

The House met at 10:00 a.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

ORAL QUESTIONS:

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

MR. E. ROBERTS: It never fails! On Wednesdays we are an hour and a half getting to questions and Thursdays we are five minutes.

Mr. Speaker, a question for the Premier arising out of the meeting held in Ottawa yesterday of the ministers of Mines and Energy. They may have different titles from province to province, but in our Province it is the Minister of Mines and Energy. Can the Premier tell us whether this administration here have supported the request that has been put forward for a higher price of oil with the resulting increase which will be passed on, of course, to the consumers of - I understand given a \$2.00 rise in the price of oil, twelve to fourteen cents a gallon on gasoline and about twelve to thirteen cents a gallon on heating oil - have the administration supported that?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Not that position, Mr. Speaker, no. We have supported the position that oil and gas have to go up in time. I do not think there is any question about that. None of us want to see it, but that is the worldwide and the national situation where in time we have no choice. We would like to see it done slower than is being proposed by the Federal Government and some of the other provinces at this time. We would like to see it in smaller amounts in being proposed, but the fact is that we do support the position that it does have to go up in time. It is unfortunate, but that is just the way it is.

MR. ROBERTS: A supplementary, Sir.

MR. SPEAKER: A supplementary.

MR. ROBERTS: If our minister, the gentleman from Green Bay (Mr. Peckford), has not supported the \$2.00 well head increase with the result it is passed through the consumers, what is our position? There has been no

MR. ROBERTS:

statement of which I am aware of what the government of this Province have adopted as a position. If they do not support the \$2.00 rise or the fourteen cent gas and twelve cent fuel oil rise, what do they support?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Mr. Speaker, as I said, the only thing we support is the principle. We have not gone in and said it should be fifty cents or it should be \$1.00 or it should be \$1.25. We were hoping at these meetings to get a concensus of the majority, to get it as low as possible. And that is why we went with the position we had. We do not have any control over what the price is going to be at the well head. That is between the Federal Government and the province involved. And the Federal Government can unilaterally decide what that price is going to be. They asked us to come for consultation, and in the process of that consultation we had hoped to get it as low as possible.

MR. SPEAKER: The hon. member for LaPoile followed by the hon. gentleman from Baie Verte-White Bay and then the hon. gentleman for Terra Nova.

MR. NEARY: Mr. Speaker, my question is for the Minister of Justice, Sir. Would the minister indicate to the House just precisely what is happening now in connection with the ongoing investigations into the gear replacement scandal in this Province?

MR. HICKMAN: Mr. Speaker, I have reported to the House on several occasions that the investigation into allegations with respect to the Gear Replacement Programme has been ongoing by the R.C.M.P. and by the Newfoundland Constabulary. As their reports come in the Crown prosecutors under the Director of Public Prosecutions review them very carefully. And when they are finally satisfied that all the evidence that is possible or available has been accumulated they then make a decision as to what charges, if any, they should take. And this I understand they are doing very assiduously and some charges have been laid

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MR. HICKMAN:

before the courts. I most assuredly could not go further than that, any statement.

MR. NEARY: give us an updating on this situation and tell the House whether the CID have been either pulled off of these investigations or if they are still continuing to investigate any of these cases? Not the RCMP now, the CID. As of this moment, are they currently investigating any of these cases or have they been pulled off the cases?

MR. SPEAKER: Hon. minister.

MR. HICKMAN: If they have it is not to my knowledge. I will repeat that as of March 29, the Newfoundland Constabulary had two cases left to investigate. One was near completion and the other was to take several months. So I assume that the one, the case that would take several months, has not been completed.

MR. NEARY: A supplementary question, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. NEARY: No, I cannot question the minister's answer. But in the answer the minister said he assumes. Well, Sir, I am asking the minister a simple question: yes or no: Are the CID, are the members of the CID currently investigating any of these cases or have they been pulled off the investigation, yes or no.

MR. HICKMAN: I do not know.

MR. NEARY: Well find out. The minister should have the information for the House.

MR. SPEAKER: Order, please! Order, please! The hon. gentleman cannot debate the answer or reply of the hon. minister.

MR. NEARY: I apologize to Your Honour. Could I ask the minister a similar question in connection with the RCMP? Are they investigating any of these cases currently or are the cases finished? What is the situation? Could the minister give us - if the minister does not have the information could the minister get the information for tomorrow's session of the House?

MR. NEARY: Because this thing is dragging on now for almost a couple of years.

MR. SPEAKER: Hon. minister.

MR. HICKMAN: The matter is not dragging on .

MR. NEARY: It has been dragging on.

MR. HICKMAN: There are more man-hours spent on these investigations than any investigation that I am aware of in the last number of years. I do not -

MR. NEARY: (Inaudible).

MR. HICKMAN: I said the number of man-hours. I do not know what particular police officers are on there today or not, and I can assume, There is no problem for me to get the information. I simply ask the Director of Public Prosecution. He will not have it by tomorrow because he will have to find out. But I will not see him until tomorrow morning. But in any event let me assure this House that whatever investigatory procedures are necessary they are being carried out

MR. HICKMAN: as quickly as possible. And I repeat, Mr. Speaker, that there are residents of this Province who are presently before the courts and there is nothing more inappropriate and more improper than to start giving details of investigations that may in any way involve people who are standing charge on any offence no matter what it is, the simplest or the most serious.

MR. NEARY: A supplementary question, Mr. Speaker.

MR. SPEAKER: I have indicated that I will recognize the hon. gentleman from Baie Verte-White Bay.

MR. RIDEOUT: Mr. Speaker, my question is for the Minister of Health. I want to ask the minister whether or not he has been briefed or whether he has done any research himself into the medical research carried out on asbestos workers in Tetford Mines, Quebec; Jefferson City, Quebec; Asbestos City, Quebec; Southern California and in manufacturing plants in Europe and America?

Is the minister going to answer the question?

MR. COLLINS: I will send over an atlas so the hon. member can find some more names.

MR. RIDEOUT: - find it.

MR. SPEAKER: Order, please! The hon. member may not debate, but may ask questions and then if the hon. minister answers he may answer but that is as far as it can go.

The hon. Minister of Health.

MR. COLLINS: Mr. Speaker, there has been an untold number of discussions with people in other Provinces, with the Federal Government, in terms of trying to come to grips with the possibility of some hazards in terms of health in areas where asbestos mining is done. So I indicated yesterday, one of the better authorities, one of the top authorities, in the name of the Mount Sinai University in the States and Dr. Selikoff, are currently preparing no doubt their report. And I must refrain, Mr. Speaker, from saying anything else about this until we get Dr. Selikoff's report. The Steelworker's Union in Baie Verte saw fit, and rightly so, to engage what they thought was the best possible group to look at the situation in Baie Verte, and after all, Mr. Speaker,

MR. COLLINS: that is the area which we are concerned about directly in this Province. And until that report is received there is not much more that I can say about it.

MR. RIDEOUT: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary. The hon. member for Baie Verte-White Bay.

MR. RIDEOUT: Mr. Speaker, I am not questioning the minister on the contents of Dr. Selikoff's report. The minister has indicated that he has some knowledge of asbestos research in other areas. Could the minister tell the House what his conclusions would be regarding the potential hazard to health based on his knowledge of research carried out in other areas of those who work in asbestos mines? No?

A further supplementary, Mr. Speaker. Well, Mr. Speaker, if the minister will not answer that question would he take to the airways again this evening and try to repair the insinuations that he put on yesterday evening that there is no problem anywhere with asbestos dust on one of those classic CBC interviews?

MR. COLLINS: Mr. Speaker, I do not know what is rubbing the hon. member wrong this morning. I did not take to the airways yesterday at all.

MR. RIDEOUT: You have been rubbing a lot of people wrong.

MR. COLLINS: The answers which I gave were in response to hon. members opposite. What their motives are I do not know. I have my own suspicions. I did do a short interview with the people from CBC, I believe it was. I am not sure if it was CBC or CJON. And in response to a question from the interviewer I said that the fact that Dr. Selikoff has not written his report to us yet, and just about a year has now elapsed, would indicate to me that chances are, you know, the problem at Baie Verte is not as bad as we thought it was. That is what I said.

MR. RIDEOUT: A further supplementary.

MR. SPEAKER: A further supplementary. The hon. member for Baie Verte-White Bay.

MR. RIDEOUT: Would the minister tell us this then; does the minister have any reason to believe that there is any difference in the asbestos

MR. RIDEOUT: operation at Baie Verte than that in Jefferson City or Asbestos City or anywhere else?

MR. COLLINS: We are not in Jefferson City.

MR. RIDEOUT: You do not even know about it, do you? Come over, boy, and start reading.

MR. SPEAKER: I do think I will recognize the hon. member for Terra Nova.

MR. LUSH: A question to the Minister of Manpower and Industrial Relations. I wonder if the minister is in a position to tell the House what rate of pay the mediator for the Waterford dispute will be receiving?

MR. MAYNARD: Mr. Speaker, I have no idea. It is agreed on by both parties. He would not be paid under the Department of Manpower and Industrial Relations.

MR. SPEAKER: The hon. member for LaPoile followed by the hon. member for Bellevue.

MR. NEARY: Mr. Speaker, could the Minister of Public Works and Services, Sir, indicate to the House if there is anybody representing

MR. NEARY:

contractors doing any work presently in the Carbonear Hospital as a hangover from the construction period? Is there anybody there now still working in connection with the construction of the hospital?

MR. SPEAKER: The hon. minister.

MR. ROUSSEAU: Not to my knowledge, Mr. Speaker. But I will undertake to get the information. Undoubtedly if the hon. member asked the question he has got a company in mind down there.

MR. NEARY: Oh yes, yes.

MR. ROUSSEAU: I am not aware of any. But there may well be some down there. But I will take it as notice.

MR. NEARY: When can I get the answer.

MR. SPEAKER: A supplementary.

MR. ROUSSEAU: I will give it to the hon. member today unofficially or tomorrow in the House, whichever the hon. member prefers.

MR. NEARY: Okay, that will be fine.

MR. SPEAKER: I have indicated I recognize the hon. member for Bellevue. Then I will recognize the hon. member for Terra Nova.

MR. CALLAN: Mr. Speaker, about a month or more ago I asked the Minister of Tourism a question regarding the hunter safety programme. And the minister answered that I had asked a timely question because an announcement would be made in two or three days. And that was over a month ago. I am wondering can the minister enlighten the House regarding the hunter safety programme?

MR. SPEAKER: The hon. minister.

MR. T. HICKEY: Mr. Speaker, I should apologize to my hon. friend. I had good intentions at that time of making a statement with regards to hunter training safety. I should have told my friend that there has been a change of heart as to the timing of that statement. And the situation right now is that we do not want to make a statement on

MR. HICKEY:

hunter training safety which may well confuse some of the hunters in the Province or people who were in the habit of hunting to the effect that they might be required this year to participate in hunter training safety. So what we plan on doing is waiting until the licenses are drawn and then immediately after that announcing our programme for hunter training safety. It should be approximately July month, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

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

MR. T. LUSH: Mr. Speaker, a question for the Minister of Manpower. From time to time that I have been hearing by the media of high unemployment in certain districts in certain areas, I wonder if the minister can tell the House whether or not the government have monitored or tried to attempt to find those areas that are most affected by the unemployment right now?

MR. SPEAKER: The hon. minister.

MR. ROUSSEAU: Yes we have, Mr. Speaker. We have a couple of areas in which we have attempted in a joint programme with the Federal Government, a Federal-Provincial programme, the Community Employment Strategy Programme. We have singled out two areas, the area on the Port au Port Peninsula and an area in Southern Labrador, Southern Coast of Labrador. And we are taking a look at how this programme develops and hopefully we can extend it with the co-operation of the Federal Government into other areas. So we have indications of profiles of the high unemployment areas, and my own area being one in concentration in Western Labrador. And of course, as the hon. member from Burgeo-Bay d'Espoir (Mr. Simmons) mentions, there is quite a bit of unemployment down in that area and there are pockets. But we are trying to -

AN HON. MEMBER: Inaudible.

MR. ROUSSEAU: Stephenville, of course, you know, every area has - but we are attempting in two strategic places now in a joint federal-provincial effort in, as I say, Port au Port and the Southern Coast of Labrador to attempt to attack this.

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

MR. E. ROBERTS: A question for the Minister of Justice in his Government House Leader capacity. There has been some discussion about amending standing orders to change the procedure at the beginning of each day's session to put Question Period first. Can the minister tell us whether this is going to be done, or we on this side think it ought to be done. It would simply mean Oral Questions would be the first order called by the Speaker and then the other orders would be called subsequently. And I think there are obvious advantages, both from the Opposition side and from the government side, and thus it is in the House's interest. Can the minister tell us whether this is going to be done? His colleague, the acting House Leader, the Minister of Mines and Energy, undertook a week or so ago to make some announcement or to make some statement but nothing has been done as yet.

AN HON. MEMBER: (Inaudible.)

MR. ROBERTS: Well we got more information than than now.

MR. FLIGHT: Mr. Speaker, tell him to answer that question.

MR. SPEAKER: I do not know if there is going to be a reply.

MR. HICKMAN: Hon. gentlemen are hopping up and down. It is part of participation I want to move rather slowly in rising. Mr. Speaker, it is true there have been some

MR. HICKMAN: discussions I gather across the House and within this House. I am not in a position to indicate at this time but it has some merit in putting the Question Period in the beginning. But I think we also have to look at the other problem that from time to time arises and that is we have had days - today now is an exceptionally good day from the point of view of getting work done in the House - there have been days when we have gone two and a half hours and never gotten to Orders of the Day.

MR. ROBERTS: Those are the most useful days we have had.

MR. HICKMAN: Well, Mr. Speaker, if these have been the most useful days we have had it does not say much for this very serious debate that we have been having the last several days, you know.

MR. NEARY: A supplementary question, Mr. Speaker.

MR. SPEAKER: A supplementary, the hon. member for Bellevue. I will recognize the hon. member for LaPoile for a supplementary later.

MR. CALLAN: Mr. Speaker, I am wondering can the House Leader suggest what time the committee, the standing orders committee that was set up last year on May 21, 1976, what time that committee will meet? The Chairman of that committee is the hon. member for Kilbride. Is he still a member of the House? Has he resigned? Does he intend to call this meeting, or what?

MR. SPEAKER: Order, please! Order! I consider the latter part of the question somewhat argumentative.

The hon. member for LaPoile on a supplementary.

MR. NEARY: Yes, Mr. Speaker, I would like to - The whole purpose, Sir, of moving the Question Period right up in the beginning of this session of course was to accommodate the televising of the Oral Question Period. That is how the thing was brought about and the press gallery have written both hon. gentlemen - I do not know really who to put this question to, the Government House Leader or the Leader of the Opposition. I have responded to my -

MR. ROBERTS: It just might be that they sent me a copy of it.

MR. NEARY: Well, the Opposition House Leader, but I am sure that

MR. NEARY: the hon. gentleman, the Leader of the Opposition, could speak for his caucus or have things changed since I was there last?

Mr. Speaker, I would like to ask the Government House Leader to respond to the question and ask him if unanimous agreement - I know I have agreed, I have written the secretary of the press gallery, to having the Oral Question televised in the House - has the hon. minister responded on behalf of his caucus on this matter yet?

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: That is a very, very provocative question, Mr. Speaker, the first part of it in particular. But I cannot speak. The caucus has not made a decision on it. That is the long and the short of it.

MR. NEARY: The Leader of the Opposition -

MR. SPEAKER: The hon. member for Windsor-Buchans followed by the hon. member for Fogo and Burin-Placentia West.

MR. FLIGHT: Mr. Speaker, my question is for the Minister of Manpower and Industrial Relations.

MR. RIDEOUT: I would like to see 'Harold' on televised Question Period.

MR. FLIGHT: Would the minister inform the House what time the hearings with regards to the Workman's Compensation Board will be completed and a report submitted to the minister? And while I am on my feet, as to what time we can expect some changes made or whatever we can expect as a result of those hearings from the Department of Manpower?

MR. SPEAKER: The hon. Minister of Manpower and Industrial Relations.

MR. ROUSSEAU: As I understand it, Mr. Speaker, the hearings have now been completed and the committee was in the process the past two or three weeks I think of getting their thoughts together so that they could put them down in writing. I am hoping maybe late this month or next month at the latest to have that report. And of course that report would be available for the House as soon as we studied it in the department shortly thereafter. So I would anticipate within the next two weeks to six weeks. Sometime between the middle of May and the last week of June.

MR. SPEAKER: A supplementary, the original questioner.

MR. FLIGHT: Would the minister indicate to the House, we know the hearings have gone on in most of the industrialized towns in Newfoundland and we also know or some of us know that there has been some recommendations for some drastic changes in the Workman's Compensation Act particularly with regards to industrial diseases and to compensation for sure. Is it the minister's intention - Have they already decided that there will be change in these areas if the recommendations are there? If the recommendations for a change are there, is it the minister's intention to make those changes?

MR. SPEAKER: The hon. Minister of Manpower and Industrial Relations.

MR. ROUSSEAU: Obviously, Mr. Speaker, I cannot say there are going to be any changes until I see the report, but if there are items in that report that government agrees with I am sure government will move especially in the area of occupational health and safety; and obviously each of the five year periods in which this report has been done that there always have been some moves that government have made and certainly this would not be an exception, of course. As I say, I cannot give the undertaking until I see the report but it is not the government's intention to undertake a report like that every five years and then file it somewhere.

MR. SPEAKER: The hon. member for Fogo.

CAPTAIN WINSOR: Mr. Speaker, I have a question for the Minister of Fisheries. Some time ago the minister made an announcement about the down payments required

CAPT. WINSOR: on new boats would be reduced from 10 per cent down to 5 per cent. Can the minister tell the House if this is now in effect?

MR. SPEAKER: The hon. the Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, it will be in effect within a few weeks.

MR. SPEAKER: I have indicated I would recognize the hon. the member for Burin - Placentia West.

MR. CANNING: Mr. Speaker, I was to direct my question to the person who occupies that empty seat but I will now direct it to the Minister of Fisheries.

Can the minister give me any information as to if there will be, whether he is expecting there will be, or he has discussed, or if there has been any negotiations going on or any talk between his caucus and himself, or his Cabinet and himself, about the building of further draggers for the fishing fleet of Newfoundland or the reinforcing of the present fleet? I ask this question arising from the fact that we have several damaged this year trying to penetrate the ice to secure fish - if there is anything going on or if the Premier has turned completely around and has given up the idea of increasing the dragger fleet?

MR. SPEAKER: The hon. the Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, that is a question that will probably take a little while to answer, and if the House would permit me -

MR. CANNING: It is worth your while.

MR. W. CARTER: Yes, a lot of consideration is being given to the building of a trawler fleet, to build up the trawler fleet. Our ambition, of course, and our objective is to replace foreign effort with Canadian effort, fishing effort. Our objective is to increase

MR. W. CARTER: the present fleet and to replace ships that within a few years will be probably ready for the scrap pile.

At the present time in Newfoundland there are something like eighty-seven ships, deep-sea ships. Twenty-seven are side trawlers with an average of fifteen years. These ships are pretty well past their labour. The others are averaging eight years, eight years old, which means that within a few short years all of these ships will have to be replaced. We have a meeting arranged with the industry including Mr. Morrow, I think, who is the president or vice-president of National Sea.

MR. SMALLWOOD: President.

MR. W. CARTER: President of National Sea.

My colleague the Minister of Industrial Development and I met with him last week and we talked about setting up a meeting of the Newfoundland industry, the plant owners, the ship owners, including Mr. Morrow, with a view to establishing certain guidelines with respect to the replacing of their fleet.

We will be making, indeed we have made representation to Ottawa to have that subsidy reinstated on new ships. We are also in the process now of talking to Ottawa with respect to ice reinforced ships and maybe build a prototype. Because as hon. gentlemen suggested, in constructing a new fleet some thought will have to be given to having ice reinforced ships, certainly a certain number of them.

But all of these things, Mr. Speaker, are very much in mind and are being considered by my colleagues and myself and we will take what action will be necessary to ensure that the fleet is replaced and indeed expanded.

MR. SPEAKER: The hon. the member for LaPoile followed by the hon. gentleman for Bellevue.

MR. NEARY: Mr. Speaker, I would like to put a question to the Minister of Fisheries, Sir, and I would like to ask the minister if there have been any consultation between the minister and the administration here and the Government of Canada in connection with changing the salmon regulations next year, not this year but next year, changing the salmon regulations restricting the amount of time that the salmon fishermen would be allowed to fish, especially along the Southwest coast? And if so, would the minister spell out what it is the federal government is trying to do in the way of conservation and changing the salmon regulations next year, if the minister knows anything about it,

MR. SPEAKER: The hon. the Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, as the hon. gentleman knows, the establishment of salmon licencing regulations is a federal responsibility. Certainly it is one that we do have some interest in because there are a lot of problems being encountered by fishermen around the Province. During my fifteen regional meetings, I

MR. CARTER: think that was one of the things that came to the forefront more than any other single subject, the matter of licencing. Our officials are almost constantly in touch with Ottawa, talking to their counterparts here in the Province, bringing to these people some of the problems we are encountering and some of the complaints we are hearing from fishermen.

Certainly I am not wishing to pass the buck on this. Ottawa, of course, does administer the licencing regulations. I do not think anybody can deny the fact that regulations are necessary and indeed, licencing is necessary, but to the extent that they are regulating the industry is something else. I have my own views on that.

MR. NEARY: A supplementary, Sir.

MR. SPEAKER: A supplementary.

MR. NEARY: Could the minister tell the House then - I gathered something there in the minister's answer - if the Government of Canada would make any drastic changes in the commercial salmon fishery in this Province, or any other aspect of the fishery, without prior consultation with the minister and with the administration of this Province?

MR. SPEAKER: The hon. the Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, the minister in Ottawa and I have an excellent relationship. There is constant dialogue between us and the officials of our department, and I cannot for the life of me imagine Mr. LeBlanc even thinking about making such changes in the Province without consulting his counterpart in the Province. I would certainly expect his officials who, I might add, have an excellent relationship with our officials as well, I am sure they would be in contact with our people and between us we would work something out.

ORDERS OF THE DAY

MR. SPEAKER: Order 6, the adjourned debate on motion 6. The hon. the member for Port au Port adjourned the debate.

MR. HODDER: Mr. Speaker,

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: - the first thing I would like to do is pay a tribute to my friend and colleague from Stephenville (Mr. McNeil), who spoke so eloquently and with such conviction the day he spoke.

I do not intend to make a speech as long or as forceful as my friend and colleague, but I will say this, that I, as a person living in Bay St. George, in the Bay St. George area, feel as strongly as he does that the mill should not close.

Today the unemployed, at this moment, of Bay St. George, of the Stephenville area, are demonstrating their cause in that town. I understand that it started at ten o'clock this morning, although I have not had any word as to how things are going. They have decided that because of the situation they are in they are going to, just as a matter of protest and to demonstrate their cause, go out on a walk this morning. Now there is a reason for this, Mr. Speaker.

Before the announced closure of the mill there were 4,300 - that was the last figure I heard - people registered with Canada Manpower - that is the Stephenville Manpower office which takes in the Bay St. George area - there were 4,300 people unemployed. These people have been unemployed for quite some time. The problem in that area is not only one of the mill closing, it is a problem of unemployment from the Bill of Cape St. George to the end of the district of St. George's.

The area in the past year and-

MR. HODDER: a-half has suffered greatly. The main industry has been down time and time again, money has been scarce, hard to come by, businesses have gone out of existence. The people have been living under a cloud and the whole situation has been one of gloom, doom, and finally, with the announcement made last week, the community is in a state of shock. But one thing is sure, Mr. Speaker, no one in Bay St. George accepts the fact that that mill should close. I think that was made very clear to the Minister of Public Works when he visited there last week.

MR. HODDER: There were people willing to look at alternate ways of employment, but no one in the area is willing to accept that. Now, why, Mr. Speaker? Why would an area which has been under the gun for so long, why would they say, "No, this cannot happen, this is impossible; we do not accept it," when they have been told that the mill is going to close?

Well, Mr. Speaker, for the last four years the people of Bay St. George have lived with that now. They are people who have worked in it and they have found that they have been closer to the scene. They have heard the announcements, they have heard the rumors, they have listened to the media, they have listened to the politicians, and a whole area has had their eye on that mill for so long and have been thinking about the mill for so long that in no way can they accept the fact that it will close. They know what has gone on in the past. They know about the mismanagement. There are people in the mill, and the stories that come back from the mill - some of them have been substantiated and some have not - but the whole thing is that they, more than anybody else in the Province, know that an injustice has been done. And they have been the ones who have been casting their eyes on that mill for the past four years.

The other problem in the area, Mr. Speaker, is the fact that we have no secondary industry. For ages the Harmon Corporation has asked for development officers and they have been refused them. We have Atlantic Design Homes there which employs people at certain periods throughout the year and then at other periods the place is closed down. We had a fish plant there which could have operated, and there are some parallels between that fish plant and the Linerboard mill. The fish plant put up a tremendous product - the King Oscar herring, kippers, whatnot - a tremendous product, but it went bankrupt, I understand, and then all the parts at that particular place were sold. Now, Mr. Speaker, that plant could be working at full capacity at this moment. But it took the courage and determination of the government to make sure that when that particular thing was

MR. HODDER: failing that it would start up under the proper circumstances. And this did not happen. And consequently, a lovely industry based on another resource industry was auctioned off. I attended that auction and people came from all over the world - flew in from Europe, from the mainland and everywhere else and I watched the bidding of professional auctioneers, and away went everything.

At the present time, the herring seiners are landing in Bay St. George, at the Stephenville port and they are taking the herring into large trucks, in the tanker-type trucks, and carrying them across to the mainland and to plants elsewhere in the Province. With a little courage, a little determination, that industry could have worked. I feel the same thing about Labrador Linerboard Limited, that with courage, with a belief that the mill is able to operate, that sort of determination that this will not close, this will not be allowed to happen, we must find ways to turn it around - that sort of determination - I believe that in three or four years time the mill could be an asset to the Province. And I would say this, that if the mill is to go the way of that particular fish plant, the one thing that would frighten me is that if that thing is to close - I understand that there are people who have already expressed interest in parts of that mill - that it would be over my dead body that ever any particular piece of that mill would be sold. That mill must be left intact. I believe that when I asked that question to the Minister of Manpower and Industrial Relations last week when he was out, he expressed the same thoughts. And if there is any feeling that that should happen in this government you have not seen anything yet as far as the opposition from the people of Stephenville.

Another strange thing that has happened - you know, it was the feeling -

AN HON. MEMBER: Yes.

MR. HODDER: - that perhaps the rest of Newfoundland

MR. HODDER: did not feel that the mill should operate. You know, Mr. Speaker, that attitude is not there anymore. The people of Newfoundland, the people of Bay St. George, you know, this is one issue where the whole of the Island has said no, it should not close, The government has not made the case for closing the mill. The Newfoundland Bishops, the priests, the Board of Trade in St. John's, development groups from all over the Island have come out and said, "Do not close the mill. It is an economic blow to the Province"

Not only that, Mr. Speaker, but to close that mill will resound, the economic impact will resound from one end of this Island to the other. The area in question, the area where the mill is located is one which is most vitally dependent on the mill. But the mill has fingers, tentacles which go to the Northern Peninsula, which go to the Lewisporte district, which go into the Green Bay district, the district of the Minister of Industrial or the Minister of Natural Resources, it goes into the Roddickton area, into the district of my friend and leader the Leader of the Opposition, it had a great impact on Labrador. I understand that there were some 1700 wood's workers and the figure which has been thrown around in a multiplier effect throughout this Province, which has been debated and thrown around, the multiplier effect of three is one that Statistics Canada uses. It is also one that in the Forestry Week supplement of the Western Star, a couple of weeks ago during Forestry Week that is the figure that Bowaters uses for the employment and the spending of employment which their mill creates.

Not only that, Mr. Speaker, but once that mill is closed one third of the wood's industry in this Province is gone, one third of one of our natural resources. And I have heard figures, and I have heard reports, and I have read reports which say that the mill is dependent on the wood's industry and that the woodlands of this Island are big enough to support four mills, not two.

MR. HODDER: Now I know there are problems, but at the time we must remember that if there are problems to be overcome in this way then positive action must be taken and which has not been taken.

Now in my district, the district of Port au Port, it starts in the community of Kippens which is - I suppose you could call it a dormitory town for the town of Stephenville, there is very little difference in the employment structure of that community and in the town of Stephenville itself. About one third of my district and I would say that the total employment or most of the employment there is either spin-off jobs from the mill or they work directly in the mill. And I think of the district in the town of Port au Port, Aguathuna, Port au Port West-Aguathuna, the town of Port au Port itself and then the town of Kippens which makes up, these people are directly employed, The rest of the district, the peninsula portion of the district, we have people who are directly employed with the mill and then we have all the people who are employed as clerks, and with business and with the service industries in the area.

Now sometime ago these people also were directly involved in the mill in that the peninsula portion of the district was heavily involved in the woods industry and last year they were the first to go. I can remember, Mr. Speaker, when the buses used to travel throughout the district in the mornings

Mr. Hodder:

and pick up the woods workers and take them down to Southwest Coast and Cold Brook and took them back in the afternoons, These buses have ceased to run. That was a year ago when the crunch came in that particular portion of the district. And at the present time if the mill is to go it is one of the highest unemployment areas in the Province. As the Minister of Manpower and Industrial Relations said this morning that Port au Port has been identified as this, that is before the mill closes. What, Mr. Speaker, is going to happen when it does close, when the whole economic underpinning of the district has disappeared? I dread to think of it. I do not think unless you actually live in the area that you could ever understand what the economic consequences would be.

You see, Mr. Speaker, we have had no secondary industry developed in that area. We have had no efforts to bring secondary industry into the area. And here once the mill goes the whole primary purpose for the existence of Bay St. George has disappeared. Not only that, Mr. Speaker, but without the mill I see within three or four years this whole area of Newfoundland will be just a ghost town. People have started to move already, people have had enough of it, there were people left last year. However the strange thing is that when the final announcement of the mill closing came, there has been no lineups at the Manpower Office, that is from the mill. Kimberley-Clarke was in there some time ago or last week and people did not run, And that goes back to the point I made before, is that people do not accept that that mill will close. And they are adamant, and they do it for a very, very good reason, because they have seen the operations of that mill, they have lived with it, they know what has happened. And what has happened, Mr. Speaker, has been mismanagement. It has not been mismanagement by the union people, it has not been mismanagement by middle management, it has not been mismanagement by the - we will say the top management, it has been mismanagement by the government.

Mr. Hodder:

Now I ran a newspaper in Bay St. George for one year, and I think I know something of - I listened to the Premier on T.V. the night that he had his little broadcast, and I caught one thing that past management had been bad or some reference to past management. I do not have the exact words here now. But, you know, Mr. Speaker, I often wonder about the former President of the mill, I often wonder was he a good mill manager or was he not? Because in my conversations with him, and there were many as a newspaperman and as a friend, but my conversations with him showed me that he was a civil servant. That when he was hired to that particular mill that he came in there not to run the mill, with a Board of Directors that said, Give us some profits, and, you know, make sure, we want to see profits, we want to see things work in this area.

Now that did not happen, Mr. Speaker. There was such tight control on that man, and I do not know if he was intimidated from the very day, the first day that he arrived there, because of the controls that were on him, and the fact that he could not make a decision on his own, and he did not have the guts to fight back. I do not know if that was the case. But I do know this, that any decision that was made in that mill had to be checked out in St. John's first, and the mill was run by remote control from this building here, this Confederation Building.

Now the failure to do anything by this government in the five years or the four years that that mill has been in existence is appalling. This government when they came in paved some roads, they put in some water and sewer systems, and they have done certain things of that nature for the Province.

MR. MURPHY: What does that (Inaudible).

MR. HODDER: But there were - I do not know, you know, I know that there were improvements made in the mill - there were some improvements made in the mill, and

MR. HODDER: I will get down to that in a little while. But one of the things that bothers me most about the improvements in the mill is that none of them were really geared in any way to an end result of a return on the money of the improvements. And I will get to that in a little while.

We have heard comments about the Lower Churchill, the Upper Churchill, and the money that has been spent and the money on which we have not seen returns and we have come to, and we have seen the grand announcements, and I do not want to get political here, before the last election, about the expansion of Come By Chance.

I was reading a copy of the Financial Times of Canada, an old issue, which told about the great expansions that were going to happen at Come By Chance and the great plans and all of this, and the Lower Churchill and the hydro developments in the Lower Churchill and you know if reading it was unbelievable, because it was written just before the last provincial election, and what happened afterwards? I am wondering, Mr. Speaker, if this government wants to get rid of that mill that has been a millstone around their neck so badly that they would do anything to get rid of it, including closing it down. Because the fact is that the thing can be made to operate.

Now, Mr. Speaker, just in preliminary to what I plan to get into in a little while, I would like to get at what is happening in Bay St. George at the present time. When I arrived in Bay St. George ten years ago there were some established businesses in that area. In the last two years, not altogether because of down-time and uncertainty, but many of those established businesses have disappeared. These businesses employ people and every time a business disappears, a business goes bankrupt, and there has been many of those in the area, then we have unemployment. We have people in the area now who have mortgages -

MR. HODDER: You know, Mr. Speaker, the last time that the town suffered a shock like this, in that particular time most people owned their own homes. They left, they sold them, they made some money and they moved elsewhere in Newfoundland and across Canada.

But this is different this time, Mr. Speaker. We are living in a different age now. Now they have mortgages and they have investments and they were encouraged to come to that town. And they were encouraged to invest. These schools were built, beautiful schools to encourage the children of the workers and the workers to come to the area, a tremendous infrastructure. One of the best, I suppose, on the Island, thanks to perhaps the Americans to some extent and perhaps to the federal government in the other way.

But the infrastructure is such that just about every activity, social and otherwise, athletic, it goes on in that particular community and the community has for the first time in four years jelled together and became one community, all the outsiders, Stephenville and Bay St. George has had a history of people coming in from outside and it takes a little while before you become a community and now with the closure of the mill, suddenly just as the community becomes something that everybody is proud to let in and why they are fighting so hard, Mr. Speaker, is that, you know, the people of that area do not want to leave. I have never met a person who came to Stephenville and lived there for any length of time who wanted to leave because they like the town and now suddenly, just as the town comes together, there we are, the rug is pulled out.

Mr. Speaker, I would just like to say a few words about some of the comments that have been made here in the House during the past few days. I feel that there has been some misconceptions on the other side of the House, misconceptions about what has

MR. HODDER: happened in Stephenville and that is serious, Mr. Speaker, because when there are misconceptions then - and they are not put right - then you know when a decision that was taken by this government, when a government decides to make a decision they should have all the facts.

I have heard from two ministers, one who said it publicly, about the union. Now I feel almost that the Minister of Education should resign for the comments he made here in the House the other day, his uninformed statements about what happened during the strike.

AN HON. MEMBER: There were strikes though.

MR. HODDER: There were strikes, there were strikes right across Canada. They started in BC and they came to Newfoundland. But I would like to put one thing clear, that as far as the union and the employees of that mill are concerned, they still do not have the same benefits as their counterparts across Canada, that is one thing.

Mr. Hodder:

They settled for less the last time. They can move to another mill anywhere in Canada, and get better benefits. Their increase which they got the last time was well within the wage and price controls. And they were negotiating at that particular time when the markets were soft, and management did not want to sit down — you know, actually I believe it — and I know that management did not want to sit down with them because at that particular time it was to their benefit that the strike continue, and then suddenly, after two or three weeks into the strike, suddenly they got some more orders, and suddenly let us sit down, let us settle the strike and the strike was settled.

So any comments of that sort, you know, I cannot agree with. And I must say that, you know, any member of the government that stands up and makes that sort of a statement, and I understand that the minister was taken to task by some of the union members that were here at that time, you know, you are talking about a union at this particular time who were willing to make concessions, take cuts in salaries, do anything if you would sit down and talk to them, and then for that sort of a statement to come out in the House!

Mr. Speaker, when the hon. Minister of Justice spoke here the other day he said that we must get away from political debate.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: Now, Mr. Speaker, this is the House of Assembly and this is a debating forum, and this is a mill which is run by government, and this has been a debate which has been called to debate the mill. And, you know, what do you call political debate? He also said something else that upset me a bit.

MR. RIDEOUT: It upset all of us.

MR. HODDER: He hinted that the publications of the reports might already be hurting the chances of selling the mill. Now there were two reports tabled here in this House the other day.

Mr. Hodder:

They were reports which were done by a Committee of the Advisory Board. They were positive reports.

AN HON. MEMBER: They were confidential reports.

MR. HODDER: They may have been confidential, but they were positive. They said, the mill cannot work without certain improvements. Now what, Mr. Speaker, is more negative than that report which was put out by the Advisory Board tabled in the House of Assembly, with the Premier on T.V. saying the mill will close? I mean how can we be negative when we bring out some reports like that. Absolute nonsense, hogwash.

MR. FLIGHT: Unadulterated nonsense.

MR. HODDER: Now the minister also said that, you know, he said if there is any reputable company in Canada which would like to take over the Linerboard Mill we would crawl to their doors, and we would aid them and we would abet them. Now that is the most negative thing that I have heard in this debate so far. You know, Mr. Speaker, if you believe that it cannot work, it will not work.

I ran a small business for a while, if I had run that business with the intention or the belief that it would not work, well, Mr. Speaker, you know, how could it work? And I believe that many of the problems of this mill is the feeling right from the very beginning that the mill would not work. Now, you know, if you believe it, if you believe it was a blunder -

AN HON. MEMBER: It will -

MR. HODDER: - if you believe it was put there and it was put there improperly, if you believe that, if you believe that the thing was wrong from the beginning, and I heard the member from St. John's North (Mr. J. Carter), I believe, and the member from St. John's East (Mr. Marshall) talking about it, and they talked about the early days, they said nothing about the present, and I do not believe either one of them has ever been in the mill recently, They may have been, they may have been there for the opening. Neither one of them

MR. HODDER:

has looked at the woods operation nor talked to the people of the area or talked to the workers. And yet they get up and talk about the ill-conceived notions and all this hogwash that the mill could not work, that the thing was ill-conceived, about the money floating around in Europe and all that nonsense. What happened, Mr. Speaker, that when this government came into office there was a mill there. It was a resource based mill, one of the resources of this Province, one of our primary resources. And if you look at the past, if we have got to look back at the past, because I still

MR. HODDER: believe the mill can go and I appeal to this government to keep it going, but if you just look back at the past and you say this happened, that happened and something else happened, then you have got blinkers on and you only see straight ahead. Because, Mr. Speaker, you have got to see, you have got to learn, and you have got to look at what happens in that particular operation. This is not a fly-by-night industry, this is not a small industry; this is an industry that before it is all wound down could cost three quarters of a billion dollars. And this is the most - Mr. Speaker, I would like to move a sub-amendment -

MR. SPEAKER: Order please!

MR. HODDER: To move a sub-amendment which was moved and seconded by the member for the Straits of Bellefisle, Mr Roberts and to add to the amendment the following words, "And further the House hereby request the President and Chief Executive Officer of Labrador Linerboard Limited, Mr. Sweeney, to appear before the Bar of the House to give his views, opinions and advice with respect to the mill, and its future and to answer questions put to him by members with respect thereto!"

MR. SPEAKER: Is the House ready for the motion? I am advised that the sub-amendment is in order.

MR. ROBERTS: No, is the House ready for the question?

MR. SPEAKER: Question. A sub-amendment moved by the hon. member for Port au Port (Mr. Hodder). I have got to read it?

MR. ROBERTS: Yes.

MR. SPEAKER: Seconded by the hon. Leader of the Opposition to add to the amendment the following words, "And further the House hereby request the President and Chief Executive Officer of the Labrador Linerboard Limited, Mr. John Sweeney, to appear before the Bar of the House to give his views, opinions and advice with respect to the mill and its future and to answer questions put to him by members with respect thereto."

The hon. member for Port au Port.

MR. HODDER: Mr. Speaker, one other thing that I would like

MR. HODDER: to bring to the attention of the House is the lack of information, and this has been talked about before. We were told by the Board of Directors when they visited Stephenville some time ago - this was before the formation of the Advisory Board, before the Premier came out with the new Advisory Board and held a press conference, this was long before this, somewhere back last November or December - when the Board of Directors came out we were promised information. We were told that if the impact committee of which I am a member wanted information they could have it - you know, keep in touch boys, keep in touch; this is bigger than all of us we need your help and our help and all that sort of thing.

The impact committee requested information time after time - again, not one word. What type of information do we need? We need information, Mr. Speaker, on everything that has gone on in that particular mill. We need tabled documents; if it has to be cabinet documents we need every report that goes to that Advisory Board. How can we make up our minds, Mr. Speaker, or how can the rest of the Province make up their minds when a report comes in to this House which did not say the mill should close, but which the government claims said the mill should close, and then the government announces that it should close?

And then we come upon document, after document, after document which does not say this. And I might say this, Mr. Speaker, and, Mr. Speaker, you may not know this, but the wood's report is ready or is just about ready. Now I have not got it, but the wood's report, and I can tell the House right now that the wood's report is an optimistic report it is not a pessimistic report - now what that document that we received, that preliminary document from that was tabled here in the House says is based on nothing that I can find. But the wood's report says that the wood can be found. Now you can take my word for that and I hope that that particular document is tabled in this House.

May 12, 1977

Tape 2582 (Morning)

AH-3

MR. HICKMAN: If it can be found that it is exactly less cost than the one shown here.

MR. HODDER: Oh certainly, it certainly can.

MR. HICKMAN: Only in Newfoundland.

MR. HODDER: In Newfoundland.

AN HON MEMBER: Lots of wood in Newfoundland.

MR. HODDER: It is

MR. HODDER: an optimistic report. I have not read the report myself, but I talked to somebody who saw it and that woods report is not a pessimistic report. That woods report is not going to close Labrador Linerboard Limited.

Now I would like to talk, Mr. Speaker, for a few minutes about the shipping contracts. Now you see, Mr. Speaker, back in 1972 when the mill started production - I am talking about planning now. I am talking about planning of this administration. And I am saying that from the very beginning, from the very inception of that mill, things were going wrong. I was reading last night, through a report which was called Report Shipment of Wood - Labrador to Stephenville - 1972, by J. D. Burroughs - the Burroughs Report. And that is a document which members on the other side of the House are familiar with. And when you read that it is like a comedy of errors. It is unbelievable the type of planning that went into this thing, the ships, the types of ships that were brought in. The Burroughs Report, in one part, talks about the cost of slings. Now this is a very small thing, the slings on which the wood was landed. Each bundle was bound by two slings at a cost of \$18.70. That is what the slings cost. And I quote words from that report: "Those slings have not to date been taken off the bundles for reuse and must be charged as having a mortality rate of one. With 6.6 cords per bundle, this means a cost of \$2.83 per cord." Now the Minister of Mines and Energy, Mr. Peckford, who was up here the other night saying, "These are small amounts, small amounts," but how many - and I hope before I finish today, Mr. Speaker, to list a whole lot of small amounts of money, and some of them large amounts. And these things are documented. I hope to show the House that it is not small amounts of money. We are talking about millions and millions and millions of dollars.

But if you can imagine that at that particular time they did not reuse the slings that cost \$18.70 each on a bundle, when you consider 6.6 cords that means a cost of \$2.83 a cord!

Now we had the - Vancouver Forest - I believe was the first ship that came into Stephenville. It took 13.5

MR. HODDER: . . . days to unload at a cost of \$3.01 per cord. The Kyoda Forest took 17.5 days to unload - \$3.41 a cord added on. The labour for those particular boats, they had seven men working there on the cranes and everything else, this cost a further \$1.02 a cord. These boats, right from the beginning were the wrong ships. They were not the type of ships to be used in this particular job. Nobody ever looked at the port in Stephenville and looked at the port in Goose Bay and looked at the situation and said, this is the type of ship we need. Somebody went out and hired - leased - whatever they did - three or four ships which were totally unsuitable, all screwed up from the very beginning. So how do you start? Now it would have been better if we had kept it down a year instead of opening, and ironed out these problems.

