr. Moores) have been muzzled. We cannot do it. We cannot do it, We shall have to do it in other ways, but we shall do it in every way possible to draw attention to something that is very wrong and very unusual about the way this government spends money and incurs liabilities on behalf of the people of this Province. We have examples of it in front of us here right now in this bill. There are so many other examples, so many other examples which I am now prevented from entering into the record of the Committee because of a shameful decision that was taken this afternoon on the subject, a shameful decision, one that we will live to regret for a long, long time. Well as Chairman of the Committee I have to respect the decision, but I do not agree with it, the decision to cut off the Committee's investigation to -

MR. NEARY: You mean a civil servant stopped the investigation by the Committee?

MR. SIMMONS: No, no. The majority voted the Committee.

MR. WHITE: The majority voted a Committee.

MR. NEARY: Oh I see. On the recommendations -

MR. ROBERTS: Which minister approved the list of A.B. Walsh and firm, that was the question. They do not want to answer it.

MR. SIMMONS: They muzzled it.

MR. ROBERTS: Who approved the list gave the \$1 million of business without tender.

MR. NEARY: Resign. Resign, boy.

MR. ROBERTS: Do not let them resign, let them stay and suffer now.

MR. NEARY: The minister would not make the decision himself, he had one of his solicitors down there make the recommendation.

MR. SIMMONS: No, no! That is not -

MR. HICKMAN: That is totally and absolutely untrue. And the Chairman of the Public Accounts Committee knows that is untrue. And I would ask him to confirm that it is.

MR. SIMMONS: I was about to say that the decision made this afternoon was a decision of the Committee.

MR. NEARY: No, I am not talking about this afternoon, I am talking about prior to that.

MR. HICKMAN: No. Or any of the others.

MR. NEARY: Deputy Ministers were advised by a civil servant not to give evidence to the Committee.

MR. SIMMONS: We had certain advice. No, no that was another issue that was dealt with quite separately. That issue was -

MR. NEARY: Right.

MR. ROBERTS: The Justice Department has now withdrawn that.

MR. NEARY: Oh, they have withdrawn it.

MR. SIMMONS: - dealt with quite separately because no person, as anybody who knows the department rules where no person may give instructions to a witness not to give evidence, because if he does so he is in breach of the privileges of the House, everybody knows that.

MR. NEARY: Everybody thinks so.

MR. SIMMONS: And as soon as that person knew it, I guess he would - I would hope that he withdrew the advice right fast.

MR. NEARY: Right.

MR. SIMMONS: I would hope he did, but that is another issue altogether, because it would be a very high offence if anybody attempted to intimidate any witness giving evidence before this Committee here or any other House Committee or before the House itself.

MR. SIMMONS: And I believe persons concerned are quite aware of that serious dilemma right now and have taken appropriate steps.

Now what I am talking about is the need, Mr. Chairman, a need on which I thought I was identifying with other members of the House, some people on the other side of the House, the need to get at the root of the entire spending practice and procedures of this government, and I thought we were making progress.

And last Monday, Mr. Chairman, people on the government side of the House after some pummelling and pressuring and begging and everything else finally agreed to a public inquiry which in time will do its job and which I hope will have very, very broad terms of reference. And I have no doubt that it will not, but, Mr. Chairman, the overall issue is the question of whether this House and this particular Committee now, since we are in Committee, is going to preserve its right to scrutinize all spendings of government. And the one very Committee, the one Committee that has a particular prerogative in that area, the Public Accounts Committee, was this afternoon muzzled on that point, so we shall have to use other avenues. We shall have to use this Committee and the House itself and the public airways to expose and to drag out the examples as the cases require, because, Mr. Chairman, there is much that is rotten in the state of Denmark.

And I was interested in hearing my friend from LaPoile (Mr. Neary) say he is working on some cases. I am sure in time we will hear about them. But I assure the Committee and I assure the House that I have worked on some cases and I have the information, and I assure the Committee you will hear about those too. And if the member from LaPoile thinks this is patronage I tell him to sit down, stay sitting, because when the information starts coming out, as it will, he will realize that this is only - this is peanuts! This is absolutely peanuts, Mr. Chairman.

AN HON. MEMBER:

Newfoundland Mafia.

MR. SIMMONS: And if they wonder why I scream 'muzzling' it is because I have been the victim of it, that is why, Mr. Chairman. I know what it is like to feel the finger pressed on you. I know what it is like to be in manoeuvres where you are beaten into the ground because you dare to bring forth some information that requires investigation. I know the feeling, Mr. Chairman, I know what it is like, because I have had that feeling during the past few days. But that is not going to intimidate me into not continuing to get to the bottom of this whole issue. And indeed, it will only spur me on, because now I am even more suspicious than ever. I have no grand designs that we can conduct police investigations, that is what we have the police for, but I have a strong conviction, Mr. Chairman, that we must continue with members of this House to scrutinize the Public Accounts. And I have an equally strong conviction that anybody who attempts to muzzle me in my attempts to do that can expect the full brunt of my anger on the subject. If we had been doing our job a little more thoroughly here we would not have this disgraceful situation in front of us now when the government comes in almost in joking fashion four years - four years, can you believe it? - four years after the Order in Council and says, 'Boys, would you rubber stamp it?'

MR. NEARY: How many more of these are hidden in a deep dark closet?

MR. SIMMONS: That is the entire point, that we only hear about these because the fellows know that sooner or later the law says they have to bring them here anyway.

MR. NEARY: Right.

MR. SIMMONS: This, Mr. Chairman, is an exercise in obeying the letter of the law. It is not in any way, Mr. Chairman, a genuine exercise to obey, to act within the spirit of the law, because anybody knows that the spirit of the law as provided in the Loan and Guarantee Act never, ever intended that retroactive approval by the House meant four or five years after the fact. That is a shocking business of the government

MR. SIMMONS: taking this House and this Committee for granted and I for one am not going to stand for it.

But how much more is there? That is before us today because the letter of the law says the boys have to bring it in - the hon. boys have to bring it in. Now, Mr. Chairman, I ask you, in addition to that how much is there that is going on that literally does not have to come before this House? Well, I partly answered that question last Monday when I told you what was going on with some work orders around this city which hon. members on both sides of the House could not find it in their hearts to believe at first until it dawned on them what was happening, until they heard that there was a police investigation going on. I say, Mr. Chairman, there is a whole lot more that has never yet seen the light of day. I refer to it here now only because this alone lends credibility to the whole set of events we have been seeing the last few days where it only comes to light if they need our rubber stamp. Well, they will get our rubber stamp because they will ramrod it through like they do all the time with their majorities whether in the House or in Committee. They will ram it through when the time comes. That does not mean they are right. They will invoke their majority at some point this evening to see that this is passed and everything is hunky-dory and everything satisfies the letter of the law, but what they will not do is change the fact that they are playing with the House again and that four years after the fact they come in here and ask us - stupid idiots they think we are - to rubber stamp something they did four years ago. And you wonder why I get a little uptight about the way this government spends money when I see this going on, when I see the work orders I talked about last Monday? Now there will be those who will get up after, Mr. Chairman, and wave their arms and talk about wild charges and that the member for Burgeo - Bay d'Espoir (Mr. Simmons) does not know what he is talking about, but I remind those persons that I have a briefcase right full of it and as they wave their arms I will wave back and it will not be wild charges,

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MR. SIMMONS: it will be some more examples of some more multiple work orders, of some more circumventing the Public Tender Act, of some more unusual spending practices, of some more dishing out the money to your buddies without any tenders. So they can flail all they want and they can talk about all the wild charges they want. I will document in this Committee and in this House and in any other committee every charge I make.

MR. ROBERTS: Why did the Tory majority want to muzzle the Committee?

MR. SIMMONS: Well, I am going to ask that question too. I do not know why. Perhaps they were just following instructions, I do not know.

MR. SIMMONS: I have no idea.

MR. ROBERTS: Not instructions from lawyers, instructions from politicians.

MR. SIMMONS: They were either acting on their own or they were acting on the basis of some political advice they got obviously and that is within their right to act on the basis of political advice even though it were bad, even though it was very bad political advice. They can still take it, they have taken bad political advice before, they took the the advice to call two by-elections. That is proving to be very bad political advice. That is proving to be very bad political advice as we will see on Thursday night. You know, that the great John Crosbie had fifty people down in Bay Bulls, and the Premier himself had a full seventy. But anyway that is another subject, Mr. Chairman. I know I digressed, but it is such a delightful subject that we on this side of the House would love to talk about.

I was just making a point that this crowd it is not the first time they have taken bad political advice and acted on it to their detriment, and they will probably do so again, I am sure, if their batting record is anything they can be judged by.

I hope, Mr. Chairman, before this Committee here rises that we will hear from the Minister of Forestry, even if somebody has got to write it for him, an abject apology to Ralland Forests for that despicable thing he did here in Committee a few days ago, one of the most shocking, cowardly, underhanded, skulduggerist things I have ever seen in my life to get up and with no reason, except he was in a bad mood that day, and decided he wanted to fling away at somebody, he picks Ralland Forest Products, an outfit that is trying to give people in my district fifty-five jobs.

MR. ROBERTS: Fifty-five more to the P.C. Government -

MR. SIMMONS: And then because he happens also to be a very stubborn man he will not withdraw, but goes on the airwaves, and on the T.V. tube and repeats it, so he can add insult to injury.

And as my colleague from the Straits of Belle, the Leader of the Opposition, reminds me fifty-five jobs, at least are fifty-five jobs more than this government has created in Bay d'Espoir

Mr. Simmons: despite all their studies and the thousands they lashed out to the Research and Productivity Council during the Hermitage by-election, and all of their great promises about fish plants in Bay d'Espoir, and lord knows what else. Here it is, Mr. Chairman -

MR. NEARY: They should open up a new industry.

MR. SIMMONS: - in colour, orange and blue. Look at that,

MR. NEARY: They should open up a new industry making padlocks.

MR. SIMMONS: Mr. Chairman, important study underway in Bay d'Espoir, and they have engaged - "ordered by your P.C. Government's Industrial Development Branch," just before it got known as the Shut Her Down Branch, it was then the Industrial Development Branch, "ordered by your P.C. Government's Industrial Development Branch the study will study the viability of a primary fishing processing plant," and then they go on and list fifteen other items.

MR. ROBERTS: Was that the same one that announced the Conne River Causeway and the Hermitage -

MR. SIMMONS: And it was an important first step to the full development. Well, I will tell you what the second and only subsequent step has been: The minister's effort to blacken the name of the one industry that has begun down there since this pretty little paper came out. That was the second step. There was the first step, the announcement. The second step - no. Well I should say the second step was lashing out tens of thousands of dollars to a research team from the Productivity Council to produce that study. The third step was to shelve the report and sit on it ever since.

MR. ROBERTS: are they?

MR. SIMMONS: The fourth step is the Minister of Forestry the blackening the name of the one company who had the guts and gumption to go down there and try and create a few jobs, and they had fifty-five jobs going that are now going down the drain, thanks to the Minister of Forestry.

So I hope, Mr. Chairman, before this Committee rises we will hear an abject apology from the minister even if somebody

Mr. Simmons: else has to write it for him. Thank you,
Mr. Chairman.

MR. CHAIRMAN: Shall the resolution carry?

On motion resolution carried.

MR. CHAIRMAN: Shall the preamble carry?

MR. ROBERTS: Mr. Chairman, my colleague from Burgeo-Bay d'Espoir (Mr. Simmons) apparently wishes to say a few more words, and I think he should have the opportunity to do that. So now that I have spoken in the debate I will sit down and my colleague can go again, Sir.

MR. CHAIRMAN: The hon. member for Burgeo-Bay d'Espoir.

MR. SIMMONS: Mr. Chairman, I just invited my colleague just to stall for the moment, We do not want to prolong the work of the Committee, but I was fully hoping that the Minister of Forestry or somebody acting for him -

MR. ROBERTS: Let us call it 6:00 o'clock and then -

MR. SIMMONS: - somebody acting for him would for this company put the record straight that the issue is not bad management. We cannot let that one pass, Mr. Chairman. Is there somebody who can speak for that minister or is there anybody over there who can control him at all?

MR. HICKMAN: If the hon. member had heard the hon. Minister of Industrial Development praise upon this company.

MR. SIMMONS: Oh! Now then, Mr. Chairman,

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Well now there is one other question that needs to be answered, Which of the minister's is going to resign because they are both not right.

MR. HICKMAN: Do not be so foolish!

MR. SIMMONS: Do not be so foolish! At some point, Mr. Chairman, that crowd over there got to get their heads together, get their heads together, that hon. crowd has got to get their heads together. The minister I have no doubts about his heap of praise.

Mr. Simmons: The minister who sits next to the Minister of Health.

MR. ROBERTS: Nobody sits next to the Minister of Health. He is never here.

MR. SIMMONS: Is the Minister of Forestry in the precincts of the House or -

MR. HICKMAN: I have not seen him all day.

MR. SIMMONS: Has anybody around here seen him all day?

MR. ROBERTS: What does he look like?

MR. SIMMONS: Well, I do not think we should answer that question in Committee because it is not parliamentary.

AN HON. MEMBER: I heard he was visiting relatives.

MR. SIMMONS: I see! I see! Well, okay. We will give him an opportunity later without delaying the work of the Committee. But let the record show that minister owes this Committee, this House, the public, and Ralland Forest Products an abject apology for his irresponsible remarks about the company's management practice a few days ago.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: Shall the enacting clause carry?

On motion the enacting clause carried.

On motion title carried.

On motion Clause 1 carried.

On motion enacting clause carried.

On motion title carried.

On motion resolution and bill consequent thereto carried without amendment.

MR. HICKMAN: I move that the Committee rise report progress and ask leave to sit again.

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

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole have considered the matters referred to them, and have passed a certain resolution, and bill consequent thereto, that is Bill No. 73, without amendment, and ask leave to sit again.

MR. SPEAKER: The Chairman of the Committee reports that they have considered the matters to them referred the resolution and bill consequent thereto, Bill No. 73, have made progress, and have asked leave to sit again.

On motion report received and adopted.

On motion Bill No. 73, read a first time, ordered read a second time now.

MR. ROBERTS: No, no. Mr. Speaker, is it in order to move a six month hoist on a bill? I know it is in order to move a six month hoist on a bill, This is a financial bill, and if it is in order, Sir, I would move that this bill be not read a second time now, but it be read this day six months hence a second time. If that is in order, and I confess quite candidly I am not certain on the point, and seconded by my friend from Bellevue (Mr. Callan).

MR. SPEAKER: It is my understanding, and I will invite arguments if any hon. members wish to make it, and the point that I am considering is not the validity of moving an amendment six month hoist on second reading or third reading, we are dealing with second reading here. Obviously in any bill when it is up for debate may appropriately be amended with a six month hoist.

The point here-if there is argument to the contrary I will hear argument, if there is not then I will assume that my understanding is correct. And my understanding is to the precedents of the House that in bills introduced by resolution, money bills introduced by resolution, and the debate takes places in its entirety on resolution stage, and that when that debate has concluded, and when the resolution is passed, the first, second and third readings follow thereon without the requirement of

Mr. Speaker: each stage on a different day. That is my understanding of the precedents. If any hon. member wishes to submit argument to the contrary I would hear it.

The hon. Leader of the Opposition.

MR. ROBERTS: Mr. Speaker, it is a very good point in parliamentary practice. I think we must agree that our rules are silent on the point. There are no rules or Standing Orders. And furthermore, I do not think Ottawa's Standing Orders is saying anything on this point, so we are not able to look there. We are accordingly asked to rely upon our precedents, and I will say to begin with that we have rarely debated bills; when I speak of bills, I am talking only of financial bills, bills which have been preceded by a resolution, and have been discussed in Committee a resolution adopted before the bill could be introduced. Indeed the point of the resolution is that it is expedient to introduce a bill.

But I will contend, Sir - and I have not researched the precedents, but perhaps the Table officers could look the matter through so that we have the matter settled. Indeed, you know, it can be done later tonight or tomorrow or whenever we wish - I submit there have been debates at second reading. There have been brief debates. But I have done it on occasion. When Mr. John Crosbie was Finance Minister I once or twice rose on second reading, I believe, on the Loan Local Authority Guarantee, but they are all the same in principle, not for any lengthy debate, but simply to preserve the right of the House should the House so wish. I do not think our precedents are such, Sir, that we have let lapse the right to debate a bill. The requirement is simple, a money bill must be preceded by a resolution. But that in itself, Sir, does not preclude debate, in my submission. And I think there are precedents within the last two or three or four years. There are any number of examples where bills have not been debated in Committee - I am sorry, where bills have not been debated in the House, but they are given three readings immediately. The requirement that notice be given, that is specifically waived by one of our Standing Orders as I recall it. But there is no prohibition against debate. It is unusual to debate them because normally they are extensively debated in Committee

Mr. Roberts: and the House does not choose to debate them at second reading.

But I believe it is in order to do so, Sir. And that is why, you know, I asked to make the motion. We can agree Your Honour has already ruled as I understand it, that if it is in order to debate the bill, the motion itself is in order. I do not propose to debate the motion, merely to let it go to a vote and then let the matter proceed from there.

But it is my recollection, Sir, that we have, not in this General Assembly but in the one preceding it, the one elected in 1972, we have debated financial bills in the House following debate in Committee of a resolution which preceded them.

MR. HICKMAN: Mr. Speaker, I realize it is almost six of the clock. In response to that, where the rules of our House are silent, and the rules of the House of Commons are silent, most assuredly we have to follow the precedent laid down by this House, and this House is master of its own rules, master of our own precedents. And a precedent, I submit, is abundantly clear. I can only go back to 1966, abundantly clear since 1966, that on money bills when they have been introduced by way of resolution and a debate takes place in Committee, it goes through without debate, first reading, second reading, and third reading. And, you know, that wisdom of that just hits you in the face, that any debate on second or third reading would be obviously repetitious to the massive debate that sometimes goes on, as today in Committee.

If the hon. gentleman opposite, the Leader of the Opposition, ever spoke on a bill in second or third reading I would suggest he did so with leave. I think I have a case where that might arise where an hon. gentleman is a financial critic or the hon. Leader of the Opposition or someone who is away from the House at the time when the debates go on in Committee, he might ask for leave. But most assuredly the precedents are clear in this House, Mr. Speaker.

MR. SPEAKER: The hon. Leader of the Opposition.

MR. ROBERTS: I know the clock is stopped, Sir, one brief observation. First of all it was not by leave if I spoke in that case, it was not by

Mr. Roberts: leave. But secondly, Sir, the reason in principle underlying it is that it gives the House the opportunity, having agreed it is expedient to introduce a resolution, it allows to be put before the House for its consideration, the six month hoist which is not a negative motion, it is a dilatory motion. It allows the House an alternate proposition. And I think for that reason and principle it is in order.

As I say, perhaps the only way to resolve it is to suggest to Your Honour that Your Honour's clerks at the table check the precedents. It would mean I would guess checking the Hansards because there would probably be nothing in the Journals. I do not recall amending a motion. I do recall debating it. And perhaps the matter can stand, you know, until later this evening when the Table officers are able to advise Your Honour. I would agree the precedents are what would bind us, but I think there are precedents to allow debate and not with leave, but by right.

MR. MURPHY: Mr. Speaker, if I may.

MR. SPEAKER: The hon. Minister of Consumer Affairs and the Environment.

MR. MURPHY: We are talking of precedents. And in my recollection in the fifteen years I have been here there was a sort of a choice whether you have your full debate in the resolution stage or on the bill stage. And I think that was up to the House.

MR. ROBERTS: It was generally agreed.

MR. MURPHY: But it was agreed at all times that the resolution stage, and then, as we say, instead of going right through the whole rigamortale again, we would do that, and automatically the bill would be put through.

MR. ROBERTS: That is what has happened. That is because the House wants it to happen that way, it does not make it a matter of it must have.

MR. MURPHY: No. But I do not think it has happened at any other time.

MR. ROBERTS: We generally say we will debate it here or at second reading.

MR. SPEAKER: Well before calling it 6:00 o'clock I would point out to hon. members, because this is quite an important point, what I understand to be the specific point, and I will not give a decision now, I will endeavour to give one at 8:00; I am not sure that I shall be able to do that, because -

MR. ROBERTS: It may take research.

MR. SPEAKER: - it is a matter of quite some importance. The specific matter on which a decision has to be made is whether a bill introduced by resolution may be debated after the resolution is passed .

MR. ROBERTS: A money bill.

MR. SPEAKER: A money bill, yes. A money bill introduced by resolution may be debated as a bill after the resolution is passed, Now if it may be debated then obviously any amendments which would otherwise be in order would be in order. If it cannot be debated then obviously no amendment would be in order. I would think as well the question of the length of debate would also be immaterial; the question is whether it may or may not be debated on bill stage; whether that bill, a money bill introduced by resolution may or may not be debated after the resolution is passed.

I think it is generally agreed that the Standing Orders are silent, the practices in the House of Commons are irrelevant because the procedures in this area are so different, and the one matter which must be fairly thoroughly researched is precedent, to a large extent that is a question of fact, and then obviously the interpretation of the facts after they have been ascertained.

I will give the decision as soon as I can, but I think it is an extremely important question and will have to be given after quite a thorough research of the precedents.

It being 6:00 o'clock I leave the Chair until 8:00 o'clock this evening.

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
8:00 p.m. - 11:00 p.m.
TUESDAY, JUNE 14, 1977

The House resumed at 9:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

As I informed hon. members I would give the decision on the point brought up at 6:00 o'clock as early as I could, and I would certainly anticipate that that will be before we adjourn later this evening.

MR. HICKMAN: Bill 99, Order 8

Motion, second reading, a bill, "An Act Respecting Elections To The Council Of The City Of St. John's."

MR. SPEAKER: The hon. Minister of Municipal Affairs and Housing.

MR. J. DINN: Yes, Mr. Speaker, this was sent in by the City Council requesting some changes in their Election Act. I have not seen it in a couple of days so -

AN HON. MEMBER: The first time you ever saw it.

MR. DINN: No, no. I have not seen it in a couple of days.

MR. GOODY: Just relax now! Just relax now!

Do not let hon. gentlemen get all excited now.

MR. DINN: So I will just go through some of the changes, Mr. Speaker. The candidates qualifications. The returning officer set out by the council is the City Clerk in most cases of an election, and he is appointed by the Lieutenant-Governor in Council. In this case if the City Clerk is sick the Lieutenant-Governor in Council reserves the right to appoint a returning officer.

Qualifications of elector - and most of these little changes in here are word changes, and just clarifications. For example, Clause 11; a person is eligible to be an elector if he is a Canadian citizen eighteen years of age or over, and that is brought down from nineteen.

MR. MURPHY: That is universal now, 'Jerry' you do not have -

MR. DINN: Yes it is. Right.

Ordinarily resident in the city for twelve months immediately preceding the enumeration conducted pursuant to section 12, or a non-resident elector, and (b) he is not (i) a judge of the Supreme Court of Newfoundland or of a District Court of a judicial district in the city, (ii) a person held in custody under warrant of committal in any penitentiary or jail, and (iii) a person lawfully committed to an institution for the treatment of mental illness.

MR. DOODY: Does that include the House of Assembly?

MR. DINN: Under that, Mr. Speaker, I probably would not qualify.

AN HON. MEMBER: Be like the member for LaPoile (Mr. Neary) and -

MR. DINN: No, this is a fairly serious bill in that all the items in here are basically those requested by city council and reviewed by my department, and we find basically that they are all fairly well in order. And, Mr. Speaker, I will move second reading, and answer any questions that hon. members have on it.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. Minister of Consumer Affairs and the Environment.

MR. MURPHY: I notice here one vote per elector. The old idea was if you were a director of seven companies you had seven votes. That is all gone now is it?

MR. DINN: Yes.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I am going to support the bill but there are a couple of questions I want to ask the minister about it. My number one question is in connection with the voting cards.

Now my understanding is that these voting cards will have to be delivered to all those who are eligible to vote in the St. John's Municipal Election. I presume they would be mailed out.

AN HON. MEMBER: Delivered by the postal people.

MR. NEARY: Delivered by the postal people. But this is the question I am going to ask the minister: with so many strikes in the post office these days what happens if prior to the election the postal workers decide to go on strike, and the cards are not delivered? I do not see anything in here for an alternative arrangement. Will the people then be able to come and get sworn in or will the cards be delivered by hand or will they have to postpone the election until the postal strike is over? Just what will happen? I mean, this is perfectly within the realm of possibility because we have had old age pension cheques, family allowance cheques and everything hung up by the post office, and it could happen when they see something like this coming, if they want to make a point, they may go out, you know, on strike a few days beforehand.

Now the other thing I want to ask the minister is that we have - and I am making this suggestion in all sincerity because we may be able to save the taxpayers of the city and of the Province, I suppose, a few dollars - we have a returning officer, Mr. Harvey Cole, and staff over there in the West end of the city just up above the Grace Hospital there. What is the name of that street? I am not familiar with that part of town.

MR. J. CARTER: Bennett Avenue.

MR. NEARY: Bennett Avenue. But they have an office over there on Bennett Avenue.

MR. J. CARTER: The corner of Bennett Avenue and LeMarchant Road.

MR. NEARY: Well, I thank the hon. gentleman for that piece of information. Even since the former Premier left the House, resigned, the hon. gentleman seems to be more affable.

MR. J. CARTER: (Inaudible).

MR. NEARY: Well that is more than you can say for the savoury patch.

Mr. Speaker, the Chief Electoral Officer and his staff are over there in between elections doing nothing, just loafing at the taxpayers expense. They are not doing a thing.

MR. J. CARTER: They are doing paper work.

MR. NEARY: The Chief Electoral Officer and I will say his staff, I do not know how many are there, I am sure there are at least two, if not three there do not do one blooming thing in between elections. Now is there any -

MR. J. CAPTER: They are checking the returns from LaPoile to see if voting was proper or not. That will take them all of their time, considering the result.

MR. DINN: Voting cards could be done by registered mail or it could be delivered to the residents in another manner.

MR. NEARY: Yes. It would be a terrific undertaking to deliver them two or three weeks before an election.

MR. DINN: Yes, I know, I understand that. The provision is there and it is done two weeks prior to day of the election.

MR. NEARY: Two weeks. That is right.

But what I am suggesting to the minister that if possible the Returning Officer and his staff be made available to help either the city of St. John's or to help the municipalities around the Province, because there is a general municipal election coming up in November, and perhaps the Chief Electoral Officer and his staff may be able to help, and in so doing, Sir, save the city of St. John's or save the taxpayers of this Province a few dollars in the process.

Now, Mr. Speaker, it would appear to me that the other sections of this Act are pretty well in line, are pretty well with our own Election Act really, -

MR. DINN: Yes.

MR. NEARY: -except you have the odd word substituting for voters lists and that sort of thing, voting procedures, the time of voting and every polling booth shall be kept open on Polling Day from 8:00 o'clock in the morning until 7:00 o'clock in the evening. I really have not had time to scrutinize the bill all that closely, but what happens to now to the -

Mr. Neary.

taverns and clubs on polling day, will they be obliged to close or have we changed that now that the clubs and taverns will be able to stay open on polling day?

MR. MURPHY: Closed until eight o'clock.

MR. NEARY: No, the polls close at seven o'clock here in this act, and that is another point I want to make -

MR. DOODY: 7:30 P.M. in Newfoundland.

MR. NEARY: No, every polling -

Oh, from eight o'clock in the morning until seven in the evening. It used to be from eight until eight. I am not quite sure about the city of St. John's, but I believe in municipal elections in other communities it was from eight to eight, the same as the provincial regulations. Now why has the hour been lopped off there? And will there be an advance poll? As I say, I have not really had that much of an opportunity -

MR. DINN: Section 32, advanced poll.

MR. NEARY: Section 32 is the advanced poll, is it?

Let us take a look at that and see what it says.

MR. DINN: The council may hold an advanced poll on the seventh day immediately preceding -

MR. NEARY: The council may hold an advanced poll on the seventh day immediately preceding the day established as polling day. Well, that is fine. And so the only question there is, Why was that hour taken off and will the taverns and clubs and licence establishments be closed on polling day as they are in provincial elections or have we gotten away from that nonsense now? Let me see what else? I think that is about it, Mr. Speaker. An elector may vote once for office of mayor and for such number of councillors as he chooses, not exceeding eight -

MR. DINN: That is right.

MR. NEARY: - and may vote only in an advanced poll or in the polling division indicated on his voting card. Well, this was changed prior to the last election, as the hon. members will know. There was a time in St. John's when a handful of people controlled this city, mainly the people who own property, the wealthy people.

MR. J. CARTER: That is not true.

MR. NEARY: That is true, Sir. The hon. gentleman was probably one of the aristocrats who had more than one vote, but now we have one vote per person.

MR. J. CARTER: There were a few people who had two or three votes.

MR. NEARY: There were a few people who had more than two or three votes. They had as high as fifty and seventy-five votes.

MR. DINN: Not enough to make any difference.

MR. NEARY: Well, I do not know - yes, they went that high, I think.

MR. DOODY: No, no!

MR. DINN: Not enough to make any difference.

MR. NEARY: And the hon. gentleman was probably one of these snobs, one of the aristocrats that would like to maintain that old-moted victorian system. That is right up the hon. gentleman's alley. But that has changed, and it has changed for the better. It was changed before - as a matter of fact, I think that was one of the reforms brought in by the former Liberal administration, in case the hon. gentleman is not aware of it.

MR. DOODY: No!

MR. NEARY: Yes, Sir.

Mr. Speaker, the former administration brought in one vote per person in the city of St. John's. That is true, Sir.

MR. J. CARTER: Do not mislead the House.

MR. NEARY: Well, the hon. gentleman has an opportunity to stand up and produce the documentation, the evidence, if the hon. gentleman wants to disprove what I am saying.

AN HON. MEMBER: He is not bothering you.

MR. NEARY: Well, the hon. gentleman is bothering now, and he seems to be tormenting me now when I am making a statement.

MR. J. CARTER: Nobody believes the hon. gentleman anyway.

MR. NEARY: I beg your pardon?

MR. J. CARTER: Speak, period.

MR. NEARY: So anyway, Sir, I am all for the piece of legislation. I do not see too much wrong with it. It is one of the few pieces of legislation that has come in in the last few days. It is unfortunate, Mr. Speaker, that it is being rushed through now at the last moment.

MR. DOODY: It is not the last moment. We are here until August anyway.

MR. MORGAN: Who wants the House to close tonight?

MR. DOODY: I do not.

MR. DINN: I do not.

MR. DOODY: I like it here. This is what I have been elected for.

MR. DINN: I mean, we have got to be here until Friday anyway.

MR. NEARY: The message seems to be getting through, Mr. Speaker. The message finally seems to be getting through so what we should do is revert back to regular hours, give the members a chance to study -

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: Never mind regular hours.

MR. NEARY: - give the members a chance to study the bills -

MR. DOODY: I am a twenty-four hour a day member.

MR. NEARY: The member for Bay of Islands (Mr. Woodrow) rushed into the House tonight and the hon. gentleman could always take a joke, but he seemed to be a little bit bushed tonight, uptight -

MR. WOODROW: Yes, I had to struggle out this afternoon.

MR. NEARY: - and accused me and the member for Burgeo - Bay d'Espoir (Mr. Simmons) for delaying the closing of the House.

MR. WOODROW: You are a disgrace to Newfoundland.

MR. NEARY: The hon. gentlemen is bushed. The hon. gentleman is bushed and wants to go home, Mr. Speaker. He does not even want to debate this kind of legislation. And if I were the hon. gentleman, if I were the hon. gentleman, the reports that I heard when I was out on the West Coast -

MR. WOODROW: You dirty liar.

MR. SPEAKER: Order, please!

I would have to ask the hon. gentleman to my left to withdraw his last remark.

MR. WOODROW: I withdraw it, Mr. Speaker.

MR. SPEAKER: And I will also point out to hon. members that the business of the House and the scrutiny of legislation will be carried on with, in my opinion, much more intelligence and decorum if there are no interruptions.

MR. NEARY: I thank Your Honour for the protection of the Chair. I appreciate that very much, Sir. With the vicious attacks from the hon. gentleman, Sir, I am glad Your Honour came to my defence. But, Mr. Speaker, this is the kind of legislation that every member should have a few comments, Sir, to make on, because it is very important legislation. This is a new act, Bill No. 99, "An Act Respecting Elections To The Council Of The City Of St. John's." And as hon. gentlemen know there is going to be an election this November here in the city as well as right across the whole Island, and I believe we passed a similar bill a couple of years back respecting elections in other municipalities. And I believe there is a separate bill - I am not quite sure, Mr. Speaker - but I believe there is a separate Election Act for the city of Corner Brook. Am I right or do they come under that general Election Act, the provincial one?

MR. DINN: The provincial one.

MR. NEARY: They come under the provincial one. They do not have a separate -

MR. DINN: They have their own.

MR. NEARY: They have their own. Well, it would be similar to this, I presume?

MR. DINN: It comes under the Local Government Elections Act.

MR. NEARY: Oh, they come under the Local Government Elections Act.

MR. DOODY: Like the Corner Brook Act.

MR. NEARY: So the only one then that has a special act is the city of St. John's?

MR. PECKFORD: The city of Corner Brook and the city of St. John's.

MR. NEARY: The City of Corner Brook Act.

MR. DOODY: Corner Brook has an act.

MR. PECKFORD: Corner Brook has an act.

MR. DOODY: - and all the others come under the Local Government Act.

MR. NEARY: Well, that is all very well, Sir, I am certainly glad to hear that, and I do not think there is much else I could say about it except that I presume that all the recommendations that were made by the city of St. John's have been incorporated in this bill. Have there been any that the minister may remember that might have been left out that were considered to be obnoxious?

MR. DINN: No, I cannot think of one.

MR. NEARY: The minister cannot think of one. So everything is in order and the minister may be relieved to know that I am going to vote for the bill.

MR. SPEAKER: The hon. member for St. John's South.

DR. COLLINS: Just to ask a question of the hon. minister.

MR. YOUNG: He has gone. I will get him.

DR. COLLINS: Just to ask him was there any consideration given to putting into this bill the ward system for the city of St. John's? This is an issue, I think, with the people who live in the city, and as everyone knows, I believe, the Henley Commission did recommend some form of a ward system. And I would also like to ask him, did he have any representation from the municipal council in regards to the ward system either for or against?

MR. SPEAKER: If the hon. minister speaks now he closes the debate?

MR. DINN: Anybody else?

MR. SPEAKER: The hon. minister.

MR. DINN: Yes, Mr. Speaker, just to answer the hon. member for St. John's South. The idea of a ward system for St. John's was put to City Council, and they were after the last election, last time, almost demanding a ward system. And they have since dropped all discussion of the

Mr. Dinn.

ward system in the city until this February -

MR. DOODY: Shame!

MR. DINN: - when it became a great issue again apparently for some time but was referred to the SAC Committee of the city for recommendations, and to my knowledge has died in that committee and nothing has been heard of it since, and certainly they have not made any recommendations to me with respect to having a ward system in the city. It is a recommendation of the Henley report, and we have addressed ourselves to many things in the Henley report and will as time goes on be either accepting or rejecting the recommendations of the Henley report. And as the ward system is a recommendation in that report, there is a possibility that it will be looked at in the very near future and a decision will be made on it. But I do not know if it will be done before the November elections. I doubt very much whether it will be.

Now with respect to the voting cards being delivered - well, the city recommends that we retain the card. It does not seem to be too bad an idea. -

MR. NEARY: Carried.

MR. DOODY: One of Dr. Kitchen's ideas. He is always in favour of card carrying.

MR. DINN: The hon. member is trying to rush this bill through the House, Mr. Speaker, and he will not allow me to speak on it.

MR. NEARY: No, we are going to hold it up in Committee stage.

MR. DINN: He has been accusing me all day of trying to rush these things through the House, and now he is trying to -

MR. NEARY: The member for Bay of Islands (Mr. Woodrow) wants her closed down so he can go home and try to mend a few fences.

MR. DINN: Mr. Speaker, if there is no further discussion required on this bill, then I move second reading.

On motion, a bill, "An Act Respecting Elections To The Council Of The City Of St. John's, read a second time, ordered referred to a Committee of the Whole House presently by leave. (Bill No. 99).

MR. HICKMAN: Order 7, Bill No. 98.

MR. SPEAKER: Order 7.

Motion second reading of a bill, "An Act To Control The Rates Of Newfoundland And Labrador Hydro And To Declare A Provincial Power Policy." (Bill No. 98).

The hon. Minister of Mines and Energy.

MR. PECKFORD: Mr. Speaker, this bill, Bill No. 98, is one of the more important pieces of legislation to be brought before this session of the hon. House, Bill No. 98, "An Act To Control The Rates Of Newfoundland And Labrador Hydro And To Declare A Provincial Power Policy." As hon. gentlemen on both sides of the House will remember that in recent weeks, recent months, during the past year, it has been stated on many occasions by the Premier and other ministers and members on this side of the House government's intention in this session to bring in legislation to require Newfoundland Hydro to appear before the Board of Commissioners of Public Utilities. This act is intended to do just that.

Now, Mr. Speaker, I shall try as succinctly as I can to go through the main principles of the bill and give the reasoning behind the things we now propose in this bill so that hon. members opposite, especially, who wish to address themselves to the principles will have the full understanding of our motives for taking the kinds of approaches that we are now taking. Perhaps, Mr. Speaker, the first principle that should be addressed is the

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principle of the Newfoundland and Labrador Hydro Corporation and using the words 'coming under the Public Utilities Board.' It is one thing to say that the Newfoundland and Labrador Power Corporation comes under the Public Utilities Board. It is another thing to say that the Public Utilities Board will actually order the rates that will be charged. And on this there has been a fair amount of confusion in the last number of weeks. This bill proposes that any time Newfoundland Hydro intends to increase its rates to Newfoundland Light and Power or any time the Power Distribution District, which is the retail arm of the government, intends to increase its rates, then automatically Newfoundland Hydro automatically - it is mandatory - automatically Newfoundland Hydro must appear before the Public Utilities Board or automatically the Power Distribution District must appear before the Public Utilities Board. After the hearing of the Public Utilities Board into the increases that Newfoundland Hydro wants to impose upon Newfoundland Light or upon Power Distribution District, which are the two retailers, one, the government retailer, another, the private retailer, after the public hearing has been held, the Public Utilities Board shall recommend to the Minister of Mines and Energy, through him to the Cabinet, the rates that in their opinion Newfoundland Hydro should impose upon those two utilities, those two retailers, one, a private retailer, the other, the government retailer, the Power Distribution District which distributes electricity to the more rural parts of the Province.

Therefore, Mr. Speaker, it could be asked and legitimately asked, Why does not government through this act give the Board of Commissioners of Public Utilities the power to order the rates that Newfoundland -

MR. NEARY: It would be illegal for you to do it, that is why you cannot do it. So the consumer is saved by the bill.

MR. PECKFORD: Mr. Speaker, when the hon. member becomes the minister on this side responsible for Newfoundland Hydro and the utilities of the Province, I am sure he will have the opportunity to respond in the way he is now responding.