Now why do we not get down to those slings again, because you know, it is just mind-boggling. It is amazing. They say that when the slings were reused - when they finally got around to reusing them - then there was a large number of slings, that they were dumping the wood in the water. You know, this is a great way! Well, we will get back to that and the dry land system in a little while. So they would drop the wood in the water and then the wood had to come out of the water with your sinkage and lossage on the bottom - the claws would go down and pick up the wood and drop it over the side. And then they had another method by which the thing was slung and then the slings came off. You know, the slings would last twice. It had an average of two - twice dumping off like that at \$1.98 a cord - another \$1.98 tagged onto it. And then there are the boats coming down from Goose Bay. They did not know how to load them. There is a recommendation in the Burroughs Report that you do not load the wood in the middle of the hold - you load it on the sides. So the boats were coming down half empty. And not only that, but - and it is something else I will get to a little later - not only were they coming down half full, but the amount of wood that left Labrador and the amount of wood that was

MR. HODDER: taken off in Stephenville did not jibe. There was less wood taken off the boats in Stephenville than was loaded in Labrador. Now what happened? Did they make rafts, did they carry the boats back half full - you know, leave - did they dump it over the side between Goose Bay and Labrador? I do not know. But the actual fact is that the boats left Labrador with one lot of wood and arrived in Stephenville with less wood. Now where is the answer to those questions? That is the sort of information I would like to see.

Just getting back on the shipping contracts again: The first time that the Vancouver Forest anchored, the first time she came to Stephenville she anchored off Stephenville for ten days. Do you realize that we hired boats which came into the port but they were too big actually to get into the channel so she had to wait ten days until they had the channel dredged enough for the boat to come in. Good planning, good planning, excellent planning! You know, you hire a boat which is unsuitable, and then you finally get her loaded, half loaded, she come into Stephenville and she cannot enter the harbour, she has to wait ten days. I think you can pick up this report anywhere at all - and this is the very early days - and you can look almost anywhere at all in this report and you will see - you cannot believe your eyes, if I can find it here now, the days lost, there was one day lost - they lost three days. I do not know what these ships - we have never heard what they cost but we did hear that the - you know, the conflicting figures are tremendous. We did hear that it was something like \$23 a cord shipping. But there was one day, Mr. Speaker, that they - well there was ten days that the pilot and the master refused to enter the channel - that was the first trip - until the channel was dredged. There was another time that they waited three days for a pilot, three days they waited out there for a pilot, I do not know what happened whether anyone ever tried one after, waiting

MR. HODDER: berth while Bremness is being discharged, Three days that is awaiting berth. And that was another thing, Mr. Speaker, about those boats.

And we are talking of costs of Labrador wood now which has always baffled me. First of all the Vancouver Forest waited ten days outside and that fooled up the schedule. So you had boat upon boat, you had one boat unloading and the other one waiting outside. And then somewhere during the season they had to throw the whole thing over and let one stay there, and they lost ten days because they had to re-arrange their schedule again and everything piled up. They only had three boats going back and forth - time lost.

I would think, Mr. Speaker, that if you were to start of in that particular way, if you were to start an enterprise in that way and you were going to be bringing wood down from Labrador, one of the most important thing would be to get a suitable type of ship and suitable type of docking before the thing even arrived. And we went through one year and a half of that at a cost of \$105 per cord. And that comes down to something else: I visited Goose Bay this year - no, I would say last year before Christmas. And the figures, Mr. Speaker, that I have heard for Labrador wood - now I do not know if Labrador wood would be feasible for Stephenville but the whole thing - everytime you hear figures, and everything I have looked at, you see a figure from Stephenville - wait now, from the woods to the road, and you get another figure from the road to the boat, you do not get any other figure otherwise. Nor do you get a figure from the boat to Stephenville as it was delivered. There is always one figure missing in between somewhere.

I do not know the costs, but I do know that I was told when I was in Goose Bay that while people were out talking about anywhere from \$105 to \$115 a cord that the actual cost has been

MR. HODDER:

worked out by accountants in that area was somewhere around \$85 a cord - it was either \$83 or \$87, we will take \$85 as a mean figure. They wondered what the other charges were for, were there charges tacked on there for the old Javelin machinery that was being written off up there? But these were the figures, the realistic figures. Now I know that is too high and that is not a competitive figure but I wonder - you know, when you look at the problem, when you look at the woods camps and when you look at the inventory and all the things that were there, I wonder if they had

MR. HODDER:

used private contractors and had worked out the shipping arrangement, now could we not have gotten it down much cheaper?

Before I was elected I sat up there in the gallery one night. The hon. Minister of Finance, as he was then, was holding forth from his seat - I do not know, some opposition member at that time had made some charge about International Forest Products - and I will never forget that speech that he made or the question he answered, because he went on, he said, Mr. Speaker, International Forest Products is one of the greatest marketing agencies in the world, they are superb, wonderful people, and he talked on and on and on and on about International Forest Products.

Now this has been dealt with before, I know, but this is just another progression in the long line of problems - they were set up to deal with linerboard. No experience whatsoever! A small company, a guaranteed minimum, \$200,000 a year fee from the government, I understand in one year they made anywhere between \$600,000 and \$800,000. And then suddenly we see a new look at the mill, and who is the first to go? International Forest Products. And now we get a different story on the other side.

Now let us look at the staffing of the mill, I am going right back to the early days of that mill, let us look at the staffing. Do you know, Mr. Speaker, I think it was the firm of Peat, Marwick, I believe, were given the assignment of staffing the Labrador Linerboard Limited, and suddenly a debate arose. Now one of the things was that we, the people of Bay St. George, were led by a particular lady who said, We want our own people employed in that mill. Of course, that was a natural response. You know, they were willing to even take the manager from top management right to the bottom. I do not think they were correct in the way they approached it. Sure we wanted to see our people, but we knew, I think any normal person would know, that you have to set up, you know, with certain competent people who are competent in the

Mr. Hodder:

industry. But the thing was that this government bent to the pressure. And in the first days of that mill's operation there were thousands, not thousands, but there were hundreds of people wandering around the mill because of this pressure, this public pressure to get people in, and they bent to it, instead of saying, "This mill is going to go, these are the people we need," they bent to the pressure to staff the mill, and it was over-staffed - from Day One that mill was over-staffed.

And then, you know, when you live in the town and you hear the rumours from the people who are working down there and the disgruntlement, they said everybody is walking around; he said, there are more white hats wandering around here than you can shake a stick at, there are, you know, - you do not work down in the mill, there are too many people, we are walking over each others toes. The mill was over-staffed from the very beginning.

MR. ROBERTS: This was all in the government's time was it not?

MR. HODDER: Oh, yes.

MR. ROBERTS: This was not the infamous pre government's period, this was after this administration took over.

MR. HODDER: Oh, no I have not said a word before the -

I mean I am just talking about the thing as it went.

MR. NEARY: How many -

MR. HODDER: And he was talking about saving money.

MR. NEARY: How many white hats compared to ordinary workers?

MR. HODDER: I would say, you know, I could not really, but, you know, the words you get back, there are two of them to every one of us. That sort of thing.

MR. FLIGHT: Too many Indians and not enough braves.

MR. HODDER: But not only that, but there are too many, you know, I would say it, I mean maybe the people in Bay St. George might not like to say it, but the truth is, I mean the thing is down, and it is going down - that you had too many people working in the mill right from the bottom to the top, And now the

Mr. Hodder:

mill is still operating, and we have seen key people move away in recent times, and their positions have not been replaced, and the thing still goes, they can still turn out -

MR. ROBERTS: The biggest production ever.

MR. HODDER: Yes, they can turn out 200 tons over what they were designed to do, 1,200 tons as was mentioned here in the House there the other day.

Now when the mill was taken over by this government, let us look at the woods supply. The first statements, I think, when the government took over - and there were many of them - was that we are going to rationalize the woods industry, we are working on it; that was one of the, you know, back in 1971, 1972 even before the mill started up this was a platform of this government, We are going to rationalize the woods supply, we are going to make the woods supply more equitable for all areas of the Province, this must be done. You know, I bet you if you go back in the files, I have seen some of them, that you will see statement after statement made by Ministers of Forestry that they were going to rationalize the wood supply. It was never done.

As a matter of fact, when this government came into existence they were going to look after wood harvesting. What terrible harvesting was done - there was no reforestation, no this and that, no cutting out so that trees can grow and all that sort of thing. We are going to change that. Well you go through the district of St. George's, my friend from St. George's (Mrs. MacIsaac)

Mr. Hodder:

and ask her what sort of forest management goes on in that particular area. I know some has been done. We have a tree nursery somewhere or other.

MR. FLIGHT: Go anywhere in Newfoundland.

MR. HODDER: - and see what the paper companies are doing.

MR. FLIGHT: Go anywhere in Newfoundland.

MR. HODDER: You know, I am told or I heard a figure in this House the other day that in some areas of this Province we have had three growths of timber which have been cut, they are on their third growth. Now what would have happened - there are areas in the district of St. George's where there will never be a tree grow - forest management, oh boy!

MR. FLIGHT: It does not have it. There is no forest management in this Province.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: Now the other thing about the start up of this woods industry - now I am talking about money, I am talking about running a business, and that is what that was, a business which was being run by the government - they paid higher money to the contractors than any other company in this Province. Now, Mr. Speaker, I understand why they did it in the beginning; they had to break in on the woods contractors, but they continued, and the varying amounts they paid contractors across this Province! I mean, I know one story of a contractor in Central Newfoundland who lost the contract with Labrador Linerboard Limited when they shut out the woods operation, and went to Price. He had more delivery to do, he was getting paid for it on the train which, I think it was, it was shipped in by train, he was being paid for it that way - and he then had to sell it to Price. He started selling it to Price, and he had to take his own truck and bring it into Grand Falls, and quite a long distance, and took \$10 a cord less and was still making money. Oh, Mr. Speaker, there are many, many woods contractors in this Province,

Mr. Hodder:

you know, who did very, very well. Nobody ever sat down and renegotiated with these people.

Now I would like to get into another part of this, the attitudes, the planning, the overall planning of this mill. When we had the mill going everybody was told anytime you asked a question, Oh yes the mill would go. You know, the former Minister of Mines and Energy, Oh yes, the mill will go, everything is going to go, we are going to overcome those problems. That was two years ago. Last year he said something different. But we have the situation of where the man who is directly responsible for Labrador Linerboard Limited left, he left the government and went to greener pastures, Two months before he left, and he must certainly have had intentions of keeping the mill going, because two months before he left, he and Mr. Ingram flew over to Norway and chartered ships for the Goose Bay-Stephenville run.

MR. FLIGHT: Was that trip charged off against the mill?

MR. HODDER: Well certainly it was. They went over to get contracts for the mill. And then he leaves, and immediately when the gentleman leaves there is an announcement that Goose Bay is going to close out, And here we are two months before with contracts, and I understand in litigation right now, You know, that was the sort of planning, and you start to wonder what went on over on the government side when here is this sort of, you know, input going into the mill, contracts being signed with both operators and for shipping, and then suddenly the whole thing is closed down. Now that was planning! That sort of strikes me as the whole way the mill has always been run.

Now then we had then after that particular time, and I was quite baffled by this, we had our little meeting out in Stephenville with - I was there, the member for St. George's (Mrs. MacIsaac) was there, the member for Stephenville (Mr. Flight) was there, the

Mr. Hodder:

Minister of Forestry and Agriculture, and the Minister of Rural Development, and the Minister of Finance, and they said, you know, we are to go out and bring in some people and we are going to look at this mill, we are to get this thing going, do not worry about it, boys, you know, we are going to put everything we got into it. And at that particular time - and here is the strange thing and this has been said in the House before, I said it before, but I am just thinking about the sequence of events - they hired Woods Gordon, Woods Gordon went to get a market forecast, but in doing so - and I have said this before - but in doing so they happened to slip out to this trade circulation company in the States that the mill was closing. Now I am wondering, Mr. Speaker, you know, if the Advisory Board, you know, we will get down a little bit, you know, where they - was the government at that time - did they decide to close the mill because that trade circulation company sent the mailgrams to Europe and suddenly the angry telegrams came back to Labrador Linerboard Limited, I saw them, saying, what do you mean it is going to close? And I made the charge, I thought it was important that this be aired, something drastic had gone wrong with the markets, and the hon. Premier came out and said,

MR. HODDER: "Hogwash! He does not know what he is talking about," over C.B.C. - you know, idiot more or less. And the next day, I guess, the word got through in here and the Minister of Finance comes out and admits, Oh, yes, that is right. It is a terrible thing - a terrible thing. Yes, it was a terrible thing because that is when our markets started to go down. That is when our markets started to decline, at that particular time. That was the biggest blunder that was made that I can see, outside of all the other mismanagement and everything else. But that was the first crippling blow. I often wonder - no, I could not believe that this government would deliberately do it. But when you look at the progression of events -

MR. FLIGHT: Deliberate.

MR. HODDER: - you would wonder if it is deliberate. It certainly ruined the markets. We have lost thousands and thousands and thousands of tons because of that blunder. But I do know one thing, that they did not go to the company in the United States and say that the government was thinking about closing the mill unless somebody had told them they were thinking of closing the mill. So this decision was not made after the Advisory Board's Report. That is the reason why I have those reports here. That is the reason why the Alternative Requirements Report which was tabled here in the House the other day, the Capital Requirements Report and the Alternate Lines Report and the Woods Report, which is on the way now, which I want to see - I think that should be made public to this House, every report as it comes in should be made public - that is why, Mr. Speaker, that the Advisory Board came out with something different. You can see it. You know, it is too transparent. This decision was not made just before the budget, with two budgets written and inserting pieces in the budget at the last moment and all that sort of thing. Now maybe there was a chance of - you know, they ran to Ottawa for a bail-out. That might have happened. There is no doubt, you know, the government went up and said, 'Prime Minister, give us so much money.' Well, I will tell you one thing; that if Ottawa were asked for a bail-out and they did not give it, I do not blame them. Ottawa put the money in, they put money where

MR. HODDER: they think they are going to get some returns. I see the Minister of Municipal Affairs looking at me quizzically.

AN HON. MEMBER: (Inaudible)

MR. HODDER: But they put money in to get returns. Ottawa put DREE money, they bought all the equipment that was in Goose Bay, that is the sort of money they put in. We put money in equipment. That all came from DREE. Ottawa put money into the woods roads. A large part of it went to Labrador Linerboard Limited. Ottawa built three DREE schools and built a water system and everything else and was willing to expand the dock up until the time our hon. friend, who is now the federal member for St. John's West, left. Ottawa was helping us. Well, you do not go to Ottawa and say, 'Give me so much money.' Perhaps if we had gone to Ottawa and said, 'Look -

MR. FLIGHT: 'Just wasted what you gave us -

MR. HODDER: Perhaps if we had gone to Ottawa and said this: 'We, with an outlay of \$12.3 million can turn the thing around in two or three years.' And if we had gone to Ottawa and said, 'Here are some of our plans. We want to recover - We want to put in new screens so we can recover more fibre, which is a saving on wood. We know the electricity costs are going up in the mill and they are going to continue to escalate.' If we had gone to Ottawa and said, 'May we have some help because we need about \$3 million to redesign the condensate system to save on bunker C,' - if we had gone to Ottawa and asked for that. If we had said, 'We want to install a turbo generator so that we can save bunker C, you know, over a three year period -' And I have no doubt in my mind that those figures which are in those reports are accurate. They make too much sense. And yet, with reports like this, which the government said they did not receive - they did not have this report, The Minister of Forestry and Agriculture said, "We did not have this report, Mr. Speaker; It has not been received by us yet. The Opposition got it but we do not have it." But how could you make a decision to close the mill?

Anyhow, Mr. Speaker, we have lived with this for quite a long time. We have seen it. The people of Bay St. George

MR. HODDER:

- oh my, oh my - the way they are shocked. They cannot believe it. I mean, we bring in a man, we put him there - poor Mr. Sweeney. The man was brought in by this government and his job was to turn it around, to make it go. And he turned out to be a man who believed in what he did. He is a fighter. His whole life was dedicated to turning around the mill. We brought him in, and he asked for a few small - you know, \$12.5 million in the whole run of things - and this government was not willing to give him the chance to do it, not willing to give him the chance. After all, talk about pumping in money and subsidizing, that is not what the mill needed, what needed to be done there, to subsidize the thing, to throw in two or three hundred thousand or half a million, two million, thirty million - to throw in - that is not what was needed. This sort of thing was not needed. And that poor man came down here - I sympathize - I can see why - I think I have some sort of a news clipping here somewhere in the files which came from The Financial Post or The Globe and Mail, somewhere or other, and I can see why the man went berserk when the announcement was made and stuck his neck out - courage - and said, 'It is not so; it should not happen' and said it publicly. Here was a man who was hired to turn the mill around and four months later after working, and the man worked - and by the way,

MR. NEARY: A supplementary question, Mr. Speaker. Would the minister indicate to the House whether both the RCMP commercial and fraud squad and the CID of the Newfoundland Constabulary are currently involved in any investigations, either one or both? Could the minister bring us up to date on this?

MR. HICKMAN: Of course. The question was asked me in this House about three or four weeks ago. I asked for certain information expecting the question to be asked me again.

MR. NEARY: It will be asked again until something is done about it.

MR. HICKMAN: Something has been done. I still have the report and this one was as of March 29. Charges have been laid in some instances and other reports have been received. With respect to the investigation, the Constabulary - Newfoundland Constabulary have two officers who are continuing their investigation, continuing to investigate and they anticipate it will take some months before they finally complete their investigation. The Newfoundland Constabulary are being assisted by two members of the Auditor General's Department. The RCMP are continuing their investigation with, this was as of March 29, they still have one officer involved in the major investigation. But then also it is added that a lot of the investigation is being carried on by RCMP detachments throughout the province. The note here is from the Director of Public Prosecutions. A great deal of the ground work has been completed and officers familiar with fisheries operation and investigators are proceeding at an acceptable pace.

MR. NEARY: A supplementary Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. NEARY: That report was dated March 29. Could the minister

Mr. Hodder.

I have only met him once. My friend and colleague from Stephenville has met him on many occasions - ~~but~~ here is a man who put his heart and soul for the last four months - there is no secret - in the mill. There is no secret that that man worked from seven o'clock in the morning until eleven o'clock at night. He is a tired man from putting together committee reports, running the mill. And for the first time, Mr. Speaker, for the first time in the mill's history he had the people behind him. You know, we have sat there and we have - look, for the last three years, the talk - you know, I know all kinds of people in the mill - and the dissatisfaction and the lack of morale. You know, I mean all the political statements that were being made; you know one side said one thing and the other side said another. I mean, granted they did not know whether they were coming or going, and suddenly a man comes in, and they respect him. That man at this moment is the most respected man in Bay St. George. And to tamper with that man in any way I think that you would see a riot. I think Bay St. George might march on this Confederation Building because he is the first man since the whole operation, the whole history of that mill, who has ever done anything to make it work. He put confidence in the people. He got them working together. He worked hard himself, and then when the announcement was made of course he was fighting mad. Who would not be? A man brought in here, brought into a town to save something and was working on it! He has saved \$7 million so far. He has only been there four months. But in order to continue to save and to continue to cut down he is going to have to have a little bit of help, and we are not willing to give it to him. We just decided that we were going to close it down. It is crazy.

I will go back to the attitudes of some of the members who spoke over there the other day, you know, talking about the past administration and talking about money going around and talking about scandals and all that sort of thing. That is all they could come up with. I have listened to the debate on both sides of the House. That is all you could come up with, trying to smear the former administration.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: That is all you could come up with. And, you know, when you say - wait until I get down to the last paper that I got here, I got two hours to go on that one. Just wait until I get down to that and see what the savings the money would be. Why do you not go out and have a look at it? The mill in the wrong location, my foot! If that mill had been run properly there would not be any problems there. There would not be any problems today. We might have lost a little bit of money along the way. That is another thing, Mr. Speaker, that comes to my mind. You know, Mr. Speaker, that any business you start takes awhile to get going. You know, if Mr. Sweeney had been there - what? - three years ago, no problems. I believe in my heart that there would be no problems. And then we hear the government members get up and talk about the past administration, and I have listened, in fact, I have not heard a thing over there yet. And then I hear the Finance Minister get up and give a bunch of figures, and we have got figures and he has got figures and, you know, nothing has come from that side. The members, the backbenchers, nobody knows what is going on.

MR. FLIGHT: It could have been the past administration.

MR. DOODY: It is good you thought of it.

MR. FLIGHT: They are not accepting their own -

MR. HODDER: And this comes back to it, you know.

MR. RIDEOUT: (Inaudible) - you are the closest to him.

MR. HODDER: You know, I just wonder if past prejudices and the lack of determination and the feeling that the thing was not going to go to start with, if that was what actually caused that decision to be made. Now I wonder, because certainly nobody has ever taken a hold. I got some words here by the former Minister of Mines and Energy, the Minister of Finance, made on December 10, 1975 where he says, "I said then and I say now it can never be economically feasible." Now that was a man - and this goes back to my first point which I made -

MR. ROBERTS: The most expensive minister that this country has ever had.

MR. HODDER.

- "And I said then and I say now that it will always cost, it will always have to be assisted by the people of this Province." You know, this was a man who was running the mill. Now how can you run a business. I ran a business - I ran it successfully until I got into this racket - "

MR. HODDER: I ran a business and if I had approached it in the frame of mind that this cannot work, how in the name of goodness would I ever be able to make it survive if you do not believe in what you are doing? And this is what I think is happening on that side, you did not believe in what you were doing.

I heard - you know, talking about John C. Doyle and the Harmon buildings and other things of the topic, Mr. Speaker, the Harmon buildings which were given to Mr. John C. Doyle for \$100,000 - terrible, terrible that these buildings should be given for \$100,000, a terrible thing! So they bought the buildings back and then they put them up on tender. And what was the tender? \$1.00! And for four years they just sat there and if it had not been for CMHC money and a couple of businessmen - one of them is still staving there, is still sitting there deteriorating where if it had not been for CMHC's massive money and a couple of people's guts they would still be there. I doubt if they paid very much for them anyhow. Terrible, terrible, terrible!

And is that what we are going to talk about, the sins of the past administration, Mr. Speaker?

Now just to get back - I do not know what I am doing with my notes here - just to get back to the Labrador wood. First of all - and again these are cases which only point out the worm or the disease that was inside of the mill - you had large wood's camps. When Bowaters and Price decided to go out of wood's camps, - granted we had some problems to get some people to work, but there are lots of people willing to work in this Province. They will work in my district - they would have worked then, they would have worked with private contractors, they did, but those large camps, the ones that they had in Goose Bay, the ones that my friend from Eagle River talked about on the last day, those large wood camps which were staffed with ping-pong tables and - I went into one in Southwest Brook - imagine, and this was at a time when Bowaters and Price had decided that they were not

MR. HODDER: going to have any more wood's camps, they were too expensive, private contractors can do it better and private contractors did do it better because I can tell you one or two - I know two in Bay St. George that were delivering their wood to the mill at \$40 a cord, that was a private contractor, but you did not get it from the wood's camps, those elaborate monstrosities that were in Labrador.

Mr. Speaker, I dwelt for a little while on markets a little while ago but, you know, that the markets - and the marketing report I understand is not in yet. I can tell you that that particular report is going to be optimistic, I guarantee you that that report is going to be optimistic. So far I know of four reports and four of them are optimistic. I do not know how many more came or where the government got their information. But it says here - this is an article which came from Fortune magazine and I particularly use this one not because we would rely on Fortune magazine before we would rely on other figures, but the fact that I have read so many reports on marketing and what is going to happen in the future. This article is entitled the "The Paper Makers are Growing Less and Enjoying it More" and it says that "Demand is growing strongly for such basics as printing papers and corrugated cartons. These items may at times be hard to come by and only at very high prices in the future." And they go on to say that, "You would expect an industry in this situation to be improving, building new mills. They are not doing it, As a matter of fact they should be increasing their production by four per cent and they are only increasing it by somewhere around 2.5 per cent a year."

And this report goes on to say, Mr. Speaker, that the lack of linerboard may actually hinder the economy of the world, it may keep it back in the 1980's.

May 12, 1977

Tape 2589 (Morning)

AH-3

MR. HODDER:

Now here we are with a man out in Stephenville who says, "Give me \$12.5 million and let me change the head-wood converter,

MR. J. HODDER: give me some pulper screens, give me some screens that we can have a second phase recycling of fibre which is wasted at the mill at the moment, redesign the condensate system, install new bark presses which will save on fuel, it has been done before." The appendix of these things say these things have been done before. Install a turbo generator so we can save on bunker C, you know, with the best companies in the world, the best, the very best in the world who have come back. They have written the letters. The letters are all there and they have come back and said, "These are the things that you can do. Do these things for us and I can make it go for you. The markets are going up. The wood supply is no longer a problem." The Premier told me that the wood supply is no longer a problem. He told myself and the member for Stephenville (Mr. McNeil) that is no longer a problem.

Well, Mr. Speaker, I am baffled. We have got Alternative Products Lines Committee. You read the appendix. You read carefully through what all the present conditions for Linerboard, supply-demand trends. There was one interesting thing in one of those reports though, Mr. Speaker, They talk about other countries. I do not know if I can find it here now. Oh yes, this is done by a company from Finland and they talk about what can be expected in paper mill construction and from the paper industry.

They say in Scandanavia there may be little expansion because of scarcity of raw materials. But in Canada, they say, there may be little expansion for psychological reasons. Now, Mr. Speaker, I can see a psychological reason here in this Province, the psychological reason is that they do not have the guts to keep it going. They do not have the guts to take the chance. They do not have the guts to let that man and let the present management operate the thing properly. They are afraid of it. They do not like it. It rubs them the wrong way. You know, it gets too much criticism. They are afraid to make

MR. J. HODDER: a mistake. The ideal thing to have done some time ago was to give it to an independent board of directors. You know, you finally stumbled and maybe for other reasons onto a way to make the mill work, to put a proper board of directors in place and let them run the mill. And the Newfoundland Government asks where are the profits? Or make it break even? That is what you have to do; if you do not do it you are gone. That is what we have to do, not this sort of thing.

A letter from John C. Crosbie, Minister of Intergovernmental Affairs, "if any problem arises with any of the contractors involved in supplying the 46,500 cords of wood, feel free to handle them in the same manner as you would under normal circumstances," Not government interference, I do not suppose! You know, I mean when you have got the minister running it from the Confederation Building and every little item must be looked into, feel free to run it you know as you would any other. He actually gave some permission.

I would like to deal with this document a little bit more. My friend and colleague from Stephenville brought it into the House the other day, but we were talking about business, you know, and I started talking earlier right from the beginning, and the big problem then of course was start up. That is normal; the problem was the boats, which you know about, and the farce that went on there and the problems with the wood camps, I mean, just these things, they do not cost much money, only millions of dollars! But this is the most amazing thing, when the financial statements were tabled here in the House, I got an accountant friend of mine to go over them, and he said, "You know, this financial statement would be a lot better except for their inventory," and here, and again I cannot help but stress it again, but here in 1976, when the markets were going soft, this was July 9th., this particular document comes somewhere before that, there is a number on it, an IGA 17-76. When the markets were going soft they asked, as any management would do, that the mill cut its production by 40.9 per cent across the board.

MR. J. HODDER: They wanted that reduction because, let us face it, if you are running a business, Mr. Speaker, and you find that people are not buying anymore; you know, if you are running a clothing store and you used to get twenty customers and you are only getting ten, you do not continue to bring in suits of clothes, hundreds and hundreds and hundreds.

MR. ROBERTS: I wonder who they intervened to protect?

MR. J. HODDER: Well that is an interesting question. You talk about the Canada Bay Lumber Company here and the whole thing, I really could not say.

MR. ROBERTS: What company?

MR. J. HODDER: The Canada Bay Lumber Company as mentioned in the -

MR. ROBERTS: Who owns Canada Bay Lumber?

MR. HODDER: I do not know.

MR. ROBERTS: Who is the general manager of Canada Bay Lumber?
Is he connected with the administration in power?

MR. LUNDRIGAN: All, yes, yes, yes.

MR. HODDER: All interesting questions.

MR. ROBERTS: Yes, yes, yes and yes. The general campaign manager for the Tory Party in the last election is the general manager of Canada Bay Lumber. How much profit does he make out of it? Let us keep it going, but let us not charge it against Linerboard.

MR. HODDER: That is right.

MR. ROBERTS: Do not make the people of Bay St. George pay to support a gentleman connected with the Tory Party.

MR. FLIGHT: Scandal upon scandals.

AN HON. MEMBER: - Lundrigan.

MR. ROBERTS: Lundrigan and Mr. Bowaters -

MR. CANNING: It is going to be the grandfather of scandals, the Linerboard mill before you are finished with it.

MR. HODDER: Anyhow with references made there, Mr. Speaker -

MR. MORGAN: Are you speaking in the same debate?

MR. ROBERTS: Yes, I am speaking in the same debate, and he is making a magnificent speech. The minister would be well advised to try to emulate. If the minister could even make a speech half as good he would be an important person.

MR. DINN: (Inaudible).

MR. ROBERTS: The gentleman from Pleasantville (Mr. Dinn) comes up -

MR. HODDER: Here is a statement, Mr. Speaker. Here is a business decision, you see, here is a problem, see. Yes, this is what you call a good business decision. If the mill were being run as it should be run, as you would run your business, you would cut down on inventory.

Mr. Hodder.

you know, as I was talking about the closing thing. If the mill were run that way and, you know, then when your customers declined, like the customers in Stephenville are starting to decline, like the businessmen in Stephenville at the present time are starting to suffer - they are cutting back on their inventory, Mr. Speaker. They will not have any inventory in a very short time.

But the statement here says, "Some of them have not fully recovered and are still having difficulty meeting financial commitments. We cannot cut back!" This thing was said, We cannot cut back on those contractors because of problems, because of their problems of meeting financial commitments. Now, Mr. Speaker, I understand if I were a woods contractor, and I were selling to a mill, I would want to keep to continue to sell. Everybody would. The clothing manufacturer would want to continue to keep selling new clothing. But the thing is that a business decision has to be made. If you have salt markets, and you cannot turn over, and you cannot turn over your - it is no good stockpiling the stuff, you cannot sell it, then you have got to cut down on your inventory. But the answer came back that our problem is that we got problems with our woods contractors. But it says, On the other hand the company has done everything possibly short of buying the extra wood and stockpiling it to ensure that the suppliers of pulpwood are looked after. They were more interested in looking after the suppliers than they were about the mill. That is the problem. Now here is the thing. This one really pains me, really hurts. The company has curtailed its own operations resulting in 250 men in Bay St. George being without any employment this year. That is when the buses stopped coming to my district. That is when I felt the crunch. I felt it long before the member for Stephenville. That is when they stopped. And do you know what they did? They continued to bring the most expensive wood - when they are asked to cut down by forty per cent - they continue to bring the most expensive wood into Bay St. George for the mill.

MR. ROBERTS: The government made them do it.

MR. HODDER. And they say this is a tremendous loss we have had this year. You go all the way down to Green Bay - you know, the wood was coming in from Green Bay, from the Minister of Mines and Energy's district, the wood was still coming from Labrador, they did not curtail operations for the most expensive wood. But for the wood that was costing them \$40 a cord, which was being cut by local contractors in Bay St. George, they laid them all off. That is my people on the Peninsula. That is my people on the Peninsula. And do you know where they are working now? They are over in Nova Scotia. They are cutting wood in Nova Scotia, most of them.

MR. ROBERTS: The government's resettlement programme.

MR. HODDER: Yes, the resettlement programme.

MR. WHITE: Parzival Copes.

MR. ROBERTS: Yes, I think Parzival Copes had been intending to say it, but I think the government -

MR. HODDER: I listened to the Minister of Mines and Energy the other night. I never heard in my life such an assault on the ear drums. As he said, a harangue, an assault.

MR. RIDEOUT: A kindergarten debater.

MR. HODDER: He said, These are small amounts you are talking about. Wait now, we are going to get into some small amounts in a little while, Mr. Speaker. But these are small amounts. These little things will not make the mill turn over. These are just small amounts. And then he went on. I do not know what he was talking about. He was just shouting. He never said one thing that was sensible. I have not heard a thing that came from that side of the House sensible yet in this debate. I am waiting with eager anticipation.

Mr. Speaker, just to get back to those two reports here, the Alternate Lines Committee report, the Capital Requirements Committee report: I would just like to stress that again - the press have not -

MR HODDER: these two reports do not say close the mill; these are preliminary reports. Then we have a wood harvesting report which is not pessimistic; it is very optimistic, I can tell you that now. We have a market forecast report which is being prepared at this moment and every graph is going forty-five degree angle up straight. And we have people in the industry at the moment worried - as I said before, that the industry is going to be, that the whole world economy might be hurt by a lack of linerboard in time to come.

Now, Mr. Speaker, when the Minister of Finance told us he was going to give us all documents that we needed, all pertinent documents, when are we going to get them? I am afraid I am not going to get that wood's report before you do. But when are we going to get it? Why can we not have it? Why can we not have all this tabled in the House and let the press, let Newfoundland, let everybody see just what the recommendations of this board were, because something is rotten.

AN HON MEMBER: Hear, hear!

MR. HODDER: As Shakespear would say in the state of Denmark.

AN HON. MEMBER: Something to hide or they would come out with it.

MR. HODDER: Something is wrong. It does not make sense.

And then we get that - I do not have the report which was tabled in the House, but those little words, those words there, they are, and I understand this was fought over, this was fought over but they ended up saying, The operation and the board cannot recommend continuing operations in their present form. Certainly not in their present form, certainly not! We need some of those things, we need some improvements, the dry land system, some improvements in the mill to save money. And all those improvements, Mr. Speaker, are improvements to save money. They are not improvements to lose money and we have had some improvements

MR. HODDER: down there that did not, Mr. Speaker, before I get into the main part of my speech I must talk about this transcript and the statements of the minister - it all comes in together.

You see, this government realized they were in a financial pinch two years ago. Last year I talked about the Woods Gordon Report and the fact that they went over there and said that we were going to close, and when this government realized that they were in a pinch they decided to close it then. That Advisory Board has to be a smoke screen because why, why would you have all the reports going into the committee, why would you have a bunch of consultants down in the United States saying the mill is going to close? Why would you then have another document that comes on the desk like this, a preliminary report, a preliminary report on nothing. What kind of a preliminary report is it? They did not get anything? Who wrote that? It must have been the secretary, it must have been the secretary of the Advisory Board. You know, it was not Mr. Sweeney, that is for sure.

AN HON MEMBER: The minister -

MR. HODDER: The reports have not been in, they are not all in yet, and that is the preliminary report. So, you know, it is obvious that somehow or other Mr. Tittmore has gone to ground. I do not think anybody has been able to find him since. I know the news media have not been able to find him. And then the admission is made, the most damaging admission that a government could make - it boggles the mind - the government has actually said that we have run the Province into the hole. That is what they have said.

You know, the Minister of Forestry and Agriculture did not have to say that.

MR. FLIGHT: At least they are honest.

MR. HODDER: Oh, they are honest! Oh, I say the Minister of Finance is a honest man and so is the Minister of Forestry and Agriculture, honest men. Oh, yes! The Minister of Justice is an honest man too. He admitted yesterday that they went up to Ottawa to get bailed out. Oh, yes! Nothing about any proper plans, and he also admitted

MR. HODDER: that they went at the last moment, Oh, he admitted that! And the Minister of Finance is an honest man, He admitted that the Province is on the verge of bankruptcy, that is what he has admitted. And this particular document here- and we have the tapes of the whole meeting- but we have problems with the bond market, Oh my, Mr. Speaker, when you think about it I can understand why my friend and colleague from Stephenville went beserk here in the House the other day when he thought about it. The fact that the whole area, the whole underpinnings of Bay St. George had been torn apart because of mismanagement of this government. And then you get members on the other side of the House standing up, they stand up and they say "Oh, the past administration should not have been there" and all that sort of thing and that is the truth, that is the truth.

The people in Wall Street are running this Province, that is what is happening.

MR. ROBERTS: The government have abdicated.

MR. CANNING: Crosbie ran the-

MR. MURPHY: True.

MR. HODDER: Oh, the last five years they have been running it, Mr. Speaker,

MR. MURPHY: (Inaudible)

MR. HODDER: And then this poor man again, Mr. Sweeney, the Labrador Linerboard boss, fighting mad about closing and make no wonder! ~~Let us look~~

Mr. Hodder:

Let us look at, now just let us look at Bay St. George.

MR. SMALLWOOD: Would the hon. member oblige me by reading out the figures that Mr. Sweeney says can be done, operating loss and profit, for the three years running, this year and the next two years?

MR. HODDER: Okay, to complete the head wood conveyor savings due to density delivered cost/ density delivered costs -

MR. SMALLWOOD: No, no. Half way down.

MR. HODDER: Oh cash in, cash out that sort of thing?

MR. SMALLWOOD: Yes.

MR. HODDER: Oh, yes. Well the cost of the improvement -

MR. SMALLWOOD: No, no, no, no! In one paragraph he said, That the losses operating can be reduced this year to that, and the next to that, and the third year a profit.

MR. HODDER: Right. Well they have it done here in, you know - the amount -

MR. SMALLWOOD: No, no, no, the statement by -

MR. HODDER: It is important to note that a programme such as this -

MR. SMALLWOOD: In The Financial Post.

MR. HODDER: Oh in The Financial Post. Well it is the same thing, he is reiterating it right here.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: Half-way down.

MR. ROBERTS: Labrador Linerboard fighting -

MR. HODDER: "On the operation side, Sweeney says, he can save \$6 million per year with an additional investment of \$12 million.

MR. SMALLWOOD: No.

MR. HODDER: One idea is to install a steam turbine generator?

MR. SMALLWOOD: Further down.

MR. HODDER: "The price per ton was cited as the government's reason for closing the mill, With the market price of \$188 per ton, it is said that the mill manufacturing cost was \$403. Sweeney says

Mr. Hodder:

that with the value of the Canadian dollar the market price is now closer to \$210 per ton."

MR. SMALLWOOD: No. Look tooth and nail, that paragraph.

MR. HODDER: "Sweeney is fighting tooth and nail to keep open what is one of the largest, most modern Linerboard Mills in the world." Am I in the right track now?

MR. SMALLWOOD: Yes, go on.

MR. SIMMONS: You are on the right track now.

MR. HODDER: "He rates his chances of one in three."

MR. SMALLWOOD: Yes, go on.

MR. HODDER: "First of all he must convince the government that it will not be the financial burden everyone thinks!"

MR. SMALLWOOD: Yes, go on.

MR. HODDER: "Sweeney feels that the most persuasive method is example. And the short time he has been in Stephenville the former Vice-President for Consolidated Bathrust Limited has managed to save the operation \$6 million."

MR. SMALLWOOD: Now then, the next sentence.

MR. HODDER: "In addition he has been in his thirty-five year career of pulling the unprofitable paper mills - of pulling unprofitable paper mills out of the red that he can get the mill's operating loss down to \$14 million by year end 1977,

MR. SMALLWOOD: That is this year?

MR. HODDER: Next year, in a turn around -

MR. SMALLWOOD: No, you are reading it too fast.

MR. HODDER: - six mil profit in 1979-1980.

MR. SMALLWOOD: I cannot follow it. Too fast. I cannot follow it.

AN HON. MEMBER: Oh, oh!

MR. SMALLWOOD: Slow. Lingeringly.

AN HON. MEMBER: Slowly.

MR. SMALLWOOD: What -

MR. HODDER: Okay here we go again.

MR. SMALLWOOD: - would the cost be this year?

MR. HODDER: "Sweeney feels the most persuasive method is example. And the short time he has been at Stephenville the former Vice-President of Consolidated Bathrust Limited has managed to save the operation \$6 million. In addition he is betting his thirty-five year career of pulling unprofitable mills out of the red if he can get the mill's operating loss down to \$14 million by the year end 1977 - \$6 million..

MR. SMALLWOOD: No. Take it easy! Take it easy! Then go on.

MR. HODDER: All right. Six million -

MR. SMALLWOOD: Loss.

MR. HODDER: Eight million next year.

MR. SMALLWOOD: Six to eight.

MR. HODDER: Yes.

MR. SMALLWOOD: And the third year.

MR. HODDER: And the third year, and turn a \$3 million, then \$6 million profit in 1979-1980.

MR. SMALLWOOD: And that was the office boy who said that?

The messenger? The man who sweeps the floors?

MR. HODDER: No, that is not the office boy, that is not the messenger, that is not the clerk -

MR. FLIGHT: Thirty-five years of experience.

MR. HODDER: That is the President and General Manager of Labrador Linerboard Limited.

SOME HON. MEMBERS: Thirty-five years of experience.

MR. HODDER: Thirty-five years experience, Mr. Speaker. Oh, Mr. Speaker, only if we could have him come in and talk to us in the House.

AN HON. MEMBER: (Inaudible).

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: When they vote for our motion.

AN HON. MEMBER: Oh, oh!

MR. WHITE: Bring him in the House and set up the T.V. sets like we had - .

AN HON. MEMBER: Thirty-five years.

MR. HODDER: Now I would just like to talk for a few minutes on what has happened in Bay St. George since the mill came, and why it is such a so terrible, terrible decision that the government has taken in light of the facts that have come about since the decision was taken.

Mr. Speaker, the town had been down. When I moved into Bay St. George I suppose there must be about 600 apartments on Base, on the Harmon portion of the town, and I had the pick of any one I wanted, because there was just nobody living there, You could drive onto that road which comes past the Airport there, you could drive in, you could not see a light on Harmon, everything was closed, there were big buildings there, nobody was in them, just

MR. HODDER: complete black - one or two lights showing here and there, the mill open. About six months ago there was a 400 family waiting list to get into those apartments. Every building is being used. It has come to the point now where there are no buildings for anybody who wants to set up on base. The whole thing has been utilized. The community, because of the mill, new schools went there, millions and millions of dollars of schools. I was Principal of a school in Stephenville. I forget how much now it cost to build, but it had a home economics department, it had the best language lab in Newfoundland - better than Memorial University - its chemistry lab and its physics lab equipped comparable to any, to suit any first year student in Memorial, lecture theatres, woodworking, metalworking, typing. Then a new school was built for the other denomination, the Roman Catholic School Board, even bigger, even better, even more facilities. Then the Pentecostal denomination, the congregation there had a school built. And then we had people move into the area who built new homes, they got big mortgages. We had businesses move into the area, new businesses start up - a mall - the shopping mall I think has 350 employees. That was a few months ago - 350 employees. They have started to lay off now. Now you talk about the multiplier thing. Once that mill goes, that mall goes. And anybody that can pay the rents in that type of structure and continue to exist just has to lay off or run the thing themselves. The Woolworth store there took out all their telephones the other day. They used to have interdepartment telephones - they took them out. That is the sort of pressure that is coming on. Even the big stores, they are having business problems. And the new homes - I was talking to a man in Bay St. George the other day and he said, "What should I do? Should I stay on? Do you think it is going to go?" I said, "I do not know." I said, "Who am I." "You know," he said, "I have a mortgage, I want to live here. My wife and family are here, they like it here, they like the school system. Can you advise me? You are closer to it than I am. Would you advise me to stay on?" No. I could not do it. I could not advise him one way or the other. I said, "I may be closer - you may think I am closer than you are. But I cannot give you any advice. I do not know what this government is going

MR. HODDER: to do, I do not know what they are going to do next." And there are people wringing their hands and wondering now about that decision. They still do not know. And do not hold out false promises. That is something. We do not like to hold out false promises. But on the one hand you are saying to the people in the area, 'Stay, because we might be able to get something going. We will give you a big bonus if you stay.' But at the same time the mill is shut down.

MR. FLIGHT: Government by the hour.

MR. HODDER: Now if a man has a \$40,000 mortgage or a \$25,000 mortgage and there is a chance of a job somewhere else, and you are saying 'Stay on this long,' and 'There is always hope. We are going to try to turn her around.' You know, 'We are closing her, but we are not closing her,' what does he do? He is left - no false hopes there, no false hopes - no! We are going to close her down, but stay. Now I wonder, Mr. Speaker, is that just a device just to keep the people there so that everybody does not clear out immediately, and then keep the thing going until the wood inventory is used up? Is that a device? I do not know. I hope not. I could not imagine that this government could ever come up with a scheme like that where they would fool around with people's lives to the extent -

MR. CANNING: I could.

MR. FLIGHT: See -

MR. HODDER: - that they would say, 'Stay on, because we might make her go,' so that they can use up the wood inventory. I cannot believe that. No, I do not believe it. The Minister of Manpower -

MR. FLIGHT: Did you think they would close it?

MR. HODDER: - I do not believe he could do that. Impossible.

MR. FLIGHT: Did you believe they would close it?
Could they do that?

MR. HODDER: Well, you know, the signs were there but I suppose it is just one of those things - you keep hoping against hope.

AN HON. MEMBER: - I can understand that.

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Tape No. 2594

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MR. HODDER:

Now, Mr. Speaker, I have a little document here which was passed to me. I will read it because it makes - . . . It is no startling document. It was just prepared by somebody in Stephenville. It may have come from the union, it may have come from management. But I think it is worth reading because it makes sense to me. It says

Mr. Hodder.