MR. NEARY: The consumer is saved by the bell.

MR. PECKFORD: Why, therefore, has not the government taken the step to give or to pass over power to the Public Utilities Board to order Newfoundland Hydro, based on the public hearing, the rate that should be imposed upon those two retailers, private and public? And the reason is not that it would be absolutely illegal. That is a rather absolute kind of statement to make. One is that to put Newfoundland Hydro under the Public Utilities Act is not a very appropriate mechanism right now to use, because the Public Utilities Act was established in the main to regulate private utilities. Newfoundland Hydro being a Crown agent, the act is not all that appropriate. But more importantly, Mr. Speaker, after investigating this in the last three or four weeks, the legal advisors to the government indicate that it is rather impossible to do it. Certain provisions of the Public Utilities Act had they applied to Hydro would have been in conflict with certain covenants contained in the trust deed which Hydro entered into in 1965 to secure the issue of bonds to the value of \$37 million U.S. dollars, raised in connection with the Bay d'Espoir project. The application of the Public Utilities Act to Hydro could thus have created an event of default under the trust deed requiring Hydro to repay this loan which bears an interest rate of five and one-quarter per cent per annum. And, of course, in our opinion this is a rather unacceptable risk to take.

So what was the next best thing for us to do? It was rather risky for us to ask the Public Utilities Board to order. That was, because of our legal advice, rather risky. What was the next best thing to do? And the next best thing we could do was to ensure that whenever Newfoundland Hydro asked for

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an increase or was going to request the people that they sell power to as it affects the consumers, the domestic consumers of the Province, was to make it mandatory, automatic, that as soon as they made that request for an increase it would have to be referred posthaste to the Public Utilities Board, that the public hearing would be held, that all the issues would be discussed in that board publicly, that consumer organizations, other individuals, or whatever would have the opportunity before this public hearing to

Mr. Peckford:

but Newfoundland Hydro under their scrutiny, if you will, under questioning and so on, and then went the Board of Public Utilities reports to the minister and to Executive Council then we would have the benefit of the Public Utilities recommendation - and let me say, Mr. Speaker, from where I stand anyway, nine and a half or nine point nine times out of ten the Executive Council will almost automatically approve the rates established by the Public Utilities Board.

AN HON. MEMBER: Go on!

MR. NEARY: Is that a fact? That is magnificent. It is absolutely amazing.

MR. PECKFORD: So, Mr. Speaker.

MR. NEARY: You take the responsibility, and do not try and pawn it off on somebody else.

AN HON. MEMBER: Ignore him, 'Brian'.

MR. PECKFORD: That is the first major principle that has to be clearly understood in this Act, that we are automatically placing Newfoundland Hydro under the public hearing aspect and under the Public Utilities Board for any requests that they demand of two utilities that affect the domestic consumers of the Province, namely: Newfoundland Light and Power and the Power Distribution District.

Number two. Another very major principle is that contained in the power policy as outlined in Section 3, subsections (a), (b), (c), and (d) which will guide all the decisions made by the Board of Commissioners of Public Utilities. These are general principles which outline a pretty reasonable and sensible principle. Number one or (a) should be reasonable and not unjustly discriminatory, (b) should be established wherever practical to do so for a period not exceeding three years based on studies of the future cost of services for the established period, (c) should be computed in respect of a retailer on a blended cost of the energy available within the Province to the retailer, and (d) should provide sufficient revenue to the supplier of the power to enable it (a) in the case of a private company to earn a just and reasonable return as construed

Mr. Peckford:

pursuant to the Public Utilities Act, and (b) in the case of Hydro Corporation to recover the cost of service provided by it and a margin of profit sufficient to achieve and maintain a sound financial position so that it is able to achieve and maintain a sound credit rating in the financial markets of the world or to enable it in the case of the power distribution district to recover the cost of the services provided by it.

Now there is a very major distinction there. In one case we are saying, namely, the Newfoundland Hydro case, that it must not only achieve or get a return equal to the amount of money it cost them to provide that service, or that power, but in addition to provide a little bit extra because Newfoundland Hydro in its own name tries to raise money, so it must safeguard some return to the corporation over and above the cost of service to enable it to borrow the money and to achieve a stable credit rating so that it can borrow the additional money to go on and do capital things as Newfoundland Hydro does.

The difference between that and the Power Distribution District in number two, to enable it in the case of a Power Distribution District to recover the cost of the services provided by it is that the Power Distribution District is a being, a beast -

AN HON. MEMBER: A creature.

MR. PECKFORD: A creature of the government which does not borrow money. It gets its capital and operational money from the government, and so therefore because it does not borrow, go out on the market place to borrow in its name, all it has to achieve is the same amount of money it costs it to provide the power to its customers and no more. It does not need that extra cushion or margin of profitability so that it can have that kind of credit rating.

The Power Distribution District under the Department of Mines and Energy estimates that went through here earlier, the Rural Electricity Authority as it is called under an Act of the Legislature gets its operational funds, and its capital funds from

Mr. Peckford:

this Legislature. This present year the subsidy on rural electrification in the Province was around, I think, \$11 million was in the estimates. It was around \$11 million. The capital budget this year is around \$3 million.

AN HON. MEMBER: Cut it back, cut it back -

MR. PECKFORD: Mr. Speaker, we cut it back to achieve a balanced budget in line with all of the other cutbacks that were necessary as they are always necessary every year to achieve some sense in our overall budgetary position as a Province.

So these are the main principles and are the declaration of the policy of the Province really as contained in Section 3 of the Act.

So, Mr. Speaker, one, the Act will apply to retailers of power in the Province that Newfoundland Hydro sells its power to: Number one, Newfoundland Light and Power, number two, the Power Distribution District. And that covers all of the domestic consumers of power in the Province. Now it should be noted here, and it is going to be very significant, I do know if anybody has had time to work it out yet, when we talk about a blended cost of power, especially as it applies to PDD, talking about the blended cost of power in the Province, that is Labrador and the Island of Newfoundland, and therefore the present rate structure as it applies to Newfoundland Light and Power rates in PDD areas covering the first 500 kilowatts of power and then after that there is an increase that will be eliminated after the first hearing at the Public Utilities Board. In other words, the same rates will apply for all customers of PDD regardless of where they live in the Province. I think it will mean, I do not know if the Minister of Finance or his people had time to check it out, it will mean an increase, I think, in the subsidy to the Power Distribution District next year, an operational subsidy.

MR. NEARY: Which means the same for every (inaudible) it remains the same for all the customers of Hydro then they would come down in diesel areas.

MR. PECKFORD: That is right. Oh, yes. That is right. If they are under PDD, and some of the PDD customers are hydro, some of the other customers are diesel, we are going to blend the whole cost.

MR. DOODY: About \$11 million now.

MR. NEARY: Well then the diesel -

MR. PECKFORD: And it might go to \$14 million or \$15 million.

MR. NEARY: The diesel generated power to the consumers will come down.

MR. PECKFORD: Yes.

MR. FLIGHT: Is that a fact, the diesel generated power to the consumer will come down?

MR. PECKFORD: Yes, it should. That is right, the subsidy is going to be greater, it has to go up; the subsidy is going to benefit somebody and obviously it is going to benefit the diesel customers.

MR. FLIGHT: And will there be a uniform rate for customers of PDD?

MR. PECKFORD: Yes. Yes that is what I am saying, a blended cost means a uniform rate everywhere for PDD. It is going to cost the government money.

Now it is not only going to cost the government money as it relates to the operational part of the Power Distribution District, it is going to cost the government a fair chunk of money as it relates to capital requirements. As the hon. member for Windsor-Buchans (Mr. Flight) pointed out, rightly so, legitimately so, there is a whole bunch of capital projects that need to be done in the most desperate way in the Province right now under PDD that we are not able to do, just not able to do. I do not know if later in the year we might be able to do it or not, I do not know.

AN HON. MEMBER: Like what, for example?

MR. STRACHAN: Williams Harbour.

MR. PECKFORD: Williams Harbour, St. Carols in the Leader of the Opposition's district, connect it up, the power.

Westport, hydro ties need to be linked up that are now diesel. All of these and more, and more because what will

Mr. Beckford:

be necessary in the long term to ensure that the blended cost is really going to have - well, it is going to be advantageous for a lot of consumers of the Province in the short term, but from the Province's point of view in the long term, if you are going to get, say, eight or ten years down the road some reduction in the subsidy, the only way you are going to do it is to now get into some capital funding to link up communities to hydro where you can, where it is feasible to do so, so that in that way you will eliminate some diesels and hopefully over the long term bring down your subsidy. It will only be a marginal reduction from what it is now, but if you continue to ad hocly administer the Power Distribution District and keep it as it is now with no more hydro ties, keep the diesels that are diesels diesels, keep the hydro that are hydro hydro, and never the twain shall meet, and, you know, some planning put into it, then the subsidy will continue to rise; but there can be some rationalization to it if, for example, the hydro tie into the Millertown, hydro ties in three or four places are realized for \$1.5 million, you will get your money back over a long period of time.

So that is a very significant feature of the bill, especially for those people who are in the Power Distribution District areas, in the more rural parts of the Province, and one that is going to cost the government a fair chunk of money both operational and capital.

- MR. NEARY: You mean it is going to cost the taxpayers.
- MR. BECKFORD: The taxpayer.
- MR. NEARY: The consumer.
- MR. BECKFORD: That is right. That is right. But by the same token the consumer is going to benefit from it because all the people of the Province are going to be -
- MR. NEARY: Pay anywhere from thirty to forty per cent increase in the next year or so in his electricity rate. Now let us face it and not beat around the bush.
- MR. BECKFORD: You do not know what you are talking about.
- MR. NEARY: I do know what I am talking about.
- MR. BECKFORD: Number two, you never did know what you were talking about. Number three, I doubt very much when you are ever going to know what you are talking about.
- MR. NEARY: No, because the hon. gentleman is the genius in the House.
- MR. BECKFORD: Thank you very much. I appreciate that. You are not the first person to have mentioned that, Mr. Speaker.
- MR. NEARY: No, that is right, and I will not be the last.
- MR. BECKFORD: The fact of the matter is that on this subsidy as it applies in the Power Distribution District, as some hon. members opposite have mentioned there should be some levelling off in even production to those people who are in diesel generated areas. And the taxpayers of the whole Province of course will be footing the bill for the subsidy which is now \$11 million and will have to go to \$13 million or \$14 million next year, both in direct subsidy.
- MR. FLIGHT: Is there anything in the bill that will indicate this or is the minister just making the announcement that this is going to happen?
- MR. BECKFORD: No. No. No. No. No.
- MR. BIRCHOUT: Blended power -
- MR. BECKFORD: Mr. Speaker, because of the blended cost factor that is there and nothing saying that there is going to be a difference in rates, the Public Utilities Board then in its hearings under this act

MR. BECKFORD: have no other alternative but to recommend to the minister and the Executive Council that when Power Distribution District comes to us for a rate increase they will put it, they will say, "Fine. Power Distribution District, here is the number of areas you serve, here is the amount of money it costs you to serve it. Here is what the rate should be." That comes in, government obviously was going to have to subsidize the amount so therefore the cost will be the average or blended cost for every consumer in the Power Distribution District.

MR. FLIGHT: We have PDD's that deal strictly in Hydro now as he knows and we have PDD's that deal strictly in Diesel.

MR. BECKFORD: That is what I am trying to explain.

 Mr. Speaker, if the hon. gentleman will just read the bill, there is nothing to distinguish between a customer who gets his electricity by diesel and the customer who gets his electricity by Hydro. In other words, the cost is going to be all lumped into one bucket, however much it costs PDD to deliver electricity to all its customers.

MR. FLIGHT: That is a major change, is it not?

MR. BECKFORD: A very major change.

 Okay, it should be pointed out here to the hon. members that this act does not apply to industrial customers in the Province. And a long and arduous discussion ensued over whether in fact one should put all industrial customers, existing and whoever comes in, under it.

 In the final analysis, government thought that we would really be abdicating our role as a government if we passed over this kind of authority to some agency like the Public Utilities Board.

MR. NEARY: The public will not have to pay -

MR. BECKFORD: Because you see, and there is a relevant section

MR. BECKFORD: that I will quote now in a minute, because if you look at - let us talk about future industrial customers, the potential industrial customers. If somebody tomorrow promised to the Government of Newfoundland through the Minister of Industrial Development, through the Premier, through myself or through whoever, through government, saying, "We want to establish an industry in this Province. We want to create a number of jobs." If we put all industrial customers under the Public Utilities Board then the Public Utilities Board will order what the rate is, that is the rate, that is the rate by legislation, that is all of it.

We say the government should have the right to be able to negotiate with that potential industry, if it is in the best interest of the Province, a rate lower than -

MR. FLICHT: They should have the same right as Newfoundland Light and Power, and reserve that right in the Buchans situation. Newfoundland Light is charging them, not Hydro.

MR. BECKFORD: Yes, well we will have to come to that one. You know I do not want to get side tracked by it. I understand what you are talking about.

MR. FLICHT: I am sorry.

MR. BECKFORD: So that government should reserve the right to be able to negotiate as a government to industry, the government's role to encourage and develop industry in the Province so that we can in some instances if the industry is such, we do not know, it might never happen, and it might happen, but we should reserve unto ourselves as a government elected that kind of power to be able to negotiate with industry a rate lower than what would be the market value rate in the interest of the economics of the Province, the employment of the Province, the sociological aspects of the Province or whatever, that is, we should not abdicate that kind of role as a government. Otherwise we have abdicated one of the chief roles that

MR. BECKFORD: all governments should play in the Province and that is encouraging and creating the climate for development. You cannot pass that kind of power over to an agency to arbitrarily, on the basis of figures and accounts, cold, hard, calculated scientific, analytical way determining just on the basis of, Here is how much it is going to cost to deliver that power to industry x, therefore this is how much industry x has to pay in order for the Hydro Corporation to recoup the expenses incurred in delivering that power.

MR. NEARY: Just let them take the blame for the consumers of Newfoundland Light and Power, that is all.

MR. BECKFORD: No. No. No.

MR. NEARY: Get the government off the hook.

MR. BECKFORD: The government is not off the hook.

MR. BOODY: The buck stops here.

MR. NEARY: The buck does not stop there.

MR. BECKFORD: The government is not off the hook at all. As a matter of fact, we could be accused of being too much on the hook, that we should be leaving it and getting, if it was possible, Public Utilities Board to order so that government would be out of the picture at all. But because of the legal requirements indicated earlier, that is not possible and Cabinet will be the final arbitrator on rates that Newfoundland Hydro will charge to Newfoundland Light and Power.

MR. NEARY: Well I hope the people will know who to blame.

MR. BECKFORD: No doubt. Usually citizens -

MR. NEARY: Politicians. Blame the politicians.

MR. BECKFORD: Citizens in most democratic countries have been able to in the last decade -

MR. NEARY: Do not blame the Public Utilities Board.

MR. BECKFORD: - to determine who to blame on policies of this magnitude.

MR. BOODY: Were you around when the EPCO deal was made?

MR. STANE: No, I was not. No more than the hon. gentleman was.

MR. RECORD: Page ten of the bill, section 15, subsection (3), "where the Hydro Corporation supplies power to a user who is not a retailer the Corporation shall use its best endeavours to obtain for that power such rates or class of rates as would be compatible with the power policy declared in section 3," that I quoted earlier, "and if the Corporation is unable to apply such rates or class of rates because of public policy that the government has as it relates to industry coming into the Province, or existing contracts, and are still not able to negotiate it on," we are giving right here, the Board of Directors of Hydro the mandate to try to negotiate better deals for existing power contracts, if that is possible at all. And if it is not possible"the Lieutenant-Governor in Council shall enter into such financial arrangements or other arrangements as may be necessary to enable the Hydro Corporation to comply with that power policy in respect of other users of its power."

In other words, if the Hydro Corporation in its negotiations in the EPCO situation or in the IEC situation, or in new industries that come in, are not able to negotiate a rate which would give them the return that they need so that the return is just as great as the amount they had to pay to get the power to that industry, then government steps in through some mechanism and pays the difference to Newfoundland Hydro, as is the case now in the EPCO contract or other industrial contracts in the Province. But they must in the first instance, when this act was passed, try to negotiate better rates. That is a mandate that we are giving to the Board of Directors of Newfoundland Hydro. They must try to negotiate better rates if at all possible. And they will be assisted in that endeavour of course by ongoing efforts in the Department of Industrial Development and Mines and Energy right now, for example, where we are trying to assimilate and get together all the facts and figures, for example, as it relates to the EPCO operation, to see if it is not possible to negotiate a better rate for power.

MR. BECKFORD: But we do not think, Mr. Speaker, that it is, at this point in time in our history, at least fair and reasonable for us to legislate so that the Board of Public Utilities could examine how much it is costing Newfoundland Hydro - right? -- to supply power to EPCO, that that is ten times more than EPCO are now paying and then order EPCO to pay it, because EPCO will be out of business tomorrow morning.

MR. NEARY: Sock it to the consumer but do not sock it to the industrial firm.

MR. BECKFORD: The consumer is getting a fair number of jobs out of EPCO that are necessary in this Province too.

MR. LUNDRIGAN: 580.

MR. NEARY: And you are going to defend that now are you?

MR. BOODY: The power rate was justified by the agreement that was entered into by the previous administration.

MR. LUNDRIGAN: Right, legal and binding.

MR. NEARY: Well, you are over there long enough to change it.

MR. LUNDRIGAN: We cannot undo it.

MR. BECKFORD: In the first instance we are saying that this should be negotiated. We will attempt through that section I just read, negotiate with present industrial customers for a better rate if that is possible at all, that this is the better way to go. And for future industrial customers,

MR. PECKFORD: government must reserve the right as contained here in one part if it is public policy to be involved in and be a part of power policy as it relates to future industrial customers so that we can have some say in attracting industry to the Province using the vehicle of lower power rates if that is necessary to do and if the industry is viable, if it is going to provide sufficient jobs and all the rest of it to allow that lower power rate to be acceptable by the people of the Province that we must reserve that right.

Most of the other principles in the bill are, the other points in the bill are minor principles, I would suggest, that hon. members can ask questions on. The PDD is going to have to appear before the Public Utilities Board within six months. We even put this in the Act to ensure that it is clear to everybody that this is not a statement of policy only, that this is a matter of generality that we are saying, Yes, Public Utilities, Power Distribution Districts are going to have to appear before the Public Utilities Board, Newfoundland Hydro are going to have to appear before the Public Utilities Board, but we are making it mandatory here that they must do it within six months, for example, as it applies to the Power Distribution Districts. So that it is clear, precise to all and sundry that this is a serious piece of legislation in which these two agencies must appear before the Public Utilities Board.

I do not know if there are any other points there, Mr. Speaker, that I should point out as a matter of principle. I do not think there are. I think these are the main principles that apply. Just let me sum up, Mr. Speaker - this is a major piece of legislation, a piece of legislation that I am, as minister responsible, very proud of. I think it is a good middle of the road approach to a very difficult problem that not only Newfoundland is facing, but that all of Canada is facing. There is only one province in Canada which has actually gone further than we have and that is

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MR. PECKFORD:

Nova Scotia.

MR. NEARY:

Ontario.

MR. PECKFORD:

No, no, Ontario has not. I beg to differ.

MR. NEARY:

Ontario has to go to -

MR. PECKFORD:

No, no. I will explain that to the hon. gentleman so that he will know what he is talking about. The only one is Nova Scotia, and Nova Scotia's situation is not exactly the same as ours because their power utility per se is a retailer in a big way as well as a wholesaler. Now Newfoundland Hydro is only a wholesaler of power. Newfoundland Hydro is not a retailer of power, it is a wholesaler. It wholesales to Newfoundland Light, it wholesales to the Power Distribution Districts, it wholesales to Bowaters, it wholesales to Price, it wholesales to all the industries in the Province. It is not a retailer in itself.

In Nova Scotia you do have the Public Utilities Board. The Nova Scotia Power Commission reports to the Nova Scotia Board of Commissioners of Public Utilities; there are public hearings and there is a forecast test period given and the profit policy is the cost of service to recover operating expenses, depreciation and debt expenses all built into it, and the rate philosophy is to maintain desired profit levels and the rates are standardized across the province. It is a Crown corporation the Nova Scotia Power Commission which is both a supplier and distributor, unlike Newfoundland Hydro.

In PEI you have a number of private companies - Maritime Electric which obviously because it is a private utility reports to the Public Utilities Board of PEI, so therefore you are not talking about a Crown agency like you are here now in this Act. There is PEI.

New Brunswick - New Brunswick Electric - this is in New Brunswick - reports to the Electric Commission where the Minister of Energy is the chairman. No public hearings are held.

MR. PECKFORD: It does not go before a regulatory agency in New Brunswick at this point in time at all in the New Brunswick situation.

Hydro Quebec - what happens in Quebec?
Hydro Quebec reports to a parliamentary committee chaired by the premier of the province. Rate increase -

MR. NEARY: What is wrong with that?

MR. PECKFORD: - involves intensive talks with the committee -

MR. NEARY: Why not democratize Newfoundland?

MR. PECKFORD: - the last increase approved until 1977 with annual increments. So it goes to a parliamentary committee chaired by the premier of the province. That is what we are doing now, we are putting it back into the executive council.

MR. NEARY: You are pawning it off on the Public Utilities.

MR. PECKFORD: No, we are not.

MR. NEARY: You are.

MR. PECKFORD: In what way if we are going to make the final decision, if Cabinet is going to make the final decision?

MR. NEARY: So you would blame it on the Public Utilities Board, and this is the kind of game that -

MR. PECKFORD: No, you cannot do it. We are not playing a game. That is, you know -

AN HON. MEMBER: What do they do in Ontario?

MR. PECKFORD: Ontario - Ontario Hydro reports through the directors to the Minister of Energy. Ontario Energy Board reviews the capital budgets, operating budgets and rate increases and reports to the minister, and there are public hearings, but it is still in the hands of the politicians to decide, it is not decided by a regulatory agency.

Manitoba Hydro reports through the board of directors to the premier of the province, files rates with Utility

MR. PECKFORD: Commission as a matter of record - no public hearings - rates established for next fiscal year at the beginning of the year. And Manitoba, remember now, is an NDP province. This is a socialist province, this is where one would feel that it is more likely that they would have some kind of regulatory agency governing this kind of operation, this kind of public utilities, the Manitoba Hydro.

MR. NEARY: (Inaudible)

MR. PECKFORD: It is a Crown agency, yet they have no public hearings in Manitoba -

MR. NEARY: They do not have (Inaudible) for pawning the blame off. They answer directly to the people.

MR. PECKFORD: How about Saskatchewan? How about the great socialist left wing province of Saskatchewan? Surely, surely they have public hearings.

MR. NEARY: They answer to the people.

MR. PECKFORD: Surely they do.

MR. NEARY: They answer to the people.

MR. PECKFORD: Reports - Mr. Speaker, could I be heard in silence?

MR. SPEAKER: Order, please! The hon. minister requests that he be heard in silence as is his right.

The hon. minister.

MR. PECKFORD: Saskatchewan reports through the directors to the provincial Cabinet. The Minister of Energy is chairman of the board. No public hearings in Saskatchewan - no public hearings in Saskatchewan, the great left-wing province of Saskatchewan.

In Alberta, you have Calgary Power, which is a private company that reports to the Public Utilities Board in Alberta because it is a private utility, Calgary Power Company. In Alberta, Edmonton Power, which is a municipal body or company, reports to city council, no public hearings. The Edmonton Power Corporation

MR. PECKFORD: or limited company, whatever it is called, is a municipal company in Edmonton. It has no public hearings. Alberta Power, which is a privately owned company which supplies and distributes electricity, reports to the Public Utilities Board of Alberta and, of course, has public hearings, a private company. Those are the three companies in Alberta.

British Columbia reports to the directors which includes Cabinet ministers - Cabinet ministers on the board of directors of BC Hydro - no public hearings in British Columbia.

There is the situation across Canada. We believe that through this Act we are going to give to the consumers of the Province - well we are going to give a better deal for Power Distribution District people. We are going to ensure that what Newfoundland Hydro is asking as a higher rate for its wholesale price to Newfoundland Light, to Power Distribution Districts is heard publicly before a semi-judicial body, the Public Utilities Board, and after they have heard it they will report to the minister and the Cabinet, and then Cabinet has to decide whether it agrees or disagrees. If it agrees, it agrees and the rates are charged. If it agrees that the price should be lower, then we have to make up the difference as a government to the Newfoundland and Labrador Corporation. That is in the Act here as well. If we ask them to pay more, of course, then it will be less of a difference we have to pick up. But we will have to, in the final analysis, be the ones to be responsible as a government for the kinds of rates that are charged to Newfoundland Light which distributes to all the domestic consumers and to PDD which distributes to the rest of the domestic consumers. So we are covering all individuals, all domestic consumers of electricity in the Province are covered under this Act, and any electricity charged, any bills charged to them for electricity in their homes must go through the scrutiny process of the Public Utilities Board, both from the wholesale level, one, and two, from the retail level, because Newfoundland Light

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MR. PECKFORD: already has to go to the Public Utilities Board, and we are now saying that the other retailer of power in the Province, the Power Distribution District, must also follow that route and publicly demonstrate that it needs this kind of increase in order to maintain its position and to continue to distribute that power.

Overall, we believe it is a fair, equitable and right step forward for the Province.

MR. STRACHAN: Mr. Speaker -

MR. SPEAKER: The hon. member for Eagle River.

MR. STRACHAN: Mr. Speaker, this bill, Bill No. 98, is in essence two separate bills in some ways or two separate Acts

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MR. STRACHAN: or separate sections anyway most definitely. There is a provincial power policy, the first part of it, and we will probably get into that and discuss that part of it, and then there is the second part of it which is to bring the Newfoundland and Labrador Hydro under the P.U. Board or under control of their rates.

Let me get into the first part of it, the provincial power policy, which is the part which we like, obviously, the good part of it, and the second coming under the P.U. Board, or so-called coming under the P.U. Board, which is the part which we dislike. But let me deal with the first part first.

As the minister has indicated, what will be done now is that we will now, by this act, we will now be discussing the blended cost of energy. So that what we have had up to now is areas, and especially the district in which I live and represent, areas which have had to pay four to five times the cost of electricity than any other consumer in this Province. Industrial people in that area, small shops, storekeepers and so on have to pay up to nine times the cost of any other consumers in this Province. Because one lives in Labrador and because Churchill Falls power is quite close does not mean to say that you have cheap electricity. In fact, we pay the highest cost for electricity in this Province. We also should indicate that in order to discourage people using electricity we have had a typical situation in which as we use electricity our rates increase with usage rather than decrease with usage, so that any homes - there are no homes getting electric heat, but if any homes using, especially during the Winter months when there are long dark nights and only short hours of daylight, homes using a great deal of electricity very quickly go up to 1,000, 1,500, 2,000 kilowatts are paying very high rates for their electricity. And it has been a question that we have brought up consistently here that there should be an equalization of the electricity rates right across the board.

MR. STRECHAN: And there will be an increase, of course there has to be increases. People elsewhere who are receiving-elsewhere in the Province, who are receiving the cheaper rate because they are on Hydro for instance or rates because they are mixed will now find that they are going to have to pay a higher price. And I think rightly so because I feel that the rights for electricity should be the same for everyone in the Province, right across, irrespective of where they live. To tell people in isolated areas that they could have to pay sometimes four, five and up to nine times as much as someone living in a more urban community I think is totally wrong.

So this policy, which brings in the fact that from now on there will be no separation of hydro power and diesel power, that it will be a blended figure, a blended cost for energy, this is, as far as we are concerned, a great step forward and is significant. I do not know why the two of them are combined and the power policy is combined with the electricity rates coming under the P.U. Board. Maybe it is a form of camouflage because there has been a great deal of flack on the Appeal Board situation.

Possibly the minister in closing off the debate could discuss the fact that this applies only to non-industrial consumers. It does not apply to industrial consumers. And I am concerned that small businesses in areas which are fed by diesel electricity will have to pay the higher old price. Do they have to pay the unblended cost, the previous cost, which is an extremely high cost? Is there any attempt at any time of subsidizing that cost in any way since they do not come under this power policy? This power policy is only for non-industrial consumers and not for industrial consumers. So I wonder whether there is any policy going to be developed which will give the small businesses, which have taken a tremendous knocking in this Province, any benefits in rural areas where they really suffer already through isolation and now we find that they have no relief.

MR. STRACHAN: But however the consumers—and we welcome that part, I am sure that there is nobody who will argue with that, we welcome the fact that the consumers themselves will now pay a uniform rate right across the Province. It is also indicated by the minister that rates undoubtedly will increase and that there is a need by Newfoundland and Labrador Hydro for funds, capital funds in order to develop in some areas. And again I refer to Williams Harbour, a community in my district which has no electricity. A permanent community, the people there are now working in a fish plant, building a fish plant for themselves, trying to get underway, putting out 15,000 barrels of herring, trying to work under a small 9 KV generator which they put in themselves, poles that they put in themselves. They cut down trees and put in poles themselves. And here we are talking about the riches of Labrador and the value of Churchill Falls power and the value of Twin Falls and Muskrat and all the rivers in Labrador which are going to be our future in hydro. And here we are in 1977 with the community of Williams Harbour, a permanent community of 110 people with no electricity, in 1977 no electricity. That is a shocking disgrace. And this year again the Newfoundland and Labrador Hydro with their huge budget turned round and said that they could not find \$150,000 this year, they could not find it, they could not scrape up the \$150,000 this year to give the community of Williams Harbour in the year 1977, electricity.

Not a luxury, not television, not anything else but just plain electricity to light and heat their homes and to use in the fish plant so that they can make a living. It is ridiculous. However, hopefully as they indicate that the power rates will increase because of this blending — and I do not know if this blending is also a blind for the increase of power—but we will accept the fact that we want to see this blending

MR. STRACHAN: because people all over should pay a uniform rate. Hopefully then there will be some capital funds freed up so that Hydro can manage to get electricity into communities - there must be only one or two, I think I must have the only community left in this Province without a road - one without a road and one without electricity.

And so I hope then that we can manage to get something there. However the power policy is such - we welcome it, this blended cost of power is excellent, I think. The only problem I feel is that it has taken an awful long time to get to this stage of blending the cost of power and making it uniform right across the Province.

The second part of the bill - and I do not know why the two are blended, I do not know why, with a blended cost of energy and a blended bill, I do not know why the two are put together because one is a declaration of policy blending but as the minister has mentioned because it is going under the P.U. Board he states that for that reason then we can start talking of blended costs rather than separating it out for the different, Newfoundland Light and Power and the Power Distribution District.

The second part of the bill then is dealing with regulating rates. And I notice that the minister did not discuss - he discussed a number of clauses, but I did not notice he discussed in detail Clause 12 which is the guts of the bill. Clause 12 is the section which states that Newfoundland and Labrador Hydro, when it requests an increase in rates, must appear before the Public Utilities Board hearings in order to justify their rates. I do not know if many people have attended the Public Utilities Board, but the idea is that the consumers and consumers' organizations and individual consumers can therefore appear before the board and give evidence and try in a democratic fashion to keep the Newfoundland and Labrador Hydro rates within reason, or appeal cases to try and keep the rates down.

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MR. STRACHAN: The P.U. Board is in this Province a very structured board. It is extremely difficult for normal consumers to be able to present their evidence because virtually you need a lawyer - and many groups are now obtaining their lawyers, but it is very

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expensive - virtually, you need a lawyer before you can appear before the Appeal Board. As individuals appearing before the board, one can only give evidence that one knows at first hand; one cannot get into various things, aspects, and one finds that you are ruled out very easily. And most groups now are taking lawyers and appearing before it, which is very costly. Secondly, the board will not allow evidence to be entered in by people for others. For instance, we have had the situation where people from Labrador cannot - if they cannot travel to the PU Board so object to increases, if they cannot travel, then it is very difficult for them to present evidence in any other form except written evidence, and often it becomes very difficult for them to be able to present that kind of evidence. But what our main concern about this bill is, is that many ways we feel that it is essentially a rubber stamp, because whatever the PU Board recommend, they are the middlemen. They are the middlemen with no power, because they can virtually recommend listening to all these hearings and recommend, but all they can do is recommend to government, to Cabinet, and Cabinet makes the decision.

In many ways we feel that Cabinet makes the decision anyway so why go through the PU Board anyway? Why go through a Board which can do very little, has no power whatsoever, but the power of recommendation? Now as the minister has outlined the reasons for this, as he stated, is because of some previous covenants set up in 1965 for Bay d'Espoir which legally has made it very difficult to place before the PU Board. And as he stated they feel, and they have the evidence, they feel they would be an unacceptable risk to try to do this. If so then what is happening here is that the rates are, therefore, put before the PU Board who then recommend to Cabinet and Cabinet decides on the rates. Virtually it seems to me that in some ways this is done purely to satisfy the fact that you have stated that the rates would

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come under the PU Board. It was a declared policy of yours and, therefore, now you felt that you must do it. You have declared the policy somehow or other because there are legal hang-ups and because there are a number of other hang-ups. You must do this because you have declared you are going to do it and, therefore, you put it before the Board and only allow them to recommend it.

MR. PECKFORD: Because we say it is a very, very worth-while process for the Crown agency to go through in the same way that the private agency has to go through it. Right now eight times out of ten it would be the same as what Hydro would have gone even if they did not have to go before the Public Utilities Board. But that kind of scrutiny should be able to stand the light of day, and it should keep the Crown corporation on its toes in the same way as a private utility has to be kept on its toes.

MR. STRACHAN: Okay, fine. The minister in closing off the debate will probably be able to explain his point of view, but I will explain my point of view. -

MR. PECKFORD: Okay, I am sorry.

MR. STRACHAN: - as we see it from our angle, and that is that we still feel that really what is occurring is that Newfoundland Light and Newfoundland Hydro go to the PU Board, ask for the increased rates, the PU Board has its hearings, makes up a set of recommendations, sends its recommendations up to the minister who then takes them to Cabinet, and Cabinet decides whether they are going to do it or not. Essentially what we are saying is that in here we feel that we have got a middleman. Now there was a question raised by the member for LaPoile (Mr. Neary): Are these middlemen just rubber-stamping? Being middlemen are they going to accept the blame, the political blame, the blame that people in the Province will put on higher rates? For instance, will it now be transferred from government to the PU Board? Will the PU Board

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now become the ogre in the setting of the Hydro rates, therefore in essence, taking the heat off government although the PU Board can do nothing but recommend the rates? They cannot make the decision. Government makes the decision. So what we are stating then is in a case like this, the minister has stated - and I take him up on this part here - that non-industrial consumers are not under the PU Board, will not come under -

MR. PECKFORD: Non-industrial?

MR. STRACHAN: I am sorry, industrial consumers.

MR. PECKFORD: Right.

MR. STRACHAN: - will not come under, because he feels that government must be able to negotiate, to be in a position of negotiating for new industry or various other things, and you cannot have a fixed policy or a fixed price or rate set by the PU Board. You cannot, therefore, pass over that power to an agency, which was in the minister's statement. You cannot pass that power over to an agency to set the rates in essentially an industrial situation. Our arguments here then in many ways is that we are passing it over to the PU Board but what are we passing over in the case of non-industrial consumers? What we are passing over is only the right to recommend. We are not passing them over anything anyway so if it makes the case for industrial consumers, why not just keep it the same way for non-industrial consumers? If that is - I am extrapolating from what the minister has said -

MR. PECKFORD: Yes, I know what you are saving.

MR. STRACHAN: - if he follows my point.

MR. PECKFORD: I understand.

MR. STRACHAN: So my argument then is, what have we done by passing it over, the authority - not authority, sorry - we have passed no authority whatsoever over to the PU Board. All we have passed over to them is the right to hold hearings. But are the hearings really very meaningful? When the PU Board themselves

Mr. Strachan.

know they have no power whatsoever except the power to recommend, therefore are the hearings going to be in a meaningful way? Because there are a great deal of questions about PU Boards as they are set up, because the PU Boards in most cases, almost all cases, make recommendations for increases and very, very seldom do they ever cut down these recommendations or cut down the increased rate asked for, very very seldom? In fact, the problem that many people have they state that it is too cumbersome a procedure.

For instance, we wanted to go in front of the PU Board recently for a telephone company, the increased rates in Labrador. People from Labrador have real problems that I will not get into because it is irrelevant to the bill here. But we have real problems with the telephone rates in Labrador and in some of the problems where people got to hook up and stand and often hold one telephone into another. We wanted to present that to the PU Board on video tape, because we felt that we could take it around and film some of the problems we face, the PU Board would not accept the evidence. They would only accept it if that person from that community would travel to St. John's at their own cost, and present their evidence. Now what we are stating here is that many times the PU Board as such is already a cumbersome organization, a cumbersome method of discussing rate increases, and here what we have done in this case here is we have not allowed them the right - the PU Board - we have not allowed them the right to set the rates and decide the rates for the consumer. We have passed that - all we are having them do is passing recommendations on to government and the Cabinet will decide and pass these back to the PU Board possibly or on to Hydro, whichever way it works. And we feel that possibly the PU Board then will be blamed for the increased rates, getting the government, therefore, off the hook and saying that it is not government who set the rates, "we are only following what the PU Board told us."

MR. STRACHAN.

So in many ways we feel that the first part of the bill, the power policy, is excellent. In fact, it should have been carried out a long time ago, but fine, it is carried out now, and it is number one as far as we are concerned. Everyone across the Province, irrespective of where they live, should pay uniform rates. And that is an excellent step forward and as far as people in Labrador are concerned, it is a tremendous saving, a tremendous saving.

MR. ROBERTS: Do you think this means uniform rates in Labrador?

MR. STRACHAN: He stated blended power. If we ever get blended power, the diesel rate will come down.

MR. PECKFORD: The -

MR. ROBERTS: When?

MR. PECKFORD: Within six months, because I got to appear before the PUB.

MR. STRACHAN: The second part of it -and my argument was that by putting in here regulation of rates to the PU Board was in some sense a camouflage or it is a rubber stamp or it is just a middleman process to take the blame for it all and leave the government off the hook and that is where our basic argument is, in that clause there.

I would like the minister to explain then in conclusion when he finishes off, the situation with industrial consumers. The consumer, the normal consumer will now be under this blended rate. Does that mean that the small industrial consumer on the Labrador coast and elsewhere will be under the old rate, the unblended rate, whatever you want to call it, in which he will be paying higher power rates, because he is getting his power from diesel electricity? I am interested in that because obviously there are small businesses and so on.

MR. PECKFORD: I do not understand the question.

MR. STRACHAN: What we are stating here is that a non-industrial consumer will be affected by this.

MR. PECKFORD: Domestic.

MR. STRACHAN: A domestic consumer.

MR. PECKFORD: Yes.

MR. STRACHAN: The industrial consumer - I am taking it that the industrial consumer are the people who own small

MR. STRACHAN: businesses.