"When the Labrador Linerboard mill is producing full time, its salaries, wages and benefits, amount to \$24 million to approximately 1,600 employees." Okay? That cannot be disputed. According to Statistics Canada there is a multiplier effect, which is something the members were talking about. What is the multiplier effect? Well I will tell you that Statistics Canada does say three, and if you read the forest supplement, Bowaters claim three. And if you live in Stephenville, you can see the multiplier effect especially if you live in my district, because you see so many people coming in, and once that mill goes, what happens? It shows that for every job in the pulp and paper industry three additional jobs are created in service industries. "In other words, every one job at Labrador Linerboard creates three other jobs for Newfoundland workers elsewhere. By conservative estimating these individuals earn an average of \$10,000 a year in wages and benefits. Another \$48 million is paid to other Newfoundland workers because Linerboard is in business. Total wages and benefits to people who get pay cheques, from or because, using the multiplier effect, Labrador Linerboard, \$72 million. If these 6,400 people each have an average of three dependents, then 19,200 Newfoundlanders are immediately dependent on the West Coast pulp and paper company for their livelihood immediately. Many thousands more Newfoundlanders from Port aux Basques to St. John's look to that \$72 million for part of their own annual income. As the Linerboard mill sells most of its production to the export market, bringing foreign money into the Province, it is then questionable as to why a short-fall from company operations of less than \$20 million per year results in a decision to cut it down when the result added effect through operation is large and will have serious repercussions to many more than those directly employed by the company particularly when much of those jobs are supported by foreign money."

Now you know, that makes sense to me. I thought it was worthy of reading here in the House. Now when the Premier came to Stephenville he made a report to the people of Stephenville that he

Mr. Hodder.

was going to set up an advisory board. He said, "The Province might not be able to take those losses much longer." He also neglected to say that the Province must pay out - and this is the thing that has bothered me, baffled me, the fact that the propaganda aspect of the closing of the mill, and there was propaganda, because the Premier when he was on television the other night talked about \$105, \$104. I have heard him say \$107 when he was in Stephenville. I heard \$104 at another time, and I think he said \$105 on television. The figure of Labrador wood is never - but he did use Labrador wood when he was talking to the Province. He was talking why we are closing Labrador Linerboard Limited. He was talking about the price of Labrador wood, which Labrador wood we do not have any more. We are not getting Labrador wood any more. We are getting wood at \$61 a cord right now and coming down and can come down further. But yet he talks about that hundred. And then we talk about the \$55 million. Now that is nothing only trying to tell the rest of the Province that this is what we have got to pay out, and they are not realistic figures, because he neglects to talk about the \$26.7 million in 1977-1978 which is going to have to be paid out, the \$36.2 million in 1978-1979 which is going to have to be paid out anyhow, the \$10.2 million in 1980-1981, you know, and down it goes. He neglects to point out that the loss of income tax, the loss of SSA from that area, the social security which would have to be paid, the security of the plant, water and stumpage, Newfoundland and Labrador Housing rentals, all that, that is ignored. And, you know, there are things that are not mentioned there - insurance. I wonder how much that mill is insured for, Mr. Speaker? I wonder. That must be an awful size of an insurance policy. You know, whether you close it or not, it is not mentioned here. You know, it is not mentioned. How much do you pay? Does anybody have any idea of what you would pay on a mill which costs one hundred-and-some-odd million dollars?

MR. FLIGHT: Does the Minister of Justice know?

MR. HODDER: Is there insurance? I take it that there must be

Mr. Hodder.

insurance on that mill. Does the Minister of Justice know what it would cost to insure that mill? It is not here in the figures.

MR. FLIGHT: The Minister of Consumer Affairs should know.

MR. MURPHY: I think the member for Twillingate (Mr. Smallwood) should know that. Are they insured or what? Or does the government just take a joint risk?

MR. SMALLWOOD: I do not know whether the property is treated as though it were ordinary government property around the Province. It is not exactly a straight government operation. It is a Crown corporation which the government own. I do not know if it is insured. I do not know.

MR. MURPHY: In certain cases, I think if it is mortgaged, they must insure it through the government's guarantor.

MR. SMALLWOOD: That is right, and the bondholders will demand it.

MR. HODDER: I mean, that is an amazing question.

MR. SMALLWOOD: The guarantors demand it.

MR. HODDER: I have not been able to get an answer to that one. It is not listed here. It is left out. Perhaps some of our friends in the media might dig into that one.

MR. MURPHY: The hon. member for St. John's East (Mr. Marshall) might have the answer.

MR. MARSHALL: If the hon. member would permit. The mill is insured. It has to be insured. Because of

MR. MARSHALL: the financing there would be anyway because it is a Crown corporation and I do not know, that is one of the questions as to where the insurance has been placed over the years is something that I do not know but I do know that insurance is maintained on it.

MR. J. HODDER: Well now, that is very interesting that the mill is insured and I thought that it might be insured, but it is very interesting that it is not listed here. I think that is a nice task for some investigative reporter to find out now, just who insures it? What it is insured for? Because that is not listed in the cost of shut-downs, it must be millions of dollars. It must be millions and millions of dollars for insurance - I mean the cost of the mill itself -

MR. FLIGHT: The premium is probably \$1 million.

MR. J. HODDER: I mean, what happens if one of their things blow up in there, you know, and takes the side out of the mill? You know, it has got to be insured.

Mr. Speaker, I will get to my other piece of material here now. Figures. Now, Mr. Speaker, I have a document here, it has been referred to before, I think it has been tabled yesterday, refer to it very, very briefly. It is a document, it is called, Memorandum to the Minister, subject: Cost Reduction Programme for Labrador Linerboard Limited; date, Mr. Speaker, December 5th., 1975, now this was in 1975, it was a year, I suppose, before the Advisory Board was thought of, signed by an executive assistant to the minister responsible for Labrador Linerboard Limited, His whole job was - a capable man, a man whom I have had some experience with, intelligent fellow. Mr. Speaker, this was not done by middle management. This is not something that came from a suggestion box. It is not a document that was submitted by some disgruntled employee, This was a document that was given to the minister, Mr. Crosbie, December 5, 1975. Mr. Speaker, the subject is; Cost Reduction Programme for Labrador Linerboard Limited, Cost reduction.

MR. J. HODDER: Now this is probably the most amazing document that has come into my hands since - of all the documents that came out of my hands. It has not been dealt with in this House. It was dealt with briefly. This document says more about the problems at that mill - you could not, if you went and dug through every memorandum that the government has every had, if you went through every negotiation that has been held, if you had all the correspondence, if you had access to Cabinet files and everything else, Mr. Speaker, you could not find a document which tells you more about the mismanagement at the mill than this one. It is suggestions, "The following points to areas where substantial savings can be realized at Labrador Linerboard Limited," Savings. Now in order for those points to be made where savings could be made there must have been problems, you see.

MR. HICKMAN: Billy Rowe says that is only historic. I am just reading it now.

MR. HODDER: Well this is not historical, Mr. Speaker, this is one year old. This was what was given to the government -

MR. FLIGHT: Did Bill Rowe close that mill?

MR. HICKMAN: He says that, "The people of Stephenville, Bay St. George and Happy Valley - Goose Bay, are more interested in positive ideas on how the problem can be solved, how their jobs and investment and homes can be saved. All we have heard from those leaders since the announced close-down of the Labrador mill is, 'Who is to blame?' This may be of great interest to historians but it is of no interest to the people of Stephenville - Bay St. George or the Goose Bay - Happy Valley area." Now there is the leading light -

MR. HODDER: Would the minister read that for me again. I did not catch it.

MR. HICKMAN: Would you like for me to read it again?

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Tape No. 2596

MM - 3

MR. HODDER: Yes, read it again.

MR. HICKMAN: Oh well if the hon. gentleman will yield

I will. This is a quote from the Daily News of May 12, 1977.

Headline -

Mr. Hickman:

"Politicians bankrupt of ideas, says Rowe." "The people who are most affected by the government decision to close the Labrador Linerboard are not interested in listening to the political parties blame each other for the closure. That is the word from the Liberal Leadership, hopeful William Rowe, who says that the people of Stephenville, Bay St. George, and Happy-Valley-Goose Bay are more interested in positive ideas on how the problem can be solved, how their jobs, and investment, and homes can be saved. 'All we have heard from these leaders since the announced close down of the Linerboard Mill is, Who is to blame for what?'

AN HON. MEMBER: (Inaudible).

MR. HICKMAN: "That may be of great interest to historians, but it is of no interest at all to the people of Stephenville, Bay St. George area or the Goose Bay-Happy Valley area, he said in a recent release. The government should listen carefully to the positive information and the suggestions offered by the three political figures who are closest to the whole situation."

SOME HON. MEMBERS: Right! Right!

MR. HICKMAN: I agree with that. "The real problem in Newfoundland and Labrador is not the threat of financial bankruptcy at all, it is actual bankruptcy."

MR. HODDER: All right, I thank the House Leader. I must say I must agree because after listening to the members of the House the other night talking about the pre-administration of their administration days, and all the problems, and all the money that was spent, and the money floating around between Nassau, and here and there; nobody wants to hear that, Mr. Speaker. But here we have in this particular document, this is not history, this is recent, in this particular document. Now you see, Mr. Speaker -

MR. HICKMAN: 1975.

MR. HODDER: - the problem is with the mill. The problem is the fact that it has not been managed properly. We go back to what I said before about the business; if you do not believe the business is

Mr. Hodder:

going to work, if you do not run the business properly, if you do not sell your product properly, and if you do not market it properly and if you get ships coming in from across from Labrador which were ill-designed and could not get into the harbour, wasting slings, and you know, dollars and dollars and dollars and dollars being wasted - if you have that sort of thing, Mr. Speaker, you know, that is why the mill is in the situation it is today.

MR.. FLIGHT: Total mismanagement.

MR. HODDER: Now, you know, what I am trying to tell you is that if you follow those recommendations which I intend to dwell on at length here, which is the most revealing document - and this is not negative, there is nothing negative about this, this subject, Cost Reduction Programme for Labrador Linerboard Limited - given over a year ago, given about two years after the mill went into production and it revealed what went wrong. And I would like to convince you, Mr. Minister, that there was something rotten, something wrong with the mill, The reason the mill is in the situation, Mr. Speaker, that it is in today is because of certain things that went on in the mill. And how can you talk about the mill - now this is the most positive suggestion, this is the most positive document I ever saw in my life. And it was done two years, Mr. Speaker, two years after the mill went into operation. And it told the government what they should do. It is the most positive document that I have ever seen. But the other thing about the document is that it points out, Mr. Speaker, it points out by inference what went on in that particular mill.

"Now the following point to areas where substantial savings can be realized at Labrador Linerboard Limited, Point one: place a freeze on all purchasing and make do with what we have already in stock unless the item is required for an emergency.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: Now what was going on at that mill, at that particular time? Why was that recommendation made? I refer back here to

Mr. Hodder:

another particular section where - you know, just looking at that particular, number one; place a freeze on all purchasing - and over in the back of this document they say operating and maintenance supplies on hand in 1972 was \$3 million worth - \$3,074,000 worth - on hand. Now they ran the mill that year on that. On hand in 1975 was \$13,256,000. So point one, place a freeze on all purchasing and make do with what we have already in stock, they only had \$13 million worth in stock.

MR. FLIGHT: That makes sense, does it not?

MR. HODDER: Makes sense!

MR. FLIGHT: From a business point of view.

MR. CANNING: I would like to know who the agents were.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: Oh, eh the spare parts,

MR. HODDER: \$13 million worth. Next one, Mr. Speaker:

"Cancel all capital improvements unless the ability of the mill to produce would be impaired." Now the key word here is "if the ability of the mill to produce is impaired." Now when we get along a little further in this document we will find that they put in a rail line - did not save them a cent, not a cent, not one dollar - millions of dollars spent to put a rail line in - did not save them anything, but -

MR. SMALLWOOD: Did not save a cent to put what in?

MR. HODDER: A rail - a spur line -

AN HON. MEMBER: A spur line.

MR. HODDER: - But they did not have the dry land system to back it up so they could not save any money. So they were saying, "cancel all capital improvements." That is a very sensible thing, Mr. Speaker, "cancel all capital improvements unless the ability of the mill to produce would be impaired." You know, here is a company with its back up against the wall, two years in operation, they are having problems, they have wasted a fortune on the Kyoda Forest and the Vancouver Forest and the Bremness and all those ill-fitted ships. And it has been a comedy of errors up till now. The mill manager does not know what he is doing and it is run by the Minister of Finance who has never been in the woods business or in any business in his life, and everybody for two years have been beating their heads together trying to run a paper mill. So, cancel all capital improvements." Now, that is very sensible in light of those particular times. Were they done? No, Sir. That spur line went in afterwards. "Cancel all woodland's purchases and make do with what we have."

MR. FLIGHT: That makes sense.

MR. HODDER: That certainly makes sense to me,
Mr. Speaker.

MR. FLIGHT: Sounds like a good man.

MR. HODDER: "Cancel all woodland purchases and make do with what we have." I take it, Mr. Speaker, that they are talking about here - and it does not state itself very well - but what they are talking about here is all that equipment they had in the woods, all those

MR. HODDER: tractors which were lost, they found a truck I think is somebody's garage, they found tractors out in the woods. There is one I would rather not go into. I have a little story, but it involves an individual - no, I could not do it. But it involves an individual and it involves a tractor that was working - which was not working, actually - a contractor and a mill person - the tractor was not working but he was being paid for it.

AN HON. MEMBER: Jim Reid I suppose.

MR. CANNING: Who is the agent for the tractor?

MR. HODDER: But, you know, that is another point.

With all those things the men would come back and they would say, 'My son, if you saw the equipment they have up there in the woods you would never believe it, not being used. A mechanic comes up and then he says, "Do you know what they did? They brought me in from -" somewhere in Springdale - no, from Badger - I was talking to him there two weeks ago. He said, "They brought me in and they wanted me to fix one of those tree harvesters," or something like that. "They had a new machine there. They wanted me to take the motor of the new machine and put in the old machine." And he said, "You know, I could not understand it. I argued with them and I went up and I talked to some of the management, and I said, "That is not sensible. Use your new machine. I will rebuild the motor for your old machine." Oh, no, no. That is the way you do it.

AN HON. MEMBER: Scrap the new machines for parts.

MR. HODDER: Now this did not happen last week. No, this happened last year. But that is the sort of thing that went on. When you talk to people who worked in the woods with Labrador Linerboard Limited it is frightening what you hear. I cannot prove it, you know, just the rumors that come back of waste, mismanagement, extravagance -

AN HON. MEMBER: (Inaudible)

MR. HODDER: - just like being run by civil servants -

AN HON. MEMBER: (Inaudible)

MR. HODDER: You know, who had never been in it before.

Because Mr. Ingram, he did not know what to do. He had to go to John Crosbie

MR. HODDER: every time to ask a question. I would interview him as a reporter. I would say, 'Mr. Ingram, can you tell me about this?' 'No, I cannot tell you about that. I have to get permission from the Board of Directors.' How many times have I heard that? And half the time you talked to them you could not get anything from him for a story because he had to check with John first - 'Have to see John about that.' That is the way it was run.

AN HON. MEMBER: Yes.

MR. SMALLWOOD: Does not the hon. gentleman realize that in addition to running that paper mill, John Crosbie would have been happy if he had been given the Grand Falls mill and the Corner Brook mill also at the same time, and run the three of them?

MR. HODDER: I must say in reply to that -

MR. FLIGHT: He would have had it too except the Premier would not give it to them.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: I must say one thing though, that some of the documents that my friend and colleague from Stephenville and the hon. Leader of the Opposition brought up when they spoke the last day some of those documents, they do not say John Crosbie. John Crosbie in any case, those Cabinet memorandums, he went to Cabinet. The Woods Harvesting Corporation - Don Jamieson asked that a Woods Harvesting Corporation be set up. Now that was a good idea

MR. HODDER: because this is the reason that Wood Harvesting Corporation was a good idea, because the mill would operate itself. The mill would not have to worry about the harvesting portion of it. The mill would have operated itself. I understand that there may be some DREE funds, It was suggested by Mr. Jamieson.

MR. FLIGHT: That is the way Price operates. Yes.

MR. HODDER: That not only would they be in the business of supplying wood to the Stephenville mill but they would also be in this sawmilling business and other ancilliary things so that they would basically be a corporation which could make money and still sell to the Stephenville mill.

AN HON. MEMBER: (Inaudible).

MR. HODDER: Well I have got to go back through my stuff here now but it is in one of those Cabinet memorandums I got here somewhere. I will show it to the minister -

MR. FLIGHT: A mill run by remote control from St. John's.

MR. HODDER: It is a memorandum to Cabinet that went in,
Subject: Woods Harvesting Corporation.

MR. SMALLWOOD: Which Mr. Jamieson is that?

MR. HODDER: That is the hon. Don Jamieson, had suggested to Crosbie. It says in the memorandum, "As was suggested to me by the hon. Don Jamieson." That was a good idea. It went to Cabinet and was turned down. And by the way, this document which I was referring to, later when the inventory continued to go up, when management was asking to cut it back by forty per cent because markets were soft, that memorandum went to Cabinet and the letters went back. That went to Cabinet. That was a decision of Cabinet. So it was not only John Crosbie. Now maybe he pulled the strings by remote control and did not know what he was doing, but this government holds full responsibility for him.

MR. CANNING: Sure they do.

MR. FLIGHT: Whole responsibility of his blunders, yes.

That is right.

MR. HODDER: Well here is another one. To complete the dry land system so that \$4 per cord can be saved on rehandling of the pulpwood, the rail spur line was put in so that wood could be brought to the mill and we were supposed to save \$4 a cord. We have not saved one cent by having the rail line in and we will not save any until the dry land system is completed. I must go and make note back here, - in fact to fifteen. And there is another recommendation here, "Commence plans to go completely to dry land storage. It is a known fact in the forestry industry that between five and ten per cent of the wood stored in water is lost through sinkage or getting out of the log booms."

MR. FLIGHT: Five -

MR. HODDER: Five per cent of 440,000 cords is 20,000 cords, and ten per cent would be 40,000 cords, At \$67 per cord our loss is between \$1 million - now that is another little figure, small figure, small figure - it does not matter, the Minister of Mines and Energy says all small stuff, the loss is between \$1,340,000 and \$2,680,000 this year. Now, small figures, lost. The man did not know what he was talking about? Certainly sounds like he knew what he was talking about.

Now here is another Jim Dandy now I refer back here to item thirty-six; it will take me some time to get through this. Oh yes, they had the - you know, the boats used to come down, you see, and they would drop the wood in the water and then they had to have a bunch of people out mucking around in boats and, you know, to make sure it did not drift away. You know, they had a crew out. "I suggest that our wood consumption is not near as high as we are led to believe it is."

"I believe the discrepancy occurs with all the wood that has been lost at the mill through sinkage and the thousands of cords that

MR. HODDER: have been let go adrift in Bay St. George," Let go adrift! "The company now finds that the wood that has been delivered to the mill is not now there." It is not there. It was delivered to the mill but it is not now there. "And consequently they conclude the wood has been consumed," They conclude it has been consumed. If this is the case, a saving of \$3.5 million per year can be realized from decreased usage.

MR. STRACHAN: That is why it takes more -

MR. HODDER: We assume, Mr. Speaker - just listen to that, Mr. Speaker, we assume that the wood has been consumed. They did not know. Management!

MR. STRACHAN: That is why it takes more cords to produce a ton of linerboard.

MR. HODDER: And now we have Stephenville down, we have people in Stephenville, we have homes broken in Stephenville, and the government comes out and they say to us, "We are going to close it down, she was not paying!" Well of course it was not paying! You know it was not paying! How could it pay? Millions and millions and millions - I just talked about \$3 million, that is all. You know. How much more? Wait until we get down to some more of them.

MR. CANNING: The wood disappeared in thin air.

MR. STRACHAN: That is why it took so many cords to produce a ton of linerboard.

MR. HODDER: Boats coming from Goose Bay with one lot of wood on and arriving in Stephenville did not have the same amount of wood, less wood.

MR. FLIGHT: You are kidding!

MR. HODDER: Oh yes, you know that, the

Mr. Hodder.

Burroughs report was tabled here in the House - what? - that goes back to day one, you know.

SOME HON. MEMBERS: Oh, oh!

MR. FLIGHT: - nothing to do with it.

MR. STRACHAN: Because they used the wood that was all -

MR. HODDER: This is the most comic thing I have ever seen in my life. I mean, you know, it would almost drive one berserk. It would drive one right out of one's mind to read some of the reports that I have read on that mill. You know, for a while I thought those people who were telling me those stories that it was just bad management, you know, that they were disgruntled people and things like that. You know, for awhile I went around listening to all the stories, you know, in Bay St. George, being a newspaper man I played down a lot of the stuff they told me, and stuff like that. Mr. Speaker, you know, when you look at it they were right. They were right. I wish I had recorded everything that I heard in those days, because I would have a lot longer speech here today. I would be going for ten, twelve, fourteen hours if I had documented everything I heard - loss, waste, extravagance, poor management.

And here is another one, Mr. Speaker. "Synchronize" - now just think of this now, this was obviously a problem - "Synchronize wood delivery to the mill to coincide with production." Think about that. "Synchronize wood delivery to the mill to coincide with production." Now that is a very sensible thing. Now, right now the mill is closed down, but they got six months of wood left there, you know. That shows up bad on our balance sheets. It puts the company in a very uncomfortable position with the auditors. And now you say that the people down on Wall Street, the people at the due diligence meetings, as the Minister of Forestry and Agriculture has said, or Manpower and Industrial Relations says that the fellows at the due diligence meetings, you know, you have to be very truthful with them, with the people who are buying the bonds of the Province. You know, if you had run it properly you would not have to be truthful with them. You could show it as a profit, not as a loss.

Mr. Hodder.

He says, "Our inventory on hand at any one time" - now listen to this, Mr. Speaker - "our inventory on hand at any one time could be reduced by 50,000 to 100,000 cords," Any one time, we can reduce it to 50,000. When we go back to the business thing, when markets get soft, if you got a clothing store you do not continue to buy clothes when nobody is buying it from you. You do not stock up. Here it says, "Our inventory on hand at any one time could be reduced by 50,000 to 100,000 cords if we develop a schedule of delivery tied to production" - tied to production! You do not bring in things when you cannot produce them. The whole thing with the Linerboard mill is that you get the raw wood and then you turn it into paper and you sell the paper. And the faster you can turn over your inventory, the more money you make. Now how fast are we turning over inventory in Stephenville? Half this year, half way through the cycle. Here we are with six months wood left there.

Mr. Speaker, this one might not be taken too well. It might not have been taken too well in Bay St. George, this next suggestion. It says, "Immediately lay off ten per cent of the work force" - it did not happen by the way - "and follow that by another ten per cent in six months time." In November 1973 - now listen to this, Mr. Speaker. Mr. Speaker, this is really something - "in November 1973 we had 524 people working in the mill" - 524! And this is December 5, 1975 a little over a year later, "we now have 683!" Five hundred and twenty-four, Mr. Speaker, and in a year it jumps by 141 people. Well, my goodness gracious, what were they doing? How come they could turn out linerboard, Mr. Speaker, with 524 people and a little over a year later they got 683? Now what was happening in that mill?

MR. STRACHAN: Put it in the hole.

MR. RIDEOUT: They were suggesting cutbacks.

MR. HODDER: Oh, this was at a time - you know, these are suggested for cutbacks. But, you know, it is what the document says when it asked to cut back.

MR. FLIGHT: The same rationale in the civil service.

MR. HODDER: The fact that there were 141 more people there a year later!

Mr. Hodder.

Now granted the people of Bay St. George loved the employment, but these are troubled times, Mr. Speaker. Now none of them got jobs, and any one would be willing to sacrifice. And there is where the government should have the courage. They should have the courage to implement that, because the mill itself would have run, because the mill would be operating today!

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: One hundred and forty-one people. I wonder how much, Mr. Speaker, that is. I suppose they made \$14,000. Did they make \$14,000, \$15,000 a year apiece? Oh, you know,

MR. HODDER: mill workers across the country, I suppose, perhaps \$17,000. I do not know, perhaps, you know, with overtime they make good money.

MR. FLIGHT: \$18,000 or \$20,000.

MR. HODDER: So you have 141 people. What kind of a saving would that be, Mr. Speaker?

AN HON MEMBER: (Inaudible) in a year.

MR. HODDER: The next one, Mr. Speaker. "Determine from Price and Bowaters how much they pay for purchased wood and make sure that we do not pay more. Rumours continue to persist that we are paying much more for our wood than either Price or Bowaters." Now, Mr. Speaker, that recommendation says rumours, but it is no rumour, Mr. Speaker, no rumour whatsoever that they were paying more for wood, because I happen to serve on what is known as a committee in Stephenville which - we looked at all the contractors in Newfoundland - the Social Impact Committee, and we got reports in from all those contractors and there is no doubt about it that they were paying \$10 more per cord for the same type of delivery and everything else as Price or Bowaters. "Rumours continue to persist." Now granted, I can see when breaking in. I think my hon. friend from Lewisporte can tell you about a case in his district, where they decided to sell to Price, or Bowaters cut of their wood suppliers. He can make that point, I think.

But it was right across - we were paying for all kinds - Oh here, Mr. Speaker, now there is this one. Living in Stephenville myself personally, representing the district of Port au Port, and then of course living in the area and being a newsman which covered the whole area sort of thing, you were always amazed by the number of company vehicles that existed at that mill. Now I know Bowaters. I mean, I have lived in Corner Brook, I have visited Corner Brook regularly, I have never seen company vehicles

MR. HODDER: running around Corner Brook or Grand Falls like we had them in Stephenville. I mean, if you sat - there is a restaurant on the Hanson Highway going out to the Trans-Canada and I was talking to the restaurant owner about one and a half years ago, and he said if you could only imagine the number of white hats and the number of trucks, he said, that we see going by here every day, he said, I do not know where they are going they could be going to Southwest Brook or they could be going to Corner Brook, one in every one, vans going by, whatever happened? But anyhow, "No more company vehicles to be used for private use. It is not uncommon to see employees at the shopping mall and other places of business as well as going to Corner Brook in company vehicles."

AN HON MEMBER: That is right. All at company expense.

MR. HODDER: I doubt very much if you work for Bowaters or Price that you can run into Gander in a company vehicle, that you can take it home. Do you know -

MR. SMALLWOOD: Oh yes, if Mr. Crosbie is not managing them and Mr. (Inaudible)

MR. HODDER: What I am pointing out -

MR. MURPHY: Go on 'Jim'

MR. MURPHY: I am reading some Hansards of 1967 and 1968 which are far more interesting. (Inaudible)

I have it all over there if I ever get a change.

MR. HODDER: Well whatever happened in 1968 - but this is a problem that happened six months ago. We are talking about a mill that closed. Now not only that, Mr. Speaker, if I might be allowed to continue, but you know, Mr. Speaker, they had possession of those vehicles and they carried snowmobiles like - for instance they carried their snowmobile in the back of their trucks because they never, never let it go. They drove it to work, drove it back, took it to Corner Brook, went shopping in

MR. HODDER:

it. I would love to know the number of vehicles that they had at that Linerboard mill. Now Mr. Sweeney when he came in - the first thing he did, the most obvious thing that he did, was to chop it all out, chop it out.

Now why under the previous management was that allowed to exist?

MR. MURPHY: That was the previous management.

MR. RIDEOUT: That is the owner's opinion.

MR HODDER: Well you know, Mr. Speaker, the longer and the more -

MR. MURPHY: The government should not interfere in these things, though that has been said a thousand times.

MR. HODDER: That is right, that is right. But government should insist that things be run properly if they own it. You did own it. You cannot get away from the fact that you own it.

MR. MURPHY: No.

MR. MURPHY: Government should not worry about the hundreds of millions of dollars. Government never had to worry about that.

MR. FLIGHT: You were the managers.

MR. MURPHY: No, not at all. We were not allowed to interfere in it.

MR. FLIGHT: Mr. Crosbie used to do that.

MR. MURPHY: It was all set up. "Here, go ahead. Here is \$300 million, spend it. The people in St. John's Centre and all over the place are contributing this money, let her go."

MR. SPEAKER: Order, please!

The hon. gentleman wishes to continue without interruption.

MR. HICKMAN: What the hon. gentleman said is so. The documents he is reading from, they have been read but they have not yet been tabled.

MR. MURPHY: And they are stolen, as far as I understand, so take them back with you.

MR. HODDER: Mr. Speaker, if you want to get information from this government, I mean, you have to steal it, there is no other way.

MR. MURPHY: Is it possession of stolen property?

MR. HODDER: I do not know. This came into my hands. I did not steal it.

MR. MURPHY: It is the same as if you had an article of furniture belonging to some one.

MR. HODDER: I did not steal it, Mr. Speaker.

MR. MURPHY: It does not matter who stole it, you are in possession of it.

MR. HODDER: I did not break in. This is no Watergate, Mr. Speaker. There are many people who live within the confines. The enemy is within in this government. Within.

MR. HICKMAN: I invite you to have proof that that is all without prejudice, these last statements.

MR. RIDEOUT: The old master himself.

MR. HODDER: Mr. Speaker, number 9, the next particular item: "No more company vehicles to be taken home in the night other than that of the president!"

Now obviously, Mr. Speaker, this is known. They took their company vehicles home along the same lines as they took them to Corner Brook, they took them out moose hunting, they took them wherever they wanted to go, and they took them home at night.

MR. SMALLWOOD: They could not be expected to walk out moose hunting, could they?

MR. HODDER: No. they had to take a company vehicle. Yes! Yes! The government is paying for it. It was a government run thing.

MR. SMALLWOOD: If they had not taken the company vehicle would not the vehicle just have been lying there idle?

MR. HODDER: Yes. Terrible! It would not have been burning any gas or anything.

MR. SMALLWOOD: No, it would have been idle.

MR. HODDER: Terrible! Terrible!

Here is another one. Everybody has heard recently in the press about those big bundles of waste paper. Good planning. Good planning. They had a contract with C.I.P. and they - apparently, as I understand it, C.I.P. had some trouble with markets. It was during the strike period, I think. I am not sure of that now. I would not hold that as gospel, but they made a deal with C.I.P. whereby they would buy the linerboard from the mill and in return they would pay a certain price plus they would bring back their scrap material. Now this scrap material was to be recycled, which would cut down on wood

MR. HODDER: fiber and which would be a saving to the company. Now they went through with this plan and if you go to Stephenville at this moment you will see tons of it. It is being hauled away every day as it breaks. You know, it is open to the weather and as it breaks the truck comes along and takes it and dumps it. I heard the minister say the other day the figures on what has been dumped and what has been used and all that sort of thing. But the whole problem, Mr. Speaker, is that they brought in this, but you cannot run it through with staples and the old garbage that is inside, that you usually find it corrugated, used cardboard boxes. So they need, of course, a machine to take this out. What they have been doing, Mr. Speaker, and this has been there for a year now, is that they take the staples out by hand. By hand!

MR. RIDEOUT: Efficiency.

MR. HODDER: Efficiency. Efficiency.

MR. STRACHAN: Create jobs. A make-work programme.

MR. HODDER: Oh yes. Maybe that is why they went up 144 people in one year. Maybe everyone was down there chewing staples out of boxes so that they could be recycled, done by hand.

MR. STRACHAN: A make-work programme by the Department of Social Services.

MR. SMALLWOOD: If the hon. member would allow me. There are mills, lots of mills, that make linerboard paper that do not have a single, solitary stick of wood. The only raw material they have is scrap paper, magazines, books, used papers, cartons, every kind, and I have been in them and watched them operate and they get the metallic stuff out mostly by magnet, mostly.

MR. HODDER: Yes, there is a machine, it is not - I do not think it is a highly expensive machine, but

MR. HODDER: there is a machine.

We talk about planning, planning the ships, the planning, and here is a case where they went ahead and did this but did not put in the extra capital investment to make it work. They got so far with it, they went ahead with the contract, but why take the paper if you do not have the wherewithal to take the staples out of it? Anyhow, there is somebody down there picking staples out. I do not know if he uses a pliers or what he uses, but he is down there. There are people down there and I suppose they throw it in and they clean out the boxes one at a time.

MR. RIDEOUT: Did they salvage the staples for later use?

MR. HODDER: I do not know.

Now that is one. That is the recycled paper, and that stuff is being carried to the dump every day. That has been down there, Mr. Speaker, my goodness -

MR. STRACHAN: That was brought to the attention of the minister, was it?

MR. HODDER: Oh this was brought to the attention of the minister in 1975, a year and-a-half ago, almost two years ago.

MR. CANNING: The great Mr. Crosbie.

MR. CANNING: Those great businessmen who brought in -

MR. HODDER: Well that poor man, that poor man did not know, I mean, he had to go to the government with everything he did.

Here is another one, recycled culls. Do you know what a cull is? A cull is one of the bad rolls of paper, you know. You see, I believe if you were watching - well after they announced closure, one of the CBC reporters, Mr. Seaward went over and pulled a piece of paper off - you know, there was the linerboard standing there with the rolls and the pieces of paper hanging off of it; that is a cull, that is one that is in some way substandard. But these things can just be put through the machine again. It says, "This will reduce our wood consumption as well as get rid of the unsightly rolls that are lying around." And everybody who goes to Stephenville at this moment and goes down and looks at that Linerboard Mill will still see that the culls are sitting out there. Now what could be more sensible than that? To take and recycle them, instead of leaving them out, tons of them, tons and tons and tons and tons stand outside, unsightly eyesores - I saw it on T. V. the other night - saw them walk along and tear off the piece of paper, you know, and you wonder, what kind of product is that? But these are the culls, you see, which should be recycled. I do not know if anybody ever thought about recycling but I guess there has been some recycled, but, you know, a good suggestion. Obviously it was not being done, or the suggestion would not have been made. There is a man who had more to do with the Linerboard Mill than anybody else in the Province right there made this report.

MR. MURPHY: I still do not know, All I am hearing is executive assistant - Ross Reid was it, Mr. Crosbie's Executive Assistant?

SOME HON. MEMBERS: No, no!

AN HON. MEMBER: Not an executive assistant.

MR. SIMMONS: Cabinet Committee.

MR. STRACHAN: No, no, he only worked in Confederation Building -

MR. MURPHY: Who was it?

MR. STRACHAN: - he did not work in the mill.

AN HON. MEMBER: You know.

AN HON. MEMBER: You know.

MR. MURPHY: I do not know, how do I know about the
Linerboard Mill.-

MR. HICKMAN: I will table the thing after -

MR. MURPHY: - only what I heard at Cabinet.

MR. CANNING: The only thing you can do is say, you know nothing
about it.

MR. MURPHY: We do have these people at Cabinet do we?

MR. STRACHAN: (Inaudible).

SOME HON. MEMBERS: Oh, oh!

MR. MURPHY: You know what is all this mystery about this
Mr. So and So?

MR. HODDER: All right, I might just as well use his name that
is all.

MR. MURPHY: Are we talking about the mask marble or what, who
is it?

MR. HODDER: It is Jim Cochrane.

MR. MURPHY: Well that is all right, you could have said that
last week. You know, Jim Cochrane.

MR. HODDER: He was the man who monitored the mill for Crosbie,
he was the man who was down there all of the time, from day one who
continued on.

MR. MURPHY: Great! That is good! That is all right!

MR. HODDER: A good friend of mine, and an opponent at the same
time.

MR. MURPHY: I know now.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: But anyhow he was the man, he was the man on the
spot, he was the fellow who fed the whole stuff.

SOME HON. MEMBERS: Oh, oh!

MR. STRACHAN: He was the man who ran against the member was he not?

MR. HODDER: Yes.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: He was the link between, he was the fellow who
talked to management, he was the fellow who had to go all the

Mr. Hodder:

responsibility.

MR. STRACHAN: How much did you beat him by, 'Jim'? How much did you beat him by?

SOME HON. MEMBERS: Oh, oh!

MR. WHITE: Thirty thousand bucks a year.

MR. FLIGHT: Thirty thousand.

MR. HODDER: Here is another one, Mr. Speaker, You know, there were good things about the management, and there were good things about the mill.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: Mr. Speaker, if I could have some quietness here, if I can go on with this?

MR. SPEAKER: Order, please! The hon. gentleman is having difficulty continuing.

MR. HODDER: Mr. Speaker;" To stop all grants to various organizations in Bay St. George, and seriously looking at postponing the grant to the town of Stephenville." Now, you know, I must say that the mill was a good corporate citizen in many ways. They at one point, they used to make donations every year to different sports organizations in the community, fairly substantial donations which, you know, is the act of a good corporate citizen, and they put swing sets around the base area where some of their employees were living and one thing and another for the kids to play on, There is one on my street.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: So anyhow -

AN HON. MEMBER: (Inaudible).

MR. STRACHAN: He did not want it.

MR. HODDER: I am laughing at the minister, I am not laughing -

MR. STRACHAN: You run against him.

MR. HODDER: What I am saying is that this particular recommendation is a harsh one in many ways because being a good corporate citizen as the mill was and tried to be, and I will grant that to Mr. Ingram, he was very community minded, and living in the community they tried to improve the community as much as possible - but, Mr. Speaker, we are

MR.HODDER: talking about sacrifice here. We are talking about sacrifice because these things have to be sacrificed in terms of the overall go of the mill because right now, Mr. Speaker, there is not going to be anybody around to take advantage of many of those grants. Again, if the administration at that time had had the courage to stop this sort of spending, It would not have been popular at the moment but it would if it was explained properly that you are going to have to cut down on that sort of thing.

Now here is one, Mr. Speaker, this is very very good. "Eliminate all parties sponsored by the mill - all parties - such as the Labour Day parties and the Christmas parties which are held at company expense and cost us thousands of dollars."

Mr. Hodder.

thousands of dollars! Mr. Speaker, if they would only quiet down over there!

MR. CANNING: They should crawl down under the desks out of sight.

MR. HODDER: Now I want to talk about one particular party that was held, Mr. Speaker. A very interesting party was held. It was held in honour of the retiring Chairman of the Board of Directors, Mr. Crosbie.

MR. STRACHAN: Mr. John Crosbie.

MR. HODDER: They were sitting there eating steaks, a steak dinner, all the wines and the food in the best restaurant in Stephenville, and the irony of it, Mr. Speaker, the irony was that over CBC while that party was going on, paid for at Labrador Linerboard expense to tell Mr. Crosbie what a good man he had been and everthing else, they announced that they were thinking about closing it up. And, Mr. Speaker, they may have been eating steaks then, but there is nobody eating steaks in Bay St. George today, and there will be nobody eating steaks for a long time to come. But when the announcement - the irony of it - when the announcement came, it was almost like when the Premier announced they were going to close down, they had a production record at 1,200 tons or whatever it was - but the irony of it was that here was Mr. Crosbie sitting down at a steak dinner with his wines and the management all around, and they announced the closure of the mill. Now that must have come -

MRS. MACISAAC: The Last Supper.

MR. FLIGHT: That is typical.

MR. HODDER: Oh, they are not eating steaks now, not in Stephenville they are not.

MR. STRACHAN: A full stomach when they announced it, 'Jim'.

MR. RIDEOUT: They made the announcement on a full stomach.

MRS. MACISAAC: The Last Supper.

MR. HODDER: Oh, it was a mistake. Somebody leaked, somebody did not like Mr. Crosbie. It did not come from our side of the House. It must have come from over there. I would say that somebody in the Cabinet decided they knew that Crosbie was out there eating steaks, and they leaked it to the press.

MR. RIDEOUT: Not by the mill -

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: Yes, a steak dinner. No problem.

SOME HON. MEMBERS: Oh, oh!

MR. HODDER: Oh, how interesting, Mr. Speaker. Thousands and thousands and thousands of dollars spent on parties, parties! What an operation! Here was an operation going to the wall, Mr. Speaker, an operation gone, on its way down, and they were spending thousands of dollars on parties.

MR. STRACHAN : In good style, boy.

MR. MURPHY: It could not have been very -

MR. ROBERTS: This crowd (Inaudible) because they panicked.

MR. HODDER: Oh, yes!

MR. STRACHAN: Went out in style."

MR. CANNING: They have had one continuous party since they got in.

MR. ROBERTS: Did the government act on these recommendations?

MR. HODDER: Some of them were acted upon, some of them were not. Most of them, two or three odd recommendations were acted upon. In the main they were not.

MR. STRACHAN: They increased them.

MR. ROBERTS: Yes.

MR. HODDER: But I will tell you where they are being acted upon now. Do you know why Mr. Sweeney is a national hero, is a hero of Bay St. George? Do you know why he is, why he is the key person, the most important man in Bay St. George at this moment, the most respected man in Bay St. George? Because he came in and he put a stop to all of this.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: Who brought him in? Who brought him in?

MR. HODDER: Well, I would say that this administration brought him in by accident, because they brought in the Board of Directors, and they would not tell - of course, they could not tell Mr. Sweeney -

MR. STRACHAN: Now they are trying to get rid of him.

AN HON. MEMBER: The advisory board.

MR. HODDER: They brought in the advisory board. They could not tell Mr. Sweeney -

MR. ROBERTS: If they brought him in why not let him come before the House?

MR. HODDER: - they could not tell him that, you know, you are only here as a puppet so the man had to work on, so they put him there and what happens? And then he continues to work and bring things up and then they pull the rug out from under him. The decision was not made a few days ago.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Call it one o'clock, 'Jim', and we will go home.

MR. HODDER: Oh, yes, we will call it one o'clock,

Mr. Speaker. I am getting tired now. We got another couple of hours to go this evening.

I hereby adjourn the debate.

MR. SPEAKER: The hon. gentleman has moved the adjournment of the debate.

It being one o'clock I leave the Chair until three o'clock this afternoon.

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
3:00 p.m. - 6:00 p.m.
THURSDAY, MAY 12, 1977

The House resumed at 3:00 P.M.

Mr. Speaker in the Chair.

MR. HODDER: Mr. Speaker, this morning I talked about some of the problems in the start up of the mill, the problems with the Goose Bay boats, the problems with the woods industry, and talked somewhat about some of the social implications of the close down in the Stephenville area. And I mentioned this morning that the people of the area would not accept and will not accept the fact that the mill will close.

Now, Mr. Speaker, just to bring the House up to date on what has been happening in the area, this morning I understand that some 500 to 700 people marched through town and down to the mill carrying signs with such as, 'We Want Jobs', 'We Want A Secure Future', 'Down With Moores', 'Down With The Government. The union was there, Mr. Speaker. They were out in force. The businessmen were there. All segments of the community, elected representatives, my friend and colleague, Mr. McNeil, was there. He addressed the group, and the group was also addressed by other notable citizens. The national representative of the union was there.

MR. STRACHAN: A delegation from Green Bay.

MR. HODDER: The news media were there. I believe CBC was there in the person of Paddy Gregg. VOXM was there, that I know of, and all the other news media. And I also understand that there was a delegation there from Green Bay to support the people of Stephenville in their fight to keep the mill open, from my hon. colleague's district, the Minister of Mines and Energy. And tonight I understand that the union -

MR. PECKFORD: They are allowed to have a delegation over there, are they not?

MR. HODDER: Oh, yes.

MR. STRACHAN: They are welcome.

MR. HODDER: I am just pointing out who was there.

MR. FLIGHT: Why did you not have one at Grand Falls for the Buchans meetings? Why did not the minister have a delegation at Grand Falls for the Buchans meetings?

MR. HODDER: I understand that union is meeting tonight for further discussions on the whole issue. But, Mr. Speaker, that town is not going to die. Some of the things that I have been talking about this morning, some of the articles that came from that very important paper, you know, the people of Bay St. George have seen those particular problems. They have seen them first-hand for years. I wish members on the other side of the House had spent more time, had taken the time to go out and look at what was going on in that mill. I wish they had seen, I wish they had talked to the people of Bay St. George before they took this decision, because they made a wrong decision. There is no doubt about it. They made a wrong decision. The mill was conceived in controversy. It has been a subject of political comment ever since its beginning. Feelings have run high, and I think that the mill in many ways has reflected the feelings of both sides of this House. Because as I pointed out this morning, when the mill was taken over, when this administration came into power, they felt it could not work. They said it could not work, and they have reflected this attitude. And if you reflect this attitude, how can the mill work? We on this side of the House believe that the mill can work and must work with a positive attitude. We must have a positive attitude. You cannot run a business if you do not have the faith in it or have faith in your own ability, and I think that is what is wrong with the government of this Province, that they do not have faith in their own ability. Some of them have some ability, but they have lost their faith. They have lost their faith in the Province. And the problem is that this government has not had the faith in the mill, and this is reflected in its handling of it.