MR. BECKFORD: No, that is not industrial consumer.

MR. STRACHAN: Well possibly the minister in closing off will delineate that for us so we will know exactly the situation. People who have small businesses and so on will they come under this or will they come under the old one?

MR. BECKFORD: Yes, they will come under this.

MR. STRACHAN: Possibly the minister would describe that part for us. But the main guts of it is section 12 there and I am sure that when we get into clause by clause we will get down to some of the nitty gritty about section 12 because we feel that all it is doing is passing over the essential blame for any increases in rates through the Public Utilities Board.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I am not quite as optimistic as the hon. member who just took his seat, neither am I going to be as kind to the minister and to the administration as the hon. gentleman. They have now introduced a new word in their vocabulary in this House, Sir, 'blending'. Now they call it blending. I am not quite as optimistic as the hon. gentleman that that blending is going to bring the benefits to the hon. gentleman's constituents that he thinks it is going to bring. We will end up with uniform rates eventually, there is no question about that, Sir, but the uniform rates that the minister is talking about is an increase for everybody in the Province of about twenty-five to thirty per cent over the next year or so.

MR. STRACHAN: Well the increase (inaudible).

MR. NEARY: Of course they will blend the rates but -

MR. BECKFORD: He does not understand that there is a difference.

MR. NEARY: I do understand, Mr. Speaker. I have got three communities in my district, Petites, LaPoile and Grand Bruit that are on diesel.

MR. BECKFORD: Because you have three places in your district does not mean you understand it, Sir.

MR. NEARY: Well, I do understand it. The trouble is I understand the minister too well and I can see what the minister is up to.

AN HON. MEMBER: Diesel will be less.

MR. NEARY: Diesel will be - yes, it will be less. Of course. In the long haul it will be less. But everybody - the diesel will come down and go up at the same time. Well all right, just wait and see, Mr. Speaker. Wait and see.

MR. BOODY: Not at the same time.

MR. NEARY: Electricity rates in this Province are going to increase anywhere from twenty-five to thirty per cent in the next year. The Newfoundland Hydro have already stated that. The government have already confirmed it. Now they will come down for those who are on diesel generated power, they will come down. They will become uniform. And I do not know if they will come down enough that with all the increases that are going to be put on in the next year that there will actually be a decrease or not in the next twelve months. We will just have to wait and see. Does the hon. gentleman follow what I am saying?

MR. BECKFORD: Oh yes.

MR. NEARY: Diesel generated power of course will be brought in line with Hydro generated power. But over the long haul there is going to be a twenty-five to thirty per cent increase for everybody.

MR. ROBERTS: Now come the government has spent years resisting us when we say equalized diesel rates?

MR. NEARY: That is right.

MR. ROBERTS: - about \$6 million or \$7 million.

MR. NEARY: That is right.

MR. ROBERTS: There is he suddenly going to find \$6 million or \$7 million to equalize those rates?

MR. NEARY: The money is going to be found by increasing electricity rates in this Province by twenty-five to thirty per cent. The government have already stated that as a part of their policy, as

MR. NEARY: a part of their platform.

MR. BOBBERS: Where are you going to find the money, 'Brian'?

MR. DOODY: They will not only come in line with the Hydro rates, they will come in line with the grid which is partly new fuel generated.

MR. NEARY: Yes, that is right. That is right, Mr. Speaker. It will come in line with the grid. Everybody will be paying the same rates.

MR. DOODY: Hear! Hear!

MR. NEARY: They will be uniform rates. I am not doubting that at all. But what I am saying is this, that I would not be as optimistic as my hon. friend in stating that the people in Labrador or the people in my district who are using diesel generated power will benefit over the long haul, because rates are going to go up twenty-five to thirty per cent.

MR. BECKFORD: Over the long haul they will, not any more than the other customer but because within the short haul in the next two or three years the rates will go down and then start going up again.

MR. NEARY: That is right. They will come down and start going up. Is that not what I said?

MR. BECKFORD: Yes, but -

MR. NEARY: Right.

MR. STACHAN: (Inaudible).

MR. SPEAKER: Order, please!

MR. BECKFORD: Yes, but take the sum of money that they have to spend on power in that ten year period they will have paid less because of this policy and not more.

MR. NEARY: I do not mind the interruption, Sir, but it may be a blessing in disguise.

MR. BECKFORD: It is not in disguise, it is pretty -

MR. NEARY: So that is just incidental, Mr. Speaker, to this bill. This bill in my opinion, Sir, is a cheap political gimmick to

MR. NEARY: try and get the government off the hook. It is a complete farce. The minister calls it a major reform.

MR. BECKFORD: So it is.

MR. NEARY: It is a major reform.

MR. BECKFORD: How do you know anything about that?

MR. NEARY: Mr. Speaker, the responsibility for the increase in electricity in this Province rests fairly and squarely on the shoulders of the politicians.

MR. BECKFORD: Hear! Hear!

MR. NEARY: And that is where it should be kept.

MR. BECKFORD: Hear! Hear! And it is being kept.

MR. NEARY: It is being kept but it is being kept there by a fluke more than anything else. It is a sheer fluke, Sir. It is being kept there thanks to Mr. Greene, the solicitor for the Newfoundland Hydro, who was astute enough and keen enough to realize that the government could not pass the buck over to the Public Utilities Board and thus get themselves off the hook for any future increases in electricity in this Province, because that is what they were up to, Mr. Speaker. Some hon. gentlemen in this House seem to have great faith in regulatory bodies. I have no faith at all in regulatory bodies. All regulatory bodies are just designed to get governments off the hook, to take the heat off the government, to get the pressure off the government. And I am not condemning the people who are on these regulatory bodies. They do the best they can, Sir, under the circumstances. But all these regulatory bodies, Sir, are just bureaucracies that are established by government to get the heat off, to take the pressure off and to try to leave the impression that somebody else is to blame other than the politicians when in actual fact, Mr. Speaker, it is the politicians who are responsible for the increases in electricity in this Province, who have to take the wrap. And they can try all they like in bringing in this bill, Bill 92, "An Act To Control The Rates Of Newfoundland And Labrador Hydro And To Declare A Provincial Power Policy," they

MR. NEASE: can bring in all these acts they like in the dying days of this session of the House of Assembly and it is not going to pull the wool over the eyes of the people of this Province.

The hon. Minister of Industrial and Rural Development was boasting today about opening up a new woolen factory out in the Godroy Valley. Well, we need more than one woolen factory in this Province if this hon. crowd stay in power much longer, the way they are trying to pull the wool over the people's eyes of this Province. We will need more than one out in the Godroy Valley to produce the wool.

Mr. Speaker, the fact of the matter is that the government have stated that by hook or by crook, immaterial of the hardship that is going to be created on the consumers of electricity in this Province, mainly the consumers of the power distributed by the Newfoundland Light and Power Company, that the government have stated publicly they are going to reduce the subsidy that comes from the Public Treasury, that goes every year to Newfoundland Hydro. They have issued an ultimatum to Newfoundland Hydro to bring their rates in line so that they can at least break even and that is why we are seeing these huge increases inflicted on the consumers of electricity in this Province in the past year, and in the next year or so we are told that that is going to go up by twenty-five or thirty per cent.

And so they can go through all the motions they like. They might as well, Sir, move the whole thing over to the Arts and Culture Centre and put it up on the stage and have ACTRA Awards for those that can put on the best act. Because that is all it is. It is just play acting, Mr. Speaker. There is not an ounce of sincerity in it. It is all play acting and they may as well have moved it over here just down on the Parkway here and did it over on the stage of the Arts and Culture Centre, because it is a foregone conclusion, it is cut and dried now. The government have told us, the Premier has told us, the Minister told us and Newfoundland Hydro have told us that electricity rates in this Province are going to go up by twenty-five or thirty per cent over the next year or so.

Mr. Neary.

And the minister cannot deny that. The minister may try to weasel his way out of it, but it is on the public records. It has been published in the newspapers. The minister has not denied it. It has been stated in this House. The minister has not denied it. Newfoundland Hydro have told the people of this Province they better prepare themselves for a twenty-five or thirty per cent rate hike, and there is not a thing the ordinary consumer can do about it, Sir, not a thing, except, Mr. Speaker, except by a fluke. The politicians are going to be kept on the hook. The government, the Lieutenant-Governor in Council, which is the Cabinet, are going to be kept on the hook, and the only hearing that the people of this Province, the only real hearing, real opportunity that they will have is in the next election when they go down and mark their 'x's', and mark their ballots. Then they will be able to tell, Sir, whether the stewardship of Newfoundland Hydro and the stewardship of this government and the administration of Newfoundland Hydro and of this government has been carried out effectively and efficiently.

Can Your Honour tell me when this bill is passed, and it will be passed because the majority will carry and the government have the majority in the House, when they put this responsibility over to the Public Utilities Board, will the Public Utilities Board, Mr. Speaker - I ask you now a fair question - will the Public Utilities Board dare scold their masters, the government, the people who appointed them - and they may be all good men I have a great deal of respect for Mr. Clarence Powell, and the members of the Public Utilities Board - but will they scold their masters for inefficiency and waste and extravagance in Newfoundland Hydro? Will they scold the government and Newfoundland Hydro for pursuing the wrong kind of energy policy in this Province? Will they, Mr. Speaker? I am asking Your Honour a question. I know Your Honour cannot answer me, but I will answer it. I will say, No, they will not scold the administration or Newfoundland Hydro. They will not

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say, for instance, to Newfoundland Hydro, you made a mistake by building that gas turbine generator out in Stephenville, You made a gigantic blunder, a colossal blunder and a mistake. And they will not say to Newfoundland Hydro and to the government, you made a colossal blunder by expanding the thermo generating plant in Holyrood, that your energy policy in this Province is just a great farce. They will not say that, Sir. All they will do is look at the books, and they will say, Oh, yes, Newfoundland Hydro is operating in the red. They are entitled to a fair return on their investment. The minister did not refer to that at all in his introductory remarks. What is considered as a fair return for Newfoundland Hydro on their investment? We hear too much about this fair return. What about the consumer? To what is he entitled? Mr. Speaker, Public Utilities Boards and other regulatory bodies that have been set up are supposed to be protecting the consumer, and every time I pick up a newspaper when there is a hearing on I hear some official in the Public Utilities Board saying, Well, this company, that company is entitled to a fair return on their investment.

MR. DOODY: Is that unreasonable?

MR. NEARY: That is the question I am asking. What about the consumer? Is he not entitled to some protection or is it always the company that is going to be protected?

MR. PECKFORD: No, no!

MR. MURPHY: It is for the consumers' protection.

MR. NEARY: For the consumers' protection?

I will bet you, Sir, dollars to donuts that we will hear the statement being made -

MR. DOODY: It sounds like a typical bet from you, dollars to donuts.

MR. NEARY: - that Newfoundland Hydro is operating in the red, therefore we have to grant an increase of ten per cent now, ten per cent six months from now and ten per cent a year from now. And

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there will be no question about the inefficiency, the high salaries that are paid, the jet that is being used to take people up and shop and Christmas shopping sprees up to Montreal. There will be none of that. That will all be ruled out of order by the Public Utilities Board. And I should know, because I have attended enough of these hearings to know how they operate. And another thing, Mr. Speaker, somebody mentioned this earlier, that I can go down before the Board of Commissioners of Public Utilities and I can speak on my own behalf, but I cannot speak on anybody's else's behalf unless I am a lawyer. That is written into the act, Sir. The minister did not say they were going to change the act. The consumers groups, any other group, unions, municipalities, nobody but nobody can appear before the Board of Commissioners of Public Utilities to represent a group unless they are a lawyer. It is a bonanza for the lawyers. Did Your Honour know that before?

Well, I was down at a hearing when Mr. John Peddle, I believe it was, who was attempting to represent a consumers group and a gentleman who was representing the Light and Power Company, a former member of this House, as a matter of fact a former minister who was a lawyer, questioned the right of Mr. Peddle, representing CN, questioned the right of Mr. Peddle to be there representing this consumers group, and the Chairman of the Board of Commissioners of Public Utilities was flabbergasted. It was the first time the section of the act had been raised.

MR. HICKMAN: No, no -

MR. NEARY: Go ahead, say -

MR. HICKMAN: - but if you would finish the story. I am not disagreeing with a word the hon. gentleman is saying. But the board held -

MR. NEARY: The remarks, Sir, that the Chairman of the Board made, if the minister wants to know, is that he said, I wish that the hon. gentleman had not raised that point, because then he had to rule on it.

MR. HICKMAN: And he did rule on it in favour of Mr. Peddle.

MR. NEARY: No, he did not rule on it in favour of Mr. Peddle.

MR. HICKMAN: Oh, yes!

MR. NEARY: No, he did not. The matter was never, to my knowledge, ruled on.

MR. HICKMAN: You know, I am curious. I will find out, but I am pretty sure he did.

MR. NEARY: Mr. Lewis, who was representing CN, did not pursue the matter. That is what happened. If he had insisted on the law being enforced, Mr. Peddle would have had to leave. He could not represent the consumers group.

MR. HICKMAN: You know, for the hon. gentleman's information and my own, I will get that verified tomorrow, because I was under the impression, which may have been mistaken, that the ruling was in favour of Mr. Peddle. I thought I had read it in the paper a few days after.

MR. NEARY: Well, if the ruling was made in Mr. Peddle's favour, it was made by mutual consent. After Mr. Lewis had asserted his right under the act and had brought it to the board's attention, then he may have backed away from it. But the Minister of Justice should know that that is the law of this land. It is the law, and anybody can go before the Board of Commissioners of Public Utilities and insist that that section of the act be enforced.

MR. HICKMAN: I thought the issue that was raised that Mr. Powell had to deal with was whether or not Mr. Peddle's appearing with this consumer group in his capacity as - at that time I think he was president - constituted practicing law within the meaning of the act. Was that not the issue?

MR. NEARY: No, Mr. Speaker. Only those people who are lawyers can represent groups before the Board, and unless the Minister of Justice brings in an amendment to the Public Utilities Act, unless there is an amendment made, then lawyers can insist that that section of the act be enforced any time they want to.

MR. HICKMAN: I am sure that the President, say, of Rotary Club could appear before the Utilities Board tomorrow and not have to be a lawyer.

MR. NEARY: Would not what?

MR. HICKMAN: Not be a lawyer and then say, I appear on behalf the St. John's Rotary Club or I appear on behalf of the Kiwanis Club or I appear on behalf of the St. John's Board of Trade.

MR. NEARY: Mr. Speaker, the hon. Minister of Justice knows the difference of that.

MR. HICKMAN: I do not. No, I do not.

MR. NEARY: The hon. weak-kneed Minister of Justice, Sir, should know the difference and does know the difference.

MR. HICKMAN: No, I do not.

MR. NEARY: Oh, yes, Sir.

MR. HICKMAN: No.

MR. NEARY: My hon. friend knows that if I went down, for instance, and say that I am representing the people of LaPoile district at this hearing -

MR. HICKMAN: You would get a hearing.

MR. NEARY: - the lawyer for the company, for the Light and Power Company, could say, I am sorry, Mr. Chairman of the Board, but that man is not a lawyer and he represents nobody but himself.

MR. HICKMAN: The hon. gentleman from Menihek went down and did exactly that for his constituents and was recognized and heard.

MR. ROUSSEAU: Mr. Speaker, if I may?

MR. NEARY: The hon. gentleman can interject. I have been there. I have seen it. I know what is in the act. The minister knows what is in the act. The minister knows that any lawyer at any time can object to a layman being there, a layman representing groups and the Chairman of the Board has no choice but to enforce the act. Now maybe the hon. gentleman went down and said he was representing a group and no lawyer objected to it.

MR. ROUSSEAU: No, no!

MR. NEARY: Be careful now, because I mean -

MR. ROUSSEAU: Well, I only said that the last Newfoundland Telephone rate increases - I phoned early when the announcement came out and asked could I appear before the board and I was told, yes, and I was told how to do it, to write a letter and inform the board that I was appearing.

MR. NEARY: That is right.

MR. ROUSSEAU: And when I did so there was no problem. I mean, the point was not then raised, and I do not presume it to be negligence on the part of the Chairman that if anybody objected I would not appear. That was never stated from day one.

MR. NEARY: No. The hon. gentleman, Sir, probably did not hear the earlier part of my remarks when I said the hon. gentleman is entitled to go down and appear before that board on his own behalf.

MR. ROUSSEAU: On behalf of my constituents.

MR. NEARY: On behalf of nobody.

AN HON. MEMBER: Yes, 'Steve' -

MR. ROUSSEAU: May I -

MR. NEARY: The hon. gentleman can say it publicly.

MR. ROUSSEAU: Right.

MR. NEARY: The hon. gentleman can say publicly, Look, - Mr. Speaker, the hon. gentleman can say, 'Well I am going to go down and represent my constituents. But when the hon. gentleman is there before that board if a lawyer stands up and says, 'Who does the hon. gentleman represent? And the hon. gentleman says, I represent a group of people in Labrador City, the lawyer would say, I object because the hon. gentleman is not a lawyer.

MR. ROUSSEAU: No. No. My letter was quite clear because I was not authorized to appear on behalf of government, and I had to make it quite clear that I was appearing as a M.R.A. for the district of Menihek.

MR. NEARY: Mr. Speaker, look, the hon. gentlemen can make all the interjections they want. It is in the Act. The Minister of Justice knows it is in the Act, and the lawyers wrote it into the Act so that they could have a milch cow for themselves.

But anyway, be that as it may, it does not make any difference if they agree to it or if they object to it. But I am saying it is there, and anytime they want to they can trot it out. The lawyers from the company can trot it out any time they want to

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and have people barred from representing groups. Now the Minister of Public Works and Services, of Manpower, of course, he can go down, I can go down, I can write the board, and I can say to the board I am coming down, and I have gone down, and I have made presentations. But I am always very careful to say - or not to say, that I am representing a group, because the lawyers are just sitting there like a bunch of vultures waiting to jump on, especially me because I am so vocal, and I put up such a strong argument, that if they saw they were losing their case, that it was weakening their hearing before the board, they would not be long putting the boots to a layman. I am not saying the minister did not make a strong case. Maybe the hon. gentleman did.

MR. ROUSSEAU: They held off the extreme case.

MR. NEARY: But certainly the lawyers had that right. They could have restricted the minister to expressing his own opinion, his own views and not those of his constituents, although they may have coincided with the views.

MR. ROUSSEAU: I am surprised that Clarence Powell did not tell me that when I first enquired.

MR. NEARY: Well, Mr. Powell is an hon. gentleman who would prefer that that particular section was not in the Public Utilities Act. I mean I was there, he was completely shocked.

MR. ROUSSEAU: The member from Eagle River (Mr. Strachan) was in the same boat at the same time.

MR. NEARY: Yes. Mr. Powell was completely shocked, the first time I saw it raised was raised during the CN hearings, and Mr. Powell was completely flabbergasted and completely shocked.

But anyway, Sir, it really does not make any difference because, as I said earlier, regulatory bodies are merely rubber stamps, and merely designed to get the government off the hook. And when these hearings come up, if and when they do before the Board of Commissioners of Public Utilities, if you want to go down and argue

Mr. Neary:

that there are all kinds of feather bedding and extravagance waste involved in the operation of Newfoundland Hydro, that they should not have a jet, that they should close down their office up in Montreal, that they should not be providing free bus service from St. John's, from downtown St. John's here in here a couple of miles to the Industrial Park for their high paid employees, the only employees in this Province who have free transportation at the expense of the taxpayers because Newfoundland Hydro went down here in the Centrex Building, down in Donavars Industrial Park and rented office space down there, because they went down there, which is only down here by the Overpass, they provided free bus service to their employees. And I have been trying to get the details from the minister on this for weeks in this Hon. House, and the minister will not give the House the information. The minister is concealing and hiding the information. So how is the Public Utilities Board going to get it, Mr. Speaker? They are not. The answer to it is they are not going to get it. It is just going to be another bureaucracy, and other procedure that the government will hope will leave at least an appearance that the consumer has a fighting chance, when in actual fact, Sir, the dice are loaded against the consumer. There is no way they can win.

Now there will be people go down, sure, and go through the motions and argue and fight and try to grasp for straws, and hope and pray that somebody will hear their plea, that they cannot cope, they cannot afford increases in electricity rates that they have had enough.

MR. DOODY: Is the hon. member arguing against the amended cost precept?

MR. NEARY: No, Sir, I am not arguing against it, but the results of that we will just have to wait and see. I am not quite as optimistic about it, as I said.

MR. DOODY: When you make your presentation at the next hearing, which side of the fence will you be on or will you come down squarely on both sides?

MR. NEARY: Mr. Speaker, I doubt very much if I would waste my time.

MR. DOODY: Until you see which way the wind is blowing.

MR. NEARY: I would not waste my time.

Mr. Speaker, what the government should do really if they are genuine and sincere about this is set up a Parliamentary Committee and let them go around the Province and hold public hearings. Let the politicians take the rap. Put the blame where it belongs, and do not try to leave the impression that if there are going to be huge increases in electricity rates in this Province that the Public Utilities Board are going to be responsible for it. And I can hear the minister screaming and trying to weasel his way out of it now by saying, Oh well we went through the democratic procedure, we had hearings before the Public Utilities Board, they made their recommendations, and we have no choice but to go along with it. That is what the minister will be saying, and the government, and all the spokesmen for the administration will be saying, Oh yes, this government -

MR. DOODY: It is for the people.

MR. NEARY: - brought in a great reform -

MR. DOODY: By the people.

MR. NEARY: - brought in a great reform -

MR. DOODY: And of the people. Your five hours is up.

MR. NEARY: This great reform gave the people an opportunity to go in and air their grievances. And there will be some people go in not knowing or probably they do know in their hearts that there is no way they can win, that the dice are loaded and the cards are stacked against them, and through a fluke, because of the astuteness of Mr. Greene, the lawyer for the Newfoundland and Labrador Hydro Corporation, thank God that the responsibility is still in the hands of the politicians, and that they will be the ones that will either be praised or they will be criticized comes the next election.

MR. DOODY: One or the other.

MR. NEARY: That is right, Sir. The people of this Province will judge the administration, judge Newfoundland Hydro on its performance. Did they follow the right policy? Did they clean their own house before they started to sock it to the consumers? Did they look at nationalizing or provincializing the distribution of power in this Province, rather than have the profits of the power that is produced by the taxpayers of this Province. Have the profits go into the pockets of shareholders who do not even live in this Province, they live up in Montreal. The Public Utilities Board will not decide these issues, Sir. These issues have to be decided by the government, and they have to be decided here in this House.

When the government of this Province decided that they would provincialize or nationalize or whatever you want to call it - it seems to be a dirty word in some quarters - when the government of the day decided to nationalize the production of power in this Province they should have gone all of the way, Mr. Speaker, and they should have nationalized the distribution of power. How foolish we are, how stupid it is! What kind of a crazy policy is it for the taxpayers to produce the power and then give it to a middleman to distribute and make the profits off it. The real profits, Mr. Speaker, are in the distribution of the electricity. And I suppose about 75 per cent or 80 per cent of the power distributed in this Province by Newfoundland Light and Power Company is generated by the taxpayers of this Province. I do not know why it was not done at the time, I do not know if the administration, the Leader of the administration lost his nerve. But I would say, Sir, at the earliest opportunity

MR. NEARY: when the psychological moment arrives that we should take over the distribution of power, of electricity in this Province. And if there are any benefits then they should go to the taxpayers, the people who produce the power. We nationalized the production of power and then we gave it to the mucky-mucks to distribute. And we are told in the first quarter of this year that their profits were over what they estimated by \$100,000. Last year they had to cut the rates. And here is the Public Utilities Board again, this great regulatory body that we are talking about, gave them - we are too generous on the side of the Newfoundland Light and Power Company.

MR. PECKFORD: When they found out that they were too generous they projected a certain demand -

MR. NEARY: Well, what else would you expect them to do?

MR. PECKFORD: How can you expect somebody to project to the exact kilowatt hour, how much electricity somebody is going to burn? How many times are you going to put your toaster on? How crazy! You cannot project specifically.

MR. NEARY: And we are told now, Mr. Speaker, that the profits of the Newfoundland Light and Power Company for the first quarter of this year are up substantially to what they were over last year and that they are \$100,000 to the good. And will that be refunded to the consumers or will they wait until the end of the year to see where they stand and then use it up in the meantime, use it up in all kinds of ways? I am told - I do not know if it is correct or not - but I am told that before the Newfoundland Light and Power goes before the Public Utilities Board for a hearing that they sock it to the overtime, they sock it to the expenses, they dish it out to make the picture look as bad as they can so that they will almost be guaranteed to get their increases. So, Mr. Speaker, this bill is not going to change the situation one iota, and I hope that nobody is fooled by it. I hope that no members of this House

MR. NEARY: are going to be sucked in to thinking that this is going to be a good thing - just merely putting the consumers and putting people through the motions. The whole thing is cut and dried now. And we know what is going to happen. I will forecast right now that you can have all the hearings you like, but this government and Newfoundland Hydro are going to go ahead with huge increases in the next twelve months in electricity in this Province. And does anybody want to take a bet with me? Any member in this House want to take a bet? How about the Minister of Consumer Affairs who is supposed to be protecting the consumers in this Province? Would the Minister care to take me on?

MR. MURPHY: It is against my religion to bet.

MR. NEARY: Well the hon. gentleman did not think so when he was looking after baseball -

MR. MURPHY: Right -

MR. NEARY: - and the hon. gentleman was involved in a little gambling, a few bingo games here and there.

MR. MURPHY: - or the elections in St. John's West coming up and anybody has got any money I will take it up.

MR. NEARY: That is right, Sir.

What about the hon. Minister of Municipal Affairs? Does that hon. gentleman want to take me on?

MR. DOODY: The hon. minister is (Inaudible)

MR. NEARY: How about the Minister of Finance?

MR. DOODY: Take you on?

MR. NEARY: Does the hon. gentleman want to take me on?

MR. DOODY: Anywhere, anytime. I tried to take you on the last time, sure, and you disappeared.

MR. NEARY: If the hon. gentleman wants to take me on now well the hon. gentleman should name his price.

MR. DOODY: I am not for sale.

MR. NEARY: I will forecast to this House right now that there will be huge increases in electricity rates in this Province in the next twelve months.

MR. DOODY: I will forecast that the sun will rise tomorrow morning.

MR. NEARY: And I will forecast that we will have just as much extravagance and waste in Newfoundland Hydro and in this administration as we have seen in the last five years, that there will be no attempt at economizing before Newfoundland Hydro and the administration decide to sock it to the consumers of electricity in this Province. The jet - they will not go down there in St. John's Airport and auction off that jet that is costing Newfoundland Hydro a half million dollars a year to operate. Mr. Speaker, if they would only do things like that then they would show the people of this Province that they are genuine and sincere. Mr. Speaker, when you take into account the cost of the pilots, the co-pilots, the landing fees, the maintenance of that jet, the fuel that it uses and all the other expenses involved, it costs Newfoundland Hydro a minimum of a half million dollars a year. And that is a pretty fair amount of money, Sir.

The bus service I spoke about, the only one in the Province that provides free transportation to employees to take the workers from here over to Donovan's Industrial Park, I am told it is costing Newfoundland Hydro \$30,000 a year. The security they have around their property - the work was given out without calling public tenders, a little bit more of political patronage, more political favouritism and patronage. And you know, Mr. Speaker, when you take all these things plus all the other things - the big salaries they are lashing out, the fringe benefits, the cars, the homes they are lashing out to the employees, the pension plans - you put it all together, Sir, it amounts to \$2 million or \$3 million and that is a fair amount of money. But no, they will not economize, they will not

MR. NEARY: listen to reason, they will not listen to constructive and positive ideas and constructive criticism. No, they will let this go on. They will still operate that office up in Montreal while CFLCo officials turn up their nose at having to live in this Province and refuse to close the office, and the administration does not have the intestinal fortitude to close her down. They put the padlock on everything in Newfoundland, they are closing down every industry here they can, putting the golden padlock on all the industries in this Province, but they will not close down that expensive posh office up in Montreal that should be moved into this Province, should have been moved two years ago. I do not know how much it is costing the taxpayers of this Province. I would submit to Your Honour that it is costing a fair amount of money. And when you total it all up, Mr. Speaker, it could amount to substantial savings. And before they start whacking more increases on the consumers of electricity in this Province the government itself should economize a little bit and force Newfoundland Hydro to tighten up its belt. And the day that I see an auction down in Torbay, down at St. John's Airport, when that jet is being auctioned off then I will say, 'Glory, hallelujah!' - the CFLCo jet - then I would say the government are sincere in their attempts to try to balance the budget of Newfoundland Hydro.

Mr. Speaker, when the consumers' associations and the individuals and groups go down to the Public Utilities Board and they say, 'Mr. Powell, Mr. Chairman of the Public Utilities Board, we think that the government and Newfoundland Hydro should have developed the hydro potential on the Island here in the small rivers and streams that we have instead of making Newfoundlanders captives of the Arabs by extending the thermo generating plant up here at Holyrood, a diesel operated plant', when they say that to Mr. Powell. 'Mr. Chairman of the Board, why did they not develop the hydro potential that is here on the Island in the small rivers and streams?' Mr. Powell

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MR. NEARY: will say, 'That is not my business. My business is to see whether they are in the red or in the black, and according to the accounts and according to the books that we have in front of us they are in the red, so they have to get their increase.' Because these are policies, Sir, that have to be decided in this House and decided by the government and they are not being done.

So, therefore, Sir, I have to say that I am extremely disappointed with this bill. It is not going to help the consumers of this Province. It may give them a little bit of a chance, as I say, to go down and kick up their heels - make a bit of a fuss, a bit of a noise, get it off your chest - and then go home and forget about it. Because, as I said, the cards are stacked, the dice are loaded against them, and there is no way that they can win in this little game that the government is playing with the people of this Province. And the real test, Sir, the real decision in my opinion will come in the next election when the

MR. NEARY: People will have a chance to take a look at the hydro policy of this administration, take a look at the hydro policy that will be put forward by the Liberal party of this Province, decide whether the government is on a disaster course with their energy policy, if they had one and I do not think they have an energy policy in this Province, and then decide whether Newfoundland Hydro is being operated efficiently, whether all the fat, the extravagance and waste is being weeded out and only then, Sir, will the real test come when the people get a chance in the next provincial general election to go into the ballot box and mark their ballot for or against that administration. That will be the day of reckoning, not down in the Phillips Building before the Public Utilities Board. Because, as I said in the beginning, these regulatory bodies, Sir, are designed for one purpose only and that is to take the heat of the government and to get the government of the hook.

MR. SPEAKER: Before recognizing the hon. member, I will inform the House of my decision with respect to the point of order which came up shortly before six o'clock. Hon. members will recall that the specific point at issue there was whether on second reading of the Loan and Guarantee Bill debate was permissible. Our Standing Orders are silent on the financial procedures in that respect. Mav and Beauchesne are of no value because our procedures are different from London and Ottawa, so the precedent of the House is what we have to go by.

I will read to hon. members from a commentary to the Standing Orders published under the authority of the House of Assembly and its Speaker of 1951. Many Standing Orders have changed since then but where they have not changed then they are still of relevance. The commentary reads "When the Committee of Supply has completed its consideration of the estimates and its report has been adopted by the House, the amounts are incorporated in resolutions to be presented to the Committee of

MR. SPEAKER: Ways and Means. Resolutions as adopted by Ways and Means are reported to the House, but by the Speaker and incorporated in the Bill of Supply or Appropriation Bill which is introduced by the Finance Minister and given its three readings then and there."

Now that, of course, applies to the main Supply Bill. I have considered the procedures of various supply bills going back to 1970 and that period of time takes in three Houses and three Speakers.

MR. ROBERTS: A high mortality.

MR. SPEAKER: Actually it takes in four Houses, but one was very brief. The precedents establish that the procedure as indicated in this commentary with respect to the main Supply Bill is applied to all supply bills introduced by resolution. In other words, therefore, with respect to a money bill introduced by resolution and after the resolution has been debated and passed in the committee, the bill consequent thereto may be read three times forthwith and is not debated during those readings.

The hon member for Windsor-Buchans.

MR. FLIGHT: Thank you, Mr. Speaker. Mr. Speaker, in first addressing myself to the bill I would point out that when the minister was making his initial remarks introducing it became obvious that he was announcing a major policy change. When he indicated to the House that the rates, Hydro rates, diesel rates in this Province are going to become uniform over the next six months that is a major policy change. And, Mr. Speaker, one of the thoughts that comes in my mind is if all it would have taken to have saved the people in the communities around this Province the kind of money that they have been spending to pay for diesel generated electricity over this past twenty years the first petition I heard in this House was a petition asking to have the diesel generated power in this Province looked at and

MR. FLIGHT: subsidized. That is the first petition. Five years before I came into the House I knew of people labouring under the kind of electric bills they are getting and all it would have taken is this bill to have saved them the thousands of dollars it has cost them over the years.

MR. ROBERTS: You do not need this bill to do it.

PREMIER MOOPES: Plus the money.

MR. FLIGHT: That is all it would have taken plus \$8 million and that is the obvious. The Premier put his finger right on it. Quick tabulation shows that to do what the minister has indicated he is going to do over the next six months is going to take a minimum of \$8 million and if one had time to work it out maybe \$20 million. And maybe the minister when he stands in his place to speak, to close this debate he will answer the hon. member for LaPoile as to where he would presume that this money will come from. Will the diesel rates stay as they are and the consumer rate of hydro go up to a point to pick up \$8 million? Because that will not be doing anybody any favours.

So, Mr. Speaker, that is an important issue in that bill but I want for a few minutes to address myself to something that to me is more important. And it is relative to a situation that has developed in this Province this past week that is going to put one of the only stable industries left in Newfoundland in jeopardy and that is the American Smelting Refining Company operation at Buchans.

Mr. Speaker, last year when Bowaters Power Company advertised for somebody to buy out this distribution system I raised the issue in this House that why not Newfoundland Hydro. The only obvious person to buy it out was Newfoundland Light and it was also obvious what would happen if Newfoundland Light bought out Bowaters, the danger of American Smelting and Refining Company being subjected to Newfoundland Lights consumer rates in this Province. And that is exactly what has happened this past three

MR. FLIGHT: or four days, Mr. Speaker; the Newfoundland Light and Power as a result of now owning or having taken over Bowater's distribution system have indicated to American Smelting and Refining Company that they are in for a forty-seven per cent increase in their power consumption, which will mean -

MR. ROBERTS: Power price.

MR. FLIGHT: Power price, in the amount of power they buy it will cost in dollars and cents \$170,000 this year extra.

MR. ROBERTS: Extra.

MR. FLIGHT: Extra. And that may well be the straw that breaks the camel's back. Now I do not have to go into, Mr. Speaker, I am not going into a lecture on what Buchans means or what Buchans is. I have said that often enough in this House. The minister himself is aware of what that operation means to the economy of Central Newfoundland and indeed what it means to the economy of Newfoundland in general.

Mr. Speaker, the operation right now as the minister well knows is marginal. Notice has been served by the heads of both companies on the minister, on government on everybody concerned. The people in Buchans accept it, the companies accept it, the minister seems to accept it, labour accepts it that the operation now is marginal and that given the present rate of production, given the known low reserves that the operation will wind down by 1979, it will reach a break-even point in 1979. And the only reason that Asarco was prepared in my opinion - and this is strictly my opinion - prepared to stay and operate on a marginal operation is that, number one, they recognized the fact that they took millions and millions and millions of dollars out of Buchans over the past fifty years and put practically nothing back. They certainly put nothing back in the Province by way of royalties. They realize what the operation means to the people of that town, to the economy of the

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MR. FLIGHT: whole area. Attitudes change, Price (Nfld.) is involved now and I think there is a feeling that they are prepared to stretch it to the limit. Ten years ago Asarco would not have been operatin in Buchans given the problems they are running into, given the profits that they are showing. Ten years ago they would have been long gone. But because of changing attitudes, I believe that one of the reasons that Asarco and Price (Nfld.) are prepared to continue is that they feel- this may sound, I am surprised I am saying it based on Asarco's reputation in that town, but I believe that they are prepared to the point that they can make a dollar, a very small dollar, they will stay and continue to operate. And as long as the ore reserves hold out they will do that.

The other motivation and maybe the greatest motivation for Asarco staying is that there may indeed be another ore body found in the Buchans area. And there is great optimism that that indeed will happen and they realize that if they close her down, if when 1978 comes they close her down if they cannot keep the operation going, they realize that if an ore body is found three or four years down the road after shut-down that the capital cost to reactivate that mill and that mine will be astronomical compared to what it would be to keep it going now on a marginal basis.

Now, Mr. Speaker, I want to hear the minister when he closes this debate point out what he intends to do about the Buchans situation.

MR. FLIGHT: The future of Buchans right now, if we are to believe the American Smelting and Refining Company and Price (Mfld.) - and if we do not believe them we should say so. The minister is the man to stand up here and say whether he believes them or not - if we are to believe the facts we have been given we are looking at a marginal operation. The PUB, the Public Utilities Board, has the future of Buchans in its hands today. They will make a decision shortly as to whether or not they will allow Newfoundland Light to nail the American Smelting Company with \$170,000 this year.

Now, Mr. Speaker, that is a windfall for Bowaters. The power that ASARCO is taking today from Bowaters, and the power they will take next year from Newfoundland Light, is being generated by the same machinery installed back in 1929 or 1930, whenever it was, the same water power. There is not one added dollar of expenses to Newfoundland Light. Newfoundland Light bought the distribution system and it is strictly a windfall, a windfall that might cost 550 people in Buchans their jobs, and might cost the whole Central Newfoundland area the Buchans situation, the mine as we know it.

Mr. Speaker, we have in this Province - several ministers have referred to it today, we know it to be a fact - industries being subsidized to \$7 million a year. ERCO is being subsidized today to \$7 million. The reason it is being subsidized is because the power is being sold to ERCO by Newfoundland Hydro. The minister in his speech made reference, and I agree with him, that the government was reserving the right to negotiate prices with industries that might come in and establish in this Province, prices, I presume, that will be below the

MR. FLIGHT: consumer rate in this Province. We would do this to attract industry. I agree with him. But is he not going to be prepared to do the same thing to keep a viable industry going? One that has contributed so much for the past fifty years. One on which the welfare of 500-odd employees rests.

Mr. Speaker, Hydro sells to Price (Nfld.) blocks of power at 5 mils to 6 mils. Hydro sells to Bowaters, power at 5 mils to 6 mils. If the Newfoundland Light and Power is permitted to increase the rates by the tune that they are asking to increase, Hydro will cost Buchans - the American Smelting and Refining Company will pay 19 mils. How does one rationalize, Mr. Speaker, and how will the minister rationalize other companies in this Province using vast amounts of electricity getting power at 5 mils, while a company that needs cheap power to survive and to continue to provide the jobs they are providing, be forced to pay 19 mils? If ever there was a case for nationalizing, Mr. Speaker, we have it right now; if ever there was a case then Hydro should go in there and say to Newfoundland Light, We will sell the power to the American Smelting and Refining Company, and we will give them the same breaks, and we will give them the same price that we are giving ERCO, Price and Bowaters.