Mr. Speaker, I have a little document here.

MR. STRACHAN: Another one?

MR. HODDER: Another document. It was prepared by people

MR. HODDER: very knowledgeable about the mill, most knowledgeable people of the mill, I am willing to table it. The figures, as I have looked through the reports that were tabled here in the House by the hon. Leader of the Opposition earlier, are right on. It is more or less a summary of what could happen with that mill.

I will just read the beginning portion of it. "The announced decision by the Newfoundland Government on April 28, 1977 to phase out the operations of Labrador Linerboard Limited stimulates varying reaction across the Province. But is the situation of the mill understood by all? Those who say the Province cannot continue to sustain the exorbitant losses of the company amounting to \$50 million a year, therefore the correct decision was made, or was it?" That is the way the thing is phrased.

Now the thing is broken down. In 1973-74, Mr. Speaker, the operating loss, without interest charge, was \$11.7 million. The debt and interest repayment on the original debt, that year, there was none, so there was a total loss to the Province of \$11.7 million. In 1974-75 the mill actually made \$2.6 million, the debt and interest on the original debt was \$23.6 million, for a loss of \$21 million. But on operating, the gain on operating in that particular year, when that was a flat out year, that was a year of good markets, it actually made money.

MR. HICKMAN: You still had to find -

MR. HODDER: Well, I mean it was there anyhow. It was there anyhow. You know, we know that there was a debt, we know the debt is there. By closing the mill you do not get rid of the debt.

MR. FLIGHT: Wipe out the debt.

MR. HODDER: In 1976 the operating loss was \$18.4 million, again the repayment of the debt was \$21.6 million, for a total of \$40 million. That is a lot of money but still it was only \$18.4 million. Now here is what is projected. These figures

MR. HODDER: are projected looking at the markets. If the proper equipment is put into that mill, in 1977-78 there will be another -

MR. STRACHAN: The dry land system you mean?

MR. HODDER: Pardon?

MR. STRACHAN: The dry land system.

MR. HODDER: No. The savings from the overhead conveyor, the savings on bunker C and electricity by recycling the steam through the plant, that is \$12.3 million, which has been thrown around here quite often.

In 1977-78 it is projected that the operating loss would be \$15.6 million, but the debt and interest is \$37 million for \$52 million, and that is the figure that the Premier has been throwing around. In 1978 it is projected that the loss will be \$6.4 million. Debt and interest repayment schedule \$24.8 million for a total loss, of course that is \$24.8 million on the debt which we have to pay anyhow, \$31.2 million.

Now in 1979-1980 - and the figures from here there are no losses projected. It is projected there will be a gain of \$3.3 million, the debt repayment is \$18.5 million for a total loss of \$15.6 million. In 1980, if these improvements are carried out, the operating loss would be \$12.2 million, only \$11 million will be paid on the debt for a total gain of \$1.2 million. This goes down, Mr. Speaker, to 1984-85 when it is projected that the mill can make \$16.5 million. That is with the capital improvements which were mentioned in the report which I was referring to this morning.

Now of this money - when we talk about we have to pay the debt back anyhow - of this money, and with this multiplier effect that thing has been bashed around here and some of our amateur economist from St. John's North wherever.

SOME HON. MEMBERS: Hear! Hear!

MR. HODDER: - Of the above the following dollars have gone back into the provincial economy. In 1973-74 there were wages and salaries. In wages and salaries there was \$15.2 million paid out, with a multiplier effect of 3, and that is a good figure, used by Bowaters, used by Statistics Canada, the multiplier effect is to the effect of \$45.6 million; material purchased \$4.8 million, services \$1.9 million 1973-74, these are actual figures.

Returns to the

MR. HODDER:

Province on taxes and S.S.A. was \$3.6 million and \$4 million for a total of \$67.5 million. In 1974 the wages were \$22.6 million. Then with the materials bought \$4.8, services \$2.6 million - these are purchases by the mill - taxes \$5.4 million and S.S.A. \$6 million for a return of \$97 million into the economy. Now, Mr. Speaker, the majority of the people in the Province have only heard of the continuing losses from the operation of Labrador Linerboard Limited. But, Mr. Speaker, when you look at the figures of what is happening to the economy and the taxes coming back it is quite a different picture. This particular document goes on to say, "It is to be suggested that the losses from company operations in these early years of the mill's existence have broken the back of the white elephant which when these amount to considerably less than two per cent of the annual \$1 billion provincial expenditure. The decision now is questionable when all business analysts and consultants predict growing demand for Linerboard with improved prices. Aggressive management can within three years produce a profit from operations and continuing operations can return much of the past investment within a period of ten years." Now that is what the management of that mill thinks. This is not a long period in the life of the mill when we consider that the Grand Falls mill has operated for sixty-eight years, and the mill in Corner Brook has operated for approximately forty-eight years. Both are still operating and contributing to the economy of this Province and the welfare of its people. No other modern high production integrated mill complex similar to that in Stephenville has been closed after only four short years of operation, no mill, although all must cover the cost of the original investment in the early years."

MR. CANNING: They were not run by Tory governments.

MR. HODDER: "The wood task force of the advisory committee have

MR. HODDER:

concluded that there is now no wood problem. The wood task force of the advisory committee have concluded there is now no wood problem. This rationalization was concluded in three months by an aggressive group and it is unfortunate that it was not carried out in 1973 or 1974 when the wood cost problem became apparent. If it had, then the economics of the mill to date would have been improved. It is inconsistent to be making economic decisions now when most past considerations were for social benefits, employment, cultural development, provincial development, West Coast advancement and economic base, utilization of forest resource, stabilization of Bay St. George area and utilization of existing facilities which resulted in, one, the creation of the mill complex, the creation of 1,600 jobs, relocation of workers and families, relocation of businesses, creation of new business, investment in business, shopping centre, hotels, etc., investment in culture, high schools, adult education centre, Bay St. George community college, investment in real estate, public and private. Considering the multiplier effect, 4,800 additional jobs are supported by the 1,600 employees." That is from Statistics Canada.

AN FON. MEMBER: How much?

MR. HODDER: 4,800 additional jobs are supported by the 1,600 employees. Earnings of new foreign money into the Canadian economy - the above included private investment amounting to \$30 million or \$40 millions of dollars which must be written off or lost after only four years of mill operation. And then they wonder has any consideration been given to this when making the now economic decision concerning the mill. "In consideration of the above let us hope that the mill, an economic base of the area is not to be eliminated and then compensated for by U.I.C. payments and social assistance and interprovincial disparity payments from other areas of Canada. This mill manufactures almost exclusively for the export market, bringing foreign capital amounting

MR. HODDER:

to \$50 million to \$70 million into the Canadian economy. The shut down cannot be justified when its only substitute involves welfare payments which erodes initiative, lowers cultural development, retards education and erodes the moral fibre and heritage of the Newfoundland people.

MR. HODDER: The closure of the mill at this time will place an additional 4,000 people on the unemployment rolls at a time when the current employment in Newfoundland approaches twenty per cent and eight per cent in the remainder of Canada." And I may say that twenty per cent is climbing. "Yes, the company operations are experiencing relatively small operating losses but these are minor when compared to the repayment schedule of the original debt and other relevant factors. The wood is here at a reasonable price. The mill is there. It was built cheaper than any mill could be built today. You could not build a mill like that today without paying at least twice as much for it. The people are here. The best workers, the best trained workers in any mill anywhere. The markets can be had but how could we have markets when we send mailgrams to Europe. Prices are improving and we have an aggressive and determined management team. The closure decision must be considered and now establish a positive direction for success. Subsidize a successful group with incentives if necessary and only if no company will now take over the mill. Bring on the Newfoundland Island lower cost wood. Provide lower cost energy. Provide lower cost water. Remove stumpage assessments because the government has been making money on Labrador Linerboard all along. That is never, ever mentioned when you talk about the debts, that they are making a stumpage fee on it and they are paying the highest electrical bills of any mill in the Island by far. Remove politics from the decisions concerning the \$200 million investment made by the people of Newfoundland in Labrador Linerboard Limited plant and encourage it to succeed and conduct an enthusiastic and positive publicity campaign about its operations."

Now, Mr. Speaker, the government -

MR. PECKFORD: Are you going to table that?

MR. HODDER: Yes, I will table that. The government might well read this if the clerk would - I certainly will table it. Because there is a summary of what can happen to Labrador Linerboard with a little courage.

MR. HODDER: Now, Mr. Speaker, I would like to get back to the document to which I was referring to this morning. I would like to talk about this document for a little while because basically this document was prepared not by not a man expert in the field or a paper man, but a man who went in to try and find ways to solve the problem, a man with a couple of university degrees, a man who had been administrator of the hospital, a man who had been on the executive staff of the Minister of Mines and Energy, the former Minister of Mines and Energy. He went in there to look at ways of saving money and this government might well have heeded some of the things that he said. Now this man was not an expert in the industry. He was not making proposals that needed expertise in the industry. He was merely trying to increase efficiency and decrease waste. He is very much unlike the member for St. John's North. The member for St. John's North here the other night in his speech he gave a lecture on how to manufacture wood chips. That was amazing that a savoury farmer would be lecturing us on how to manufacture wood chips.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: Now I am not looking down on farmers. Farmers are as intelligent as anybody else, but that do not mean that this hon. gentleman over there has the expertise to tell us how to make wood chips and what is he doing telling us this? What is his expertise? What is his background? And then we have the hon. member for St. John's East, you know, no expert in the field, and the hon. minister said nothing in the debate, absolutely nothing whatsoever.

MR. HODDER: He tried to bring up errors of a decade ago, like a vampire in a church bellfry. Thinking about things that went by ten years ago, and at the same time saying nothing. No concrete, nothing concrete came out of that, Mr. Speaker. Not one word, I have not heard a word from the other side, nothing has been said. Nothing at all.

Mr. Speaker, some of the things that I was talking about today, these are solid suggestions. Cost reduction programme for Labrador Linerboard Limited: place a freeze on purchasing; cancel all capital improvements unless the mill might be impaired; cancel all woodlands purchase and make do with what we have - this was two years ago Mr. Speaker - complete the dry land system because we put in a railway spur and we have not saved one cent by having that rail line there because we did not have the dry land system; synchronize wood delivery to the mill to coincide with production; lay off ten per cent of the work force and then another ten per cent; cut out the parties; stop delivery of waste paper from CIP contracts; recycle the culls, the used inventory; stop all grants to various organizations; tighten up controls. These are the things Mr. Speaker, these are the things that needed to be done that were never done.

Mr. Speaker, just to get back to this document which I was talking about this morning: Just before I adjourned at one o'clock I was on the tightening up of controls to eliminate theft. In every operation, Mr. Speaker, there is some theft, there is some pilferage. We know that there were cords of wood lost on the northern peninsula. We all know that sort of thing. That sort of thing goes on, just another one of those things that any businessman, any store owner would know. Obviously if the thing is here there must have been some indication that there was some. Normal, normal in operation, but of course you

MR. HODDER: have to tighten that sort of thing out.

Then they say to commence plans to go completely into dry lands storage. It is a known fact in the forest industry that between five and ten per cent of the wood stored in water is lost through sinkage, or getting out of log booms. Five per cent of 400,000 cords is 20,000 cords and ten per cent would be 40,000. At \$67.00 a cord our loss is between \$1,340,000 and \$2,680,000 this year. That was in 1975. That was because they brought in a railway spur. They did not have a dry land system. The boats came in, they picked the wood out in little claws, dropped it in the water. Then somebody mucked around in the boat and tried to get it in. Then they finally came into the flume and by the time it got to the mill there was about \$7.00 tacked on every cord. Seven dollars.

Additionally the dry land storage will eliminate the need for boom boats and boom boat operators, log pond staff which at peak amount to forty to eighty people. Now that is who is out in the boats, and on a permanent basis it would amount to eighteen.

Now, Mr. Speaker, I made a note on that somewhere here if I can find it. Eighteen people, what would they make, Mr. Speaker, they would make somewhere around \$10,000 a year on a permanent basis, we will say, anywhere between \$10,000 and \$14,000 a year. That is \$180,000 a year which was spent and those people had to get the wood out of the water, dump it in the water and then

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get it out of the water, keep it in the water - eighteen people employed at the worst times; and then at peak periods you would have from fifty to eighty people out there, and this could easily double or triple the figure over the time. Now we are talking about \$500,000 a year. And the Minister of Mines and Energy the other night in his tirade, his loud speech, his assault on the eardrums, talked about the small amounts, the petty amounts. Here is one little suggestion in this particular document which will eliminate, you know, a half a million dollars a year. Are these small amounts? You know, Mr. Speaker, they say, A penny saved is a penny earned. A dollar saved is a dollar earned. A thousand dollars saved is a thousand dollars earned. You know, Mr. Speaker, a thousand dollars saved is more than a thousand dollars earned, because if you put that thousand dollars into an investment, if you put it back, if you plough it back into your industry, that thousand dollars is worth five thousand dollars, or perhaps ten if used properly. And here we have people mucking around in boats, out trying to pick up wood, booms bursting, wood floating on the bottom of Bay St. George, floating out to sea. A storm came, they had a big inventory - all of it went. They did not have a dry land storage system.

Now here is another one. This is an interesting one, Mr. Speaker. It says, "Do not pay for any wood unless it is under company control or loaded on a carrier for destination to the mill." I found out in the last couple of days that we lost about 500 cords of wood through theft on the Northern Peninsula within the last year and a half, and no action has been taken. Now 500 cords of wood, I do not know what 500 cords of wood are worth, Mr. Speaker. But they lost 500 cords of wood on the Northern Peninsula. And then he says, "Do not pay for any wood unless it was under company control." That seems to me, Mr. Speaker, you know, what that seems to me is that people were being paid before the wood was delivered. That is the

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only thing that that can mean. Why would the man put that particular recommendation there, "Do not pay for any wood unless it is under company control or loaded on a carrier for destination to the mill." Do not pay for it. Obviously somebody must have been paid for it. And then we lost 500 cords of wood.

MR. HICKMAN: The hon. gentleman keeps reading from documents. Is this the same document? Is this the letter from 1975, from the executive assistant to Mr. Crosbie?

MR. HODDER: Yes, this is the very same one.

MR. HICKMAN: Oh, I thought you were on to something new.

MR. RIDEOUT: The same document to Mr. Crosbie, is it?

MR. FLIGHT: Did Mr. Crosbie -

MR. HODDER: No, he did not deal with half of this.

MR. HICKMAN: Mr. McNeil read it. The Leader of the Opposition read it. And it is only a letter -

MR. HODDER: You know, when you consider that - and 500 cords of wood were lost Mr. Speaker, through theft and nothing was done about it. That was it. It was gone. Who cares? It is a government run mill. The government is good for it. You know, we only lost - what did we lose that year in 1975? I got the figures there somewhere. We lost \$17 million. And I have only gone through about fifteen or sixteen points here. We have already saved enough to make a profit. It says, "Cut out all unnecessary travel and cut all travel by fifty to seventy-five per cent." Now I can tell you, Mr. Speaker, from my own experience in Bay St. George that we have people flying over to Germany, flying over to Holland, Denmark. You know, you would not know that a telephone existed or a telex. I mean, you know, Harveys Travel Agency in Stephenville, which is the only travel agency there, made a fortune from people flipping off over to Europe.

MR. FLIGHT: Price would have been closed for long ago -

MR. HODDER: Now they never heard of a telephone or a telex - a trip to Europe. Anybody can go to Europe, not only top management, but there was middle management went to Europe. What they were doing

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over there, I do not know. Gone for two or three days, off to Europe, tickets going here and there, you know, fellows coming back. You know, realistically I would say that would be a very realistic thing to cut down unnecessary travel by fifty to seventy-five per cent. What was going on in that mill? Do you ever start to wonder what went on in that mill?

MR. CANNING: Well, we know now.

MR. HODDER: Then it says, "Place an immediate freeze on all hiring and all future hiring, and all future hiring must be approved by the board or by the chairman's office." Now here is another one. I do not know if I agree with that one, because that smacks back to the centralized control, the government control that was on that mill. What should have happened in that mill is that the manager should have been able to manage. And if he was not doing that, then the Board of Directors should have stamped on him. But he did not know what he was doing. He had to go to the Board of Directors. He had to go to Mr. Crosbie. But anyhow it is a suggestion. It is a good suggestion to place a freeze on hiring. You know, Mr. Speaker, they say here, the next one, "Cancel subscriptions." Now this is kind of a minor one. It is not going to save a lot of money,

MR. HODDER: but it is again, "A penny saved is a penny earned." "Cancel subscriptions to various trade journals, newspapers etc. and look seriously at getting out of CPPA." Now I will get to that in a second, because that is the Canadian Pulp and Paper Association and our membership fees here are \$25,000 a year, Another small, little figure as the Minister of Mines and Energy would say. A small figure. We are talking about small stuff again.

You know, Mr. Speaker, Lord Thompson who owns, I believe, The London Times and The Evening Telegram, used to go around turning out light bulbs. He used to go around in his office before he left turning out the light bulbs to save a few pennies.

MR. HICKMAN: But it did not cost him because -

MR. HODDER: Nevertheless, Mr. Speaker, this is the sort of thing that saves money.

MR. NEARY: Where did he put the pay phone, in his house? Did he put a pay phone in his house?

AN HON. MEMBER: Getty. John Paul, yes.

MR. NEARY: Oh yes, that was Getty. J. Paul Getty.

MR. HODDER: But, you know, people who run businesses that make money, they save the pennies, they look after those things. Then again the next one.

MR. FLIGHT: Price (Nfld.) would have been closed long ago if they ran that kind -

MR. HODDER: "Make sure the company used telex instead of telephone and use letters instead of telex unless the situation warrants the use of telex or telephone." Now that is another very sensible suggestion, Mr. Speaker. Anybody in that mill could phone anywhere. They had telex machines going. I once used a telex, I had a message sent on a telex that cost me twenty-three

MR. HODDER: dollars. That is a very sensible suggestion. I do not know if it was ever carried out. It is being carried out now, most likely. I do not know if it was carried out then.

You know, Mr. Speaker, many of those suggestions could have saved the mill. The mill could have been running today. "Carry out personnel changes recommended in the Woods - Gordon Report. We should look closely at retaining the firm of Naus and Newlin who guarantee to streamline your efficiency or else we do not pay for it."

Now here was a firm that came into the area, or came to the mill, came to the management, came to the board of directors and said, Look, let us have a look at your mill. We will streamline efficiency. If it does not work you do not have to pay us. No, this is a case, Mr. Speaker, of money being saved in the wrong places. The board of directors would not let them in, and they wanted to come in and try to save a bit of money. However you would pronounce it, N-a-u-s and N-e-w-l-i-n, Naus and Newlin, they guaranteed to streamline efficiency or else we do not pay for it. In other words, they were offering to streamline efficiency in the mill, and if they would not do it, if they could not come up with substantial savings, then government would not have to pay for it, and they were turned down.

MR. RIDEOUT: Too good a deal, boy.

MR. FLIGHT: Too good a deal.

MR. CANNING: They should have asked for a few million and they would have gotten it.

MR. HODDER: That was too sensible a deal for this government, too sensible a deal.

MR. HICKMAN: Who were they, can the hon. gentleman tell us?

MR. HODDER: I do not know who they were,

MR. HODDER: Mr. Speaker, but obviously the gentleman who wrote this paper met with your counterpart up there now who is safe and sound up in Ottawa, who has escaped all of this, who with the help of the Cabinet ran the mill into the ground, let her go. He is safe up there in Ottawa right now. Safe as a church. Left it all on his buddies - the poor Minister of Finance.

MR. CANNING: Who today is not here.

MR. HODDER: No, deserted the ship, Mr. Speaker. The more you look at this document the more you realize why he deserted the ship.

Mr. Speaker, the next one again is a penny saved is a penny earned type of recommendation. It says, "Eliminate painting linerboard colours on all future vehicles acquired until the situation improves." What do you save on painting the colours? I suppose it takes a man - you are talking about hundreds of dollars, I suppose, you would save by painting those colours, but yet another way to save a little bit of money.

Now, the next one; "No purchasing of spare parts for stores if spare parts are available in the Province." Now I have to talk about that for a little while because the spare parts inventory - this is under operating and maintenance supplies - between 1972 and 1975 rose from \$3,774,000 to \$13,000,256.

AN HON. MEMBER: What did you say again?

MR. HODDER: From

MR. HODDER:

\$3,074,000 in 1972-73 to 1975, \$13,256,000

AN HON. MEMBER: (Inaudible.)

MR. HODDER: \$10 million. No, I am not quite sure. I think that will make itself clear as we get a little farther along here in this document.

AN HON. MEMBER: Who supplied them?

MR. HODDER: Yes, that would be an interesting question, Mr. Speaker. Who supplied it? You know, who supplied the parts? Who supplied the food in Goose Bay? Who had the insurance on the mill? All of those things would be very, very interesting.

MR. FLIGHT: And how much it cost.

MR. HODDER: Yes, I think we must find out, Mr. Speaker. I think that is - our mill's stores inventory amounts to \$6,547,000 on our Island and the stores in Goose Bay were \$1,277,000 - wait now - the whole total amount and the Goose Bay stores are \$1,618,000. That is what they had at that present time.

MR. STRACHAN: \$9 million. \$9.5 million.

MR. HODDER: Now the next one is one that was acted on. It was, "Investigate the possibility of the company supplying its own limestone." Now the limestone presently supplied to the mill comes from the district of Port au Port. Now I have been told on very good authority that the amount that goes in on the truck and the amount that the fellow is paid for is different. Now he is being paid for so many tons but his truck cannot carry that much. So that is something you might check into. You might check into that, Mr. Speaker. Oh yes, a wonderful business we are running over there. Good way - I can see the financial people down in New York now, Mr. Speaker. You know, if they ever had a chance to look at that business what they would say, the way it was run. I can see Mr. Sweeney when he walked into that mill. His hair must have stood on end. We wonder why he comes out in opposition of the government and says that they are wrong in closing down the mill. No wonder! And all he has

MR. HODDER:

got to do is just walk through the mill. We never did have anybody who looked at that operation from beginning to end before it started. You know, when you are chartering ships and the first ship comes down, it has got to wait outside the harbour for ten days. Somebody should have gone up there and seen and checked out the size of the ship. And then we got ships, they got all kinds of trouble unloading - ten, fifteen days. I have got some figures here. We had one ship there, the Vancouver Forest which was costing us \$4,200 a day, \$4,200 a day. And they had to wait three days for a pilot once and then they could not come in the harbour for ten days.

AN HON. MEMBER: Was that the first contract or the second contract?

MR. HODDER: This was the first contract.

MR. FLIGHT: You knew all this before.

MR. HICKMAN: You should have had the figures of the second one.

MR. HODDER: The Kvoda Forest, we were paying \$4,300 a day for her and the Bremness, we were paying \$3,754 a day. And we are in this comedy where the ships are all waiting outside. The ship cannot get in because there is salt bulk. The ship is in bringing in salt cake, whatever that is. And so the boats are left outside. And there are boats piled up in Goose Bay.

MR. STRACHAN: Waiting outside Lake Melville.

MR. HODDER: Waiting outside Lake Melville, yes. Now that is from day one. And you wonder whatever happened, why the mill had problems? Now why does it look bad on our balance sheet now, Mr. Speaker? Surely it must be coming through to people that things were not right there. This is why the people of Bay St. George have decided that they are not going to accept this closure, that they know the government is wrong in closing the mill. They know it. They have seen it. They worked at it. Now their brothers, sisters work in the mill, their fathers work in the mill. They are not going to accept that. There are too many people been watching this thing for too long. There was one mismanagement after another.

MR. HODDER:

And then we get the ministers on the other side standing up and talking about seven and eight years ago. Seven and eight years ago had nothing to do with this. This was when this administration took over the mill. The administration took over the mill and operated it for four years. Two years after they operated it, they get these suggestions. And nothing is done until now. And now they close it. When you look at the whole sequence of events, Mr. Speaker, you look at the sequence of events, you know, the fact that the advisory board was called to look into it, the fact that Woods Gordon made the big blunder that they did, the fact that all those reports

MR. HODDER: went in to the Advisory Board and the Advisory Board comes back with something different, you know, it makes you wonder. It would almost drive you berserk.

Now it says, the next one, is to cut out all overtime except emergencies. Cut out all overtime except emergencies, another good cost saving factor. They paid good wages and they paid more for overtime. You know, the industry could have run without much of the overtime that was there. I know about the overtime. There were people going back on overtime, people working at different times. Cut out travelling expenses and hotel bills for wives of foremen and supervisory staff at Goose Bay. I understand the company pays certain expenses for them so they may have so many trips a year to the Mainland.

Now, Mr. Speaker, we know that there was some difficulty getting people to go to Goose Bay. We understand that. But, you know, if it had to come down to whether their wives got a few trips to Montreal or back to the Island, if it had to come down to that then, Mr. Speaker, it would have - You know, if we had had to tell those people that this is what must happen, that you cannot send your wife out to Montreal for a shopping trip any more, you know, I think these people would accept it because there are no trips to Montreal now, as the hon. member from Naskaupi knows. There is nobody there now. The thing is closed down. Unemployment, welfare -

MR. STRACHAN: Trips to Manitoba.

MR. HODDER: Yes. Nothing there now, Mr. Speaker.

MR. FLIGHT: The trips are all gone now. The good days are gone and John is in Ottawa.

AN HON. MEMBER: The honeymoon is over, I guess.

MR. FLIGHT: The honeymoon is over.

MR. HODDER: Mr. Speaker, as we know the residents at Goose Bay were subsidized and the next suggestion deals with that particular point. It says, "Increase the rents at Goose Bay \$25.00 per month now and \$25.00 per month six months from now and this will eliminate the

MR. HODDER: \$50,000 a year subsidy we are presently paying." You see, not only did they have trips but there was a \$50,000 a year subsidy paid on the housing in Goose Bay. Now these people were getting high salaries. \$25.00 a month would not have hurt too much. They are paying no rent up there now. They are all down here on the Island and they are up in the Tar Sands, up in Flin Flon with the Hudson Bay, Smelting and Refining in Sudbury. That is where they are now, Mr. Speaker. The thing is gone. There is no operation in Goose Bay any more. You know, was it not good business sense at that particular time to eliminate the subsidies and cut down on the shopping trips? How much, I wonder, Mr. Speaker, did we pay for those shopping trips? You know, how much did the government - How much did we subsidize so that somebody could go shopping? Now Goose Bay is a modern town. It has all the amenities in life. There are cars. You can buy cars there. You can buy clothing there.

MR. FLIGHT: There are lots of shopping facilities.

MR. HODDER: Lots of shopping facilities. All the infrastructure, you know, and we were sending people out on trips. I wonder who went out? I wonder did everybody get out, Mr. Speaker, you know. I wonder was it just a certain crew or was it the higher management, or did your ordinary wood cutter, I wonder, Mr. Speaker, I wonder did - I do not know, but I wonder did he get a trip out? Did his wife get to fly out to Montreal or fly down to Newfoundland for a shopping trip? Anyhow, Mr. Speaker, as I said they are not doing it now.

MR. FLIGHT: No; they will not do it any more.

MR. HODDER: Mr. Speaker, another point here is renegotiate the power contract, renegotiate the power contract. We pay for power generated at Holyrood when in effect we do not use it. We also pay minimum charges and our electric bills are three times higher than other mills. Now why was that, Mr. Speaker? I do not know, you know. Why did the mill pay minimum charges? You know, how much - When you look at the cost, you know, when we look at the cost over here of the things

MR. HODDER: that were being done, you know, the stumpage, the loss of stumpage to the Province. Well that is water and stumpage, that is a source of about \$2 million and then we talk about the electricity which is being sold there with minimum charges. That meant that when the mill was closed down and there was not

MR. HODDER: a light bulb on or a turbine turning, and we pay minimum charges and we pay three times as much for electrical power as other mills in the Province. Now does that make sense? Now this was coming back to the provincial government. This was money and this was all added in, by the way, with those costs that we hear so much about, this \$55 million. Nobody ever takes into account that there was not only money coming back to the economy, that there was not only jobs being created, this does not take into account those facts whatsoever, that there was stumpage being paid the Province, income tax was coming into the Province. And look at this graph here, Mr. Speaker. You know, additional social costs of a shutdown, loss of income tax, \$3.5 million in 1977-78, loss of SSA \$1.1 million, and these are not figures made up. These are figures that came from the department down here, the Department of Finance. They were not made up in somebody's head. They are accurate figures.

Loss of municipal repayment - \$2 million. Security at the plant - you know, if we close down that plant, Mr. Speaker, we are going to have to mothball it. It is going to cost a considerable amount of money. We are going to have to have somebody there to turn the machinery over every week.

MR. FLIGHT: You will see it on tender next week.

MR. HODDER: No. If we close it down you are going to have to have security people there all year round. And that is estimated to be \$1 million. And as I said the insurance costs are not in here at all. Someone told me this morning, I believe after I was speaking, something like \$500,000 for insurance. And then the Newfoundland and Labrador Housing rental - \$1 million. The total social cost this year of closing down the mill, that is the social cost, not including federal costs, federal UIC benefits which are \$10 million a year, that is not included, and for

MR. HODDER: the welfare payments, and the loss of income tax of about \$10 million a year, that is a loss of income tax \$10 million per year, and then the UIC payments are \$10 million in the first year, that does not talk about the federal costs at all. But the cost of closing down that mill is \$10.6 million and when you talk about - that is what we lose. That is what this Province loses. This is what we have got to pump in there. And it is not all there, Mr. Speaker. There are many costs that are not included in there. And then when you look and you see that we have got to pay back \$26.7 million this year on the debt, that totals \$37.3 million. So what are we gaining? And we see the federal government pumping all kinds of money into make-work projects which never amount to anything, and all we are asking the Province to do is put a little subsidy in there for three years until we can turn ourselves around. That is all we are asking. We do not lose. The only people losing here are the people in Newfoundland. There is nothing gained by closing down this mill, nothing to be gained whatsoever.

Mr. Speaker, a comedy of errors ever since the -

MR. STRACHAN: A comedy of errors.

MR. HODDER: - ever since this thing started.

MR. STRACHAN: Tomorrow and tomorrow and tomorrow.

MR. HODDER: Nothing has gone right with the mill. Nothing. It never had a chance from the very beginning. Never had a chance. It did not have a management team. Its morale was bad because of the political interference and political statements, political comments. The whole thing was mismanaged from the very beginning, from the first day it started. And now, Mr. Speaker, we are going to close it down rather than to keep it open. Now you can argue that point and we will be arguing that point. I know the Premier when he stands up will say, No, it will not. But I know that the fellows down on Wall Street, they said, "Boys, you have got to close

MR. HODDER: down this mill. You have got to close it down."

Now here is another little suggestion, Mr. Speaker, you know, a money saving suggestion, one that cannot be disputed, It came from Sandwell and Company, I believe, and it was referring directly to this mill. And they are talking about bark as a source of fibre versus bark as a source of fuel, about the bark. Now all you have got to do is install the proper bark presses. If you are using bark as a source of fibre you can save \$4,500,000 compared to as a source of fuel \$1,440,000. And then it goes on to say that the calculations were based on twenty-five per cent yield from bark. Other work in the case of yield could be much higher, at much greater savings. I mean, these are experts in the field saying this.

There are suggestions here, recommendations, recommendations made to the mill. This was requested by Mr. Sweeney and received. This is just a summary of the whole thing. It says carry out

MR. HOODER: mill trials to evaluate, first, the effect of the fifty per cent bark removal on pulp produced. Try it out. If these trials are successful, carry out trials to evaluate the effect of using rough wood unbarked. Continue to collect and evaluate information on work done on rough wood chippings. Then if they work, recommend some articles which he might get.

But the suggestion here is very strong. This could be a way by which money could be saved at that mill. That mill is a Cadillac mill, but there were some things left out of it when it was first built. To get back to this one, Mr. Speaker, no purchasing of spare parts for stores if the spare parts are available in the province. Mr. Speaker, I would assume and I understand that many of the parts of that mill were ordered directly from the manufacturer. They come in in large amounts. Not a businessman in the Island made a cent on most of that stuff. But if we are going to run the thing, and if you are going to keep your, you know, if you are bringing in parts that can be supplied here on the Island at least if something goes wrong you have one extra and if something goes wrong the second time you can go to a business on the Island rather than bring in an inventory of seven, eight, ten, thirteen million dollars. Good common business sense. Sensible. But the government did not see it. The board of director did not see it. I cannot understand it.

When you consider that the place was overstaffed, the staff rose by 144 men in just a little over a year, what happened? These are the questions we would like to have answered, Mr. Speaker. These are the things that should be tabled in this House. This is the reason why we should have Mr. Sweeney here to tell us what he saw when he went in that mill. I will tell you right now, Mr. Speaker, that these are not the only problems. This is only scratching the surface. I mean, the man admits, at the end, I believe, that this is not

MR. HODDER: all, this is not all, this is not comprehensive at all. He really has not gotten into everything yet.

Mr. Speaker, the problems in that mill! When you think about the impact that it is having on Bay St. George this moment, the lives that are shattered, the homes that are broken in Bay St. George, people moving up and leaving twenty-five, thirty, forty thousand dollar mortgages. Sucked in to coming into the province, went away - I met one couple and they said to me, "You know, Mr. Hodder, I left after the base closed because I had to go, we had to go, my husband had to go and get some work. We left. We came because we wanted to come back. There was work here and we were pleased for it. But, Mr. Hodder, I am never going to come back again. Never again. I will never be sucked in again." They are gone, they will never come back.

Here was the government bringing people in from all over the country. They stayed four years. They did not manage the mill. They put a fellow in charge of it who had had about two - I do not suppose he had had two days in management. My understanding is that the president and general manager of Labrador Linerboard Limited was in sales. He did not have anything to do with sales. International Forest Products had to do with sales. That great, sterling company International Forest Products, who the minister of Finance as he was then, Hon. John Crosbie, stood over on the other side of the House and said that they were the most tremendous group in the world. Then suddenly somebody has a close look at the mill, came in and they have a look at the mill, first people to go, first people to get the axe - I read clippings - this side of the House pointed out time after time again the great fat financial fees, mismanagement, poor planning! I cannot credit - and now in Bay St. George you have my district, the district of Port au Port. The woods industry cut out a year ago. People walking around saying, Get me employment.

MR.HODDER: There was some weeks I had thirty people coming to me for employment. I had to tell them, Boy, I cannot get you employment. I have gone to Manpower until I have them drove crazy. If a job comes up, you know, there is about - Mr. Speaker, when Bayshore Foods opened up in the Stephenville area, you know, that they put in an application for employees. They wanted female employes to turn out their product, whatever they make, marshmallows or something or other . Do you know, Mr. Speaker, that four hundred

AN.HON.MEMBER: They make snowballs.

MR.HODDER: Snowballs, that is it, yes. Four hundred people put in their applications. Four hundred.

Mr. Hodder.

no trouble with labour! You know, it just indicates the problem. And then suddenly with 4,300 people unemployed at the Stephenville Manpower office in comes the task force. The hon. Minister of Public Works comes in with a big battery of people who are going to look after the mill. Well the question was legitimately asked in that particular meeting, What about us? There were people in that meeting who were there who had not worked for years, right in that meeting. There was one fellow in that meeting who had not worked for a year and a half, a qualified man, looking for work constantly, you know, a friend of mine. I belong to a service club in the area - and friends of mine, you know, one of them is in Panama now, in Panama. Another fellow, I tried to get hold of him last week, he is in New York City. I do not know what he is doing down there. He is looking for work. He has been looking for work all year. And I have had people come into my office, Mr. Speaker, and just sit there. And one time a fellow drove me so crazy after coming in three weeks in a row, coming in, sitting in the office and just, you know, I got no job. He had nothing else to do. I sent him down to Manpower. He would go down there and he would sit there for awhile, and then he would come back to my office. Actually, after awhile I started phoning companies on the mainland trying to get him a job. I did not know what to do with him. He was going to drive me crazy, you know, but I could sympathize with the man. That is the kind of problems that you have. I have had people phone me in the middle of the night from my district crying, We got no food. That is true. I have been in homes recently, and perhaps other members have too, but I have been in homes where there is no food. There is no food.

AN HON. MEMBER: No food.

MR. HODDER: No food, no food, no food for the baby. You visited my district. And some of these people were working. They were working. Their UIC has run out now. They are on welfare. If there is a husband and wife and one child, you do not get very much, nothing, a pittance that is what you get. And if you can make that go, and if you get your cheque

Mr. Hodder.

at the beginning of the month, and you try to make that go through the end of the year - to the end of the month rather - you know, you know, you got to put your family on pretty much of a budget and so when the last three or four days roll around there is no food in the House. I mean, that is a common occurrence. I do not know if it is a common occurrence in some of the districts where the member for St. John's North (Mr. J. Carter) is, our famed, you know, economist and everything else. I mean, I do not know if you have that kind of a problem on Nagle's Hill or Flower Hill, or wherever it happens to be or in Green Bay. In Green Bay they certainly got no lack of pavement. I do not know if they are starving or not, but they got no lack of pavement. And you know, Mr. Speaker, when the announcement that the Linerboard mill was going down, for the Minister of Mines and Energy to be announcing that there was going to be \$1 million worth of paving in a district which is already almost fully paved, I mean it is enough to - you know, you sit over on this side of the House and you wonder what is going on. I mean, you would almost think that you were insane.

MR. STRACHAN: The Norma and Gladys.

MR. HODDER: Yes, and the Norma and Gladys sailing around the world. I bet we are going to have some influx of tourists from Norway and Japan and Portugal and Spain and Bristol.

MR. STRACHAN Monte Carlo.

MR. HODDER: Oh, the great diplomatic visit to Bristol which I heard about, oh, boy! We are going to have some tourists flocking into this Province this Summer. The hotels are going to be booked, Mr. Speaker.

MR. STRACHAN: All as a result of the Norma and Gladys.

MR. HODDER: Oh, yes, all as a result - we took her around the world, a wonderful thing. The only people who knew about it, I suppose, were the people here in Newfoundland. She came back, and they are

Mr. Hodder.

still spending money on her. They are still spending money on her.

MR. FLIGHT: And the minister has had some trips on her.

MR. CHAIRMAN: Order, please!

I would like to remind hon. members that in speaking on the sub-amendment the debate has to have fairly clear relevance to the wording of the sub-amendment. And whereas comment can be made on other subjects, they should not form a substantial part of the debate.

The hon. member.

MR. HODDER: Thank you, Mr. Speaker. I will try to confine my remarks to the speech, but it is a bit difficult because when you consider that, you know, when you are talking about the mill, when you think about Cabinet ministers flying here and flying there - I am sorry, Mr. Speaker - but, you know, going to Northern Ireland, Spain to meet the boat, a whole bunch of them. Somebody fell off the wharf, I understand, Mr. Speaker, in Bristol. Right. That is true. But anyhow, I will not say anything else about that, Mr. Speaker. I would not want to embarrass any members on the other side. Diplomatic! Oh, my goodness gracious. She did a lot in Bristol. I wonder who picked him up? Did they throw a graplin hook, I wonder?

But, Mr. Speaker, to get back to these reports. How again, I must ask,

MR. HODDER: can five committees return reports into the Advisory Board, sub-committees of the Advisory Board, return them into the Advisory board, Mr. Speaker, and how can we get back what we have here? I mean, this is the question that has to be answered to Newfoundland, this is the information we need. We need information. The type of information I want to know, and I want to find out, is how this kind of thing, alternate product line - now the minister - there is something written that says, "The study is presently in the preliminary stages and it is not possible for the Board at this time to conclude that an economically viable alternative product line exists." And at the same time in my hands -

AN HON. MEMBER: 'Jim', take a break boy, take a break.

MR. FLIGHT: Point of order, Mr. Speaker, please.

MR. SPEAKER (COLLINS): Point of order.

MR. FLIGHT: Mr. Speaker, there is obviously no quorum in the House. There are not fourteen and I would like to call for a quorum. If we are listening to the very important speech that is being made by my hon. friend then I think the government should be listening, the people responsible for the situation.

MR. SPEAKER (COLLINS): Call in the members.
Order, please! I will ask the Law Clerk if he will now count the House.

I am informed a quorum is present. The hon. the member for Port au Port.

MR. HODDER: Mr. Speaker, how could -

MR. FLIGHT: There he goes again. I will call another if you leave.

MR. CANNING: He should go out and stay out.
Go out and resign.

MR. HODDER: - how could - the question that has to be answered for me, and I am talking about information now, information - do you know, Mr. Speaker, that it took two years to get a financial report? The financial reports tabled here in the House - it took us three years, really, we did not get one - there was just no information forthcoming whatsoever on the mill. We still have no information. This is not information. This does not even correlate in any way, shape or form with the reports that I have here. They do not. They do not correlate in any way, shape or form with the reports that I do not have here which I know about. The market forecast and the woods one is ready, I hope to have it this weekend if I possibly can, or see it, and there is nothing pessimistic. Then we get this flimsy little document, and the minister said he was going to give us all the reports that we needed. What I would like to see from the minister is every committee report that came from the Advisory Board and all documents pertaining to shipping, to the harvesting of wood, to the Goose Bay operation, to the cost of the wood, all financial documents. That is what has to be made public, Mr. Speaker, to this Province.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: That is what we have to see, otherwise I warn you that the people of Newfoundland are never going to believe you. Never! Not with that. That is what we have, a little briefing on figures. That is all we have and they do not match up with or make sense. And even the figures we have did not show that the thing should be closed down.

Well, Mr. Speaker, the closure of this mill is going to have repercussions right across the Island and right across this Province. Do you know that

MR. HODDER:

at the present time we have got the death sentence hanging over at Buchans, so I understand. We have got the Baie Verte Peninsula, problems there. We have got Come By Chance; tenders in the papers for Come By Chance. Goose Bay is closed out, Buchans gone or going, Stephenville gone, Bay St. George gone, one-third the woods industry closed out. Now what have we been doing in the last five years? What has this government been doing in the last five years? Closing her down: I mean, there is no momentum in this Province anymore. Being used to the momentum, every once in a while somebody had a project. There was a project on the go - Wabush and Labrador City, Churchill Falls, you know, there was something moving, Come By Chance. Something was on the go. There was some effort being made. There was some vision. But the hon. members on the other side do not seem to have any vision. At least the Province has come to a standstill. We are getting worse and worse and worse. And what is going to happen to it. We have got 500,000 people now in this Province. I venture to say by the time the next election is called, and I think an election should be called in the next day or two - I think this Labrador Linerboard issue is an election issue. I think you are talking about the only primary producing business, one of the primary producing companies and corporations in this Province, one-third of the woods industry bringing in thousands and millions of dollars into the provincial economy with a chance to go and you close it down. I think this is the biggest issue since Confederation, or the Term 29. Mr. Speaker, it is no wonder that the workers at the mill are demonstrating this morning and the people of Bay St. George are demonstrating. There is no reason, you know, you can understand.

Mr. Speaker, to get back to some of the things we were talking about before on this particular document which was done by - one of the most revealing documents, I think, this document is one of the most revealing documents that I have yet seen on Labrador Linerboard, I suppose, next to the letters from Mr. Crosbie when they asked for the forty per cent

MR. HODDER:

cutdown in inventory because the markets were soft, and Mr. Crosbie came back, except for that I would say this is the most revealing document that, you know, you could not ask for better than this. It says renegotiate with - last we were talking about-renegotiate the power contract. Here we are paying more money than any other mill in the Province and paying minimum charges with that. Is that fair? Is it fair that Labrador Linerboard did have to pay stumpage fees and Bowaters did not, is that fair? Is it fair we had to pay three times as much for electricity? Is that fair? We are talking about subsidies to ERCO a little while ago. Could the government not bend over a little backwards and give us a little helping hand?

MR. FLIGHT: Give them the same rates they gave Price the last forty years.

MR. HODDER: And the next one, Mr. Speaker: "Encourage and assist local operators to produce wood for us with skidders in Goose Bay and on the Island." Now I think I mentioned this morning, earlier this morning when I was talking, that I visited the woods camp at South West Brook, I believe it was, or was it - no, it was South West Brook. And that particular woods camp had - I think it had a pool table which might be worth \$4,000, I believe the pool tables go at -

MR. FLIGHT: Coloured tv.

MR. HODDER: Coloured tv's, I believe there were a number of tv's there. Well we have heard of coloured tv's before too as well. It had ping pong tables, dart boards, a great massive complex. cooks and everything else. And I do not know what the cost of that wood delivered to the mill was. But I do know that the contractors, the local contractors in the area were delivering at \$40 a cord at that particular time. And they were talking about \$105 a cord on tv. And just when Bowaters and Price were getting out of woods camps and going to contractors who could do it much more cheaply, you know, contractors can do it more cheaply.