Mr. Speaker, the Cabinet have in their hands this past year and a half, a task force report that points out in the event of the mining operation ceasing in Buchans, the few salvations that might befall that town. We have seen no indication to this point that the Cabinet have - indeed, I have been assured by minister, and I accept their assurances as being factual, that the Cabinet is indeed studying the task force report and in the process of coming out

MR. FLIGHT: publicly and stating what they intend to do.

The minister has in his hands tonight, Mr. Speaker, and over the next two or three days, the ability to either deny ASARCO the ability to continue - that \$170,000 might well be the straw that breaks the camel's back. It might well be the \$170,000 that will make ASARCO say, We have had it, stick it. We are not getting any co-operation. We are prepared to stay here and try to keep the town going, the mine going, but where is the co-operation? And when they look at what is happening with ERCO, when they look at what is happening with Price and Bowaters, then do they not have the right to say we are entitled to the same treatment?

PREMIER MOORES: Will that make the difference between the two?

MR. FLIGHT: Well, Sir, to the Premier, I am glad to hear that. I have a brief here presented, again by ASARCO, so naturally it is slanted toward their own ends. However, the Premier has all the expertise in this Province available to him to decide as to whether or not that makes the difference. All the mining expertise, all -

MR. PECKFORD: I have not received anything from ASARCO indicating the -

MR. FLIGHT: The brief to the PUB.

MR. PECKFORD: The PUB might have had it. I had no -

MR. FLIGHT: Well, I am telling the minister now.

MR. PECKFORD: I know you are telling me now. That is not a very difficult concept to understand, that you are trying to tell me something. That really sunk in, long ago. The only thing is, I have never

MR. PECKFORD: received anything from ASARCO

MR. FLIGHT: Let us not draw a red herring over the thing. Let us not draw a red herring over the situation, now, Mr. Speaker.

MR. PECKFORD: Let me talk to you. I am trying to help you.

MR. FLIGHT: Here is a brief - if I read a word from that I will have to table it, I suppose - but here is a brief presented by the American Smelting and Refining Company to the Public Utilities Board protesting the -

MR. PECKFORD: Protesting, yes.

MR. FLIGHT: - protesting the increase being proposed. Very clear, very specific. Now, Mr. Speaker, they have indicated - there is no question that ASARCO is facing, if the present increase is approved, a 47 per cent increase in their electrical costs. Newfoundland Light have finally gotten their hooks into an industrial customer in this Province. They were never designed to sell electricity to industrial customers, their design built up with the monies that have gone into them. Newfoundland Light is primarily to sell and service the consumer and they have finally gotten their hooks, to use a not very parliamentary term, into a major industrial force in this Province. By so doing and by having that - as I say, Newfoundland Light got a windfall. They are making \$170,000 for nothing, just for the right of having bought the distribution system of Bowaters. And, Mr. Speaker, if the price of buying that system means the end of the Buchans operation, the price is too expensive.

So, Mr. Speaker, I do not know, I could go

MR. FLIGHT: on and talk for half an hour.
I think I have made the point, Mr. Speaker, that this Province, that Newfoundland Hydro is subsidizing commercial operations in this Province that maybe do not need the subsidies. The minister indicates ERCO is paying two and a half mils for electricity that the consumer in this Province is paying nineteen for, that American Smelting and Refinery will have to pay nineteen for. There is no indication that ERCO needs that kind of a subsidy. But the minister has indicated that there is no way that they intend to increase that subsidy, over a long haul they will negotiate -

MR. PECKFORD: Not over a long haul, over a short haul.

MR. FLIGHT: - with ERCO. That if they tried to move the rates up he will put them out of business.

MR. PECKFORD: Well, no. You did not understand - I never said that.

MR. FLIGHT: Yes, the minister said it. Get Hansard.

MR. PECKFORD: Boy, boy -

MR. FLIGHT: The minister said that they got a committee of government sitting down negotiating, working out with ERCO the possibility. Sure it is in, the minister should read his own press releases.

MR. PECKFORD: In the newspapers! Does that mean it is right?

MR. FLIGHT: The minister should read his own press releases.

AN HON. MEMBER: In Hansard as well.

MR. PECKFORD: No, not that.

MR. FLIGHT: There is no indication if this Province were to ask ERCO - how long is ERCO going to get their power for two and a half cents? That is another issue. I am getting into something else that I am fairly concerned about. But let us forget ERCO, let us talk about Price

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Mr. Flight: (Hfld.) and Bowaters who buys large chunks of power from Hydro for five to six mills. Well the minister not go to Newfoundland Light and go to the PUB and say disallow this particular increase as it applies to ASARCO, because we value too much the 550 jobs that ASARCO is providing right now. And that \$170,000 that Newfoundland Light is going to make off of them might force them under, and might say well it is just not worth it any more, or will the minister go to Newfoundland Hydro and say to Newfoundland Hydro, You take over that distribution system, and you sell the power to ASARCO under the same mandate you are selling it to Bowaters or to Price or to ERCO, or the same mandate that the minister indicates that he is reserving for new industry coming into the Province.

So, Mr. Speaker, I want to hear and I have no idea as to what time we can expect the ruling from PUB, from the Public Utilities Board as to whether or not ASARCO will be subject to that kind of a power increase, as to whether ASARCO will be put in a position to make a decision as to whether they will pull out or not, and it is not the local management who will make that decision, it is the local management that is probably talking the head off us on carrying on what is or what supposedly is a marginal operation. It may well be the Board of Directors who says that is enough, we are not going to operate in the red, and that \$170,000 might well force them to operate in the red. And for what?

MR. FLIGHT: So Newfoundland Light and Power can make themselves \$170,000 a year plus for having done nothing except bought the division system.

So, Mr. Speaker, I could go on now and keep repeating the things I said. I think I have made the case. I think the minister is aware. I think the minister has got the responsibility now of checking with PNE and ordering them not to allow that rate as it applies Asarco, or else going to Hydro and telling Hydro to take over the distribution system, or going to Newfoundland Light and say, "You are not getting that kind of an increase as it applies to the American Smelting and Refining operation." I never thought I would see the day, Mr. Speaker, I would be standing up here arguing for American Smelting and Refining Company. When I look at the years they made \$6 million, \$7 million, \$8 million, \$9 million, \$10 million, \$11 million a year in this Province, in that town, and took it out, I never thought I would see the day when I would be standing up defending them. And I am not specifically defending American Smelting And Refining Company or demanding that they be permitted to save some money. I am concerned about the 600 people in Buchans who, when American Smelting And Refining goes, will lose their jobs, lose their livelihoods, lose any means of support they have. I am thinking about a town that has been there for fifty years, that has contributed more to this Province than any other community in Newfoundland, the same size per capita, that is what I am concerned about. That is why I want to see Newfoundland Light and ASARCO not have to pay the \$170,000.

And, Mr. Speaker, I think that I have made the case as well as I can. When the bill comes to Committee, in as far as it is relevant, in as far as it is germane, every clause in the bill I will be up until the minister indicates that he is going - the Premier made a commitment that if this \$170,000 actually will be the thing that might or might not make the operation marginal,

MR. FLICKE: that it would be easy, he would not permit it to happen. So now the onus is on the Premier and the minister to determine - we cannot afford to call ASARCO's bluff, because if we say they are bluffing -

MR. ROBERTS: Is it a bluff?

MR. FLICKE: Is there a bluff? It may well be. They bluffed before. They bluffed this Province for forty years or fifty years. But this might be the time that they are ready to have their bluffs called. And it is up to the minister and the Premier and the Cabinet and the PUE to determine whether or not this might not be the \$170,000 that will break it and that will put ASARCO in a position to say, "You forced us out. Goodbye, we are going home." And 550 people employed now, and who may well be employed five years from now because if ASARCO continues to operate on a marginal basis the optimistic side of the thing is that something might come in, an ore body might. They may start developing the low grade ore, the smaller ore bodies around the town. But if they are forced out before metal prices on the markets improve to a point where they can develop those reserves, if they are forced out, it is all over. And, Mr. Speaker, the Minister of Mines and Energy has got an awesome responsibility to determine whether or not ASARCO in their brief to the PUE is bluffing, because the minister said that if this is what it takes to keep the operation going we will take care of it.

So he has got to determine whether or not ASARCO is bluffing, whether or not the \$170,000 might indeed be the straw that breaks the camel's back, or it might force ASARCO out of business. He has got all the expertise. He has got all the reports. He spent the last two years studying Tuckers. Top management from the head office of both companies have testified documented evidence as to what is going on in there. The Premier and the minister should be able to determine whether it is a marginal operation, whether or not the operation can stand that \$170,000. And

MR. FLICHT: When he makes that decision he has got to remember that if he is prepared to call ASARCO's bluff and if ASARCO is indeed not bluffing, it is good-bye to the operation as we know it.

Now I hope the minister has been listening and I would hope that when he rises to close the debate that he addresses himself to this particular issue and what I consider and what he has got to consider a very, very important issue at this stage in the life expectancy of that mine.

MR. SPEAKER: The hon. Leader of the Opposition.

MR. ROBERTS: Mr. Speaker, if there is a speaker on the other side I will yield in the tradition of back and forth. There is nobody other than the minister who wishes to speak? Well given the fact that the minister when he speaks will close the debate, I should not yield to him now.

Let me, Mr. Speaker, say a few words about the bill because having looked at it and having had the opportunity to do some research on some of the questions raised by it I think there are some points which ought to be made.

Now, Sir, let me say at the outset that I understand that my colleague, the member for Eagle River (Mr. Strachan) and the gentleman who represents Naskaupi (Mr. Coudie) apparently have made a private deal, to put an inelegant word upon it - I was going to say arrangement - but have an understanding, the one with the other - an open covenant openly arrived at. I think was Woodrow Wilson's phrase, The purpose of this open covenant secretly arrived at is that at a quarter of eleven, I understand, they will hope to gain Your Honour's eye and they will then I believe suggest to the House a course of action which they hope will commend itself to all hon. gentlemen, and the hon. member for St. Georges (Mrs. MacIssac). I understand we are going to adjourn at eleven with a view to meeting at three tomorrow afternoon and it is my understanding that all in the House have agreed to allow tomorrow to be treated as a government business day as opposed to a private members day. Is that not correct?

MR. HEARN: Obviously it has changed since the minister -

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Cape No. 4271

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MR. SIMONS: Only at three.

MR. HEALY: Only at three.

MR. ROBERTS: So we are to meet at three tomorrow afternoon.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: I do not know if all hon. gentlemen have agreed but it is my understanding that - I can only speak for the Opposition but we are not keen on tomorrow morning. I mean -

MR. HEALY: That is the first time I heard that -

MR. ROBERTS: Oh well, I am sorry. I have not -

MR. HEALY: I had an arrangement but that is not the version I heard.

MR. ROBERTS: Well I have not been carrying on any negotiations.

MR. HIGGINS: - so I assume that the less would be more attractive. Three hours is better than six. Right?

MR. MORCAN: Six is better than three. It depends on what you are looking at.

MR. ROBERTS: Well, in any event, my understanding is the House at eleven will rise and will meet at three tomorrow afternoon and that it is agreed or will be agreed that that will be treated as a government day and then government business may be called and dealt with in the normal way. And we will adjourn at six tomorrow and then presumably will be back on Thursday and Friday and Monday and Tuesday and so on down the road until the government have done whatever they wish to do.

The bill itself, Sir, I think, as has been pointed out by my friend from Eagle River (Mr. Strachan), has essentially two major points in it. The first is the question of blending the rates, blending the two levels of electricity rate now established in this Province, blending them into one, and the second is this question of the Public Utilities Board, or the Public Utilities Board and the arrangement whereby the rates for Newfoundland and Labrador Hydro are set.

Now if I could touch first - perhaps the page would be kind enough to get me a glass of water - if I could touch first, Mr. Speaker,

MR. ROBERTS: upon the question of the subsidy - well, the subsidy plus the blending of the rates. If I understand the situation correctly, we have today in this Province two separate power rates, two separate rate schedules and let me state at the outset that I am talking about domestic rates, which includes, I understand, small commercial users but does not include either the large industrial users or customers in respect of whom special arrangements have been made such as, for example, FPCO, whose power is provided at a very, very cheap rate under the Industrial Incentives Act. It is a healthy subsidy. It is a statutory arrangement. Or for that matter any arrangements that may have been entered into with Bowaters or with Price or any other large customer. I am talking about domestic customers.

I understand there are about 150,000

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non-industrial customers in the Province. About 130,000 of them buy their power from Newfoundland Light and Power and about 20,000 buy their power from Hydro as a retailer. The two rates schedules, Sir, are the difference between them - they are differentiated by the source of the power which is sold. Most of the power sold in this Province is hydro generated power - and that hydro does not have a large H, it is hydro electric power as opposed to Newfoundland Light and Power generated hydro. So those people, the people whose electricity comes from hydro electric sources or from the thermal plants established here in St. John's - we now have one, a very large one out at Duff's siding in Holyrood, and there is a new one, I understand, out on the West Coast. I am not sure if it is peak power or regular power, but there is a large one at Stephenville, and there are a number of other thermal plants which are used as a back-up to the present system.

MR. DOODY: Gas turbines.

MR. ROBERTS: Yes, gas turbines, but thermal power.

The second rate schedule is related or pertains to people whose power comes from diesel generators, and these are mainly people in small communities, people who live in all of Labrador along the coast of Labrador, between L'Anse-au-Clair and Main, including Rigolet and I assume Mud Lake. I am not sure whether Mud Lake has diesel power at this stage or whether it has been tied in to the distribution system at Happy Valley. It includes all of my district. Well, everything on the Northern Peninsula North of Hawkes Bay, which is all of my district on the Island and also part of the district represented by the gentleman from St. Barbe, the communities to the North of Hawkes Bay, well, North of Port aux Choix - Port aux Choix has hydro electric power, I believe - but Brig Bay and Bartlett's Harbour and New Ferolle and Castor River and Reefs Harbour and these communities. It also includes Roddickton, Englee, Main Brook, a number of smaller communities, Harbour Deep, Conche, Fogo Island,

Mr. Roberts.

I think, is still on diesel power, and Burgeo, Ramea, and a number of the smaller communities in the district of Burgeo - Bay d'Espoir. I guess that is about it.

MR. WOODROW: Woody Island.

MR. ROBERTS: Is Woody Island? I do not know if I have Hydro's annual report here. I do not know whether it has a map showing - but in any event it is basically small communities, and they tend to be the more remote communities. And, of course, that stands to reason, because the communities who look to diesel generators for their electricity are the ones that are remote. They cannot get hydro power, because the cost of putting in hydro power is greater than the return.

Now, Sir, these people are paying the same rate for the first 500 kilowatt hours each month, but thereafter the rates differ very sharply. I do not have the rate schedules in front of me. In any event the precise charges are not important. They change unfortunately always upwards. But the relative and relevant point is that after the 500 kilowatt hours of consumption is passed in any given month, the cost of diesel power rises very, very rapidly. So much so that it is a very expensive thing indeed for a customer to use more than 500 kilowatt hours, and the result is that many people in the communities who get their electricity from diesel generators do not use electricity in the way that everybody else in this Province does. And I am not speaking of electric heat. I understand that a good average consumption, given normal appliances, possibly including an electric range, but a freezer, washer-dryer combinations, that kind of thing, television sets, the appliances that people today accept as standard, that are not luxuries, that are very common, and in many ways would be regarded as necessities, that the consumption on an average for this kind of outfit, these kinds of appliances being used in one's home is about 1,000 kilowatt hours. So these people in diesel communities are paying a very dear

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price for being resident in remote areas. The government now say they intend to - I think the word is 'blend' - blend these two rates. That appeals to me very much. It is something that I have been advocating for a long time, and which all of us on this side have been advocating for a long time, advocating it for two reasons: First of all, because we believe it is the right thing to do. We are unable to understand, have never been able to understand - I know how it grew up historically, and the difference in the rates was not too great until the last three or four years when the price of diesel fuel began to go sky high, and since the diesel rate beyond 500 kilowatt hours - up to the first 500 kilowatts hours it is exactly the same - but beyond that it is related to the cost of fuel oil, and the cost of servicing, and the cost of providing the power, the cost of servicing it, the difference between the two rate levels has tended to increase very greatly. So it grew up for historical reasons. But be that as it may we are today at the point where people do not have access to electricity on any kind of realistic terms. So for that reason we think it should be ended. And then there is the further reason - and let us be candid about it - almost all of the communities whose power is provided by diesel generators happen to be represented in this House by members who sit to Mr. Speaker's right. I doubt if there is anybody on the government's side offhand -

MR. ROUSSEAU: I am not.

MR. ROBERTS: The gentleman from Manihek, oh, of course, and the gentleman from St. Barbe, of course, who is on the government side. There are two or three or four communities in his district. I named most of them.

MR. PECKFORD: Green Bay.

MR. ROBERTS: Are there any communities in Green Bay? The islands in Green Bay, I suppose? Long Island and Little Bay Islands and the communities of Lushes Bight, but relatively few. Most of the people who buy electric power generated by diesels happen to sit to Mr. Speaker's right.

MR. DOODY: Bonavista North.

MR. ROBERTS: Are there any diesel communities in Bonavista North?

MR. DOODY: Greenspond, St. Brendan's.

MR. ROBERTS: Is there no cable to Greenspond? St. Brendan's is in Terra Nova district. Is there no cable to Greenspond? Is there still diesel in Greenspond?

AN HON. MEMBER: Yes.

MR. ROBERTS: There is still diesel in Greenspond.

I can remember when they were put in, but I was not aware - I thought they had been replaced by a cable, a cable had been put across the tuckle, a very narrow tuckle to the mainland, to link it up.

Be that as it may, the great majority of the people who have diesel generated power are represented in this House by members on this side. So obviously we have an interest, and a legitimate and a proper one in advocating the end of this system. So we are very pleased indeed that the minister has announced in behalf of the government a policy of blending the rates. I do not object to it. I welcome it, but I do have some questions. And I was not here, I regret, when the minister introduced this bill, moved second reading of it, but I would hope when he speaks to close the debate, whether there will be other speaks after me I do not know, but at some point tomorrow when I finish the minister will speak, I would hope he will deal with some of the questions which have occurred to us arising out of the statement. First of all I would like to know, if I could - I think the minister would have this information - exactly what is proposed? The hydro rate now is the same for the first

Mr. Roberts.

500 kilowatt hours - I am sorry - the hydro and the diesel rate are the same for the first 500 kilowatt hours. Is it proposed to make the rates the same all the way up the consumption scale or will there be any restrictions at all? For example, there may be a justification for restrictions. I am not sure that we should encourage people to use electric heat when the source of that electricity is a diesel generator. In fact, you know, they tell me that the least efficient way to use energy is the way that my home, among 30,000 or 40,000 others, is heated. The gentleman from Green Bay, (Mr. Peckford), the minister has the same problem. We are burning oil and creating electricity from the turbines which that oil - you know, the steam which that produces electricity from the burning of the oil and losing large parts of the energy value there, and then we are transmitting that into electricity and turning it back into heat for space heating purposes, and I am told that we are getting something like five per cent of the - is it the BTU's they talk about? British Thermal Units? They have not gone metric there. But, you know, it is a very inefficient way to use energy. I am not so sure we should encourage it particularly in diesel generated areas. It is bad enough now where a number of us, I guess 35,000 or 40,000 of us, are locked into electric space heating. It would be a very

MR. ROBERTS:

expensive and difficult thing indeed. I have had people, you know, looking at my house to a view of seeing what can be done. I am told it is still not worth it. You know the cost differences are still not sufficiently great to justify all of the trouble and fuss that would have to be done to rip out one heating system or to put in a second one on top of it.

So first of all, could the minister tell us exactly how far the equalization goes? Will it be every kilowatt used or will it be a certain specific set level? And if the latter, what is the level? I do not necessarily object to a level being set nor do I think would my constituents or anybody else. I do not think people living in St. Anthony particularly expect electric heat. They know there are heavy subsidies, and there will continue to be heavy subsidies paid one way or another. They know they are not paying anything like the cost of providing that power. And, you know, I think reasonable restrictions would be tolerated - reasonable! 500 kilowatt hours is not. I do not know where the level would be a 1,000 or 1,500. That sort of thing, not the 5,000 or 6,000 kilowatt hours that my meter tells me that my family and I use in the Winter months. I do not believe the meter but I cannot argue with the meter and it is no good having it changed, I mean, where do you get then? But in any event that is one point.

Next I would like to hear a little bit about the cost of it. We have been told, I have not looked up the Hansards, but from memory that it will cost \$6 million, \$7 million, \$8 million. We have asked questions here I can remember long arguments with Mr. John Crosbie when he graced the Energy Portfolio and we were advocating precisely what the government are now doing or now saying they are going to set out to do, and Mr. Crosbie telling us it would cost \$6 million, \$7 million, \$8 million and that was too much it could not be found. I would like to know what it will cost and I would like to know where the money is going to come from? The money I assume

Mr. Roberts:

will not come directly from the Treasury. I assume therefore it will come from everybody else in this Province whose power bills will be raised by an amount sufficient to generate enough money to pay off the extra cost. And along those lines, I want to know if there is an increase? What that is going to be? I am told, and these are ballpark figures, I am told the total power cost for the Province now, the total power bill on a domestic or a non-industrial bases is about \$60 million a year. So if we are talking an extra \$6 million we are talking a 10 per cent rate increase right there.

Now remember, Mr. Speaker, these rate increases come on top of everything else. We are told we are going to have about 25 per cent this year, you know, the increase requested now before the PUB and the one which will come from Hydro later on. We are told we are going to have a 25 per cent increase this year that will be 10 per cent on top of that. And then in addition there is in the estimates a subsidy this year of about \$12 million, and that is the subsidy which the government now pay to the Rural Electrification Authority and that subsidy is the difference between what it costs to produce the power, and I would add that is only in operating costs, as I understand all of the capital, it was done in our time, and still is, all the capital is treated separately. REA does not bear the capital cost; originally it was the old municipal development loan fund that Mr. Walter Gordon brought in he was Minister of Finance ten or fifteen years ago in Ottawa, in Mr. Pearson's administration, Now it is just paid out of the general capital programme of the government. So there is \$12 million subsidy representing the difference between the cost to operate the systems, the cost of fuel, of wages, of repairs whatever goes into it on the one hand, and on the other hand what comes in from the rates equalized up to 500 hours and not equalized beyond that.

Now is that \$12 million going to continue? Is it going to be replaced? If so, by what? Is that \$12 million going to

Mr. Roberts:

be added on to the other consumers of the Province? If it is not to be replaced, if it is to continue in force, then how is it going to be calculated in years to come? What proportion - I realize it is close to a quarter of eleven, Sir, and I will just go on for a moment or two. I just want to touch on one other point before I adjourn the debate for the evening.

Let me make it quite clear as I understand it if the subsidy continues we are talking of two, two sources of funds to make up the difference between what it costs to operate REA which will continue to be there, and continue to be an identifiable cost on the one hand, and on the other hand what we take in from operating REA, the rates that are paid by the customers of REA are paying at a rate equalized with that of the other customers in the Province. Now if that money comes from two sources, one is the \$12 million, and the other is let us take a figure of \$8 million, which is the figure I have in my mind, I suspect it is close to correct, the \$8 millions would be what it would cost to fully equalize it now. We have a total of \$20 million. Well is all that \$20 million going to be paid by the consumers of the Province? In which case we are talking roughly a 33 per cent increase, thereby saving the government \$12 million. It is passing through \$12 million right on to the consumers, \$12 million the government is now paying or is it going to be \$8 million from the consumers and \$12 million staying from the government, and if so how is that to be calculated next year? Are the government going to continue to pay 60 per cent of the operating deficit or what?

Now it is nearly quarter to eleven, Sir. Just before I adjourn the debate, and I will come back on this point tomorrow because I think it is an important one, I want to say a word or two about the points made by my friend and colleague, the gentleman from Windsor-Buchans (Mr. Flight). I think what he said, Sir, made a very great deal of sense. My friend from Windsor-Buchans, he made

Mr. Roberts:

I thought a very articulate and a very eloquent plea. He said near the end of his remarks that he never thought that he would be making a plea for ASARCO. Well I do not consider he was making a plea for ASARCO this evening. He is making a plea for Buchans, for the town of Buchans, for the people of Buchans. ASARCO happened to be their employer, but that is not a plea in behalf of ASARCO.

Now I do not know the ins and outs, I have been shown, and I have read in part the brief to which the member referred, the brief which ASARCO submitted to the PUB at the hearings, and I read in the newspaper some very eloquent remarks made by Mr. P. J. Lewis, Q.C. who I believe represented ASARCO before the Public Utilities Board at the hearings.

I think the facts that the member has mentioned, the facts that were brought forward by Mr. Lewis, and by ASARCO are striking, and I think that they must be heeded. I do not know whether ASARCO is going to continue in business or not. We all have very deep fears in that now St. Lawrence is apparently, to use an old adage, got one foot in the grave and the other on a banana peel, you know, the Buchans situation ought to be even more with us. My friend from Windsor-Buchans has raised the matter in the House, the future of Buchans, that matter here in the House on many occasions. All I want to say is that it would be a criminally shameful thing if the ASARCO mine were to be shut down for what of - is it \$170,000 or \$180,000? whatever the cost that is involved.

MR. FLIGHT: Annually.

MR. ROBERTS: Annually, yes. The cost that would be involved in charging ASARCO a higher rate for electricity than they are now paying. That would be criminally irresponsible, criminally shameful. I was pleased to hear the Premier say in an aside, but it was a public aside made here in the House, that if that is all that was involved then the government would step in, and presumably would provide the \$170,000 or \$180,000. I do not know where the Minister of Finance

Mr. Roberts:

would find it, but he would I am sure.

I just want to say that I think that is the right way to do it. I do not know all about the ASARCO situation. I do know I am very deeply concerned about Buchans. I do know that my friend from Windsor-Buchans is even more deeply concerned and certainly much more knowledgeable than anyone else in this House. But let me say that it would be wrong in every sense of the word if ASARCO were to close or if they were to be allowed to use as an excuse for closing their operation this relatively small sum of \$175,000 or \$130,000.

MR. DOODY: (Inaudible).

MR. ROBERTS: Well ASARCO have done very well, but so have a lot of people. You know, my friend from Eagle River (Mr. Strachan) has some figures, what is it? \$4 billion taken out in minerals in this Province since they began mining and \$50 millions have stayed in the Province in the form of royalties. I mean the numbers are absolutely astonishing.

AN HON. MEMBER: The Dyer report on Buchans -

MR. ROBERTS: Yes, the Dyer report on Buchans, but these were arrangements made in 1904, were they not, and 1905? ASARCO have not made the real money, it is Price or whatever - AND before them who made the real money. Over the years it was a fifty-fifty split and Price did nothing except provide the right to go into the ground, nothing at all. ASARCO at least developed the mine, operated it and sold the product. They are entitled to something for that.

MR. DOODY: A great thing.

MR. ROBERTS: Whether they are entitled to what they got is another story, but all I am saying is, ASARCO, the Buchans mine, is in jeopardy enough. I do not want to see it go under for \$175,000 or \$130,000. And I am glad my friend made his remarks, and I am grateful that the Premier has made what I take to be a commitment in return, and I just want to make sure that it is clearly noted on the record.

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Tape 4273 (Night)

PK - 6

Mr. Roberts:

Now, Sir, I have gone a second or two beyond the quarter of eleven time that I undertook to stop. The House Leader is glaring at me, I do not mind that. The gentleman from Naskaupi (Mr. Goudie) and the gentleman from Eagle River (Mr. Strachan) have made some prior arrangement to which the whole House must give way because it is right to give way, Accordingly I will move the adjournment of

Mr. Roberts.

this debate, and I do so with the understanding that it will be called again tomorrow afternoon, and we will finish it off and carry on from there. Well, I will move the adjournment of this debate, Mr. Speaker.

MR. STRACHAN: Mr. Speaker, I ask permission to introduce the motion -

MR. NEARY: Call the motion.

MR. HICKMAN: Motion 15.

MR. SPEAKER: Motion 15.

The hon. member for Eagle River.

MR. STRACHAN: Mr. Speaker, I ask leave to start on the motion of the member for Naskaupi (Mr. Goudie). By previous consent we discussed the situation with a motion. The member had presented this motion earlier on in the House, but as of information we have received -

MR. ROBERTS: The Speaker looks very pained about something.

MR. SPEAKER: Order, please!

I think just to keep the procedure straight what I would have to ask is if the hon. gentleman has unanimous consent to speak on the motion, because it is appearing in the name of another member, There is in our Standing Orders a procedure if it is called once and then called twice. So to keep the procedure -

MR. ROBERTS: No, this is a government member's motion now. It is called on government time, Mr. Speaker. It must be a government motion.

MR. SPEAKER: Order, please!

It is a motion given by a private member.

MR. STRACHAN: On a point of order, Mr. Speaker.

MR. SPEAKER: If the hon. gentleman will permit me to continue. It is a motion given by a private member, not given by a minister, and

Mr. Speaker .

while I am not thinking of any controversy now, I am thinking of possible precedents.

MR. HICKMAN: Mr. Speaker -

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: - Mr. Speaker, in submission, there is no precedent. The two hon. gentlemen involved in this motion, you know, one is not trying to speak ahead of the other. Maybe we can pretend that we have not heard the hon. gentleman for Eagle River (Mr. Strachan) as yet, and the hon. gentleman for Naskaupi (Mr. Goudie) can open the debate.

MR. SPEAKER: At that time I did not realize that the hon. gentleman was in the Chamber. I did not realize that the hon. gentleman was in the Chamber. So I recognize the hon. member, and if he wishes to speak, I think I should put the question, Does the hon. member have unanimous consent?

MR. STRACHAN: Mr. Speaker, there is no controversy between myself and the member for Naskaupi (Mr. Goudie) so seeing it is his motion I have no hesitation whatsoever. The matter is far more important than who speaks first. So if the member wants to speak he may do so.

MR. SPEAKER: The hon. member for Naskaupi.

MR. GOUDIE: Mr. Speaker, as the motion reads on the paper - To move: That this hon. House unanimously request the Premier or his designated representative, specifically the Minister of Transportation and Communications, to make immediate representation to the Federal Government, specifically the Honourable Otto Lang, Minister of Transport, that a state of emergency exists in this Province because of non-payment by CN for goods lost following the sinking of the motor vessel William Carson on Friday, June 3, 1977." When I brought this matter to the attention of the hon. House yesterday, there was still no final decision made on the position which Canadian National would take in terms of responsibility, if you will, for the goods which were on the motor vessel William Carson when it went down. The William Carson was bringing in a great deal of

Mr. Goudie.

goods to the Happy Valley - Goose Bay area particularly and perhaps some other communities as well in Labrador for transshipment on to these other communities. And the hon. member for Eagle River (Mr. Strachan) brought to my attention this evening at eight o'clock that he had heard on the 5:30 P.M. newscast this evening, I believe, that CN has indicated publicly that they will not accept any responsibility for goods lost, so that makes it even a more dire situation as opposed to when the motion was printed in the Order Paper. Just a few comments on this, and I should first of all apologize to the hon. Leader of the Opposition, I guess, when I was in my little quandary yesterday in trying to move a motion. I was not trying to -

MR. ROBERTS: (Inaudible).

MR. GOUDIE: No, I just wanted to explain that I was not trying to stop anyone else from debating, but I thought that hon. members were aware enough of the whole situation that perhaps it could go through in terms of expediency. That was all.

MR. ROBERTS: I do not know about yesterday, but I do not think even now - I am not sure hon. members are fully aware of it, and I would hope that between now and eleven o'clock the two hon. gentlemen will say what needs to be said. The Premier, I do not think, understood yesterday, and I am not sure I understand today the full complexity of the situation.

MR. GOUDIE: If there is unanimous support from the hon. House, I would suggest that the Premier or his representative go to Ottawa, accompanied with at least two businessmen from the -

MR. ROBERTS: Not 'Morgan'. I mean, they do not take 'Morgan' very seriously. The Premier should take the Minister of -

MR. GOUDIE: I better not comment on that particular point.

- but at least two businessmen from Happy Valley -
Goose Bay area. If other businessmen from the Province are necessary.

MR. GOUDIE.

that is fine. But it is my contention in just speaking in support of this motion that now that CN has declared it is not responsible for goods lost - there are at least fifteen businessmen and perhaps other businessmen in the Province, specifically the district of Naskaupi, who are now in jeopardy of going bankrupt through no direct fault of their own. It is my contention that CN should make a settlement with these businessmen if it is found a year or two years down the road, or two months down the road, whenever the decision is made, that CN was not responsible; if that is the case, then MOT pick up the cost of the bill, pay it and consider it a part of the regular subsidy to the CN service to Labrador anyway. That basically is all I wanted to say in speaking in support of the motion.

MR. SPEAKER: The hon. member for Eagle River.

MR. STRACHAN: Mr. Speaker, the reason why we felt we should bring it in now at the moment is because of CN's decision this evening that they were not responsible for the goods sent down on board the William Carson to Goose Bay, and we feel that a state of emergency does exist in that community. Also because the community and the businessmen of Happy Valley - Goose Bay supply the Labrador Coast, that if they face imminent bankruptcy in the very near future, and in fact some of them are being given a very short time to pay for their goods, then a serious situation exists, not only to them, but also to the people along the coast who have been dealing with them. So I am bringing up this. We feel that a state of emergency should be declared in that area. It is public transportation system. Goods have been lost on a public transportation system. Whatever CN's legal opinion is concerning their liability for goods, it still means that the businessmen of that area are left hanging up in the air with large debts owing to finance companies and to suppliers of goods who will not re-supply them until there is some settlement of claim. And so what we feel is that the government should step in. It is the only

Mr. Strachan.

thing left now. If CN have stated now that they will not accept responsibility, that the government step in in some form or other by creating a state of emergency or a disaster in the area, which it definitely was to Labrador, the William Carson's sinking itself was a disaster, and in so doing, step in and guarantee, guarantee by way of guaranteed loans or whatever system is available, whatever way legally can be done without prejudicing the case of the William Carson's sinking, because that will be the subject of an enquiry of some sort,- by guaranteeing that the businessmen will be able to continue operating and carry on their businesses especially in an area which they have been hard hit already, and now are suffering even moreso because of the sinking of the William Carson, and also the individuals who are bringing equipment back in to start up business again. Ernie Norman, for instance, who had skidders aboard, who obviously owns Traders Finance or some group and has lost his all, everything is gone out from underneath him, and other individuals in the same state.

So what we are asking here is that because of the decision by CN, that we accept this motion and that we create a state of emergency in the area and try to assist by guaranteeing, government guaranteeing some form of payment of loans or some system in which they can carry on their business and survive this last of a series of crises that they have been into.

MR. SPEAKER: The hon. member for Baie Verte - White Bay.

MR. RIDEOUT: Mr. Speaker, I will not delay the proceedings, but I just want to say, representing the people of my district, who hon. members may not realize are involved in this particular situation, I fully endorse the motion. One particular gentleman in my district had \$97,000 worth of equipment go to the bottom on the William Carson, and I can certainly -

MRS. MACISAAC: The gentleman had no insurance?

MR. RIDEOUT: As far as I know he has nothing.

Mr. Rideout.

You know, the equipment that has been shipped down there -

MR. STRACHAN: It is very strange.

MR. RIDEOUT: \$97,000 worth gone to the bottom.

MR. STRACHAN: A very strange arrangement.

MR. RIDEOUT: A very strange arrangement. I have no objection in supporting it.

MR. STRACHAN: You can be insured to the dock but once it goes aboard the vessel it is not.

MR. ROBERTS: If you are on a passenger ticket you are okay.

MR. STRACHAN: But if you are shipping freight on board it is not.

MR. RIDEOUT: Well, it is a strange arrangement but nevertheless we I think we all recognize that, but we also recognize the significance and importance of this particular situation to a lot of people in the Happy Valley - Goose Bay area and to a lot of people in my district and probably in a lot of other places in the Province. So I support the motion and I hope that the motion can be accepted and that something can be worked out so that those people will not have to wait for months and possibly even years before something can be worked out. Because these people are going to be the sufferers and the losers in this particular situation.

MR. SPEAKER: The hon. the Leader of the Opposition.

MR. ROBERTS: Mr. Speaker, I am not going to make any substantive statement because I think my colleagues have stated

MR. ROBERTS: what needs to be said and the hour is late, but may I suggest that we think of, perhaps, re-wording the motion somewhat? I find it a little much. I agree with what has been said. I know it is a very serious problem, but to say that a state of emergency exists in this Province because of the situation is really a little strong. Could we, maybe, and these are just words I marked down, say "in the Labrador portion of the Province"? It is a little much to pass a resolution to go to Ottawa that a state of emergency exists in the Province because of what is a serious matter, but, you know, the correct thing I guess would be for the gentleman from Naskaupi (Mr. Goudie) to change it in whatever way he wants. That is all I want to say. I agree with the motion, I will vote for it whether it is amended or not, but I do think it is a little extreme.

MR. RIDEOUT: Would that take care of other people in the Province?

MR. ROBERTS: Well, the state of emergency exists, just because of non-payment. Strike the words "in this Province" and do not put any geographic limitation. I do not want anybody across Canada to think that we have a state of emergency in the whole Province simply because of the Carson sinking, as serious as that may be.

MR. RIDEOUT: I agree with that.

MR. ROBERTS: Maybe the thing to do, Your Honour, is let it stand overnight and we will work out some more effective words. All I want to say is I do not think it is very - the resolution, I think, could be better drafted to represent what I understand to be the sense of the House.

SOME HON. MEMBER: Agreed.

MR. HICKMAN: Can we do it now because we want a telex to go the first thing in the morning quoting this resolution?

MR. LUNDRIGAN: So let us say "the Labrador part of the coast."

MR. SPEAKER: Is it by unanimous consent that we are sitting for a short period beyond eleven o'clock? Agreed.

MR. RIDEOUT: If hon. gentlemen would not mind, I certainly agree with what has been indicated by the hon. the Leader of the Opposition, but I would not want it limited to only Labrador. Because the gentleman that I am talking about is in Roddickton which is not Labrador.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Strike the words, "In this Province".

MR. RIDEOUT: Okay, something like that might be acceptable.

MR. ROBERTS: Strike the words, "In this Province".

MR. RIDEOUT: Yes, okay.

MR. SPEAKER: The hon. the Minister of Justice.

MR. HICKMAN: Mr. Speaker, I move that the words, "in this Province" be stricken.

On motion, amendment, carried.

On motion, resolution, carried.

On motion, a bill, "An Act To Amend The Loan And Guarantee Act, 1957," read a second time and third time, ordered passed and its title be as on the Order Paper. (Bill No. 73).

MR. SPEAKER: It being eleven o'clock I leave the Chair until three o'clock tomorrow. This House stands adjourned until tomorrow, Wednesday, June 14, 1977 at 3:00 p.m.