MR. HODDER:

Here is another one, Mr. Speaker. Now this one again, this is another one of those that - you know, Mr. Speaker, and I have got to check here

MR. HODDER: with some of the other notes that I have mixed up here, but it says here, "No more product to be warehoused in Europe after the end of this fiscal year; savings of \$10 per ton here." Now I just have to refer to a note which I made on this particular thing, if I can find it.

Now supposing, Mr. Speaker, we had 10,000 tons, that would be a normal - 10,000 tons of paper would be about what - 1,000 tons a day, 800 to 1,000 tons a day I think we were going, we actually went up to 1,200, is it? Well anyway, 10,000 tons would be about eleven days production at the mill. So this would be, I would say, a normal amount to store in Europe, you know, probably in the warehousing. But you know, Mr. Speaker, if that paper landed in that warehouse and was there for ten minutes and was picked up by a supplier we still paid that \$10. And that if we had 10,000 tons stored in that warehouse for any length of time at all that would cost \$100,000 for warehousing fees on 10,000 tons and, you know, Mr. Speaker, that if we use warehousing we use that much - 5,000, 10,000 tons. And that is less than two weeks production. What does that add on to a cord of linerboard - or a roll of linerboard or where does that match up with the price of a cord of wood?

MR. NEARY: warehousing.

MR. HODDER: No, but Mr. Speaker, I mean here is a recommendation that this not be warehoused. It is the same sort of recommendation that I was at this morning, that you gear delivery at the mill to your production you know. This was not done, obviously was not done since we got about six months wood stored now. We have got wood lying in Goose Bay not brought down which is going to be sold and all this was charged up on the books. We have wood up in Roddickton rotting. Wood - you can go by that mill, piles and piles of chips and wood in the mill. You know, all they

MR. HODDER: had to do was just organize the thing and make the thing run smoothly. The next one, Mr. Speaker, is kind of a small item. It says, "Commence a cost reduction suggestion box programme whereby an employee who makes a suggestion and that suggestion results in a savings to the company be remunerated and a percentage of the money saved." The Americans had a similar system and it worked extremely well, not a great innovation, Mr. Speaker, but one that would make the employees more interested in their job and looking for ways to make the mill work would give them a sense of pride and certainly morale was low at that mill. Morale had to be low at that mill because every politician that wandered through Bay St. George for years took a crack at the mill. It was a great political issue. The workers were caught in between. They did not know if the mill was closing or opening or shutting down or what it was doing. I would say, Mr. Speaker, that the workers at that mill have made more sacrifices than any other mill, and for the Minister of Education to say the other day to say what he said about the union, it is an unfair, a terrible, terrible statement. That is a union that has been the most responsible union in this country and the reason, Mr. Speaker, and I will say it again since the minister is there, the reason that that strike went on so long was because management did not, and I will say did not want that strike to end because markets were soft, and then suddenly when the markets perked up, then suddenly they went back to the negotiating table again. A very, very responsible union, A union that has come out and said, "We will take a reduction in wages." That is what they said. They went to management.

AN HON. MEMBER: When?

MR. HODDER: Well of course they did not now. I mean what union - I had management personnel say to me in the last two or three weeks, you know, that the union had come and told them that they would take a reduction in pay and I said, "What about you fellows as management?" It was quite then. Well anyhow, Mr. Speaker, that is a responsible union. And now they finally achieved what they wanted. They have a man who is running the thing and keeping them together and they have got loyalty.

MR. FLIGHT: And expertise and know-how.

MR. HODDER: And when you consider, Mr. Speaker, that the millions and millions and millions of dollars that have been poured into this Province through Labrador Linerboard Limited, the business that has been created, the salaries, the infrastructure that has been created in the town and in the area, new schools built right throughout the Port au Port Peninsula. Last year I opened three new schools. What do you think they were built there, Mr. Speaker? They were built with a hope for the future. They were built because they believed that the area was going to go, and this government is taking the rug out from under you. You know, how could you. how could you four years ago ask people to come into Bay St. George -

MR. FLIGHT: That is right.

MR. HODDER: - and then let them set up and get going and then tell them, "No, no you have got to go again." Great! Lovely! Lovely! They are going to come back again, I suppose. I suppose if the mill happened to go on, how many people I wonder are going to come back and staff that mill after the experience that they have had there in the last four years?

MR. FLIGHT: - the Linerboard mill.

MR. HODDER: You know, I have got to say again, Mr. Speaker, getting

MR. HODDER: back to the staffing of that mill, you know when you talk about - you talk about the forest, the problems in the woods and all the things that went on in Goose Bay which will never be told. I hope someday it comes out. I think there should be a full-scale investigation into the Labrador situation -

SOME HON. MEMBERS: Hear! Hear!

MR. HODDER: - a full-scale investigation. We have not seen a figure yet that made sense.

MR. FLIGHT: Hear! Hear!

MR. RIDEOUT: That is right.

MR. HODDER: Not one, not one, there is always a figure left out somewhere in between, not one, deliberately misleading, every figure you see that comes out of Goose Bay.

MR. FLIGHT: There should be a royal commission.

MR. HODDER: And who owned the boats? That is another question. You know, we know the steamship line, Who owned the steamship line? It was not Demarais again or somebody like that, that would not be it would it? I do not know. We do not know. Perhaps some of the ministers on the other side might be able to enlighten me on that particular point.

SOME HON. MEMBERS: Hear! Hear!

MR. HODDER: I do not know, But were they owned by United Steamship Lines, where did they come from? Why were they hired? You know, all the stories about shipping, the shipping contracts. We have not been able to find out - just rumours and things passed on and things covered up and things hidden about those contracts, about what - we know what we were paying for some of them per day - \$4,200 a day for the Vancouver Forest, and the Vancouver Forest stuck ten days outside because they had not figured out, Mr. Speaker, they had not figured out that the boat was too big to come into the channel and they had to spend ten days dredging. That is \$40,000.

MR. FLIGHT: That is management foresight.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: That was Arthur Lang's fault. Remember Arthur Lang?

MR. SMALLWOOD: One of the worst enemies Newfoundland ever had.

MR. CALLAN: What about Otto Lang?

MR. HODDER: Mr. Speaker, you know - I still - you know when you look at it from the very beginning, here we go, this is the Kyoda Forest, a large vessel, Kyoda Forest is one of the largest boats I think to come into Port Harmon. Time, three days awaiting berth while Bremness is being discharged; time, one half day awaiting berth while Bremness is being discharged. They only had three boats and they kept getting fouled up. Time, two days discharging, holding for weekend due to Vancouver Forest being delayed in Goose Bay due to dredging. Time, eleven days, change ship schedule, put Bremness ahead. And we are talking about four thousand-some-odd dollars a day. That is only small stuff, as the Minister of Mines and Energy says, just small stuff. Then we get down to legitimate things, she was waiting two days, she was awaiting berth due to bad weather and then two days awaiting weather to clear before sailing and then one-point-five days clean out ship for off hire, total twenty-two days round trip, twenty-two days. How long does it take a ship to come from Goose Bay to Stephenville? Anybody know?

MR. FLIGHT: A couple of days.

MR. HODDER: A couple of days, so that a round trip would have been four days.

MR. FLIGHT: The Sprinter would make it faster than that.

MR. CANNING: It would cost you more than to go to Europe.

MR. HODDER: You know she would be unloaded in a couple of days and here we have twenty-two days, twenty-two days, one round trip -

MR. FLIGHT: \$4,000 a day.

MR. HODDER: And then we go back and we talk about the hiring again, we look at the hiring at the mill. The mill is hired by a firm, an outside firm, Peat, Marwick whatever they were. They come in and suddenly somebody

MR. HODDER: in Bay St. George says there has to be all Bay St. George people, it must be all Bay St. George people. You know, we waited around since the bay started and so what does this, not the company, what does the government do? And it is very clearly documented. The former member for Port au Port said it. He sent a copy to the Minister of Finance, 'Mr. Doody'. He sent a copy saying that, you know, and with a note back saying, You are right. You know, I appreciated your comments. But you know it was over-staffed because the government bent to pressure to over-staff that mill and so you had people wandering around, butting into each other down there, who did not know what they were doing. Then after that, after the over-staffing of the mill, in one year they increased the staffing again by 144 people and then you have all sorts of contracts.

There are stories that I could tell but I would rather not, honestly, those that involve people. Now -

AN HON. MEMBER: (Inaudible).

MR. HODDER: Well when you fellows talk about the past you know - I mean when the hon. gentleman on the other side talks about the past they were talking about the past ten years ago, nine years ago, eight years ago. I am talking about the past one year ago.

MR. RIDEOUT: I am telling you why she is in the mess she is in now.

MR. HODDER: But you know, Mr. Speaker, the amendment which I moved this morning -

MR. HICKMAN: (inaudible) what can be done (inaudible)

MR. RIDEOUT: Call Mr. Sweeney before the House and we will ask him the questions and he will tell us.

MR. HICKMAN: There is a concensus ad idem across the House -

MR. RIDEOUT: Bring Mr. Sweeney before the House.

MR. HICKMAN: - and what I would like to hear from the hon. gentleman - there is no trouble for them to find out from Mr. Sweeney - The Advisory Board -

MR. SPEAKER: Order please! Order please!

MR. SPEAKER: I would like to welcome in the public galleries on behalf of all the members present a group from Deep Bight Elementary School of eleven pupils accompanied by their teacher, Mr. Edward Hussey. Also a group of twelve students from Sunnyside Elementary accompanied by their teacher, Mr. John Piercey. Also in the gallery we have four students and their teacher, Mr. Whelan Blackmore, from Booth Memorial High School, Windsor. I welcome you on behalf of all the members and trust you will enjoy your stay.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. member for Port au Port.

MR. HODDER: Thank you, Mr. Speaker. Mr. Speaker, as well as the amendment which I moved earlier today to bring Mr. Sweeney before the House, Mr. Speaker, to bring Mr. Sweeney before the House to answer questions for the satisfaction of members so that they can see his feelings on it, what can be done, perhaps if Mr. Sweeney came before the House he could let us know, tell us, perhaps he could convince the doubting people, the hon. members on the other side that the mill can go. You know, it is worth a try, Mr. Speaker. I doubt if very much changes the minds of the people on the other side but perhaps he could. He is a man of dedication and hard work. Eighteen hours a day since he arrived in Bay St. George, wearing himself into the ground. But there is one other person, Mr. Speaker, who should be called before the bar of this House, another person to answer for his sins and that is the hon. member for St. John's West and the House of Commons, the former Minister of Finance should be called into this House. He should be called here and made account for all of those decisions that were taken.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: But, Mr. Speaker, the mismanagement of that mill and the mismanagement of this government through that member! Mr. Speaker, you know that man should not be allowed to get away with this. He should not be allowed to fly off to Ottawa to escape. He should be made to tell

MR. HODDER: what happened and why it happened. He is not the only one should be called into this House. That was the greatest shame -

MR. CANNING: He left two scandals behind him. A seven million dollar scandal -

MR. HODDER: A man who at one time was juggling Come by Chance in one hand, juggling the Linerboard mill in the other, trying to be Minister of Mines and Energy, Minister of Intergovernmental Affairs, keeping his eyes on the fishery department -

MR. RIDEOUT: Keeping his eye on the fishery scandal.

MR. HODDER: Presided over the fishery scandal, that is right. And, Mr. Speaker, here is a man who thought that if he could take on every single job - You know, I think as the former Premier said this morning, the hon. member for Twillingate said that if you gave him every mill in the Province to run and every business in the Province to run he would still try to do it and here who suffered, Mr. Speaker? Who suffered? You know, granted an intelligent man, a bright man who

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knew nothing about the paper industry, knew nothing about business.

MR. FLIGHT: An egomaniac.

MR. HODDER: He had the ego to take on the Labrador Linerboard mill and Come By Chance and you name it, and you give it to him and he had the ego -

MR. FLIGHT: An egomaniac.

MR. HODDER: Who was it that said in the House the other day, the most expensive man that Newfoundland has ever seen? Mr. Speaker, that man should be called here in this House, and should be made to account for his sins. And then when the controversy arises, you know, the controversy arises, and he comes out, and what does he do? Typical fashion, he attacks the former administration and re-emphasizes the fact that the thing could not work. Well the thing could not work because he would not let it work.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: I mean, Mr. Speaker, I have listed so far here today something like twenty, thirty-one points where money could have been saved in that mill and where the operation could have been tightened up - twenty-one points. And I venture to say that - I did not figure it out before I started to take this paper up - but I venture to say that we are talking in the vicinity of perhaps \$20 million so far with these things that have happened. And what about the suggestion, Mr. Speaker, - some member on the other side of the House, one of the most sane members on the other side of the House said the other day, you know, he said, Maybe if we looked at that budget again, maybe we should look at the budget again, and perhaps we could pare off enough money to give that mill a fighting chance. Now that is what I call sanity. Because, Mr. Speaker, you know, when you look at what has happened to this Province, the blow that has been struck at the underbelly of this Province, at the resource industry of this Province, the blow that has been struck, never, Mr. Speaker, has there

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been a worse. I venture to say, Mr. Speaker, that this whole Province will castigate this government in the way they know how in the next general election for the deed they did the Bay St. George area, and they know, Mr. Speaker, they know the difference. They know the case that has been made by this government. And all they have to do is go out and look. You do not have to look very long, Mr. Speaker, to know.

Mr. Speaker, to get back to this document, this very valuable document which shows the inner workings of the mill under this administration, to get back to this document, it says, "Commence and take pride in your company programme. Employees who are proud of their working area will usually do a better job at less cost!" Now again I must harp back to the point that I was making before, the fact that this mill was a political animal, a political football from the day in 1966 - wait now - 1969 or 1970 when the thing commenced construction, from that very day the workers in the mill never had a chance. They never knew what was going on. They never knew from one day to the next whether they had a job or not. And now it is close downs, shut downs, problems. The mill is losing money. It was almost like, you know, a fellow was working down in the plant and, you know, the rest of Newfoundland was looking at him saving, you know, you are - you know, how can we have him around? There is no morale. It is a good idea, you know. Then when that strike, that particular strike which the Minister of Education referred to with union people in the House the other day, sitting up in the galleries, the one which he should resign over, that particular statement - you know, these people have suffered. This is the most long-suffering mill, I suppose, that has ever been created - suffering because of mismanagement. Did you know, Mr. Speaker, that this government if they had done - instead of hiring that advisory group as a smoke screen^A and had done this three years ago, had looked at those suggestions which I have been reading out here three years ago, had come in and put

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a high-powered advisory group there instead a Minister of the Crown running the whole show, two or three ministers. - the present hon. Minister of Forestry, he was a member of the Board of Directors - instead of that, if they had brought this sort of a management team together three years ago there would be no problem now I grant you. If Mr. Sweeney had been put there three years ago there would be no problem.

The next one,

MR. HODDER:

Mr. Speaker; a cost reduction crew to be assigned to Labrador Linerboard Limited with specific goals. That is to say, say ten per cent by the end of this fiscal year and draw up specific policies and procedures for saving money in various sections and insure that all employees are aware of how serious the situation is. It seems like a sensible suggestion. Get a cost reduction crew in there. Just see how much money we can save. Get the people. Tell them. Look, you know, people are saying the mill is not paying for itself, it not-doing this, it is not doing that. Bring in - was this ever done, Mr. Speaker? I do not know if this one was ever done. I know most of the things I have said here today have not been done. They were not done until Mr. Sweeney came. He pared off in four months \$6 million, he saved that in four months. And you tell me if there is a chance to turn the mill around. Fighting mad? I suppose he is fighting mad, Mr. Speaker. I mean, who would not be fighting mad? When he came in here, he has had about four months to work, four months, and he is told now that we are winding her down boy. And he realizes he is faced with the possibility of his work force, the work force escaping. Kimberley-Clark is in. The Minister of Public Works was in when his crew of finance men and people from Ottawa and they all came in, all concerned - they are all suddenly concerned about Bay ^v St. George. Do you know what they got, do you know what they got at that meeting, Mr. Speaker? Came in, you know, we are going to help place the mill workers. And the answer came back was what about the rest of them, what about the rest of us. What about the industrial development officer we asked for for the Harmon Corporation and asked for and asked for and asked for and asked for? What about the industrial relations officer? Now they are going for three. I talked to the chairman of the Harmon Corporation, I said, "Good try, boy, good try. If you can get three industrial development officers that is a good try!" But you know you have got to remember that this government has not

MR. HODDER:

created a job in the last five years. And whether you can ever attract anything into a Province which is going downhill day by day by day by the minister's own admission, and whether you can ever attract anything into this Province anymore, I do not know, Mr. Speaker. I do not want to be gloomy and doomy, but when I look at the Labrador Linerboard Limited and living in an area and seeing what is going to happen to that particular area, how can you be optimistic? How can you be optimistic about this Province? I hope the report is not true that Buchans is going down. I hope Come By Chance comes up. But it is just one series of misfortune after misfortune.

MR. STRACHAN: St. Lawrence.

MR. HODDER: St. Lawrence, yes, St. Lawrence. I mean everywhere you look in this Province there are people unemployed. I would suggest, Mr. Speaker, that if we did not have these seasonally adjusted, if we had true unemployment figures in this Province right now, that we have got somewhere in between fifty-five and sixty per cent unemployed except in St. John's, of course. And they will feel the pinch pretty soon. The people in St. John's pretty well depend on the rest of the Province. And when the squeeze comes, the civil servants are going to feel it. The head offices here are going to feel it. They are going to feel it. All you got to do is close down a couple of more parts of Newfoundland. St. John's is not going to exist then. What is going to happen then? We are going to start seeing people moving out of here. I know there is unemployment here already, twenty per cent unemployment. And we look at - we say the Federal Government has got to do something about it. What about us doing something about it? What about some planning in this Province? What about some vision?

Mr. Speaker, number thirty-six, one I referred to before - it is a big one. I will refer to it again. "I suggest that our wood consumption is not near as high as we were led to believe it is. I believe the

MR. HODDER:

discrepancy occurs with all of the wood that has been lost at the mill through sinkage and the thousands of cords that have been let go adrift in Bay St. George." Now the company now finds that the wood that has been delivered to the mill is not now there, and consequently they conclude the wood has been consumed. That is the most amazing statement I ever heard in my life! I got to read it again, Mr. Speaker. "The company now finds that the wood that has been delivered to the mill is not now there." They found the wood was not there. It would drive one insane. They found it was not there. What did they do? They looked at a hole in the ground - what has been delivered to the mill is not now there, and consequently they conclude that the wood has been consumed. They do not know if the wood has been consumed or not. Boy, management, management! And the people of Bay St. George are suffering. The people of Port au Port are suffering. The people of St. Georges are suffering.

MR. HODDER: Now we get to Item 37, Mr. Speaker. I have mentioned one of those items before. We could talk for some time on this I suppose. But we were talking about inventory. As I pointed out earlier today. That the inventory that had been - that when the financial statements had been gone over by an accountant friend of mine, he said one of the things that make those balance sheets look bad is the high inventory, that you must turn over the inventory in any business twice, three times a year at the very least. But that when you are not selling you reduce your inventory. Of course, that goes back to the wonderful document, that wonderful letter from Mr. Crosbie to the mill and correspondence going back and forth. I talked a few minutes ago about the operating and maintenance supplies. I mentioned that, you know, between 1972-73 you had \$3,074,000 worth of operating maintenance supplies.

In 1975 it had climbed to \$13,256 - \$13, 256,000. I should say. That is one figure. Let us look at the other inventory which they had on hand. And remember, Mr. Speaker, if anybody wants to disagree with me I was only in business a short time, but I think you have to agree that, if you are not selling goods then you cut back on your supply. You do not continue to fill your warehouses. If you are not selling your chesterfields you do not continue to fill warehouses. But here is the inventory figures, as of this particular document, Dec. 5, 1975, that is when this was done, Mr. Speaker. These figures are correct. Here is the inventory. Finished goods. Now in 1972-73. finished goods in the inventory was \$1,581,000. In 1973-74 it was \$4 million and jumped to \$4,615,000. In 1974-75 it had jumped not so much, only jumped by a few thousand dollars. But in 1975-76, the inventory jumped to \$5,747,000 so that is from 1972 from \$1 million figure to a \$5 million figure, jumped by

MR. HODDER: \$4 million, Mr. Speaker.

MR. STRACHAN: Finished goods?

MR. HODDER: That is finished goods. That is inventory.

Pulpwood chips. Let us get down, this is what we were talking about earlier.

MR. STRACHAN: The year of the depression.

MR. HODDER: If I could only find some of my notes, Mr. Speaker.

I have all kinds of stuff. I cannot find it. But when that memorandum came to Cabinet.

MR. HICKMAN: You are ten minutes beyond 'Billy' now. You are alright.

MR. HODDER: I am not for that Mr. Speaker. No, Mr. Speaker.

Mr. Speaker, Pulpwood chips. I know the hon. member on the other side would not like me to embarrass him with these figures. I know that. I mean this is pure embarrassment. If I were a member of the government I would have to resign. I would have to resign, I would have to get out of here. It is a wonder some of the new fellows that was elected over there can stay. You know, leave, go, get out of politics, come over here, one of the two with the good guys.

SOME HON. MEMBERS: No. No way, not Alex!

MR. STRACHAN: Good Lord! Alex is coming over!

MR. HODDER: Anyhow, Mr. Speaker: Pulpwood chips inventory.

Now this is what we were talking about before. When the markets got soft. The management in its wisdom said we want to reduce by forty per cent. You know what happened, Mr. Speaker, it increased by one hundred and two per cent, a hundred and two per cent. Anyhow in 1972-73, these are the most significant figures because this goes right to the root of the business, in 1972-73 pulpwood and chips that were on hand, there was \$13,348,000 worth, 1972-73. What do you suppose they had in 1975-76? Say maybe a couple of more million. No. Mr. Speaker, it jumped from \$13,348,000 to \$24,619,000 from \$13 million to \$24 million in inventory. You say that the finance people down in New York are looking at the finance statement and saying, you know, you cannot keep that thing going,

MR.HODDER: you have to shut it down. That is 1975-76.

MR.STRACHAN: The same year as the high inventory in finished goods.

MR.HODDER: Oh yes. So, to add these figures up on inventory, you know, just the totals of all these figures, and these are totals and figures: 1972-73 you had \$18,003,000 that was finished goods pulpwood and

MR. HODDER: operating and maintenance equipment, \$18,003,000 worth. That was 1972-73 total, all inventory. In 1973-1974 you had \$22, 048,000. In 1974-1975 you had, and this is when the markets are starting to get soft now, Mr. Speaker, you have \$33,367,000. This is the time when they should have been cutting back. Make no wonder the balance sheets do not look good when we are talking about \$104.00 a cord and all that foolishness and looking at the balance sheet and the thing is loosing money. In 1975-1976 it had climbed to \$43,622,000. So that is 1972, \$18 million to \$43.5 million in 1975.

MR. STRACHAN: 240 per cent increase.

MR. HODDER: So that when the business was starting to go, the markets were starting to go soft and all across this country the paper mills were starting to lay off their woods people, when the markets were starting to go soft, you know, we had to slow down a little bit, had to cut it down a little bit, what happens? We increase.

MR. STRACHAN: 240 per cent increase.

MR. HODDER: 240 per cent increase in four years in inventory. 240 per cent increase in four years. Now, Mr. Speaker, that is not the way I would want somebody to run my business. I would not want my business run that way. I mean you would go broke over night. We wonder what the problems of Labrador Linerboard are! v

The document goes on and says, "Our mill stores inventory amounts to \$6,547,000." That is the mill stores. "Our island stores are \$1,277,000 and the Goose stores are \$1,618,000. Persons I have spoken with including employees of Labrador Linerboard who came from other companies tell me that"- Now listen to this, Mr. Speaker. We had some people come into the mill. They came in from MacMillan-Bloedel, some of them managers and one thing and the other, there were some top management and what not and this was who this gentleman was dealing with. There were people came in from MacMillan-Bloedel and they brought in the costing figures and all of that some time in the mill these were the figures that were being looked at.

MR. HODDER: We were comparing ourselves trying to meet the efficiency of that mill in British Columbia. Well he says, "Persons I have spoken with including employees of Labrador Limerboard who came from other companies tell me that mill store inventory should be about \$1.5 million to \$2.5 million."

Now do you understand the significance of this, Mr. Speaker? Mill stores are \$6.5 million round figures, Island stores are \$1,277,000 and Goose stores are \$1.5 million. Now then the studies and the people, some of the new management that into the mill and I know about this personally. These people came in and they brought in their stories and one thing and the other, and then this gentleman says, "Persons I have spoken with including employees of the Labrador Limerboard who came from other companies tell me that mill stores inventory should be about \$1.5 million to \$2.5 million." Now, Mr. Speaker, how can you run a mill if this is - You know, I mean how can you credit it? How can the stores go from \$1 million to \$6 million, \$7 million, \$8 million, \$9 million worth of stores when it was normal to have about \$2 million worth of stores on hand? Now who was buying? Who was selling? I mean, you know there has to be information, we need information, certainly we need information. Why was there \$6 million worth of stores there when there should have been only \$2 million?

"Our inventory appears to be away out of whack," it comes right out of here - "Our inventory appears to be way out of whack." Now I would expect, Mr. Speaker, that it would be way out of whack. "When you look at this spread of figures and the substantial increase in inventory I believe we should look with a jaundiced eye at all requests from the company to buy anything for the stores." Now I would suspect, Mr. Speaker, that that gentleman must have been right, to look with a jaundiced eye at anything that was requested for stores, when here was a company \$6 million, \$7 million, \$8 million, \$9 million, roughly \$9 million in stores - should have had \$2 million on hand. Look

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MR. HODDER: With a jaundiced eye!

And finally, Mr. Speaker, _____

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"Place a freeze on all wage settlements at management level and if it is necessary to give one, which I doubt very much, it should not exceed five per cent. The union should be told the facts of life that there is no money to go around, that government cannot meet any settlements they may be demanding, and they should be told to work for what they are getting or we will be forced to close down the mill." And they were told that, by the way.

"Now the foregoing"- this is the ending, and some of you might be very pleased about this that it is the ending of the particular paper -"the foregoing illustrates areas in the mill where substantial savings can be realized, and a much more comprehensive list"- now get this, Mr. Speaker, he has come through with thirty-eight recommendations to save money, all little piddling amounts of a million dollars and a half a million dollars and five and a million dollars, you know, which the Minister of Mines and Energy scoffs at, these small amounts - he says,"the foregoing illustrates areas where substantial savings can be realized and a much more comprehensive list could be put together after reviewing item for item." This is not the end. I have only just scratched the surface." After reviewing item for item the past expenditures of the mill, it is impossible to tell from the financial reports"- now, Mr. Speaker -"it is impossible to tell from the financial reports where wastes may be occurring because the amounts under each heading are so great. I will read that again, Mr. Speaker. I got to read it again. "It is impossible to tell from the financial reports where wastes may be occurring because the amounts under each heading are so great"- now get that -"this analysis would have to be done from a detailed examination." Now then we go on, Mr. Speaker, to the last little bit which has come up in this House before, and now you will know where it came from. They mention a person's name here which I prefer not to bring up in the House. But you will recall that

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when this particular person and I reviewed the budget a year ago we found a \$360,000 slush fund for the president. "It is my view that millions of dollars can be shaved off our expenditures. However in order to do this a very tough approach must be taken since the majority of people who are working at the mill have the philosophy that it is a government operation and there is lots of money available."

MR. STRACHAN: How much is the slush fund?

MR. HODDER: Three hundred and sixty thousand dollars.

Now, Mr. Speaker, I do not know what that was - I do not believe for one moment that that was a slush fund that you could take and spend for personal use, but it was there. Another question that must be answered. Now I do not believe - I know Howard Ingram. I know he did not have \$360,000 to throw around. But it says here, You will recall that when this particular person and I reviewed the budget a year ago we found a \$360,000 slush fund for the president. Now I do not know if the slush fund was there. It was rumoured to be there or, you know, I have no idea. I know that the president general manager of Labrador Linerboard Limited did not have this slush fund. He did not spend it on himself. You know, he did not have to. He was making \$100,000 a year, a furnished house, \$70,000 or \$80,000 in salary, travelling expenses and all that. I mean, you know, he was looked after. But, you know, it does bring some interesting things to mind when there is a \$360,000 slush fund.

But anyhow, Mr. Speaker, I think this document which I have been referring to here today, which puts forward some very, very, in my opinion, important points; and I stress again, Mr. Speaker, it is not what this document says, it is not exactly what was done from this document or whether the document was acted upon her not, but it points out the fact that those things existed. Now that is the point of this document. And this was done by the man

Mr. Hodder.

who probably knew more than anybody else outside of management
itself, and perhaps more than them, who knew more than anybody
else about the workings between government and the mill. I mean
I can say with complete assurance, Mr. Speaker, that the majority of
the

MR. HODDER: items mentioned here that I was aware of. When we go back to the company vehicles been taken home, I mean, when a fellow owns a snowmobile and he has the company vehicle so often that he carries his snowmobile around in it, he does not take it out except when he goes out snowmobiling. These things we have seen, you know, you live in the town. I wish some of the hon. members on the other side had been living in Bay St. George.

I know the waste paper is in there, that machinery was lost in the woods. I saw it. I have seen some of these things. Then the C.I.P. contract with the tons of paper there, Mr. Speaker, and they take the staples out by hand, I knew that. All you have to do is talk to a worker. I do not suppose it would be a big saving. Parties sponsored by the mill, Christmas parties, Labour Day parties, a party for the departing chairman of the board of directors and a little medallion put on him and a little plaque given him. What a good job he did. Big steaks, wine, and then CBC announces that the mill is going to close. Oh, Mr. Speaker, I think that probably more than anything else sums up the irony in what has happened in that particular mill in Stephenville.

Now, Mr. Speaker, we put in rail lines but we do not finish the facilities for it. We buy paper, cardboard cartons to recycle it through, but we do not get the machinery to take the stuff out. We have 144 people hired more that we should have. We are paying \$25,000 a year for a membership in some sort of an organization. We get a group come in to say, We will look at the mill and if we cannot streamline it and save you money we will not cost you anything. We have inventory which is - well, the inventory which is supposed to be anywhere between \$2 million and \$2,500,000

MR. HODDER: is somewhere around \$9 million.

MR. STRACHAN: Fifteen.

MR. HODDER: No, I am thinking about the inventory now which is the store inventory here. Oh! I missed a page of this I believe. No, that is right. That is right, the inventory was \$6,547,000; \$1,277,000; \$1,618,000. I do not know what that totals up to, Mr. Speaker, but nevertheless it should have been around somewhere around \$2 million to \$2,500,000 on the outside.

Then when we see that the people are being subsidized in Goose Bay, and we see people going off on shopping trips, we see the chairman of the board of directors running over to Europe signing contracts just before it is announced that the mill might be closed. Then suddenly after two months - you know, I do not know if the government is in the shipping business or not - just from beginning to end, Mr. Speaker, from beginning to end. What this amounts to, Mr. Speaker, is suffering, nothing but suffering. The mismanagement of this government has caused the people of Bay St. George suffering. It has ripped apart the whole area and the blow, Mr. Speaker, is going to be felt throughout this Island for a long time to come. I say, Mr. Speaker, that if this government knows what it is doing, if this government has any sense whatsoever, then they will decide that their decision was wrong. There is no other way.

The rest of the Province will learn that this thing cannot be hidden. Whatever happens, no fire sale here, Mr. Speaker. This deed that was done on budget day will be remembered throughout the Province. It will not be remembered only in Bay St. George, Mr. Speaker, it will be remembered right throughout the Province.

Mr. Speaker, I think perhaps

MR. HODDER: the government might have a chance, they might have a chance if they changed their minds now, if they changed their decision.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the member for St. John's East.

MR. MARSHALL: Mr. Speaker, we are now addressing ourselves to a sub-amendment to the amendment, and the sub-amendment requests that the president, Mr. Sweeney, appear before the House to give his views, opinions and advice. Now I would be very interested in learning the opinions of Mr. Sweeney, getting his views and hearing his advice, because certainly from everything that we have heard that certainly there needs to be some statement anyway by Mr. Sweeney as to his actual, real position. But I do not think, Mr. Speaker, that this House, that it is going to do any good to get the hon. gentleman before this House. This is not to say that there probably is not another place he should be, but certainly not before this House. Because if you want any proof of that I think all we have to do is look at the debate, and the nature of the debate in the House with respect to this whole matter to know that Mr. Sweeney would be doing nothing by coming in here and getting himself into a political tug on other side and the other.

Now, Mr. Speaker, before I go on into the main body of the few things that I do want to say - and I do not intend to speak for a long period of time - I do want to point out that the statements made by the hon. member for Port au Port (Mr. Hodder) who in many respects made certainly a very good speech today in certain aspects, but he talks about past history, that there is no point going into past history. Now this has been said before by various members. The unfortunate part about it the members there opposite seem to want history to begin from 1972 and cut the thing off at that period of time. And I shall not, Mr. Speaker, by Liberals present, by Liberals past, by Liberals sometimes either farther back, no matter where they may be, be stymied from talking about past history, as it were, because past history is very, very relevant and probably the most relevant thing to the issue before this House at the present time.

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

MR. MARSHALL: Certainly.

MR. CALLAN: --- Would the member for my part and perhaps for the hon. member who just finished talking, perhaps for my part at least, if you go back to September 1975 that would do me. That is as long as I have been here. The member for Port au Port as well.

MR. MARSHALL: That is fine. That is the member. When the member gets up he can speak and go back to November 1975. That is fine. But the tenor of all this debate that we have heard, it comes from -

MR. CALLAN: Most of what he read was December, 1975.

MR. MARSHALL: - from my point of view it comes from the beginning of time. From the other side it comes from 1971 on.

MR. CALLAN: It went back to December 5, 1975.

MR. MARSHALL: Now, Mr. Speaker, I would like to first of all make one comment with respect to various items that have occurred in this debate and to express some concern over the extravagant accusations, sometimes veiled and sometimes not, insinuations, innuendo which have passed from time to time in connection with this debate. For instance, such statements as the government throwing 25,000 people to the dogs. The member for Stephenville (Mr. McNeil) who made in some respects certain points. And you can understand, the members for Stephenville (Mr. McNeil) and Port au Port (Mr. Hodder), indeed all people in this House, being very emotional over the situation that has occurred, but quite frankly I do not feel that the - not the insinuation, but the direct statement that the mill may have been closed because of political retribution, because the members in the Bay St. George area did not vote with the government. I do not think it is worthy really of any member of this House, and I do not think the hon. gentleman meant it.

MR. STRACHAN: Who said that?

MR. MARSHALL: The hon. member for Stephenville (Mr. McNeil) indicated that this was - at one point of his speech he said, Is this punishment for the people in the Bay St. George area for voting against the government? Now that is what I heard. I also heard statements for instance that,

Mr. Marshall.

you know, insinuations that the contract with respect to the marketing of the linerboard, smacks of corruption but nothing was said about this type of thing. And I think it is necessary to go back into history, Mr. Speaker, although I will not dwell too long on it, because the simple fact of the matter is that the Labrador Linerboard mill has been an albatross around the neck of this government since it first assumed power, and this government has been involved ever since it assumed power in a valiant attempt to try to make the best out of a bad situation. Now there were certain things that have been said that normally and perhaps I would not be on my feet again in this debate, because you only need perhaps to speak once. But there are a few matters that were brought up that I would like to address myself to,

MR. MARSHALL: . . . particularly with what was said by the hon. member for Twillingate (Mr. Smallwood) when he spoke the second time in this debate. Now he, at that time, and I know he will be the first to correct me if I am wrong, indicated that marketing was arranged before the government took over this project, that the shipping was arranged and indeed the shipping was cancelled and was replaced by a -

MR. SMALLWOOD: If the hon. gentleman will allow me?

MR. MARSHALL: Yes.

MR. SMALLWOOD: I made a mistake in my statement when I said that the marketing contract was for 240,000 tons a year. It was 270,000 tons a year that Heinzl had the contract for.

MR. MARSHALL: The hon. gentleman says that Heinzl had the contract and he also says that shipping was arranged and then the shipping was cancelled and they used exactly the same ships, it was taken up afterwards and paid three times the amount that the people operating the mill afterwards did -

MR. SMALLWOOD: It is the truth, but two to three times.

MR. MARSHALL: - Two to three times. That harvesting machines were cancelled and then subsequently repurchased - not cancelled - in actual fact they were sold and then they were repurchased, and so on. Now, Mr. Speaker, I can only speak - and the hon. gentleman, I do not know what the source of his knowledge is, and I know he was very intimately involved in it at the time, obviously. And I suggest that the hon. gentleman can only speak from advice that he actually got at the time, but I also can speak from the point of view of first-hand knowledge of what the government had at the time when this particular project was taken over and this was this, that Donald Dick and Company, the people who had been engaged by the hon. gentleman's administration to be the eyes and ears of the construction of this project and to advise them with respect to same, had eighteen months prior to the takeover, prior to the change of government, advised that there was not adequate marketing, that the shipping arrangements had not been made, that the sales arrangements had not been made except for a nebulous contract with Javelin Export to the effect that Javelin Export would get 5 per cent off the top

MR. MARSHALL: and so on.

Now I will not go in again on the catalogue of what I gave the other night except to indicate that this was the information which we had from the advisers that had been engaged, and we had no reason to question it. And I suggest to you, Mr. Speaker, that it was in fact, a fact. In other words, I am saying there was no marketing, shipping -

MR. SMALLWOOD: Eighteen months?

MR. MARSHALL: I beg your pardon?

MR. SMALLWOOD: Eighteen months, was it?

MR. MARSHALL: Eighteen months before -

MR. SMALLWOOD: In other words that is thirty months before the mill began to produce?

MR. MARSHALL: Thirty months before -

MR. SMALLWOOD: There was no marketing contract -

MR. MARSHALL: We - yes.

MR. SMALLWOOD: - Thirty months.

MR. MARSHALL: This is the information, Mr. Speaker, that -

MR. SMALLWOOD: I buy that. I accept that.

MR. MARSHALL: Yes.

MR. SMALLWOOD: Thirty months before they began to produce anything to sell, they did not have a marketing contract.

MR. MARSHALL: No, they did not have adequate marketing arrangements made - not with a contract -

MR. SMALLWOOD: Right, right.

MR. MARSHALL: - Marketing arrangements. So that was the information on which we acted.

AN HON. MEMBER: What were the arrangements?

MR. MARSHALL: Now I can say that because I did have a knowledge at the time. I was a member for a short period of time of the Board of Directors of Labrador Linerboard. And this was the information that we were given, and we were also given the information by these advisers that these deficiencies had been brought from time to time to the attention of the government - the government at that time being in the position of the guarantor of the debt for the Melville Company, for the Javelin Company, and nothing was done about it. Now there is no point, as I know, going back

MR. MARSHALL: and rehashing all over that again.

I am not going to. But I just want to put the position. I think that that position has to be answered, because it was reported in the press and given the impression that this was what actually was the situation.

It may have been the situation as the hon. member perceived it, But it was not the situation as we actually received it from the advice that we got from these people. Now I do not know what happened afterwards.

I have heard these various stories with respect to the management and to the administration, and I was not integrally involved in that at all.

But this I do know, and I think that this point should be underscored because there has been innuendo passed from the other side of this House to the effect that this government does not care. to the effect that political expediency dictated the decision. The

Mr. Marshall:

hon. member for Port au Port (Mr. Hodder) indicated quite clearly this morning that he did not think the government tried, but the fact of the matter is, Mr. Speaker, and this is why we have to go in the past history whether one likes it or not, that this Linerboard Mill constituted an albatross around the neck of this government, and that this albatross is still really choking this government as it were. And it is not really, I do not think, fair to be castigated in the way that they have been castigated. There are things that the government can be castigated for, but certainly not the Linerboard Mill.

MR. SPEAKER: Order, please! If I could interrupt the gentleman for a moment to inform hon. members of matters to be debated at 5:30. The first matter raised by the hon. member for LaPoile (Mr. Neary) arising from a question asked the hon. the Premier, the subject matter, the government's plan to take immediate action to appoint an individual or group to work with Canada Manpower in promoting on-the-job training for youth.

The second matter, the hon. member for Bellevue (Mr. Callan) arising from a question asked the hon. Minister of Rural Development. The subject matter, the lack of successful projects sponsored by that department.

And the third matter raised by the hon. member for Baie-Verte-White Bay (Mr. Rideout) arising from a question asked the hon. Minister for Transportation and Communications, the subject matter the report of Dr. Selikoff for the road tests carried on in the Baie Verte area.

The hon. member for St. John's East.

MR. MARSHALL: Thank you, Mr. Speaker.

Now, as I say, I do not know. The hon. gentleman then made statements of what happened after the fact, about repurchasing similar harvesting machines, about the shipping arrangements being made at more than originally entered into. I know nothing about that

Mr. Marshall:

but I have to state that I do not really accept it, because of the first premises that he indicated as to be in the first situation was not as I saw it as being the first situation. I do not believe that this could be so because it has got to be remembered that this administration in good faith really attempted a rescue operation and if it did not work, hopefully it will work in the future, but if it did not work I do not think it should be castigated with that type of innuendo.

Now there were certain things about approaches to this that we could debate. I mean we have heard all afternoon a dialogue of complaints as to the management of the thing, of the mill, the Linerboard Mill, and there were certain things that I thought myself, certain approaches that should have been different. For instance, I do think that perhaps the Linerboard Mill ought to have been debated in the House every year. But the fact that it was not debated in the House every year does not, you know, cannot necessarily be the reason for the situation we are in today. I also felt and I think the hon. Premier would, if he cared to, there is no need to, but I think he would verify, he knows that I had concerned myself during the period of my being a member of the Board of Directors to the effect that the directors of this mill were people who were members of the Cabinet itself, who had no knowledge really of the working of the mill itself, and I thought that the directorate should have been enlarged with persons who had a knowledge of the everyday workings of a mill of this nature, so that the permanent management staff when reporting to the Board of Directors there would be no possibility of then pulling the wool over the eyes of the directors themselves and you could have a more effective assessment.

This is not the reason, Mr. Speaker, for the failure of the mill, nor the catalogue of alleged mismanagement given by the member for Port au Port (Mr. Hodder) and other members. The reason for the shut-down of this mill is the same as the reason for the shut-down of the mill in Quebec or the proposed shut-down by Domtar

Mr. Marshall:

that is failing markets in the world, and the high cost of production. Obviously you cannot have both of them, you cannot be putting together raw material at a substantial cost and selling it at a substantial loss and hope to be able to continue it. You can to a certain extent, Mr. Speaker, because you are a government, and certainly as a government you do not run a business as a business, you run it with other considerations. But the magnitude of the loss as indicated, and which has already been talked about, is something that this Province cannot bear. And I reiterate again that it is wrong, very, very wrong to take the loss in a three year span and say the shut-down is going to result in only the \$28 million loss. You have got

MR. MARSHALL: to take this mill over a lifespan of say ten years, take it over a ten year period and then you look at the gigantic losses that would be built up by operation. Now there is another point - we are dealing with, I suppose, history before I get into a few other remarks that I want to make reference to - and this is with respect to my reference the other day to Société Transshipping, and the hon. gentleman for Twillingate indicating at the time that he did not know who were the persons behind Société Transshipping, that his Cabinet had given this letter at the time on the representations, I believe, of financial interests in Europe not knowing who their customers were. And of course we accept the hon. gentleman's word, if the hon. gentleman makes a statement like that in the House or anywhere we should accept his word.

But there is one thing I want to point out about this, Mr. Speaker. I have wondered about this for some period of time and I thought the hon. gentleman might be able to clarify it. But as I mull over his answer over the past twenty-four or forty-eight hours, there are other situations that occur because I feel - let us look at the situation. Here we have a company given 10,300 square miles -

MR. SMALLWOOD: They were not. It is not so.

MR. MARSHALL: Well they were given a paper which would give them the opportunity for 10,300 square miles of timber rights in Labrador.

MR. SMALLWOOD: If -

MR. MARSHALL: The sold it - this paper was sold by this firm. There is no benefit that we know that was given to the government. We do not know if the government received any money for it. I do not think it did, There was no social benefit from the point of view that we were to get any mill or we were to get jobs from it or what have you. So this Société Transshipping got

MR. MARSHALL: 10,300 square miles. They sold it to Canadian Javelin, which at the time as everyone knows was a firm very closely connected with the government at the time. They sold it for \$4 million of which \$2 million was paid. Now this firm got \$2 million for nothing, the people in Newfoundland got nothing, and somebody in this firm, Société Transshipping.

Now I am not making the type of allegation that the Leader of the Opposition makes from time to time that this smacks of corruption or anything like that, and I know that this is a matter that has been of concern to the government. But I do feel, I will just leave it at this and say that I feel that in view of these factors, in view of the fact that this is something that people unknown received this benefit and received the \$2 million, that I feel this is something the people of Newfoundland have a right to know and ought to know. The information cannot be obtained because it is not known by the members of the House. I understand there is an investigation that has proceeded for quite a period of time, Mr. Speaker, and I am speaking now to the government, to this government, and I ask as a supporter of the government, and indeed I charge the government, to hurry up with that investigation and to proceed with that investigation, and at all costs the facts with respect to the ownership of Société Transshipping have and must be brought before the public.

Now you talk about it is past history, certainly it is past history. But this involves a situation of a large territory belonging to the people of this Province, and I feel I am not making any accusations or anything I am just making this statement-

MR. NEARY: It is a smear campaign, you are a smear artist.

MR. MARSHALL: No, it is not a smear, I am not a smear artist-

MR. NEARY: It is character assassination to me.

MR. MARSHALL: Character! I am not assassinating anyone's character.

MR. NEARY: It is a witch hunt.

MR. MARSHALL: or witch hunt. I am just saying, Mr. Speaker, that it is high time that this government completed its investigation and laid the facts before the people of this Province.

Now on Mr. Sweeney, Mr. Speaker, we have heard a lot said about Mr. Sweeney, and certainly as I look at the amendment to the motion here by the member for Port au Port I reiterate again I would like to know what Mr. Sweeney has to say. I have heard all sorts of stories about Mr. Sweeney. Now he can either be one or two things. He can either be the saviour of this project, as he has been billed - and I which I certainly hope he will be; or else if not he can be at the same time - by his statements doing the greatest disservice to the people of the Province by casting doubt on an action which has been taken on the basis of information from the people in the Advisory Committee -

AN HON MEMBER: (Inaudible)

MR. MARSHALL: Well, you know, if it is the truth it is not a disservice. I mean if he is mistaken, I am saying if Mr.

MR. MARSHALL: Sweeney is correct, he could be the saviour of this project and certainly his talents should be utilized and I know they will be utilized by the government for this purpose. If not, he could be doing a disservice if he is incorrect because he is casting doubt on a decision which but for those statements of Mr. Sweeney is a logical decision and the only decision which a reasonable, rational government, no matter how painful it can be, can make in the particular circumstance. Acting on the advice of an advisory board, acting on the advice of the federal government who looked over the project and said that they could not support it because they could not inject the extra money into it because of the economies and what have you, we have come to this conclusion, that the cost is too much for this Province to be able to support it.

Now if that is the fact we just have to live with it. If it is the fact and we have to live with it, I say that Mr. Sweeney could be doing a disservice by making these particular statements because they are casting doubt on a decision which is a painful decision, a decision which had to be made and a decision which really requires the support of all the people in the Province no matter how painful it is. If not I am quite sure that Mr. Sweeney's talents will be requested by the government because it seems to be overlooked that in the Budget Speech the Minister of Finance said, and I quote on page eight, "We hope that in budgeting for the phaseout of operations in four to six months that we can be proven to be incorrect," that is the necessity of closing the mill, "if this is so, if there is any possibility of continuing operations, then we will find it and we will implement it."

Now I think that is where the matter should stand with respect to Mr. Sweeney.

MR. SMALLWOOD: Would the hon. member yield?

MR. MARSHALL: Yes.

MR. SMALLWOOD: It is this House, not the government, that has to vote on the resolution.

MR. MARSHALL: Right.

MR. SMALLWOOD: There is a resolution before the House and the House is asked to debate it, and vote on it, and it is not the government that has to decide, it is this House that has to vote yea or nay on the resolution. And it is to enable this House to make an intelligent yea or nay that it is suggested that the information that Mr. Sweeney has been made available to the House, not to the government, but to the House. The government of course at any time can call in Mr. Sweeney and say, "What information can you give us?" The government has that right. But what we want as a House, not as a government, as a House, we want Mr. Sweeney to come so that he can tell us because we are the ones who have to vote.

MR. MARSHALL: Yes. You know, I can appreciate that but the fact of the matter is this House endorses or otherwise the decisions of government, government being the Cabinet. And it is the government which has the responsibility of governing.

MR. SMALLWOOD: Right.

MR. MARSHALL: It is this government which will take the responsibility, whichever way it may be, by shutting down or continuing.

MR. SMALLWOOD: But it is the government that has brought this resolution.

MR. MARSHALL: I realize that. I realize it is the government that brought this -

MR. SMALLWOOD: And asked us to vote.

MR. MARSHALL: - but what I am saying is that the better alternative, because I do not think that this House is going to be the

MR. MARSHALL: proper forum to decide by taking Mr. Sweeney in and anybody else who may want to -

MR. SMALLWOOD: Not to decide, we do not decide.

MR. MARSHALL: No, but I do not think it is a proper -

MR. SMALLWOOD: The government do that.

MR. MARSHALL: That is exactly the point.

MR. SMALLWOOD: Yes, but we have to vote on this resolution and we need information that he can give us.

MR. MARSHALL: Well, the resolution before the House right now is that Mr. Sweeney appear before the House to answer questions put to him by members with respect thereto.

MR. SMALLWOOD: So that we can vote intelligently. Any House in the world would do it.

MR. MARSHALL: No, My position is such, Mr. Speaker, that I feel that the debate has indicated that I do not think quite frankly that it would serve any real, useful purpose to bring Mr. Sweeney before this House. But I would assume Mr. Sweeney, being a member of the advisory board, which I understand is continuing its deliberations, which will be searching for means in order to keep this mill alive, that he will have his input to that advisory board, and that advisory board will then consult with the government, and if there is any possible way that Mr. Sweeney's propositions are so and they can be implemented, I am quite sure this government will implement it. But we are not in the days really of direct democracy. This is not a Cabinet. This is

Mr. Marshall.

a Legislature which approves or otherwise disapproves the actions of government. And at the present time, as it presently stands, I feel that the government - and we have a motion of nonconfidence in the government because of its actions in closing the Linerboard, because of not bringing Mr. Sweeney in - I feel that at the present stage the government has done all it can in the circumstances on the sound, rational advice that it has achieved. But that does not acquit the government of the responsibility of seeing that Mr. Sweeney's views are inquired into and assessed and determined if they are workable and if at all possible - and his views are of value - and given the possibility of the continuance of this mill in any other form, then obviously they must be implemented.

Now, Mr. Speaker, as I have said before this project must operate. It has got to be viable. But at the same time we cannot take and we cannot endure these huge losses. It is completely and absolutely impossible for this small Province to bear the losses that are required in order to maintain the Linerboard mill as it presently exists in the present circumstances, as the Advisory Board says. At such time as these circumstances change we will all place a duty on and require the government to take the appropriate answers. And you have to look at government's involvement in the plant, as I say. I would hope it would end. I would hope it would end as soon as the plant becomes viable. I think perhaps one of the more sensible articles I have seen in a paper was in The Daily News this morning. Mr. Callahan - I did not think I would be singing his praises on this side of the House many years ago - but I thought it was an eminently sensible article on the fact that people in this Province continually look to the politicians and expect the politicians to cure all the ills and what have you, and I know that they cannot. And I do feel, Mr. Speaker,

Mr. Marshall.

that this government has done and is doing in the Linerboard as much as it possibly can, and when people say, as I say - be they present Liberals, past Liberals or Liberals whenever they sat with the Liberal administration or supported the Liberal administration, when they say not to look at past history, I say, "Balderdash!" Because the fact of the matter is that the Linerboard mill was not of the creation of this party, of this government, and in fact it has been an albatross which is still hung around the neck of this government and threatens to suck it into oblivion. Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, I believe that at 5:30 P.M. we have - what is it they call it? - the Late Show and that that will go on until 6:00 P.M., and that we will then rise until 8:00 P.M. I understand that that is the situation. I do not have very much time between now and 5:30 P.M. Would the House be willing to call it 5:30 P.M. because I do not want to speak for three or four minutes. I want to make some pretty valid points, and I want in defense of my own honour, in defense of my own honour I want to give the House some information that perhaps the House ought to have and perhaps the House would be willing to call it 5:30 P.M. so as to go on with the Late Show.

MR. SPEAKER: Is it agreed that it be called 5:30 P.M.?

SOME HON. MEMBERS: Agreed.

MR. SPEAKER: It being 5:30 P.M. a motion to adjourn is deemed to be before the Chair. The first matter for debate; the government's plans to take action to appoint an individual or group to work with Canada Manpower to promote on-the-job training for youth

The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, in replying to my question on Monday, which I directed to the hon. Premier asking what plans the government have

Mr. Neary.

for providing the initial work experience needed by young people in order to secure permanent jobs or permanent employment, the hon. Premier was kind enough to inform me that his government have plans to try and find ways to get that initial employment for the young people of this Province

Mr. Neary:

who are pouring out of our high schools and out of our training institutions and the university and the College of Trades and Technology, who are unable to find a place in our work force.

However, Mr. Speaker, the Premier did not indicate what these plans were. The Premier was very vague in his answer on how and when the programme would be implemented. I would suggest, Mr. Speaker, that in such plans that full advantage be taken of the Federal Government's Manpower Training Programmes and that advantage should be taken by the Province of financing that is available from the Department of Manpower and Immigration.

Mr. Speaker, the hon. the Premier probably is more acquainted with the fact that under given criteria Ottawa will provide now up to 60 per cent, and more in some circumstances, of the pay of individuals being trained or retrained for specific jobs, thus compensating employers for the undoubted expense and inconvenience to which they are put in order to fit into their work force individuals who require practical, on-the-job training. It would be a shame indeed, Mr. Speaker, if our Provincial Government failed to act as the connecting link between our thousands of jobless, our very young people, especially those say between the ages of seventeen and twenty-five on the one hand, and employers who can be assisted by federal funds on the other hand. My suggestion, Mr. Speaker, is that a specific individual in the Provincial Department of Manpower and Industrial Relations be charged with the responsibility, the specialized responsibility of doing an inventory of the unemployed young men and young women of our Province, and then contacting both potential employers and Canada Manpower to see what can be done to give these young Newfoundland citizens their first experience in the work force, that essential first experience, Mr. Speaker, which will give them the experience on the job without which so many employers will not even now look at their job applications.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER: The hon. Minister of Labour and Manpower.

MR. J. ROUSSEAU: I applaud, not facetiously either, In reply to the hon. member's speech, and I must say I compliment the hon. member, it is a very important topic. It is one unfortunately in which probably there is not sufficient publicity given. I can assure the hon. member and the hon. members of this House that there is a programme, and when we were debating the Budget last week, and I think we are at Manpower Training now when we get back to the half hour or whatever is left in the Budget that point certainly will be raised, And I brought up the point about the money that was available the \$14 million or so. Of that I think it is a \$2 million amount-but I do not know the exact figure, I could check for when we debate again - is available for that sort of training. And it is done through the Manpower Division of the Provincial Department of Labour and Manpower, and there is a very, very close liaison with the federal department.

I think what the hon. says the first experience - and maybe he did not say it and is inferring it, which is important too - is that in a time of high unemployment like we have the problem of course is one of mobility, that a person cannot chase jobs unless he has some sort of work experience, and at least this can give him some degree of mobility by giving him some experience. It is a practical experience. Just to give the hon. member a recent concrete example, as hon. members are aware, and there are other parts of the Province as well, but of course as Minister of Manpower it might have been a little easier, but as member for the district of Labrador West, where we do have a large second growth now of children entering the work force or trying to enter the work force in a large unemployment rate, we brought the federal people up and tried to get together with the iron ore companies, both of them, and other businesses in the towns, we met with the Chamber of Commerce, and also possibly some on the Island, where this on-the-job training would be made available to these people. Of course, the problem, as the member points out

MR. ROUSSEAU:

and rightfully so, is to accumulate a profile because normally the ones who are registered at Manpower Offices, they have them there but they do not have the profile; they get the profile and so attack the problem. They will pay 60 per cent of the salaries, and up to 75 per cent for specialized handicapped children. I think it is an excellent

MR. ROUSSEAU: programme. We are certainly deeply involved in it from a provincial point of view. We have had nothing but co-operation from the federal Manpower people, and especially the new director for the Province, Mr. Gerry Everard. We will continue insofar as possible, insofar as placements are possible, and there are only so many people, of course, you can place in a Province, but we will certainly continue to negotiate with Ottawa to have that money remain and have it available and increased, we would hope.

As we say, with the total budget, as with this particular one, of course, the administrative costs are going up to train these people and, of course, the amount available for institutional and actual on-the-job training is going down, the number of man-days are becoming less. So that is a difficulty. But in this one, of course, the thing is just a straight 60 per cent of the salary and it is an amount that does not incur the administrative costs that trade schools and the College of Trades and Technology do incur.

So we are deeply involved in that and we are deeply in discussion with the federal Manpower officials all of the time on this aspect. It is being done by the Manpower Division. We have as well, a federal - provincial permanent liaison committee called the Manpower Needs Committee, which attempts to find out what the needs are for different trades in the Province and hopefully to be able to change vocational school curricula to meet the demands in different trades. There is a permanent federal co-chairman and a permanent provincial co-chairman and they are housed down at the Department of Manpower and Labour, and they are working continuously on that too. So we have the apparatus there.

MR. ROUSSEAU: Maybe the problem is that the programme is not being given the publicity it should be given. We will be able to talk about it, I hope, for a few minutes when the budget comes up. Maybe in the meantime, I might have the officials of the division prepare some information, probably, for the House instead of a statement just to give an indication of how the programme runs, and what money we have put in it for the past few years, what our plans are and what the ongoing picture of the programme is.

I will attempt to do that and probably in the next week or ten days have somebody write something up along these lines to give an indication to hon. members what we are doing. I think, and I agree with the hon. the member for LaPoile (Mr. Neary), it is a very important programme, it is a chance for us to get some federal money to inject into the Province, but more importantly, it is a chance to give, especially the youth group, that initial experience that they would not normally have. If they had to go on the labour scene as just a labourer, they would have very little mobility. They will be given some experience in a mobile trade that at least could get them to move around to where the jobs are instead of having to remain unemployed in a given area and not be able to move because of lack of any experience.

MR. SPEAKER: The second matter for debate is the allegation of the lack of successful projects sponsored by the Rural Development Authority. The hon. the member for Bellvue.

MR. CALLAN: Thank you, Mr. Speaker. I want to ask the minister several questions pertaining to the Department of Rural Development, and perhaps at the same time suggest some possible answers to the questions that I have and see how they might shape up with what he has to say.

MR. CALLAN:

Mr. Speaker, I am wondering, number one, the reason for the lack of success - and I think it is a well-known fact that the lack of success, the failure rate is rather high - I am wondering possibly if one of the reasons might be that some of the loans that are made to individuals or groups are made to the wrong people, the people who do not have the best ideas?

From my own personal experience of the projects that I have heard turned down and the ones that have been approved, in my humble opinion some of the ones that I heard had been turned down seemed like worth-while projects, and on the other hand, the ones that were approved, if I had a say in it, or if I had an opinion to express about it, I would have expressed the opinion that, This is not a good project.

So I am wondering number one, if that is the reason why? Of course it goes a little bit deeper than that and I will get to that in a minute.

The second question, Mr. Speaker. I am wondering if the reason for the failure again is because the Department of Rural Development is like a bank in a way? It is like a bank. If you do not have any money - or if you do not need any money, there is no trouble to get it. That is how most of the regular banks are. No trouble to borrow money from the bank if you do not need it, if you can prove that you do not need it. But if you prove that you really need it then you do not get it. I think the Department of Rural Development is like the banks in that respect, with one difference, of course: The banks

Mr. Callan: if they are going to tell you you are not going to get any money they will tell you right away. The Department of Rural Development likes to procrastinate for about six months to keep you on a string, and perhaps in the meantime have you make ten or a dozen or twenty phone calls trying to find out whether your application is approved or disapproved, and of course you get no answer. But procrastination, of course, is a word quite common to this administration as I have said on previous occasions.

Mr. Speaker, I suggest and I contend that another reason why the Department of Rural Development is and has been a failure is because if it is not a Crown corporation, if it is not a Crown corporation like the Linerboard Mill and like CFLCo, if it is not a Crown corporation it has all of the trappings, it has government interference. And we know, of course, from the debate over the past several days, and we know about CFLCo, that anything that has government fingers in the pie is doomed to failure. We have had the fisheries for five hundred years in this Province and the only reason it is succeeding in recent years, I suggest, is because we have some unions and some input from people who understand it, not necessarily from government.

Mr. Speaker, I have heard little bits of information here and there which point to the fact that the Rural Development loans are often granted for political reasons. I am wondering possibly if this is another reason why the failure rate. We heard earlier in this session that during last June's by-election that people were threatened, if you do not vote P.C. you do not get a Rural Development loan. I am wondering how much of that is going on? I would like for the minister to tell us.

MR. MORGAN: Them days are over, boy!

MR. CALLAN: I hope so. I hope so.

MR. MORGAN: They were over seven years ago.

MR. CALLAN: They were over last June, perhaps they will come up again in the next by-elections.

Mr. Callan:

Is this why, Mr. Speaker, the collection rate of payments on loans is so poor, about 40 per cent, I think, or has it gone up to 50 per cent, I think, the minister suggested the other day? Is this why the collection rate is so poor, is because these loans are made to political friends and as a result the government are afraid to go after these people to get their money back because they are afraid they may make political enemies of them.

MR. MORGAN: We have an awful lot of friends. thousands and thousands.

MR. CALLAN: Is this a possible reason?

MR. MORGAN: Thousands of supporters. too.

MR. CALLAN: Mr. Speaker, I want to ask the minister when will he table the information showing the number of repossessions last year, and the year before that? When does the minister intend to table this information? The minister said about two weeks ago, he told me in an answer to a question, that he would table this information in a few days. Hansard will show that, Mr. Speaker.

DR. FARRELL: Hansard will not show that.

MR. CALLAN: Hansard will show that, and the minister has declined to do so, I am wondering what time does the minister intend to do so?

And the final question, Mr. Speaker; I am wondering what time, when does the minister plan to go to the Premier and say to the Premier, "Premier I want to be relieved of this Portfolio. I am no good in it. I was good in Opposition in Ottawa, but when it comes to imagination and trying to do something in a department I am no good, so I want to be relieved of this department and I want to cross the House where I can do what I proved to do best, and that is oppose rather than build up and do something for this Province."

SOME HON. MEMBERS: Hear, hear!

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

MR. LUNDRIGAN: Thank you, Mr. Speaker.

Mr. Speaker, my recommendation for the hon. member is that he should try to get a slot on Another World, because after listening to -

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: - the remarks of the hon. gentleman he is picking up little bits and pieces here and little bits and pieces there, he has heard the rumour somewhere else, open it up, Peyton Place, Another World that is all they are interested in is the gossip and the little bits and pieces they pick up. Where did the hon. member get his stature to and his statesmanship? He heard a little bit of stuff that someone told him somewhere along the way, and he makes it into the official policy.

Mr. Speaker, first of all, the failure rate of the Rural Development loan is actually lower than the failure rate in areas like the DREE programme where they have such a long and necessarily drawn-out procedure in order to get involved in a decision. We have made more decisions in the Rural Development Authority in the last four years than will be made in programmes like the DREE programmes or the FBDB for the next ten years.

SOME HON. MEMBERS: Hear, hear!

MR. LUNDRIGAN: We have had, for example, 900 decisions, almost 1,000 decisions in Rural Developments loans alone. The hon. member is quite aware of the fact, every member across the way except that they can use the Rural Development Authority for their little debating for their little debating points, that we have a turnaround, I would say, on the average of about three weeks. Now there are cases that go longer, and obviously the member will get up next week and say, I know cases that went for three months.

Mr. Lundrigan.

And there are cases that go for three months, but we have a very fast turnaround. Only a couple of days ago - as a matter of fact yesterday in Cabinet - we had approvals for approximately thirty decisions in Rural Development Authority Loans, and we had a meeting only three weeks ago, and here again roughly another thirty decisions. The big weakness in Rural Development, absolutely the big weakness, is the fact that they have got a minister who is so modest about achievement that he neglects to brag about it.

SOME HON. MEMBERS: Hear, hear!

MR. LUNDRIGAN: And consequently, Mr. Speaker, I am accused on a daily basis of the fact that very few people around the Province are specifically aware of all of the hundreds of little success stories. They are little success stories. The member is not interested in little success stories. He has been part of the - what is it? - the megalia -

AN HON. MEMBER: Megalomania.

MR. LUNDRIGAN: - His Honour educated me on the particular word I am thinking about - the megalopolis or whatever this great word is that he has been used to for so many years in his particular party. We have got thousands of success stories, many small ones, lots of failures, because we are willing to take risks with people where they do not have all of the back-up capability, there is a bit of uncertainty, and consequently we know we are going to have failures. Now the other side of the story. The hon. member - if he could give me about fifteen hours now I could give him - there is a list of hundreds and hundreds of decisions in Rural Development -

MR. SIMMONS: Table it.

MR. LUNDRIGAN: I am not going - I do not trust the hon. member far enough to table it, to tell him stuff on the little guys in this Province, the average Newfoundlander. I do not trust him, because he - I would not want to see him as the Minister of Rural Development if he is ever going to accuse me of some of the indiscretions they accuse me of. Now, Mr. Speaker, I would like the hon. member quite sincerely -

MR. SIMMONS: On a point of order, Mr. Speaker.

MR. SPEAKER: Point of order.

MR. LUNDRIGAN: Mr. Speaker, there should not be any points of order in the Late Show. You only got five minutes.

MR. MURPHY: That is right.

MR. PECKFORD: They are trying to delay you from telling the truth.

MR. MURPHY: Newfoundland's Stanley Knowles.

MR. SPEAKER: Order, please!

MR. MURPHY: Carry on, Stan.

AN HON. MEMBER: Roger Knowles! Roger Knowles!

MR. SIMMONS: Mr. Speaker, I was interested when the minister indicated just now that - or inferred - I am sure it is incorrect - but inferred that you would help him write the speech. I would hope that he is not inferring -

MR. PECKFORD: Sit down! You are making a fool of yourself. Sit down!

MR. SIMMONS: - Mr. Speaker, has asked him to write the last two or three sentences which apart from being an example of the usual bile that he unloads in this House is also extremely inaccurate. He can do better than that, Mr. Speaker. The point of order is that he clarify the record that Mr. Speaker has helped him write his speech.

MR. SPEAKER: That point of order, actually - certainly, I have not helped any hon. member write his speech, and I do not think that that is what the hon. gentleman was referring to. I think he was referring - I am not sure - but I am sure he was not referring to that.

The hon. gentleman.

MR. LUNDRIGAN: I told the hon. gentleman the other day I did indicate to him that when the estimates were up I would give him a substantial amount of information, very legitimate information. I did not say in a couple of days. The record will show it. And I have

MR. LUNDRIGAN:

got all the information on the failure rates, the success rates, and the number of grants and loans we have made, the number of jobs created, the number of repayments, the increase in repayments and measures of this nature. But I will caution him on one thing, Your Honour. If you are going to get involved in a programme like Rural Development where in the run of a year you might make 300 or 400 decisions on loans and grants - it is impossible, the time will not - look, I have got 1,000.

Mr. Speaker, last year, for example, I outlined the - just to respond the political information. The hon. gentleman is quite aware of this. The correlation between districts that are PC districts and districts that are Liberal districts show that the Liberal districts got more loans and grants than the PC districts.

MR. MURPHY: Shame, shame!

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: As a matter of fact the correlation is such that I can point out to hon. members in this House that we are almost on a daily basis, the hon. lady will have to admit, on a daily basis, I am approached. And I would challenge any hon. member across the House to say that they do not get topnotch response, personalized treatment. The hon. gentleman across the way today, every effort made to do everything in the world to provide the kind of flexibility in trying to get a decision. The hon. lady nods affirmatively.

MR. MORGAN: Does the minister have to improve the Opposition?

MR. LUNDRIGAN: Well I certainly take the advice, frequently, of hon. members on all side of the House because I believe that hon. members frequently are aware of constituents and their backgrounds, and I certainly do that. Now, Mr. Speaker -

MR. SPEAKER: I believe the hon. gentleman's time has expired.

MR. LUNDRIGAN: Well, there are my four hours gone on the estimates.

SOME HON. MEMBERS: Oh, oh!

MR. MUPPHY: Same time, same place, next Thursday.

MR. SPEAKER: The third matter for debate is the action taken by the Department of Transportation and Communications to secure the results of Dr. Selikoff's report on road conditions in the Baie Verte area.

The hon. member for Baie Verte - White Bay.

MR. RIDEOUT: Mr. Speaker, yesterday I questioned the Minister of Transportation and Communications regarding efforts made by his department to contact the Mount Sinai School of Medicine and Dr. Selikoff regarding conclusions that he has reached and has made us known of, although not in writing, but verbally over a number of weeks, that asbestos dust on a number of roads on the Baie Verte Peninsula constitutes a potential health hazard. I have to say that I was bitterly disappointed by the minister's action or lack of action in this matter so far. Roads are the direct responsibility of the Minister of Transportation and Communications. And if those roads are a hazard to health, then it is the minister's responsibility to eliminate that hazard, to correct the situation. The minister has been known, Mr. Speaker, to travel all over this Province, to look at every pothole over which there has been a hue and a cry, and I agree with him, rightly so. That is what he should do, and it is a good thing. But we are now dealing, Sir, with something much more serious than that. We are dealing with a situation that can seriously and adversely effect the lives of thousands of people, men, women and yes even children, because they are travelling over it in the hundreds in school buses. No one, Sir, is immune to asbestos fibres that float around in the dust that is continuously being stirred up by the traffic over those roads. No one is immune to it.

Does the minister want this pending tragedy to hang around his neck? Does he want that to be his legacy? And let us not kid ourselves, Sir, that asbestos fibres are extremely dangerous to health despite the misinformed statements that came from both sides of this House yesterday, unfortunately from a member of my own caucus and from the other side, despite the misinformed statements that came

Mr. Rideout.

from the Minister of Health and the member for Twillingate (Mr. Smallwood) - I bar no doors, I will say it - despite the misinformed statements that came from both sides of this House yesterday. Asbestos fibres have been proven beyond doubt to cause deadly diseases. Any competent medical person, Sir, will admit to that.

They talked about statistics yesterday. Let me cite a couple. One hundred deaths in Britain each year recorded as caused by asbestosis. That is fact, not fiction, Sir. As of April, 1976, 100 miners in Quebec suffering from asbestosis and awaiting ruling by the Workmen's Compensation Board on their cases. And a gentleman said in this House yesterday that some company executive said they had no cases or no problems of asbestosis. Let me read from a table of expected and observed deaths of 17,800 asbestos workers from January 1, 1967 to December 31, 1971. The age at exposure, the first exposure, to asbestos less than twenty-five. The expected death rate from lung cancer in that group would normally be eighteen point nine. What was the observed rate? One hundred and two. That is fact, not fiction. Twenty-five to thirty-four years of age - you would normally expect to have fifteen point two people die in that size group. What did they observe? Sixty-six. Thirty-five to forty-four years when you were first exposed to asbestos dust, eight point seven would have died and they found thirty-eight. Now, Sir, that is startling statistics, and it can be backed up by just opening our eyes and opening our ears and going to look for it. I got four or five files of that kind of information here that I will attempt to bring out at the proper time in debate in this House.

So the story, Sir, is that it could be a tragedy unless we open our eyes and ears now. And part of the plan to correct that situation has to be with the road situation on the Baie Verte Peninsula. Dr. Selikoff is the world's authority on asbestosis. He is

Mr. Rideout.

the leading expert in asbestos research. He is recognized by the Government of Canada, by the Government of the United States, by the governments of provinces across Canada, by governments of states. And the minister sarcastically remarked yesterday when I said he was the leading expert in the world was that he would like to think he is so. Now, Sir, I submit that that is not good enough. The minister says, Dr. Selikoff insulted his deputy minister. I have talked to Dr. Selikoff twenty-five or thirty times in the last eighteen months. I found him to be co-operative and a gentleman. But I do remember when Dr. Selikoff first spoke to the press last August that the minister and other government members were upset that he had done so. So I can understand, maybe, the deputy minister phoning up and saying, What the hell are you doing talking to the press before you talked to us? And then Dr. Selikoff would say, I am not beholding to you: I did this study independently. I am not beholden

MR. RIDEOUT: to the company, to the union or to the government, but we will give you the report when it comes out. Now Dr. Selikoff has sent a preliminary report. The statistical evidence backing that up went in the mail today and should be in this Province in a couple of days or so. But I am afraid that government is hedging, I am afraid that there is not a great deal of concern about this, and that is what is what I want to be reassured of, Sir. That is my concern because the facts are here, they are crystal-clear. We cannot argue with the statistics, and we cannot argue with the preliminary report, or the letter of report that we got from Dr. Selikoff only a few days ago. Thank you.

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

MR. MORGAN: Mr. Speaker, in replying to the question yesterday it was said then, and I again repeat today, that this government is concerned over that problem, or potential problem, I should say, in the Baie Verte Peninsula. I think that our concern was expressed quite clearly last Summer when shortly after Dr. Selikoff made his comment publicly, not to government but publicly to the media, that it was arranged through the Department of Transportation and Communications to have all the roads in that area sprayed with a liquid calcium, a dust control measure to keep the dust down in that area based on the fact we thought there could be a potential health hazard, so we are concerned as a government over this potential problem.

My biggest concern now is why Dr. Selikoff is procrastinating on getting the report in to government. Last Fall he indicated in the media, to the media in the Province, that a report would be made shortly. That was in the Fall of 1976. He made some comments to the media on his report. Again,

MR. MORGAN: some comments to the media on his report. Again, of approximately two weeks ago he made a comment, and that was months since last Fall when he said he was going to have his report in to government. My concern is now why Dr. Selikoff, who is I agree, and expert in his field, in the field we are talking about, why he is delaying delivering that report to the unions number one, with copies to government number two, and -

MR. MURPHY: The fact that he said he would send a report to the government, is that an actual fact?

MR. MORGAN: No, Mr. Speaker, for my hon. colleague's information, the unions were to receive a report from Dr. Selikoff and we are of the opinion he would give us - when I say us, my colleague the Minister of Health and also, I would like to add, my colleague the minister responsible for the environment. He should be getting a copy of the report automatically whereas it would not be coming to me automatically. But I am hoping to get a copy of the report because Dr. Selikoff has been saying that he feels the road should be paved, but he has not shown any evidence to government as to why the road should be paved.

Now guessing that it is a possible hazard and proving that there is a hazard definitely, are two different things. I can recognize the concern of my hon. friend from the area. We are talking about the lives of people and the health of thousands of Newfoundlanders in the area, and we will be automatically, in the early part of June, spraying the roads anyway with liquid calcium, the dust control measure. I said in the area, and I said so publicly that if Dr. Selikoff's report puts forward conclusive evidence that there is a potential health hazard in the area, what we will then deal with the matter as a

MR. MORGAN: government. it is, I am sure, of major concern to all my colleagues within the Cabinet, and if conclusive evidence is put forward by Dr. Selikoff I can assure the hon. gentleman that every consideration will be given to his report and every possible action be taken to prevent any potential health hazard from occurring in the future.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The motion is that the House now adjourn. Is the House ready for the question? Those in favour 'aye', contrary 'nay'. In my opinion the 'nays' have it. I therefore leave the Chair until 8:00 p.m.

PRELIMINARY

UNEDITED

TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

8:00 p.m. - 11:00 p.m.

THURSDAY, MAY 12, 1977

The House resumed at 8:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please! The hon. member for Twillingate adjourned the debate.

The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, first may I say a word of very sincere congratulations to the Minister of Municipal Affairs. I was looking at him on TV and I would say to the Premier if he were here that any time that he himself cannot go on TV, send his Minister of Municipal Affairs. He is handsome. He is persuasive. He is convincing and a credit to the government. He is not here, but -

SOME HON. MEMBERS: Hear! Hear!

MR. SMALLWOOD: -I really mean that. He was a magnificent TV performer and any time he should get defeated, if he ever got defeated for election to the House, there is a sure job waiting for him in the field of television.

Mr. Speaker, I do not believe that the government are cruel or heartless in this matter of the Linerboard paper mill. I do not believe that they choose to hurt people. I do not believe that they are conscious enemies of the people of Bay St. George and the many other places that would be hurt by the closing of the big paper mill in Stephenville. They may perhaps be denounced on the grounds that they are blind or unimaginative or lacking in faith or misinformed or badly advised or a lot of other things, but I do not for a moment believe here we have a number of cruel, heartless ministers who have wilfully, callously decided to destroy the jobs of many hundreds of Newfoundlanders, hurt dozens of commercial enterprises, cripple community after community. I do not believe that, not for one moment.

I think on the contrary that the ministers had the ordinary human feelings of most people and if they really do decide, which God

MR. SMALLWOOD: forbid, to close the mill, they will do it with deep regret. In all of this matter they are much much more victim than villain. Having said that, let me add that I cannot help feeling at least some little sympathy for the predicament to which they have been brought by the horrible mismanagement of the mill

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Mr. Smallwood.

from the day that John Crosbie took command of it until just a few months ago, when he relinquished command, They trusted him too much, they gave him his way too much, and now the government and the people are paying a bitter price for that mistake. It has been suggested here that I hate John Crosbie. Not so. I have no hate for him. Indeed in some ways I have admiration for him. He is a very able man, well educated, well read, scholarly, a lawyer and certainly one of the most industrious ministers that I had in my Cabinet and certainly one of the most industrious ministers the present Premier ever had in his. I am not saying this for the first time. I have said it many a time in recent years. But he is also a very determined man, determined, self-opinionated, wilful, **fiercely** determined to have his own way, and I suspect that he has a lot of contempt for most of those around him. He has a very high opinion of his own ability. Certainly he has a lot of ability, but nothing like his own estimate of it. And this is the man who took the helm of this vast enterprise in Bay St. George and Goose Bay in Labrador. He had had no experience whatsoever in running a big industry or a small one either. Just think of that, Mr. Speaker. Reflect on that. He had had no experience whatsoever in running any industry, big, medium or small. Certainly he had had no experience in running a great paper mill. He had had no experience running a big forest and pulpwood enterprise in Labrador or anywhere else. He was not an industrialist. He was not a businessman. He was just a lawyer and politician, but he was powerfully self-opinionated and he had a high opinion of his own ability.

Under him, under his thumb in fact, was the general manager, Mr. Ingram. The trouble was that he, too, was quite inexperienced in the running of a big paper mill or a small one either. He had never done it before. So here we have a great new industry commanded by two amateurs. Then to put the final death touch

Mr. Smallwood.

on the enterprise, the people upon whom the fate of the mill depended, the marketers, were absolute amateurs. They had never marketed even one ton of linerboard or any other paper or anything else in their lives.

MR. SMALLWOOD. In fact, they were incorporated for the sole purpose of taking on the great task of marketing the output of the big mill. Here then that is why we have this trouble tonight, that is why the government have this trouble. This multi-million dollar enterprise came under the hands of bungling amateurs.

MR. J. CARTER: You started it.

MR. SMALLWOOD: I did not employ them.

Mistake after mistake, error after error, blunder after blunder, costing millions, dozens of millions, scores of millions of dollars, a couple of hundred million dollars in four short years. Now, Mr. Speaker, if this huge enterprise had been managed with genuine experienced efficiency from the start of production and had suffered the horrendous losses that we have been told about, if from the beginning that mill had been managed with real efficiency and in spite of the efficiency had suffered the awful losses that we know it has suffered, if that had been the case it might be quite difficult now to argue against a proposal to close it down.

But instead of skill, experience, efficiency in its management, what we have seen is endless bungling, error, the blunder of rank amateurs, hair-raising extravagance, costly blundering, mistake after mistake, blunder after blunder costing losses in millions. That has been the sad story down to the miracle moment, the miracle moment, the moment when Sweeney took over the management of the enterprise - was it three, four or five months ago? Then for the first moment real experience took over, the sure touch, the art and craft of the veteran manager, the whole aspect changed. And we can only wonder tonight what the position would be tonight if he or someone like him had been running this big enterprise from the start and if Mr. Crosbie and Mr. Ingram had been kept a thousand miles from its doors.

The sub-amendment, Mr. Speaker, asks the government to bring Mr. Sweeney before the House. Now I am practical enough and politician enough to know that that is asking a lot of the

MR. SMALLWOOD:

government. It was not because I was asked or importuned to do it that I brought John Shaheen before this House. I brought Shaheen before this House and for two days they were subjected to the most intensive questioning on live television.

Now I brought Shaheen before the House without being urged, without being pressed, without being coaxed, without being importuned, I did it of my own volition and the result was near disaster -

MR. J. CARTER: It was complete disaster.

MR. SMALLWOOD: Not complete disaster, no. It was -

MR. ROBERTS: No. The hon gentleman opposite is a complete disaster.

MR. SMALLWOOD: Look, I am trying, Mr. Speaker, honestly,

MR. MORGAN:

The hon. gentleman.

MR. SMALLWOOD:

Not to cease listening, though.

MR. COLLINS:

No, but you left the House.

MR. SMALLWOOD:

I have not missed - since I have been in this House, in this building, I have not missed a speech that the hon. member has made - the hon. minister has made.

Now having said that much, let me deal with a matter that has been rather hinted at than dealt with by the hon. member for St. John's East (Mr. Marshall) when he read out from Hansard the other day a letter that I had allegedly written to a company in Switzerland - he said it was Liechtenstein, maybe it was. My own recollection is that it was Switzerland, but maybe it was Liechtenstein. When he read that letter out it sounded unfamiliar to me because it did not square with my own personal recollection of what had happened. So I went to the Hansard - indeed I asked the Minister of Justice. I thought he had a copy, and he said, "No, it is in Hansard," and gave me the dates. So I borrowed the Hansard from upstairs and I read the letter in question. Now the explanation offered itself immediately. That was not the original letter. The original letter was written to a bank, the manager of which arrived in this building here and came to my office. Mrs. Templeman came in and said, "There is a gentleman outside and here is his card. Could you see him?" She handed me his card, and he was the president of this bank. I do not remember the name of the bank. I do not remember his name. But it seems that he was manager - president of two banks in Switzerland. And one of his functions was to represent I. G. Farbin, the vast, the titanic dye trust of Germany who

MR. SMALLWOOD: employed 300,000 people, a staggeringly big outfit, the dye trust of Germany. Their patents in the United States had been confiscated by the American Government when the war broke out and were handed over to the enemy property custodian of the United States Government and one of his jobs was to represent I. G. Farbin in dealing with the enemy property custodian in the United States. He had just come from a visit to them and on his way back to Switzerland came in here and asked to see me and saw me. And told me that clients of his in Europe were interested -

AN HON. MEMBER: Clients, where?

MR. SMALLWOOD: In Europe is what he said. Do not try to cross-examine me. The minister does not know enough to be able to ask the intelligent questions, believe me, and I do not think he will need to. I will tell him and the House to the best of my recollection the facts to the best of my recollection, not his recollection but mine.

MR. MORGAN: Give the facts.

MR. SMALLWOOD: As I recollect them.

MR. MORGAN: That is right.

MR. SMALLWOOD: To the best of my recollection I will now tell them. And he wanted a concession in this Province of pulpwood timber. I said, "Well I am afraid your clients, your friends are out of luck. There is not a stick of wood, there is not a tree left on this Island which is not already under concession. And as a matter of fact in Labrador most of the timber also is under concession already." He said, "Most." I said, "Yes, most." He said, "Not all?" I said, "No, not all. There is one large tract of timberland in Southern Labrador that is not under concession." He said, "Can we have that?" "Well," I said, "I do not know. First of all, who are your clients? Secondly, what do they want the timber for?" "Well," he said, "I am not privileged at the moment to reveal my clients." He said, "They are dealing with other suppliers of pulpwood in different countries of Europe. They certainly do not want it to get out that they are looking for another

MR. SMALLWOOD: source." "Well," I said, "that is understandable. I can understand that. But," I said, "what is it they would want the timber for if they did get it?" He said, "For pulpwood." I said, "For what?" "For their pulp and paper mills." I said, "Do you mean to cut the raw wood and export that to pulp mills or paper mills or both in Europe?" He said, "Oh yes," I said, "Forget it. No way. There is no chance that you can get it. We are not going to permit the export of raw wood. We might if there was a good proposal, a good project to manufacture either pulp or paper or both although," I said, "we would accept a proposal for a pulp mill to ship pulp away, not pulpwood, in the hope that after a while its owners would see the wisdom of adding a paper mill to the pulp mill and then what they would ship would be paper, not just pulp. But pulpwood," I said, "is out of the question, though we might allow the export of some small proportion of the cut in the form of raw wood if there was a manufacturing process going on." "Well," he said, "of course I cannot answer all that. I do not know," he said, "I am not a paper maker and I am not a pulp man. My clients are and I can only report to them." I said, "Well you do that and if they have a proposal to bring bring it and we will hear it with great sympathy." And I meant that with every ounce of my being. We would hear it with great sympathy because we were anxious to get development. We were anxious to get every tree in the Province developed if there was any way to get it developed.

Actually at that moment the government knew precious little about the amount of timber in that area, precious little. There were no surveys, no photographs. We knew there was a stand of timber there and precious little did we know, and by we I mean the government and the Department of Forestry, precious little

MR. SMALLWOOD: did we know about it. But we knew there was some timber there, and we were anxious to get it developed with any one who would develop it. So he said, "All right, I will report to my clients but in the meantime," he said, "while they are talking about it and reviewing it and thinking about it suppose it disappears?" I said, "What do you mean disappears?" He says, "Suppose a concession is given to someone else." I said, "I can reassure you on that. We will reserve it from all staking or all concessions, to you or to anyone. We will just reserve it." Now we used to do that with mineral lands. We used to reserve mineral lands, not reserve them for someone, reserve them to the Crown, a reservation

Mr. Smallwood.

meant to reserve it from concession, from staking, from giving, from leasing, from renting, from letting one using, reserve it. We reserved many an area of Crown -

MR. MURPHY: Would that not be Crown land anyhow?

MR. SMALLWOOD: It was Crown land, but reserve it from staking, reserve it from concession, reserve it from renting it, reserving it from giving it, reserve it from leasing it, just reserve it. Put a reservation on it. Can I make it any clearer than that?

MR. MORGAN: The letter said 'Grant.' To reserve a grant.

MR. SMALLWOOD: Grant what?

MR. MORGAN: Grant the reservation.

MR. SMALLWOOD: Wait now. I do not think the word 'grant' -

MR. MORGAN: The word 'grant' is in the letter.

MR. SMALLWOOD: - was in the letter that I wrote.

MR. MORGAN: It was.

MR. SMALLWOOD: Now if the minister would restrain himself. I began by saying that the letter that was quoted here by the hon. gentleman from St. John's East (Mr. Marshall) sounded strange to me, and I found out why when I read the letter. That was not the original letter. The original letter was written by me to the bank to deliver for them to their principals or their clients. And in that letter, a copy of which must be here or somewhere - I would doubt that it is - well, it may be Switzerland, the bank was in Switzerland, and the president of the bank was in Switzerland, and I gave him the letter here in this building and no doubt he took it to Switzerland, more than that I do not know. But I do know this, that in the letter I said that the government undertook for a period - I think it might have been three years - to reserve the area in question. And I do not think I was able to give any metes and bounds, just reserve a large area of approximately 10,000 square miles from session or concession for a period of three years, and it went on to say to enable their clients to determine whether they had a proposal to make to the government.

MR. J. CARTER: Two million dollars of a grant.

AN HON. MEMBER: Was that requested, that amount of land?

MR. SMALLWOOD: Was that what?

AN HON. MEMBER: Was that requested, 10,000 square miles.

MR. SMALLWOOD: No, they did not know how much to request.

MR. LUNDRIGAN: Could I ask the hon. member what the date of the letter was?

MR. SMALLWOOD: No, I do not remember.

MR. LUNDRIGAN: Was it the same day - he remembers the conversation -

MR. SMALLWOOD: The day he was there or the day after.

MR. LUNDRIGAN: - was in the same day the distinguished banker was in his office?

MR. SMALLWOOD: It was that day or the day after.

MR. LUNDRIGAN: Was there a proposal of any sort?

MR. SMALLWOOD: No!

And the idea of a letter assuring him that the government would reserve it, in other words hold it in reservation, the idea was to enable him to report to his clients and give the clients time in which to come or not come, as the case might be, with a firm proposal to the government.

MR. LUNDRIGAN: Now I do not want to misunderstand the hon. gentleman, but somebody walked in his office, presented a card, sat down and had a conversation with the hon. gentleman, and walked out with a letter reserving 10,000 square miles of territory for a three year period.

MR. SMALLWOOD: We did not grant any territory.

MR. LUNDRIGAN: No, no. Reserving it.

MR. SMALLWOOD: Reserve it to the Crown.

MR. LUNDRIGAN: Tying it up.

MR. SMALLWOOD: Yes.

MR. LUNDRIGAN: Reserving it to ourselves -

MR. SMALLWOOD: Right.

MR. LUNDRIGAN: -for three years.

MR. SMALLWOOD: Right.

MR. LUNDRIGAN: There was no proposal.

MR. SMALLWOOD: I think it was three years.

MR. LUNDRIGAN: The day after -

MR. SMALLWOOD: I have a -

MR. LUNDRIGAN: - he walked in the office.

MR. SMALLWOOD: Now as to the three years - before the hon.

gentleman finishes let me say that it might have been three years or it might have been two , because there was an extension. Now whether it was an extension from two years to three or from three years to four I do not remember.

MR. LUNDRIGAN: How big is Labrador?

MR. SMALLWOOD: One hundred and ten thousand square miles.

MR. LUNDRIGAN: Thank you.

MR. STRACHAN: One hundred and twelve thousand square miles.

MR. SMALLWOOD: One hundred and twelve thousand square miles.

MR. MORGAN: Given away over a conversation!

MR. SMALLWOOD: Given away. Given away? It was deliberately not given away. It was the very contrary. It was reserved.

MR. MORGAN: What did they pay \$4 million for if they got nothing for it? It was not sold. It was not sold -

MR. SMALLWOOD: If the hon. gentleman will remember what I said, he will not need to ask questions, because -

MR. MORGAN: It was reserved as a grant.

MR. SMALLWOOD: -I will give all -

MR. MORGAN: It was reserved as a grant.

MR. SMALLWOOD: I think perhaps I might as well sit down.

MR. LUNDRIGAN: No, no!

MR. SMALLWOOD: Well does the House want to hear it?

MR. LUNDRIGAN: Yes.

MR. SMALLWOOD: Well, will they shut this character up.

MR. MORGAN: Give them the facts. They want the truth.

MR. SPEAKER: Order, please!

The hon. member has the right to be heard without interruption.

Mr. Lundrigan: 'Jim' quiet down. You are giving him a hard time.

Mr. Smallwood:

I frankly had no great expectation from that interview or from the letter or from anything else, I had very little expectation. He would not give me the names of his clients, he did subsequently, he gave me the name of his clients only when he asked us to transfer the letter that I had given him, that is, given the bank, to his clients. In other words, he had a letter saying that the government of the Province would reserve this area from staking or concession, but he wanted his clients to have it. And the letter that was quoted by the hon. member for St. John's East (Mr. Marshall) was the letter I wrote at the bank's request to his client or the bank's clients, which was Société Transshipping, which according to my own recollection was in Switzerland, though subsequently I have heard it was Liechtenstein, but it was to Switzerland, I think, I wrote.

AN HON. MEMBER: (inaudible) Geneva, Switzerland.

MR. SMALLWOOD: Geneva, Switzerland. When I heard subsequently in the papers or somewhere references to Liechtenstein that did not ring a bell in my mind.

Well, Sir, time passed, a year or two passed, and John Doyle came to me one day in the office, Now at that point, at that point Doyle had come to the Cabinet again and again, and the Cabinet had adopted a programme put up by him for the building of a mill, For that mill he had as support the Nalco concession in Labrador, timber concession in Labrador.

MR. LUNDRIGAN: How much was that in size?

MR. SMALLWOOD: I do not remember. It is all historic. It is in the records. And if the House will remember, Doyle's proposal was to build a mill of a thousand nominal ton capacity, but actually 1,200 tons, and the accuracy of that was demonstrated the other day, the day the Budget was brought down, when the 1,000 ton mill produced 1,200 tons. But his plan was, and it was well known, and I stated it here when I introduced the bill - I read my speech the other day - it was stated by me that the plan was to increase the mill to 1,800 tons, and then finally to 2,400 tons which would

Mr. Smallwood:

make it incomparably the biggest mill of its kind in all the world.

But he came complaining that after all the studies that had been made of the forest stands on the Nalco limits, he was in doubt as to their accuracy. He doubted that there was as much timber on that area as the Crown Lands or the Forestry Department had reported. He doubted it. And he said, furthermore, "What about forest fires?" There had been some fierce forest fires before that. "And what about forest fires? How can I build this mill up and build it and expand it without an ample supply of wood?" Well I said, "John, you have got loads of wood." He says, "I have the Nalco grants, the Nalco area, the Nalco limits." "You have, and that is enough." He said, "No, I do not think it is enough. It may be enough to support the present mill, the 1,000 ton mill, 1,200 tons, but not expansion. Do you want expansion?" I said, "We want expansion, we want it desperately. Yes, we do." Well he said, "Give me more timber." I said, "I cannot." "Why can you not?" "It is already tied up". "How is it tied up?" And I told him how it was tied up, that I had given an undertaking for the government that we would not grant any of that land, any of that timber, we would not grant any of it, we would not give any concession on it, lease it, give it, grant it, part with it, give it to anybody on earth for three years, we would hold it - or maybe it was two years

Well, he said, "They are not going to do anything, are they?" I said, "It does not look like it." "Well, he said, "Give it."

MR. SMALLWOOD: I said " I am not going to, John, I am not going to." He said, " I am going to Paris." And he went to Paris and some of us joined him there, including the hon member for Lewisporte, who was then chief news editor of CJON, He came over to cover it. We dealt with Schneider Crouset, the armanent kings who own all kinds of factories, and the government of France, to back the Linerboard paper mill. From there we went to London and in London it was done. But he was about to get ready to go.

MR. LUNDRIGAN: Who else was with the hon. gentleman?

MR. SMALLWOOD: Oh, he had a team of his people and I had some ministers, I do not remember. I remember only a gentleman named Freeman White who was the chief news editor of CJON.

MR. LUNDRIGAN: The hon. the present Leader of the Opposition.

MR. SMALLWOOD: No. I do not remember, I really do not remember who -

MR. ROBERTS: No, not on the negotiations -

MR. SMALLWOOD: In Paris.

MR. ROBERTS: Paris on the Shaheen one once.

MR. SMALLWOOD: Yes, I know, but the paper mill. I do not remember who the ministers were, three or four ministers, I always took three or four ministers with me, three or four or five. But he said, "Look I have got to convince the people" - the French as it was at that point - "I have got to convince the French that we have lots of timber. They are going to examine that, they are going to want to see reports, they are going to want to see surveys, they will send their own people there to examine the timber and I got to have ample timber to back up that mill."

I said, "John, I can see that and I want you to have lots of timber, because if you will grow, if you will expand your mill this is exactly what we want we want. We do not want you to run

MR. SMALLWOOD: short of wood, we want you to have ample wood."

This was an obvious thing for a Premier to say.

MR. J. CARTER: Was this before Doyle went to jail?

MR. SMALLWOOD: Before what?

MR. J. CARTER: Before Doyle went to jail?

MR. SMALLWOOD: He did not go to jail that I know of. I never heard of him going to jail.

SOME HON MEMBERS: Oh, oh!

MR. SMALLWOOD: No, I never heard of him going to jail, never. I do not think he ever did in his life. And I think that is irrelevant and the hon. gentleman may get some kind of an infantile pleasure out of that.

MR. J. CARTER: I am sure he does.

MR. SMALLWOOD: I do not think it is relevant at all. And, Sir, he kept coming back and forth, and I said, "John, it is no use. You have got to wait a year and a half, I suppose, or something like that, you have got to wait until that letter expires." Well, he said, "I will remedy it." "How are you going to remedy it?" I will get them out of the picture." "How are you going to get them to do that?" "I will buy them out." "Well," I said, "Come back if you do, if they are out of the picture and there is not going to be any suit, there is not going to be any law suit." He said "God in Heaven, I do not want any law suit." He had a law suit, it seems, from an outfit in New York that lasted twenty years, and that law suit was still on at that time. It was then ten or twelve years old and it lasted for a total of twenty years before he got a settlement of that lawsuit. He said, "The one thing I cannot have is go to Paris and negotiate with the French government," the French equivalent of ECDG - French Government guarantee of loans to be made by French banks. He said, "I cannot go to them and then have a writ clapped on me by your Swiss friends" I said, "No, that

MR. SMALLWOOD:

would be good-bye mill." And I did not want it to be good-bye mill. I wanted it to be hello mill. I said, "Well, John, if you can get rid of them it is okay with me." And he came back some months later and he said, "I have got rid of them." "How have you got rid of them?" He said, "I bought them out." "You have?" He said, "I have." "There will be no suits?" "No suits." "No law suits?" "No law suits." "Against us, against you?" "No," he said. "All right," I said, "Okay." And when he demonstrated that he had bought it out I went to the Cabinet and I reported to the Cabinet that we were now free as a government to give a concession - we had not given any concession, we had restrained, we had refrained, we had restricted - what is the word? - we had reserved the area from concession. Now we were free to give concession and we decided to give the concession to Canadian Javelin, or if not Canadian Javelin their subsidiary company - I do not remember, it might have been Javelin Pulp and Paper or Javelin something or other, it might have been one of their subsidiary companies. And we left it to the Minister of Justice to draft the Order in Council and the Minister of Justice drafted it and it was passed and they got the concession.

Now that was in the Fall of the year, I do not remember what year, but in the Spring following, in the following Spring, Doyle came back and he said "Premier, our lawyers tell us this Order in Council is not good enough," and I said,

Mr. Smallwood:

"What do you mean it is not good enough?" He said, "It is not good enough." And he explained why, but why I do not remember now.

Well, I said, "Make the changes that you would like to see made." And they did, his lawyers did, and I brought it to the Cabinet. And the Cabinet approved it. And again the Minister of Justice vetted it, and passed on it. And the Minister of Justice was then at that time a gentleman called T. Alex Hickman, and the present minister will remember the two Orders-in-Council.

MR. HICKMAN: No, he does not.

MR. SMALLWOOD: No? Well he was, he was the minister.

MR. HICKMAN: The Minister did not and the hon. gentleman knows he did not.

MR. SMALLWOOD: Who did not what?

MR. HICKMAN: Did not vet any Order-in-Council or a Minute-in-Council.

MR. SMALLWOOD: The first Order-in-Council the hon. gentleman wrote.

MR. HICKMAN: I did not.

MR. SMALLWOOD: Well, his staff did.

MR. HICKMAN: Well.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: Oh come on! The very Order says, the Order made, ordered that the Minister of Justice prepared the Order-in-Council. The very Minute-in-Council says that. I have a copy of that.

MR. HICKMAN: Right.

MR. SMALLWOOD: So by Order-in-Council the concession was given to Canadian Javelin. There had never been a concession given to anyone on the earth to that moment. The first and only concession that was ever given in history on that timber, any rights to that timber was the concession given to Canadian Javelin.

MR. MURPHY: I hate to interrupt the hon. member, I lost track here. Doyle came to the then Premier and says, "We bought him out." Bought out what? They had to have concession anyhow -

MR. LUNDRIGAN: But they had a reserve, see.

MR. MURPHY: But then what is a reserve? There is no concession. How do you buy something out if you do not own it? I cannot figure it out at all.

MR. LUNDRIGAN: They had an option.

MR. YOUNG: Nor does anybody else.

MR. MURPHY: It is a real Perry Mason mystery.

MR. SMALLWOOD: It is a rational question and a fair one.

MR. MURPHY: Yes.

MR. LUNDRIGAN: They had an option.

MR. SMALLWOOD: Doyle was going on the market to raise, I do not know, \$100 million or some large amount of money. And the timber that he wanted - that he needed, and certainly he wanted it, I believe he needed it, but no doubt he wanted it - that timber was already tied with a year or a year and a half to go, and when I suggested to him, "John, look, wait until the thing expires." And he could not wait. He could not wait. The whole project was being timed, and he had to go to the market in Paris. He could not. Well, I said, "Look, you know, which comes first, the hen or the egg?" A release, wait the year and a half for the letter to expire, or give you the concession now or wait until the letter - which is going to be - I said, "We are not going to monkey with it, we are not going to take any chance." Well, he said, "I will get them, I will get them out." He goes -

MR. HICKMAN: Mr. Doyle went to the market in Paris in 1965 and in 1966. This was in 1968 to 1969 according to the records.

MR. SMALLWOOD: That might be. That might be the case. The hon. minister's memory might be clearer on that.

MR. ROBERTS: The Act was not passed until 1967.

MR. HICKMAN: And the Order-in-Council, I am looking up the records -

MR. SMALLWOOD: The Orders to Doyle?

MR. HICKMAN: Yes. Were 1969, and in -

MR. SMALLWOOD: In the Fall?

MR. HICKMAN: In April of 1969, I am looking at Hansard -

MR. SMALLWOOD: No, that is the second one, is it not?

MR. HICKMAN: Yes. The first one was in 1968.

MR. SMALLWOOD: In the Fall?

MR. ROBERTS: But the last authorized borrowing -

MR. SMALLWOOD: And the following Spring -

MR. ROBERTS: - on Linerboard was in 1967. So there could have been no borrowing under government guarantee before April 1967.

MR. HICKMAN: The negotiations with -

MR. ROBERTS: I do not mind the negotiations, but there could have been - the minister said borrowing in 1965.

MR. HICKMAN: ^{2/10/67} (Inaudible) - according to the time the bill was introduced in 1966-1967 session -

MR. ROBERTS: Yes.

MR. HICKMAN: - had it transpired in 1965-1966.

MR. ROBERTS: The got assent in April 1967, The Melville Act .

MR. HICKMAN: Right.

MR. ROBERTS: So there was no borrowing under the authority of that Act -

MR. HICKMAN: If the Leader of the Opposition will recall the debates of that time, that after 1967 there was no more consultation with -

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

MR. HICKMAN: - the French. It moved over to England.

MR. SPEAKER: Order, please!

PREMIER MOORES: Quiet! Quiet!

MR. ROBERTS: It was 1968, In 1968 an amendment was passed authorizing the loan to be raised in England -

MR. HICKMAN: Right.

MR. ROBERTS: - for the English deal - the MacAlpine deal.

MR. HICKMAN: May I repeat the question? What was the necessity for Mr. Doyle to have in 1968 and in 1969 Orders-in-Council getting a concession when he was through with negotiating in the market place in France? Because the British did not need it.

MR. SMALLWOOD: It was really in England that he did the financing, as the minister knows.

MR. HICKMAN: Right, but -

MR. SMALLWOOD: Look, the minister must know, any member of my Cabinet must be well aware of the fact that years do not mean a thing to me, I hardly even know what year I am in, I do not measure time by the calendar or by years, I do not remember any of the years when these things happened. I remember the events but I do not relate them to this, that or the other year, this, that or the other month. I remember, for instance, -

MR. MARSHALL: Would the hon. member permit a question?

MR. SMALLWOOD: Of course.

MR. MARSHALL: You know,

MR. MARSHALL: I have listened with a great deal of interest to the hon. member's speech, but there is one question that I would like to put to him, He says when the bankers came and he gave the letter to Société Transshipping, that was the second letter, I understand, that he gave.

MR. SMALLWOOD: The banker did not come for that.

MR. MARSHALL: I beg your pardon?

MR. SMALLWOOD: The banker came, I think, only once or maybe twice, but in connection with asking me to write to his clients the letter I had written to him, or more or less a replica of it, that was done I think by telephone or letter or something, not by personal visit, as I remember.

MR. MARSHALL: Yes. The hon. member wrote a letter to Société Transshipping and the hon. member also was aware apparently that Canadian Javelin acquired from Société Transshipping. Now did the hon. -

MR. SMALLWOOD: No. No. The letter that I wrote to Société Transshipping was written long before Doyle went, or Canadian Javelin went and bought out any rights they had or thought they had.

MR. MARSHALL: But subsequently the hon. member bought it from Canadian Javelin and was aware that Canadian Javelin was buying whatever rights Société Transshipping had.

MR. SMALLWOOD: That is right.

MR. MARSHALL: Now, you know, the thing that - I wonder if the hon. member would search his memory because, you know, you do not deal with just Société Transshipping or XY Company. I realize you are dealing with a banker but surely the hon. member, as a prudent person, must have known - I say 'surely' although I am not meaning to insinuate but I am just asking surely the hon. member as a prudent person would have known who was behind that company because you would not

MR. MARSHALL: give a right to such substantial territory or consent to its transfer to Ajax Company or XYZ Company, surely without knowing who is behind it.

MR. SMALLWOOD: Of course not.

MR. MARSHALL: I would like to know who is behind it, that is
a -

MR. SMALLWOOD: The hon. gentleman is absolutely right. Incidentally I have a rote passed to me, I have five minutes, that is one minute ago so I have four minutes left. Can I go on a few minutes longer?

AN HON. MEMBER: By leave.

MR. SMALLWOOD: Obviously we would not have entered into a contract with Societe Transshipping without knowing much more about them. There was no contract. They did not propose a contract. They did not make a proposal. They did not propose a project. They did not ask for a concession. They did not come to us. They had a letter which was good I think for another year and a half under which in honour we had to wait that year and a half or whatever the period was. Now before that expired -

MR. MARSHALL: Excuse me, and was worth \$4 million to Canadian Javelin, in their estimation.

MR. SMALLWOOD: In their estimation. The timber itself would be worth how many hundreds of millions of dollars? Once the concession was given, as it was given, to Canadian Javelin or whatever company it was given to, some Javelin company, once that was given that gave Canadian Javelin a right from this government to develop a timber industry there in timber that was worth many hundreds of millions of dollars obvious. And if they felt that they needed that timber, I do not know how much they would feel it was worth their while to get the other people out of the picture. I do not know. I have heard here that it was \$4 million.

MR. MARSHALL: But who were now Société Transshipping? Just get back to that point.

MR. SMALLWOOD: I do not know. I never did know.

MR. MARSHALL: But surely the hon. member -

MR. SMALLWOOD: I never knew. They were the clients of the bank. I had given the bank a letter of assurance, that is all it was, that for a limited period of time we would not give any concession on that timber, in other words it is to be held intacto.

MR. MURPHY: For what consideration?

MR. SMALLWOOD: For no consideration.

MR. MURPHY: And then some one pays some one else for nothing?

MR. SMALLWOOD: Maybe it was for nothing. But I did not do that.

MR. LUNDRIGAN: They had an option.

MR. MURPHY: An option, I cannot see that. They had an option, it did not cost them a cent and then someone gives them \$4 million for it.

MR. SMALLWOOD: Look, I am not John C. Doyle. I am not the head of Canadian Javelin. I am not one of the 20,000 shareholders. I do not know whether they had a bargain or not, whether they were right not to wait for a year and a half and just get the concession direct from the government, or whether they were right to go ahead and buy out the people who had that letter. I do not know.

MR. MURPHY: You are not a bit concerned about the \$2 million of the government's money, that is what really worries me about it.

MR. SMALLWOOD: No, it was not government's money. It was the company's money.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: I do not want to trespass on my time. To the best of my recollection - now if somebody said this, said that, that might bring back additional information but all I can remember I have now told the House. Let me emphasize: We gave the bank and subsequently their client nothing except our assurance that for the period named we would reserve that from staking or from concession to anyone,

Mr. Smallwood.

including them, to give them time to come back, to make up their minds and come back with a proposal. Now if they had come with a proposal we would have welcomed them. We would have been glad to receive them, and we would have been glad to examine their proposal, their project. We would want to know all about them, who they were. All we did know was that they were the clients of the bank. And the bank was evidently a substantial bank. I suppose all Swiss banks are pretty substantial. I really do not know, but I assume that they are. It is the most tightly controlled banking system I suppose in the world. And that is it. Now what the Minister of Justice said is probably correct, what the Leader of the Opposition remembers is probably correct. I do not remember an awful lot of the details. Remember, it was a couple or three details out of a million, at least a million, that I had to deal with in my twenty-three years, at least a million details, at least. And there are some of those details that have escaped my memory. If somebody would refresh my memory, if I had a copy of this letter, or that letter or this, it would probably bring it back. But to the best of my recollection, I have told the House all I know of that transaction.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Is the House ready for the question?

The question before the House -

MR. STRACHAN: Mr. Speaker -

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

MR. STRACHAN: Mr. Speaker, I listened to what the member for Twillingate (Mr. Smallwood) had to say and the member for Bonavista South (Mr. Morgan). Before I get into part of the debate here, much of the argument of the debate so far with the member for Twillingate has been on the rights of concessions or to give concessions and in this I have very strong beliefs, but at the same time I feel that the member for Bonavista South and other members before they start

Mr. Strachan.

judging the member for Twillingate in an historical way, judging him for what he did in the past, they should look at their own record, the record they will have in the future in the way of concessions and especially concessions in resources.

MR. MORGAN : Mr. Speaker, on a point of order.

MR. SPEAKER: A point of order.

MR. MORGAN: Point of order, Mr. Speaker. To clarify the statement just made by the hon. member for Eagle River (Mr. Strachan) with regards to my judging of the hon. gentleman for Twillingate (Mr. Smallwood), that was no attempt on my part to make any judgement.

MR. SMALLWOOD: A point of personal privilege, not order.

MR. MORGAN: Mr. Speaker -

MR. SMALLWOOD: It is a point of personal privilege.

MR. MORGAN: Mr. Speaker, if I could make the point I am trying to make without being interrupted: I merely pointed out to the House of Assembly the facts as the facts speak for themselves, and I read in my speech in the House of Assembly tonight a letter signed by the Hon. Joseph R. Smallwood, who was then Premier of the Province, and that letter, Mr. Speaker, was not meant to be a judgement of the hon. gentleman. I was merely pointing out what actually happened in 1965 in this Province.

MR. ROBERTS: Mr. Speaker -

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

MR. ROBERTS: Mr. Speaker, the hon. gentleman for Bonavista South (Mr. Morgan) has not raised a point of order. He has not even raised a point of privilege, personal or of the House. All he is attempting to do is enter into the debate under guise of a point of order. If the hon. gentleman does not like the references which have been made to him by my friend and colleague from Eagle River (Mr. Strachan), or equally what my friend and colleague from Twillingate (Mr. Smallwood) have said, then let him either raise a point of order, which he has not done, raise a point of privilege,

Mr. Roberts.

which he has not done, or enter into the debate which is what he has attempted to do. There is no point of order, Sir. The hon. minister's conduct speaks for itself. And I would submit, Sir, that my friend from Eagle River ought to be allowed to continue with what he wishes to say in this debate without this kind of inane and purile harassment by the gentleman from Bonavista South.

MR. SPEAKER: Order, please!

I believe the matter can be regarded as one of explanation and as such I do not think it needs to be ruled on in terms of a point of order so I would ask the hon. member for Eagle River to continue.

MR. ROBERTS: Nail them again, 'Ian'.

MR. STRACHAN: Mr. Speaker, the discussion which was being held back and forth was dealing with the rights of concessions, the rights to give away, if that can be the word, 'give away' resources or parts of the Province for what those parts of the Province held in the way of resources. And all I was pointing out was that in the giving of resources and concessions, historically it was always the way to do it was to give concession to companies or corporations, the right to develop minerals, and give them concession or timber rights or whatever it was. And as I said many, many times before 52 per cent of the Island and 41 per cent of Labrador - the mineral rights alone - have been conceded away and timber rights have been conceded away in this Province. And what we must do in the future, all the resources be it oil or gas or forest resources is to be careful that when we concede these rights that we concede these rights in a way that we cannot be judged five years hence or ten years hence that we have given them away in a manner which is not applicable in that time. To judge in 1977 the conceding of a resource which was given in 1953 or 1959 or 1963 is, of course, being rather blind and I think that we should learn from our lessons and if any concessions are given from now on we should learn from our mistakes, and the concessions should be only given - and I do not believe in giving concessions. because I believe that we have the right in this Province to own our resources. I believe the Premier in 1974 had made that statement that we own the resources of this Province. The problem arises when we own the resources and we try to develop those resources ourselves as well. By developing I mean getting into the kind of production that Labrador Linerboard mill has done. The state has no place - no right in place of business. The state cannot work in business, the business world, and I believe that. There are some people who feel that owning our resources and not allowing any concessions is socialism. I debate that intensely. I would rather call it state capitalism than socialism because socialism implies that a state must therefore develop the resource, produce the resource. And as we have seen in this Province and elsewhere, and as we have seen with Labrador Linerboard mill, there is no place in the world for the state

MR. STRACHAN: to be into developing or producing or cutting out an operation like Labrador Linerboard.

Similarly, I listened to the member from St. John's East (Mr. Marshall) who has gone on to make certain statements - statements that we on this side in debate have only started from the year 1972 up to now - that we have never looked beyond that year, we had never gone before and to 1971, 1970, 1969.

MR. J. CARTER: Is that true?

MR. STRACHAN: And - If the member from St. John's North would just hold on a second - And we agree with that. There is a certain merit to that. Of course, the whole thing must be taken as a parcel. But at the same time, the Minister of Justice in his remarks has stated that we are living in the past and accused us all yesterday and part of today of living in the past, that we were not prepared to offer positive solutions or come up with any ways in which we can get out of the predicament we are in. And we agree that the Linerboard mill - and obviously, Linerboard mill is a package, a total package and the whole thing should be taken together. There is no argument about that. Whatever happened prior to 1972 and whatever happened to finish the mill obviously is a decision made by the gentlemen opposite and that decision that they made they must live with. The mistakes prior to that, and if there are mistakes prior to that, that is fine and well. These are taken care of, and the debt, the capital amount which went into the mill and the fact that the gentlemen opposite decided to continue and finish the mill, but it was their decision that they would continue and do that. Our argument has never been on that operation. We accepted that in 1972 that you made that decision. And our argument has always been based around the fact that in the recent years, in the recent years we feel that there has been mismanagement, there have been aspects of the operation which we feel if taken care of in the last few years, in the last few recent years, could have made the mill operate. If there have been mistakes before that decision that was all wiped out directly by the decision that the gentlemen opposite made when they decided to take over the mill and continue to finish it

Mr. Strachan.

themselves and to nationalize it rather than turn it over to a company. And we still believed at that time there was a company who was interested in taking over the mill - and we cannot say that for sure because we do not have the facts in front of us - but we feel that there was a company at that time, MacMillan Bloedel or maybe there were other companies - we do not have that information on this side - who were interested in taking over that mill. But the gentlemen opposite decided that they would continue to own the mill and to work the mill and to handle it as a state rather than as a private business. And that is their decision, that is the wish of theirs and therefore they must live with it.

The point that the hon. member for St. John's East (Mr. Marshall) was making is that the mill was an albatross around the neck, that they had to do a rescue operation. Maybe that was his full belief in it, but that was the decision they made. They decided upon it. And it does not excuse them one little bit for whatever happened after that. We feel that they made that decision and they must live with that decision whatever happens from there. We feel that the mill has failed not because of that decision, not because they decided to take it over, but we feel that the mill, as we have been trying to point out, and the member for Stephenville (Mr. McNeil) and the member for Port au Port (Mr. Hodder) have been trying to point out, we feel that the mill has failed and failed clearly because of gross mismanagement, because of many, many errors over the years all of which culminated this last year. And the thing was an escalating problem which culminated eventually in this year. Unfortunately, and fortunately for us because it gives us a very good point of attack, it culminated at a point of time when the mill had good management. We, at least, believe it has good management in the form of Mr. Sweeney, and at a point of time when the markets are turning around and some of the problems are being solved. If we did not have that management and if some of the problems did not look as though they were being solved or a solution,

Mr. Strachan.

then I am sure that our attack on this side, on the Opposition side would not nearly be as strong as it is now. But we feel that to start arguing on the basis that you took over an albatross, that you had something around your neck, is totally wrong and totally indefensible, because that is a decision that you made in 1972, and we do not feel that we can now in 1977 go back to that decision at that time, which was your decision, and therefore use that as the excuse.

The member for St. John's East (Mr. Marshall), and I must say in a very, to me anyway, pious manner -

MR. MURPHY: An honest fellow.

MR. STRACHAN: Honest, possibly, to his beliefs. I have no argument with that, passed over this massive rescue that he did of the mill in 1972. His reference to the albatross around his neck reminds me of the stanza from the Ancient Mariner, and I imagine this albatross around his neck is quoted from a stanza of the Ancient Mariner by Samuel Taylor Coleridge. The stanza reads "That the very deep did not, Oh Christ, / That ever this should be / The slimy things that crawl with legs / Upon a slimy sea." If he wants to quote some sections or use or paraphrase the Ancient Mariner, we feel that we can also paraphrase it back, and clearly point out that what we have been arguing about and what the member for Port au Port has been arguing about and the member from Stephenville has been arguing about are very clear points. In the last few years, in the last three years or four years there has been a great deal of mismanagement, a great deal of mistakes. These have been multiplied. These have escalated. We are also trying to point out very clearly that these were mistakes that were brought up to the administration. The memorandum which the member for Port au Port took several hours to explain with thirty points in it, thirty-seven points in it, which he went through, the memorandum was prepared by gentlemen

MR. STRACHAN: opposite, it was prepared for gentlemen opposite - it was given to gentlemen opposite. As I understand it should have been brought to Cabinet and to the Board. It was their memorandum. It was not a memorandum purely for management, an internal memorandum. It was a memorandum which Mr. John Crosbie was given

MR. STRACHAN: and which did point out a year and a half ago many of things that should be changed because there were-and we can certainly calculate up the amount- there were millions of dollars being wasted at that time. That memorandum pointed out in December 1975 errors and mistakes, gross errors and gross mistakes costing millions of dollars which were occurring there.

So we can assume therefore that up to that time in 1973, 1974, 1975 these errors had accumulated and therefore many millions of dollars had been wasted through inefficiency and through mismanagement in the mill. What is worse is that since 1975 most of the points brought out by that memorandum, most of the points brought out were never looked into nor corrected. So since 1975 there was another escalation of all these gross errors and that is the exact point that we have been trying to get at.

The point is that the gentlemen opposite had to live with what they had to live with, and I concede that right to them. They took over in 1972 and had to live and they made decisions, but the decision they made therefore makes them incumbent to have to live with it, and to use that as an excuse for what had happened in 1977. It is exactly the same kind of treatment they tried to hand out the ex-Premier or to other people is to judge them historically. You made the decision, you accepted the responsibility, and therefore you cannot now stand and use that as a defence against the position of the Linerboard mill in 1977.

We similarly feel that many of the lessons and many of the things that were pointed out, and I think that the Premier himself has admitted, I think tonight if I can - I do not quote directly but if I can paraphrase the news tonight that the Premier has admitted there has been some mismanagement of the mill in the last three years and it has had an effect. Regardless of the admission by the Premier that there has been mismanagement what we are trying to state here, and what we have been trying to argue

MR. STRACHAN: upon, is that mismanagement one can get away with, mismanagement especially when the mill is operating high, and when linerboard prices are high but linerboard prices take a dip in the market then you cannot afford any mismanagement whatsoever. Because when you do you immediately start going into the red and with a domino effect you start going in greatly, and we end up in a situation that we end up in now in which we feel that the mill is being forced to close down for two reasons, and I do not think forced to close down for the two reasons that the member for St. John's East stated. The member for St. John's East stated that the mill had to close down-I believe his words are, "The reason is not all our making but the reasons for it are the high cost of production and the failing market"

Our rebuttal to his statement is that the high cost of production need not have been so high, the high cost of production was because of mismanagement, and I think that we have very clearly proved in our argument, our debate and our case here that there was mismanagement which caused the high cost of production. We now believe therefore that if they had listened to that memorandum in December 1975, or if they had paid heed and had good management, tight management, that that would not have been a factor whatsoever. The failing market is certainly a point, and we agree that as markets fail that it is a reason and it would be a reason for any business to fold ; is because the market just is not there.

But the first mills to go, and not all linerboard mills are going to go, the first mills to go are the ones which are inefficient, and our statement therefore comes back totally to the mismanagement and inefficiency of the operation. But we feel that there are two reasons at the moment and one very clear reason for the mill failing: No. (1) the point of mismanagement which we brought up, and secondly the tight money situation the Province finds itself in now because we feel that - if I can get the statement here

MR. STRACHAN: or the member for St. John's East — we feel that it was not a willing decision of the government, and obviously not. Any administration would love to keep the mill going; it would be to their advantage to keep the mill going. No administration wants to cut out the work of 6000 people, obviously not. Quite apart from the political implications of it, economically it would be suicide and foolishness for us to state that they would do that.

But we feel that they had no choice whatsoever, and a choice was very clearly explained by the Minister of Public Works in his statement in Stephenville and which we read out where he stated that the bond market — the international money lenders — would not allow the mill to carry on. And that is our argument: Our argument is directly because of the financial position we find ourselves in in this Province we have abdicated all rights to make any decision on a mill or whatever other resource that we have that requires a great deal because international money lenders — because the people there do not feel that we have the ability to run the finances of this Province right or correctly, or they will tell us that they were not going to lend us money or advance it, or put us up against the wall. And I believe very clearly here that what has happened is that it has not been a decision of the gentlemen opposite. The decision was not made here in St. John's, the decision has been made on Wall Street.

MR. MURPHY: The decision was made here subject —

MR. STRACHAN: Well the member agrees — the minister agrees here that the decision was made here subject to the conditions laid down by the members of Wall Street, which essentially is admitting the fact that we have given up all right or we have abdicated our responsibility. It has been taken away from us so that we here in this Province cannot any longer decide on

MR. STRACHAN: the direction that we are going to go in this Province.

MR. J. CARTER: That is all he knows about it. Would the hon. gentleman thumb his nose at the money markets?

MR. STRACHAN: No, not in the slightest. My argument is that is fair enough. You know, you are being dictated to. Our argument is that you got yourself into the mess, you got yourself into the position and you are being dictated to and you have therefore to live with it. And the point that we are stating - the members opposite are virtually agreeing with the position that I am placing out, that you are being dictated to by the international money lenders, by the bond market, and we do not have the resources, the financial resources in this Province to be able to go back and say to these money lenders, the bond markets, that we are going to go ahead with it because they will not buy it.

And as much as one tries to balance the books, and the Minister of Public Works indicated this, "As much" - what were his words? His words were, "As much as we try to gild a lily they would not buy it"

MR. HICKMAN: The same applies to every Canadian province.

MR. STRACHAN: Regardless of every Canadian province, the point is that you are up against the wall, and the bond markets -

AN HON MEMBER: Quebec has been doing this for years. Ontario has -

MR. STRACHAN: If you want to talk about Quebec, Quebec can borrow money on the bond market and they do it through the virtue of Quebec Hydro, and Quebec Hydro do it because they use the resource of this Province -

MR. HICKMAN: Quebec Hydro.

MR. STRACHAN: Quebec Hydro. And Quebec Hydro is the flag of Quebec. Without Quebec Hydro, Quebec would be nothing.

MR. ROUSSEAU: Just a point, just for the record. I did not use the term gild the lily I said, 'did some fancy footwork' and what I was referring to, by the way, just so we have it in context, I think that what is the hon. member may be referring to, was that the budget was late coming down and not that we tried to gild the lily so that we could fool the investment ^{community} community, but the fact that the delay for the budget was never stated as being that cause, and that was the point I was trying to make. It might have been 'gild the lily' or 'fancy footwork' but that was the point I was referring to, not to any impression that may be read into what the hon. member said that we were trying to hoodwink the investment community of this country or the international market.

MR. STRACHAN: I thank the minister for his explanation. No, I understand the connotation the minister placed it in. I still say the words that he used were 'gild the lily' and 'gild the lily' is 'gild the lily' regardless of how you want to explain it, I agree. I understand also that obviously in any finance world that one has to try to juggle and match the books and so on. But -

MR. HICKMAN: You have to file a prospectus. As I said before, all starts with the prospectus. And the bond markets of the Province of Ontario, of Quebec, of Canada and the municipality of Toronto have found this to be prudent borrowing and the purpose for such borrowing. That has got nothing to do with solvency or insolvency of any province or any borrower. It is just good, prudent advice.

MR. FLIGHT: Did the bond market tell you to close the mill?

MR. HICKMAN: No, no!

Do not be silly.

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: Said what? The bond market said told him.

MR. HICKMAN: The bond market does not tell you what to do.

MR. LUNDRIGAN: What was the bond market saying, what was his name?

The bond market told us to close it down! A bunch of nonsense!

The bond market said close it down!

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: Anyway I am sure the hon. gentleman for Eagle River (Mr. Strachan) is enjoying his speech.

SOME HON. MEMBERS: Oh, oh!

MR. STRACHAN: Thanks, boy.

MR. HICKMAN: Yes. You are doing a great job.

MR. LUNDRIGAN: Get back to closing it down.

MR. STRACHAN: Mr. Speaker, if I can continue, if the members are finished the jousting. I still state very clearly here that we have lost stability in this Province -

AN HON. MEMBER: No one said that!

MR. STRACHAN: Mr. Speaker, I wish to be heard in silence.

MR. SPEAKER (DR. COLLINS): Order, please! The hon. member wishes to continue with fewer interruptions, or possibly no interruptions. The hon. member.

MR. LUNDRIGAN: The hon. member for Lewisporte (Mr. White) missed a great speech by the member for Twillingate (Mr. Smallwood) earlier.

MR. STRACHAN: Mr. Speaker, I -

MR. SPEAKER (DR. COLLINS): Order, please! The hon. member has insisted -

MR. RIDEOUT: Mr. Speaker, is there any way of controlling "Jaws" from Grand Falls (Mr. Lundrigan) over there?

MR. SPEAKER (DR. COLLINS): - upon his rights. The hon. member for Eagle River has asked that he be allowed to speak in silence.

MR. STRACHAN: Thank you, Sir.

Anyway the point I was trying to make, and I think the point we have made a number of times, and a point I still think is fundamental here, is the fact that we are being dictated to in this Province because we have abdicated all our rights to our financial

Mr. Strachan:

management in this Province, that we cannot get into the kind of investments, and the kind of business, and the kind of operation, the kind of sums of money within this Province that Labrador Linerboard demands. We are talking in the operation of the Labrador Linerboard many millions of dollars in order to operate such a project. And we do not have within this Province the flexibility or the resource base or - I should not say the resource base, because I believe we have - but the wise management of the resources of this Province, we do not have that wisdom and the management of the resources to provide this Province with the funds and the necessary finances to be able to get into an operation of this magnitude, especially in view of the way it has been run.

And our argument here has never been countered, our argument in this whole debate, this whole week has never been countered by the administration. We have argued on the basis of mismanagement and inefficiency in the last number of years, ever since the mill was completed. We have argued and given countless memorandums and documents indicating where the government has gone wrong.

MR. FLIGHT: Not only the management but the condoning of the management.

AN HON. MEMBER: True.

MR. STRACHAN: Oh as well as mismanagement, I should say not even condoning we have shown political interference in fact in many of the decisions. And we have cited extensively the inventories, for instance, in which there has been political interference, and we believe so that there has been political interference. When inventories are told to increase and management want them to decrease and various other aspects of it, we think we have indicated this fairly well. But what has disappointed us greatly is that no member opposite, absolutely no member opposite, except for the Minister of Justice who asked us to come up with some positive steps that could be taken, and was then rebutted by his own backbenchers, the member for St. John's East (Mr. Marshall),

Mr. Strachan:

for instance, who immediately listened to him and went off on a totally different tack, no member opposite has dealt with any of their arguments that we have placed. Every time we bring up a point they try to rebut that point based on the conception of the mill by the ex-Premier, the member for Twillingate (Mr. Smallwood). They have argued on the bases on what happened in 1971 and 1972, a decision that they made in 1972, that they made, a decision they made to take it over, and therefore making that decision they accepted responsibility for it. Regardless of the rights or wrongs of what they were left with, they made their decision, But they have never addressed themselves to the problem that we have been bringing up here since 1972. They state that we are living in the past, that we are talking about the past, and we cannot

MR. STRACHAN: talk about solutions in the future. And yet in every one of the defences that we have had so far nobody has defended the mismanagement because you know, it is indefensible. You have practically admitted it. None of you have defended the actions of the last three or four years. And yet we have laid out point after point after point that you have gone wrong in the last three or four years and you have been ducking the issue all along. You have been talking about what happened before. You have been talking about concessions in 1969, or whatever year it was. But none of you have defended the fact that there has been very bad management, gross inefficiency, political interference in the last three to four years which we believe have brought this mill down.

AN HON. MEMBER: Hear, hear!

MR. STRACHAN: And you have never countered that argument.

AN HON. MEMBER: Hear, hear!

MR. STRACHAN: And we would like, therefore.-

MR. HICKMAN: Are you suggesting that -

MR. STRACHAN: - and would hope -

MR. HICKMAN: - on a \$300 million investment of the people's money.

There should not be political interference.

MR. MURPHY: No, forget it right now.

MR. HICKMAN: Who is supposed - You have got to hand that over to somebody else, is that what you are suggesting?

MR. STRACHAN: I think you have to make the decision that you are in the business of papermaking, and if the Cabinet here is in the business of papermaking and knows a great deal about papermaking then you accept the responsibility the Cabinet is going to run the mill -

MR. HICKMAN: Every time -

MR. STRACHAN: - the administration is going to run the mill.

MR. HICKMAN: Every time there was a boat delayed -

MR. STRACHAN: But if you accept management you accept the fact that they have the wisdom, the experience to run that operation.

MR. HICKMAN: Every time there was a boat delayed -

MR. STRACHAN: If the management has got to ask the Cabinet whether they can hire certain people or whether they can cut back in inventory -

MR. ROBERTS: Right on!

MR. STRACHAN: - then they will never operate a mill.

MR. HICKMAN: For the last four years, every time there was a delay in boats, if there were not enough men employed in Goose Bay, up would jump the member, Mr. Woodward, and demand to know why the government is allowing this to happen.

MR. STRACHAN: That is the decision you made in 1972. You have to accept that, that public pressure will always question you in that. But if you are going to succumb to that type of public pressure and start interfering in the operation, if you start interfering in the operation so it starts to lose money in mismanagement, then that is the mistake you make.

MR. HICKMAN: Well, that -

MR. STRACHAN: I have seen it.

MR. SMALLWOOD: I do not hear that when Bowaters and the Grand Falls mill with members demanding -

MR. HICKMAN: You certainly hear it with Marystown Shipyard and Newfoundland Hydro.

MR. SMALLWOOD: That again, is a government activity.

MR. STRACHAN: We expect, therefore, that the government has the maturity to take and accept these kinds of criticisms and not to place the onus or pressure on the management to respond to political pressures. It is government's business to take political pressure. It is not government's business to make management decisions.

AN HON. MEMBER: Hear, hear!

MR. HICKMAN: Fine.

MR. FLIGHT: The hon. Mr. Crosbie made some of them.

MR. HICKMAN: Fine. The next time there is a demand to place an order for another ship at Marystown, regardless of whether we need it or not, we will remember that.

SOME HON. MEMBERS:

Oh, oh!

MR. HICKMAN:

Yes, we will remember that.

MR. FLIGHT:

Management were puppets,

MR. HICKMAN:

And the next time there is a demand to

reduce the price of power of Newfoundland Hydro we will remember that.

MR. FLIGHT:

You said it as if you were afraid to face up to Crosbie - the government.

MR. HICKMAN:

Poor Crosbie.

MR. STRACHAN:

I still state that the argument that we placed time and time and time again has never been rebutted, and if the Minister of Justice wants to talk to me with examples of government running business I can give him many examples of how people in a fish plant in a small community in Northern Labrador called Nain try to make decisions about fish coming in on a Saturday when the Civil Service had closed and gone for holidays, and he cannot make a decision.

MR. ROBERTS:

What about NLSD purchasing?

MR. STRACHAN:

Or anything. I can go into it but

I do not want to get into that kind of nonsense.

What we are stating here is that we believe - and we have not seen any argument to counter what we have laid out. Every person on the opposite side who has jumped up to defend, the member for St. John's East (Mr. Marshall) and others, have defended it on the basis of the original decision to put the mill in Stephenville, the original decision of the contracts, the contracting on shipping of whatever it is, contracts they tore up or contracts that they had remade.

All our arguments have been that in the last three or four or five years you made the decision, you therefore have to live with it, exactly the same as you made the decision on Churchill Falls. And what we would like to see, therefore, is that you will argue and debate with us. And we know that you will want to dodge it all the time, because that is all it is, dodging the argument that we are placing in front of you, because you know it is indefensible, that you have no defense to many of the charges.

The member for St. John's East, in his usual bilious

MR. STRACHAN: fashion talks about the innuendo from the member for Stephenville (Mr. McNeil) and the innuendo and the smears and the statements from the member for Port au Port (Mr. Hodder). At the same time you cannot attack any of these. I did not hear in his speech that he was attacking and tearing down the arguments placed by the member from Port au Port (Mr. Hodder) or the member from Stephenville (Mr. McNeil). As soon as he got out his statements about the innuendo that we were supposed to have passed from this side of the House, the smear tactics we were using, he then launched into a debate, and the debate was against the ex-Premier of the Province. But he never went on and attacked any of the so-called innuendo; he never attacked the memoranda that we were displaying or the documents which were placed in front of the House. In other words, the last four years are a blank. It is a blank in your memory. All you want to do is attack previous to that. You do not want to attack our arguments placed before you as to how we believe the Linerboard mill in Stephenville is now closing down. It is closing down because of mismanagement, inefficiency and political interference.

MR. HICKMAN: The hon. gentleman has not responded to my request that you give us some positive suggestions as to how we can turn it around.

MR. STRACHAN: The Minister of Justice argued here today -

MR. SMALLWOOD: Mr. Slaney did that.

AN HON. MEMBER: Mr. Sweeney -

MR. STRACHAN: And I did that. I thought I did that fairly well.

MR. HICKMAN: Never mind Mr. Sweeney.

AN HON. MEMBER: How many years -

SOME HON. MEMBERS: Oh, Oh!

MR. PECKFORD: You are hanging your hat now -

MR. HICKMAN: Mr. Sweeney is a member of the Advisory Board who signed this report.

MR. ROBERTS: The Advisory Board did not say, 'close it'.

SOME HON. MEMBERS: Oh, oh!

MR. STRACHAN: In my -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please! Order, please! I would remind hon. members that the hon. member for Eagle River did request little interruption.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: It is always quiet until the Leader of the Opposition turns up. Now, go away. Go away.

MR. STRACHAN: Mr. Speaker, the members opposite are getting me nervous.

The Minister of Justice brings up the point that we have never given anything positive, and I responded directly to this challenge and threw a challenge back at him. It is interesting to note that the challenge that I threw back about paring the budget of this Province even more than it has been so far has elicited responses from his Administration, from his Ministers, saying, "Oh, you cannot touch my budget", and "You cannot touch mine because it is absolutely essential", and "You cannot touch mine because it is absolutely essential", "I have no money to spare". They are all saying that because they are all afraid of their own little empires, of their own little budgets. "They cannot have any money off mine in order to try to keep the Linerboard mill going!" And I responded -

MR. PECKFORD: That is not true.

MR. FLIGHT: A million dollars being spent in Green Bay.

MR. PECKFORD: That is -

MR. STRACHAN: Anyway, the subject of this sub-amendment here is that we believe, Mr. Speaker, we believe -

AN.HON. MEMBER: (inaudible)

MR. STRACHAN: -and the member for St. John's East (Mr. Marshall) says he sees no useful purpose in bringing Mr. Sweeney here to answer our questions in the House, that in doing so we immediately bring Mr. Sweeney into a political mess, a political morass, by bringing him in

MR. STRACHAN: here and asking him questions.

MR. HICKMAN: Right on!

MR. STRACHAN: We look at the history of the management of the mill, and Mr. Sweeney, when first he accepted his appointment, stepped into a political mess anyway; the only difference being that the political mess he accepted at Stephenville six months ago is one which is carried out in secretiveness, and if he comes in here at least we will be able to face the man and to be able to get his opinions about whether the mill can be viable or not.

MR. ROBERTS: What are the Government scared of?

MR. STRACHAN: What are you afraid of? The Government seems to be more afraid of Mr. Sweeney coming here. If you think that our documents that we placed before you are wrong, that there are mistakes, that we are interpreting figures in different ways, then surely Mr. Sweeney can come in and he will be the one who condemns us.

MR. FLIGHT: I can see John Crosbie being afraid -

MR. STRACHAN: Your finest defence then, surely, would be bringing Mr. Sweeney in front of the House.

MR. FLIGHT: -I can see Crosbie being afraid but I cannot understand you fellows being afraid.

MR. STRACHAN: So we feel, Mr. Speaker, that the sub-amendment which states that Mr. Sweeney should come would possibly help us in making up our minds, and the people of the Province in making up their minds, and the press in making up their minds, as to whether the information which has been placed before this House is correct or incorrect. Is Mr. Sweeney talking through a hole in his head when he says the markets are rising? Is he talking through a hole in his head when he says, "Invest a little bit more money, complete your dry land system and you

MR. STRACHAN: will save millions of dollars, and those millions of dollars can put us back in the market." Mr. Sweeney makes a lot of statements like that and all we are asking then is that government is so sure of the decision they have made, if they are so sure of the decision they have made then what is the fear of bringing Mr. Sweeney in front of us to answer our questions?

I also would like lastly to point out here that Mr. Sweeney was appointed six months ago, and again we get statements from the member for St. John's East exactly the same as the statement from the Minister of Justice, and the statement is and to use the member for St. John's East's words, the imperative words he says in the budget is that "we hope over the four to six months that it can be made to work." That is what is said in the Budget and he said **those were the important words.**

MR. HICKMAN: Right on.

MR. STRACHAN: And we agree. We hope as well. But I pointed out in the last speech I gave, and I will point out again, that how can you hope it is going to work when you tell the man and tell everyone in the Province it is going to close down? How can you ever prove its viability when you have made a decision to close it down? When you wiped out the markets, because the markets only looked at it like a fire sale, when you wiped out the morale of the people, of the workers, when you have done nothing to correct the mistakes and the mismanagement, how can you ever expect **therefore in six months time for the mill to be any more viable than it is today?** It is going to be less viable. If you wanted to make that decision, that decision should have been six months from now, **But** you could not make that decision six months from now because you did not make the decision. The decision was made on Wall Street and it was not made by you, and that is why the Budget was delayed because you could not balance the Budget.

So it all comes back as we have **abdicated, abdicated** our responsibility, our financial responsibility and financial management

MR. STRACHAN: of this Province to the bond market. Otherwise if you did not you could have carried on and continued and made the decision that you have made now not when only the preliminary report from the Advisory Board comes in, but when the final report comes in. You give the man six months to operate and then take the feet out from underneath him, and then tell him, Prove the next six months is viable or we are going to close you down. You prove it is viable or we are going to close you down. You give the Advisory Board, a very big Advisory Board, and you tell them, You prove to us whether that mill is viable or not. And before they come out with their completed reports, as soon as they produced the preliminary one, as soon as you have something, a document in your hand from them to blame them with, to use them, as we said, as a smoke screen the first thing you do is make your decision to close them down. And we have not heard from the other side of the House one argument to rebut the charges that we have made. Not one.

We have heard the mistakes five or six or seven years ago obviously carried out by the ex-Premier, obviously, but we have not heard your defense of your behaviour. You want to attack the behaviour of the ex-Premier but not defend your behaviour and your mistakes and your judgement, and that is where we say you are wanting.

SOME HON. MEMBERS: Hear, hear!

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

MR. MORGAN: Mr. Speaker, having spoken in this debate already for approximately forty-five minutes I do not intend to speak too long in this debate on the sub-amendment. However, Mr. Speaker, tonight I listened to the hon. gentleman from Twillingate and I feel there has to be clarification to the House of Assembly and in fact clarification made to the people of this Province.

MR. SIMMONS: This should be good.

MR. MORGAN: I said, Mr. Speaker, last evening that I have the greatest

MR. MORGAN: respect for the former Premier of our Province as an individual and as a Newfoundlander. However, the facts must come out and the facts must speak for themselves. And, Mr. Speaker, tonight when I listened to the hon. gentleman from Twillingate, when I attempted at one location to ask him a question and he very sarcastically said, The hon. Minister should not interfere, he has no knowledge of the situation whatsoever.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: Well, Mr. Speaker, I have sufficient

MR. MORGAN: knowledge that the people of this Province should be made aware of because they are the facts, and despite what the hon. gentlemen tonight said in the House of Assembly tonight trying to weasel out of statements made earlier -

MR. WHITE: Who is doing the weaseling? Who is weaseling?

MR. MORGAN: Mr. Speaker, and trying to pretend to this House of Assembly, hopefully not intentionally because it would be wrong for me to say so. I cannot say he was doing it intentionally but, Mr. Speaker, the facts in connection with the timber rights that were given away, timber rights belonging to all Newfoundlanders, including those 25,000 people in the Western part of our Province who are now affected by the close down, that there were 10,000 square miles of timber rights given away.

AN HON. MEMBER: Oh, you were there.

AN HON. MEMBER: You were there.

MR. MORGAN: Mr. Speaker, in March 3, 1965 a letter was written by the hon. Joseph R. Smallwood, Premier of this Province to a company called Societe Transshipping, the address then was known as Geneva, Switzerland. The contents of that letter, Mr. Speaker, I will read into Hansard.

MR. FLIGHT: What the hell does that have to do with the present anyhow?

MR. MORGAN: Mr. Speaker, I found it almost unbelievable that tonight's admission by the former Premier where he indicated, Mr. Speaker, that a company walked into his office and he gave a card to his secretary -

MR. SIMMONS: You not beginning to -

MR. MORGAN: Mr. Speaker, if I could speak without interruption.

MR. SPEAKER: The hon. gentleman has the right to speak without interruption.

MR. MORGAN: Well a company walked into his office one day, unknown, completely unknown to him, complete strangers, never heard from the company before or the bankers before, did not know where they were from, what they were doing in the Province, but two days after,

MR. MORGAN: Mr. Speaker, he decided to give away to that company 10,000 square miles of timber rights in our Province.

SOME HON. MEMBERS: Hear, hear!

AN HON. MEMBER: That is wrong, wrong.

MR. MORGAN: Mr. Speaker, it is not wrong because on March 3rd the hon. the Premier of the Province in a letter to the company known as Soci t  Transshipping, Geneva, Switzerland, "Dear Sirs: This is to confirm that the Labrador wood reservation as per the attached map has been granted to you." "Has been granted to you," now there is no interpretation, there is no way of misinterpreting what that letter means. It means that there was a grant given of 10,000 square miles of wood reservation in Labrador.

AN HON. MEMBER: Hear, hear!

MR. MORGAN: And any attempt from the Opposition members to twist or weasel out of that situation, it is impossible. The facts speak for themselves. They go on to say, and I will quote the first paragraph again and read the total letter. "This is to confirm that the Labrador wood reservation as per the attached map has been granted to you. In it the Province reserves all areas subject to flooding, subject to -

MR. SIMMONS: Ah ha! Ah ha! Oh, oh!

MR. MORGAN: Mr. Speaker, if I could - if you could get these maw mouths to keep quiet on the opposite side of the House of Assembly.

MR. RIDEOUT: Would the maw mouth sit down?

MR. FLIGHT: Any more flooding on the Trans Canada now?

MR. MURPHY: This is typical.

MR. MORGAN: Mr. Speaker, all areas - Mr. Speaker, it is obvious the Opposition members do not want to hear the facts.

MR. FLIGHT: (Inaudible).

MR. MORGAN: No, it is not that, Mr. Speaker! They do not want the public of the Province to hear the facts!

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: That is what is wrong. That is what is wrong.

MR. FLIGHT: We want to hear why the mill is closed.

MR. MORGAN: Mr. Speaker, I would like to say again before I continue

MR. MORGAN: that I would not tonight have taken part in this debate only I spoke a few nights ago and tonight when I heard the hon. gentleman from Twillingate trying to pretend this letter did not say what it says, I would not be speaking now.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: "The Province reserves all areas subject to flooding in the drainage basins flowing into the St. Lawrence River and the rights to power." Well, that is reserve. "This wood reservation is for a period of two and one half years from this date." In other words, he gave them two years before the rights would come into effect to get the work done. "This wood reservation is for a period of two and one half years from this date with a grace period of one additional year to provide your paper interests and technicians with ample time to make an assessment of its commercial possibility." I am again quoting from the letter, Mr. Speaker. "You will be entitled to our timber lease on the same basis as other concessionaires now existing in Labrador, namely, the annual ground rental plus a stumpage charge of \$1.50 per cord with a time restriction on the building of your operating facilities the same as the NALCO act. Sincerely yours, Joseph R. Smallwood."

That was in March of 1965, March 3rd, a couple of days after complete, black stranger walks into the Premier's office of this Province and gives a card to his secretary and he does not know who they are and he says he did not know whether they were from Switzerland or from Liechtenstein or where they were from, he did not know nothing about them. But they walk into

MR. MORGAN:

his office and - lo and behold! - two days after they are given, the taxpayers of this Province, giving away the taxpayer's 10,000 square miles of timber rights owned by the taxpayers of this Province. Mr. Speaker, that is the fact. And then in 1968 this company who - we do not know who they are, Societe Transshipping - companies with names, we are not sure who they are. For example, this Mr. Peter Ritter and this Mr. Robert Fournier and Mr. John Francis are all directors of Societe Transshipping. Nobody knows who they are, who they represent, But they are names who are now registered as directors of this company, this unknown company over in Liechtenstein who gets 10,000 square miles of our timber, that company.

MR. FLIGHT: Tell us about 1973, 1974 and 1975.

MR. MORGAN: And suddenly two years after, three years after in 1968 - in fact, Mr. Speaker, on March 6, 1968 this unknown black stranger type company over in Liechtenstein, which was previously in Geneva, now moved to Liechtenstein - we all know what Liechtenstein is famous for - this unknown company that the people of this Province do not know who they are, or who they were, or what they are, or who they represent, this company then decided to sign an agreement with Canadian Javelin, Canadian Javelin, John C. Doyle comes on the scene, and he signs on March 6, 1968 an agreement with this company, again that big question mark of a company, an agreement - guess what for? He is going to buy from the company now in Liechtenstein the 10,000 square miles of timber rights that was given to them by the former Premier of the Province.

MR. MURPHY: Who is going to buy?

MR. MORGAN: Canadian Javelin. John C. Doyle in March 6, 1968 signed an agreement, Canadian Javelin signed an agreement with the company Societe Transshipping to buy from that company the timber rights that was given to the company by the Premier of this Province at that time.

MR. MURPHY: For how much? How much?

MR. MORGAN: For a total amount of \$4 million.

MR. MURPHY: How much did they pay for it, this Transshipping -

MR. MORGAN: Societe Transshipping did not pay anything, Mr. Speaker. And that is the unbelievable part. This unknown company never paid a cent for 10,000 square miles of Newfoundland timber rights. And how can the Opposition weasel out of these things.

SOME HON. MEMBERS: Oh, oh!

MR. FLIGHT: A point of order, Mr. Speaker.

MR. SPEAKER: A point of order.

MR. FLIGHT: Mr. Speaker, there have been two or three occasions during this debate where relevancy has been brought up. And I would submit to Your Honour that the issue being debated here is the sub-amendment.

SOME HON. MEMBERS: Oh, oh!

AN HON. MEMBER: Order, order, Mr. Speaker.

MR. FLIGHT: On a point of order. On a point of order.

AN HON. MEMBER: Order!

MR. FLIGHT: Mr. Speaker, the sub-amendment inasfaras relevancy is concerned is, "And further the House hereby requests the present and chief executive officer of Labrador Linerboard Limited, Mr. John Sweeney, to appear before the bar of the House to give his views, opinions and advice with respect to the mill and its future, and to answer questions put to him by members with respect thereto." Now I submit, Mr. Speaker, that what we have heard from the hon. minister, and I submit this very sincerely, that what has been said by the hon. minister the past fifteen minutes has got no relevancy whatsoever to this sub-amendment.

SOME HON. MEMBER: Hear, hear!

MR. MORGAN: To that point of order, Mr. Speaker. When I commenced my few remarks in this debate I indicated then that I was speaking because I was responding to the statements, and in fact a speech made entirely around, or almost entirely around, the dealings between John C. Doyle and Javelin, his companies, in connection with a company called Societe Transshipping. And these statements were put forward in this debate, the same debate I am now speaking in, by the hon. gentleman from Twillingate (Mr. Smallwood).

MR. MORGAN:

And I am responding to these remarks.

MR. SPEAKER: On the point of order. The motion before the Chair is to add certain words, the words read by the hon. gentleman from Windsor-Buchans (Mr. Flight) to the amendment which as hon. members know reads, "This House affirms its faith in the future of Labrador Linerboard Limited and records its belief that there is no justification for closing the mill now, that it ought not be closed by the government." It would appear to me that in the wide-ranging kind of debate which we have had since the motion was called, all matters logically related to Labrador Linerboard, its operation, its closure, reasons for its non-closure would be relevant. But

MR. SPEAKER:

matters have to be related to Labrador Linerboard. But I could not at this point rule the hon. gentleman out of order on the grounds of irrelevance.

MR. MORGAN: Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: So, Mr. Speaker, to continue this great saga - it is really a saga - when you look at the fact that in three years after John C. Doyle comes along with one of his companies, Canadian Javelin, and sits down with this unknown company, the ghost company out there in Liechtenstein called Société Transshipping, March 3, 1968 and signs an agreement to pay them \$4 million for the timber rights that were given away by this Province to that unknown company. Fortunately, Mr. Speaker, and I indeed say it was fortunate in 1972 when this party took over the government of the Province, that there were only \$2 million, in fact not \$2 million, a total sum of \$1,977,500 was paid by John C. Doyle's company, Canadian Javelin, to Société Transshipping as one payment towards the 10,000 square miles purchase of that acreage of wood reservation.

MR. ROBERTS: (First part inaudible.) Does the minister have any proof of what he paid?

MR. MORGAN: Well, Mr. Speaker, the information that was tabled in the House of Assembly and it is all - Mr. Speaker, before I go any further I would like to say one thing. Maybe people have short memories. Sometimes our short memories, we sort of forget things pretty fast. But the letter that I quoted from tonight here in the House of Assembly was tabled in May, 1972. It is on the records. It is tabled in this legislation and it is tabled now for everybody to go and see. Anybody who wants to see it can go and get it. I am not making up things tonight. I am stating facts. Why should I make charges against the hon. gentleman from Twillingate (Mr. Smallwood)? I have no reason to in this world. But I always was and I always will believe I will stand any time on truth and facts. And the truth will always prevail.

MR. ROBERTS: Tell us who -

MR. MORGAN: So, Mr. Speaker, if I can continue without interruption, Mr. Speaker in 1968 by means of this agreement this company in Liechtenstein received an amount of \$1,977,500. So, Mr. Speaker, if the letter that was sent to the company, if it did not mean anything, if it was not worth anything, if it did not mean a grant of timber rights, if it was only a reservation as was tried to be said tonight in the House of Assembly, why would a company owned by John C. Doyle offer \$4 million for a letter that meant nothing, that meant nothing at all? Why would he go out and try to buy from a company, an unknown company over in Europe, to buy from them timber rights which they could not claim they owned? Surely no company with any kind of lawyers at all with them would not go out and pay \$4 million for something which was useless. So they had to be buying something which they knew they would have entitlement to, have the rights to, the full ownership of. And fortunately, Mr. Speaker, that in 1972 when we took over - when I say we, the Progressive Conservative Party, took over the government of the Province, the administration of the Province, that this company had only received this amount, the \$1,977,500. And of course, after taking over, the other payment was never made, the other \$2 million to that company. So whoever those ghost men out there, somewhere out there in the unknown, whoever they were, they lost \$2 million by means of this government taking over power in 1972.

MR. SIMMONS: Newfoundland lost a lot more.

MR. MORGAN: Newfoundland lost 10,000 square miles of timber rights. That is what they lost, 10,000 square miles of timber rights.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: A clear example, Mr. Speaker, a clear example, a clear example of how our resources of this Province were given away by the previous administration, given away by men like, given away by men like the hon. Leader of the Opposition who is now in the House.

SOME HON. MEMBERS: Oh, oh!

MR. MORGAN: Part of the administration.

MR. ROBERTS: So was the Minister of Justice.

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SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: Given away. He left. He left. He left. He left.

He had the nerve to leave. He had the nerve to leave.

MR. ROBERTS: So was John Crosbie.

MR. MORGAN: And

MR.MORGAN: the hon. gentleman from Conception Bay South.

HON.MEMBERS: Oh! Oh!

MR.SPEAKER: Order please! Order. Order. I must ask hon. gentlemen on both sides to restrain themselves.

MR.MORGAN: Mr. Speaker, the hon. gentleman from Conception Bay - Mr. Speaker, Your ruling was just made. Mr. Speaker, could you have it enforced? Mr. Speaker, the hon, gentleman, like the present Leader of the Opposition who was in that administration, the hon. member for Conception Bay South, the Hon. member from Fogo, and of course the former Premier. These were, when I say these gentlemen were part of the administration, they had to be responsible as a Cabinet, because a Cabinet is a body of men who makes collective decisions, Mr. Speaker, make collective decisions. That is the reason why, Mr. Speaker - could the hon. lip from down in White Bay keep quiet over there?

HON.MEMBERS: Oh, oh!

MR.MORGAN: Mr. Speaker, that is the reason why on this side of the House of Assembly, the hon. gentleman for example from the Northern Peninsula, the Leader of the Opposition, the hon. member from Conception Bay South, and the hon. member from Fogo, and the hon. the former Premier and others who were in that administration Mr. Speaker, on the opposite side of the House at the time, Mr. Speaker, these gentlemen apparently would refuse to take the responsibilities of the day when they were in power seriously. Because the hon. gentleman last evening, or the last part of the debate indicated that he would - the hon. member from Twillingate - would no way would allow the government of the day to take over the Linerboard Mill at Stephenville, simply no way would he allow that, if he would have stayed in power. He would have had the owners at the time stay on and operate the mill. He had of course his two colleagues, the hon. - at the time - the hon. William Rowe, who is now aspiring to become Premier of the Province, and could very well become Leader of the Opposition.

MR.MORGAN: Mr. Speaker, in his speech in 1972. I recall his speech in 1972. He stood in the House of Assembly, he said at that time, Mr. Speaker, in tape 295, May 4, in Hansard, 1972 the Hon. William Rowe standing in this House of Assembly - the former Hon.=William Rowe - he was then House Leader at the time for the Opposition, stood and said that, "Under the agreements, Sir, containing between Canadian Javelin guarantee and the Parent Company, under these agreements, that the Hon. Leader of the Opposition and I threatened and were planning towards take over of the project by the then government in December in January the year past." That year past was 1971.

So it was obvious to me then, Mr. Speaker, that the hon Premier if he had stayed in power at the time, 1971, if he had stayed in power into the - where he tried to stay in power, the administration did by hanging in there for months on end, if they had stayed in power or been kept in power by the people of this province, that there would have been sort of a revolution in the - an uprising in the Liberal Cabinet or the Liberal Caucus because two of his ministers were threatening to attempt to take over the operation of the mill.

Mr. Speaker, what I am getting to, Mr. Speaker, is this, that they refuse to accept the responsibility as a collective body, and on this side of the House of Assembly, maybe that is the reason why they are continually charging John Crosbie as the only man responsible for the failures of the Linerboard Mill. Every member of the Opposition who has spoken in this debate, each and every one of them said that the reason for the failures of the Linerboard is simply one man, and one man has been blamed for it. One man has been blamed for the take over of the mill.

MR.FLIGHT: You are saying it privately.

MR.MORGAN: Mr. Speaker, there is not one man, not one man on this side of the House of Assembly today but will all, all Caucus members, Cabinet ministers of course automatically, but take full responsibility for any decision made by the government of the day.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: Mr. Speaker, I am not going to make a lengthy speech because my major point was to clarify, hopefully through the press, the misconception that was left tonight in tonight's speech by the hon. gentleman for Twillingate (Mr. Smallwood) with regards to points brought out by the hon. gentleman for St. John's East (Mr. Marshall) in an earlier part of the debate, and by myself in the same debate regarding the giving away of 10,000 square miles.

That letter, Mr. Speaker, is on file in Hansard, it is on file in the House of Assembly records, it can be seen by any taxpayer of this Province, it can be shown to any taxpayer of the Province as proof of what happened at that time. Therefore, Mr. Speaker, I felt it was important to clarify the situation and not leave the misconception that was left by the hon. gentleman from Twillingate tonight.

SOME HON. MEMBERS: Hear, hear!

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

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Mr. Speaker, I am glad that the Minister of Transportation and Communications spoke before I did. It is always good to have that kind of a speech first. It is always refreshing, Mr. Speaker, to hear it straight from the horse's mouth. It is the first time we have had it from the other end in this House, the very first time. Mr. Speaker, if ever I have seen a red herring approach - how far back are they going to go? What are they going to do next? Are we to interpret now from the member for Bonavista South (Mr. Morgan) - he was not in that list of names he called out just now, he ignored my friend the Minister of Justice, but he was in that group and Mr. Crosbie was in that group and Mr. Val Earle, as well as the former Premier, the

MR. SIMMONS: member for Twillingate, and the member for the Straits of Belle Isle -

MR. HICKMAN: And the next Leader of the Liberal Party, Clyde Wells.

MR. SIMMONS: And the next Leader of the Liberal Party.

MR. HICKMAN: You did it!

MR. RIDEOUT: Who may well be the present leader too.

MR. SIMMONS: The next leader of the Liberal Party, who may well be the present leader of the Liberal Party. I will tell you what, it will not be the Minister of Justice.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: He tried and failed.

MR. WHITE: He tried, right. He tried.

MR. HICKMAN: It is very difficult to resist the invitation we have right now.

MR. SIMMONS: We urge you to resist it.

MR. RIDEOUT: Yes.

MR. HICKMAN: I will not do it!

MR. WHITE: You will be all lined up before you are through.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Mr. Speaker, let the record show that the Minister of Justice has finally said no to something.

SOME HON. MEMBERS: Hear, hear!

MR. HICKMAN: If I had only said no to you!

MR. SIMMONS: Ah, ha!

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Mr. Speaker, that is his problem. The French call it 'esprit de l'escalier', it is what you think about when it is much too late to think about it. That is the story of that minister's life.

Mr. Speaker, I want to talk about another minister, my favourite minister, the member for Bonavista South.

MR. WHITE: Is he a minister yet?

MR. DOODY: I thought I was your favourite minister?

MR. SIMMONS: No, you spoiled it all day. That was yesterday. When it comes to ministers one can afford to be very fickle.

MR. DOODY: Okay, boy.

MR. SIMMONS: One is smart to be very fickle. If one is associated with one of these ministers too long he will be something other than fickle, he will be in a pickle.

Mr. Speaker, the minister from Bonavista South, what an enlightening red herring address! Now I started to say he was not in that group in 1971. He is about the only person of consequence in this House who was not in that group. He named all the others but he was not in that group, Mr. Speaker. He did not name himself because he was not there and he also did not tell you why he was not there. Well, I will tell you. If there way any way he could have found to slink in he would have been there.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: He would have been there, Mr. Speaker, by the same method that he has gotten where he is today.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: The very same method that he has gotten where he is today.

MR. WHITE: Hear, hear! Hear, hear!

MR. ROBERTS: They did the job on him in Bonavista Bay. He lost the nomination there.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Now, Mr. Speaker - oh, yes, talking about people who ran away -

MR. MORGAN: You will not run with your own people, you get away from them.

MR. SIMMONS: Ha, ha! Talking about people who ran away!

MR. MORGAN: Your own people would not have you.

MR. SIMMONS: Tell me about your Premier.

The Premier is going to be running again when the election comes. As a matter of fact, he told me he might come down and run in Burgeo-Bay d'Espoir.

MR. MORGAN: Who are you kidding?

MR. SIMMONS: Or I would go over in Humber West, for that matter. I have offered to do that, but he will not be there.

MR. WHITE: He will not be anywhere after this decision.

MR. SIMMONS: Mr. Speaker, what am I wasting my time on?

MR. WHITE: That is right.

MR. SIMMONS: You know, what am I wasting my time on that minister for? It just so happens, Mr. Speaker, that I get emotional when I see somebody under the pretense of debating whether or not we should bring Mr. Sweeney before the House, under that pretense when I see somebody go after the former Premier, or any person who served this Province, in such a crude, callous, cruel fashion.

MR. MORGAN: Let the facts speak for themselves.

MR. RIDEOUT: Vicious! Button your lip, will you!
Button your lip!

MR. MORGAN: Why are you attacking me? Be relevant.

MR. SIMMONS: Mr. Speaker, if the minister

MR.SIMMONS: wants to talk about irrelevancies. I will bring in some Christmas cards he sent last year at the expense of the province, at my expense. If he wants to see that, if he wants to talk about letters that were sent, I will talk about some he sent at my expense, as a taxpayer.

MR.MORGAN: What are you talking about? Christmas cards? All ministers send Christmas cards!

MR.SIMMONS: Don't you be so foolish.

MR.MORGAN: How about the taxpayers paying for telephone calls, your telephone calls. What about your last bill?

MR.SIMMONS: Tell us if you know.

MR.SPEAKER: Order, please! Order, please! The hon. member may continue without interruption.

MR.CANNING: Throw him out.

MR.SIMMONS: Mr. Speaker, let us talk about the motion. Let us talk about the motion. Let the Minister from Bonavista South be as silent as he wanted us to be. We just gave him a little of his own medicine tonight, Mr. Speaker, and he did not like it. Now that he has had it, let him sit there in silence and endure it.

MR.MORGAN: I am not going to -

MR.RIDEOUT: When it is compared to yours -

MR.SIMMONS: Leave him alone 'Tom! He cannot help that, 'Tom! Leave him alone he cannot help that. Mr. Speaker -

MR.LUNDRIGAN: A point of order, Mr. Speaker.

MR.SPEAKER: A point of order.

MR.LUNDRIGAN: The House is a - quite seriously now, we have had enough nagging around. It has been twenty minutes since the member stood on his feet and he has not got onto his speech yet. So, the hon. lady is waiting to make her speech and other people.

MR.SPEAKER: I recognize the hon. gentleman. I do not think there is a point on which I need to rule. The hon. member.

MR.SIMMONS: Mr. Speaker, the member for St. John's East (Mr. Marshall)

MR.SIMMONS: who unfortunately is not in his seat right now but he is probably within hearing, but anyway he talks about the albatross, Mr. Speaker, the albatross which this Linerboard Mill, this afternoon in his speech he mentioned specifically that this Mill was an albatross around the neck of the government, an albatross inherited from the former administration. Now, Mr. Speaker, I wish, and I am sure all the taxpayers of this province wish, that crowd over there would get their act together and at least, reflect the same version publicly. For every fellow over there is telling a different story. Now for a couple of fellows over there, and unfortunately both of these are absent too, the member for St. John's East Extern and the member for St. John's Centre, when this Linerboard Bill, we will call it now the Melville Pulp and Paper Bill, was brought in back in 1967, these fellows together with you, Mr. Speaker, who was the other member of the trio which sat on this side of the House, lauded this Bill as a wave of the future, as the thing to be done to support this particular Bill, there was no equivocation, there was no qualifying, there was no categorizing, it was clearly, unequivocally, without qualification a good thing for Newfoundland.

Now, Mr. Speaker, if they want to go back in the past, if they want to talk about albatrosses, if they want to go back and dig over what happened in 1967 or whether some letter was written to Society - whatever or to somebody else, we can tell them a bit about the past too. I do not believe, Mr. Speaker, that that will serve the purpose of this House very well at all, or the purpose of this particular debate. You see, Mr. Speaker, the strangest part, the strangest aspect of this whole debate is that it should have to take place at all. It is only taking place at all -

AN.HON.MEMBER: You want it.

MR.SIMMONS: No, Mr. Speaker, we did not want it! We wanted the mill to stay open. And that is my whole point, that had that mill

MR.SIMMONS: stayed open, and all the evidence points to the fact it should stay open, then there would be no need for this debate here at all.

HON.MEMBERS: Hear! Hear!

MR.SIMMONS: Now, Mr. Speaker, at best, I am a half believer in post-mortems. I do not believe at all as a matter of fact the value of post-mortems, except to the degree that they might teach us a few lessons for some future occasion, that we might apply to another decision somewhere down the road. But I would hope that this one is different, because I would hope that it is not a post-mortem at all. I would hope that this particular debate is the beginning of a reversal of a very unwise decision, a decision to close Linerboard, a decision that is unwise economically, I believe my colleagues have demonstrated that, very unwise economically. Government has skated around what Advisory Board said. It is fairly clear what advisory said. One thing it did not say is "close the mill!" The Advisory Board, as one would expect - and I will talk about the composition of that Board subsequently - but the Advisory Board, as one would expect, were brutally realistic. They did not gloss anything over. They did not dress it up. They said in fairly blunt terms what they found to be the case.

MR. SIMMONS: That is to say, they said it to the extent they were allowed to say it, because they were never given a chance to really do the work. And we are not talking about some great Royal Commission that has been spending thousands of dollars and eating up months and years of time. If you will look at the studies that have been done in this Province through Royal Commissions and the various industrial and judicial enquiries, in terms of the life span of these particular enquiries, I think you will have to agree, Mr. Speaker, that an Advisory Board that was appointed in November and now purportedly is having its recommendations acted on four months after, it must have been the faster job that has ever been done in terms of studies in this Province. Within four months - That is a lot faster than they acted on Buchans, I will tell you.

MR. FLIGHT: A lot faster than the magisterial inquiries around here too.

MR. SIMMONS: A lot faster than the judicial enquiries or the industrial enquiries or the royal commissions, the Royal Commission on Labrador, for example. But suddenly, Mr. Speaker, suddenly there is a need to rush out and get a report, any kind of a report. It was an unwise decision economically, Mr. Speaker, a bad one, a shocking decision. People kept guessing before the budget came down that this was going to be in the budget. I could not believe it because I did not want to believe it, because I could not believe it, because I had some basic faith in the fellows who are in government and one of the things I credited them with - I do not always agree with them - I credited them with having basic common sense. A bad decision economically, a lousy decision financially, and a criminal decision socially, an absolutely criminal decision.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Now, Mr. Speaker, the impression being left is that the budget decision to close Linerboard flowed from the Advisory Board; that is the impression. The fellows never really say it, Mr. Speaker. Because

MR. SIMMONS:

they know " there are several Advisory Board people out there who have credibility, their own reputation to protect. And if the government talk themselves too far into a corner as to what the Advisory board was supposed to have said, one of those guys is going to talk. And I could even tell you which one it is. I could even tell you which one it is.

These fellows do not mind serving on an Advisory Board, Mr. Speaker, but they will not have a government, for its own base reasons, paraphrase completely out of context what they have said to government. Now, Mr. Speaker, the impression is being left that somehow the decision in the Budget to close Linerboard flowed from the findings of the Advisory Board. I will put it to you another way, Mr. Speaker. I will put it to you another way. The decision was made and then the documents, including the one I am holding in front of me, were rigged to suit the facts.

MR. ROBERTS: Right. It is true.

MR. SIMMONS: Now, Mr. Speaker, let us look at the sequence of dates, let us look at the sequence of dates, Mr. Speaker. Here are two preliminary reports dated April 18th. Two Advisory Board sub-committee reports, two of five that were ordered, that were instructed to be given to Advisory Board, dated April 18th. These dated April 18th are only drafts, Mr. Speaker. They are only draft reports. They are not even, if you like, without playing with words, they are not even the final preliminary reports. They are just a draft preliminary report on April 18th, and only two of the five. April 25th, one week later, with only two-fifths of the input they have asked for, they write a report. And then, Mr. Speaker, fully three days later we get this production. Is anybody seriously asking me to believe that that document was put together seventy-two hours after a recommendation coming out of this document was made to government? Is that what they are asking me to believe? Then that is a lot of hogwash. That is

MR. SIMMONS: a lot of hogwash. The fact of the matter is, Mr. Speaker, that the decision was made that was going in that booklet, and then they followed back down the line and produced that booklet.

MR. MURPHY: But you are recommending -

MR. SIMMONS: Now, Mr. Speaker, look. We can do without the musings of the member for St. John's Centre, A great coach, Mr. Speaker, a great coach, but not the man I would put in charge of Linerboard tomorrow.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: The sequence, Mr. Speaker, you know, if

MR. SIMMONS:

you are going to rig-I always say if there is anything worse (This is only for analogy in a verbal sense. It is not meant to construe anything in substance about the people I am talking about.) I always say if there is anything worse than a big crook it is a small crook, because at least with a big crook you can admire his style. but a small crook keeps bungling - and if you wanted to rig the record, for Lord's sake give yourself a little more spread of dates. Preliminary reports on the eighteenth, report on the twenty-fifth, and a budget on the twenty-eighth, and to tell us that the budget is based on that report! Mr. Speaker, even the fellow who has a bit of taste for good printing style will tell you - anybody got those documents there, not the photo copies, but anybody got the real document? - Anyway, Mr. Speaker, what I have is a poor cousin, just a poor cousin of this report. It is a photo copy, and a photo copy can do some things. but one thing it cannot do too well, at least the one we have, is it cannot give you things in living colour. Now, Mr. Speaker, you should have seen the preliminary report as it was in all its glory before we submitted it to the black and white of a photo copier. You should have seen it. What a jazzy document! Let me see if there is anything down here like it. Well, not really. But, Mr. Speaker, first it had a nice plastic core on it, something like that. And then it had a full colour photograph of Stephenville and the Linerboard on the cover, indeed this very photograph here except in living colour. And on top of that it had a nice plastic overlay, beautiful job, Mr. Speaker, a beautiful job. That is before the need for haste set in.

AN HON. MEMBER: Which one?

MR. SIMMONS: That is this one here. The preliminary report was fully jazzed up in colour and plastic overlays and plastic cores, the whole works.

MR. FLIGHT: With a tribute to John Crosbie there on the front page.

MR. SIMMONS: That is right. It was really jazzed up. Now, Mr. Speaker, that was before the haste set in. And then somewhere, Mr. Speaker, after the eighteenth of April, after they had gone through the niceties of preparing

MR. SIMMONS:

this pretty little report - and this one, by the way, was done up in similar fashion, two beautiful coloured reports with their plastic bindings, the whole works - after the eighteenth, I submit, Mr. Speaker, and after that mad trip to Ottawa; and remember the Premier and the Minister of Energy and the Minister of Justice were in Ottawa on the twenty-first and twenty-second. I know because I was there on the same day they were there.

MR. HICKMAN: We should have given you a call.

MR. SIMMONS: Oh, I had my appointment. I saw the Minister of External Affairs before the Minister of Justice saw him, as a matter of fact.

MR. ROBERTS: The only reason the Minister of Justice was allowed to see him.

MR. SIMMONS: Because the Minister of External Affairs even ranks his members in his own constituency. I believe you saw him Thursday - you saw him Friday afternoon? I saw him Thursday night. Mr. Speaker, some ministers have to take joys in such small events.

MR. ROBERTS: Is that the meeting where you said, We have got to get Bill Patterson off our backs.

MR. SIMMONS: Now boys, come on, fellows. Mr. Speaker, April 18, two days before the bail-out trip to Ottawa, the trip that included the Minister of Justice and the Minister of Energy and the Premier - Pardon?

MR. HICKMAN: The second trip.

MR. ROBERTS: That was the one they snuck out. Where is the Minister of Finance?

MR. HICKMAN: I. T. and T. is the local -

MR. SIMMONS: Okay. Now anyway we know the minister goes to Ottawa often. We know it from the expense claims, not from what he has to show as a result of his trips. But from the expense claims we know. Mr. Speaker, the bail-out trip of April 20-21 or 21-22, two or three days after those two pretty reports, and then the message finally came home to

MR. SIMMONS:

this crowd, Mr. Speaker, that Ottawa was not going to bail them out.

The dream was over.

MR. HICKMAN: The Linerboard mill.

MR. SIMMONS: No, Mr. Speaker, I put it correctly. Bail out the government, bail out the government.

MR. MURPHY: Labrador Linerboard Limited.

MR. SIMMONS: Bail out Linerboard indirectly, yes, Mr. Speaker, because Linerboard has become a part of a total mess that this government has created.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Now, Mr. Speaker, the bail-out trip was two or three days after those two pretty reports. And then the boys rushed back. And they have got, as I have been told by the Minister of Finance, they had two budgets, they had two already, a yes budget and a no budget. Here is the no budget. All right. And when it dawned on them that they would have to pull the

Mr. Simmons:

no Budget and go ahead with this one, they decided they needed some documentary support. So they rush off and take the pretty coloured picture that was on the front of this one, and they reduced it into a very poor reproduction, a black and white, and they put together in a report that is hardly grammatical in places, by the way, an excuse that in sequence is nice, Mr. Speaker, April 18, April 21, April 25, but, of course, they did not count on it being scrutinized. They thought that the Premier with his charm going on television quarter of six that evening and telling everybody that abominable lie that the jobs are costing \$80,000 would solve all the problems. What a charade! I would not mind some fellow who did not have the facts at hand, but a Premier of this Province going on T.V. and doing arithmetic that simple and saying 650 jobs, \$55 million that is \$80,000 a job.

AN HON. MEMBER: Oh, oh! No it is not.

MR. SIMMONS: That is \$80,000 a job.

AN HON. MEMBER: How much is it?

MR. SIMMONS: Eighty thousand dollars a job.

That is what I say, the arithmetic, the arithmetic is very simple, very simple. But, Mr. Speaker, he never anywhere - and I read his address through again today, and I have it here, I sent down for a copy today to make sure I was not, my memory was not deceiving me, I have it right here somewhere, and here it is right here - and nowhere in that address on that evening when the Premier spoke to the Province did he point out that there would be certain ongoing costs whether or not the mill closed or opened.

And that, Mr. Speaker, brings me to some points that the member for St. John's East (Mr. Marshall) was making the other night. Now he was fairly harsh on the Leader of the Opposition when it comes to the figures that the Leader of the Opposition has used, I believe the figures were \$28 million over the three year period.

MR. ROBERTS: Yes. I made them up out of the Advisory Board's report.

MR. SIMMONS: And he claimed somehow, the member for St. John's East (Mr. Marshall), somehow— not somehow, very clearly suggested that the Leader of the Opposition had rigged the figures, I do not think that is too strong an interpretation of what had been said.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Now, Mr. Speaker, for the interest -

MR. ROBERTS: What is the price of beer, 'Ank'?

MR. SIMMONS: Now, Mr. -

MR. MURPHY: (Inaudible).

MR. ROBERTS: It is going up.

MR. MURPHY: At the Battery I think they are charging ninety-five to a dollar.

AN HON. MEMBER: Keep going!

MR. SIMMONS: It is very hard to keep going. There is no point. Mr. Speaker, for the information of the - you are succeeding, the member for St. John's Centre (Mr. Murphy) is succeeding, he is trying to harass and interrupt the train of thought, he is doing it. And if he wants to take credit from that let him take credit. Now if he would just shut up for a few minutes, I will talk to the member for St. John's East (Mr. Marshall) whom I would much rather talk to any day of the week because at least he can understand what I am saying.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Now, Mr. Speaker, the member for St. John's East the other night was making some allegations that the Leader of the Opposition -

MR. J. NOLAN: On a point of order, Mr. Speaker.

MR. SPEAKER: A point of order.

MR. J. NOLAN: Mr. Speaker, I believe that the hon. member would like to be heard in silence. It is quite obvious now that there are private conversations and so on taking place, obviously meant to distract the gentleman who is speaking. I feel it is only right that he be given the opportunity, the fact that you may disagree with him is one thing, but at least give him an opportunity

Mr. J. Nolan:

to express his views.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: Well said.

MR. SIMMONS: Mr. Speaker,

MR. SPEAKER: Hon. gentlemen are asked to refrain from private conversations which might distract the hon. member.

MR. SIMMONS: Mr. Speaker, the other night, just to refresh what I was saying a moment ago, the Leader of the Opposition had suggested that it will require \$28 million, \$28 million net over the next three years, \$28 million to keep Linerboard going, \$28 million over and above what it would be required to close it down or to pay out given that the mill would close.

Now, Mr. Speaker, he was accused of not reflecting a true picture, accused by the member for St. John's East (Mr. Marshall). Now the Leader got his information from the same tables that I get the information from, and I just draw to the attention of the hon. member for St. John's East and of the House,

MR. SIMMONS: I am looking at the preliminary report dated April 25th, and if members will follow me there is a table about a third of the way through the report - I do not know if there is any page on this - but it is a table, Table No. 1. And Table No. 1 has some totals at the bottom, and first of all, at the top, it says, 'The cash requirements for the three-year period ending March, 1980'. And for the first of that three-year period, the first year, 1978, the cash requirement - this is if the mill were operating - is \$54.8 million, in the second year it is \$38.4 million, and in the third year it is \$24.6 million for a total cash requirement to keep the mill going of \$117.8 million. Now, Mr. Speaker, on the very next page is Table No. 2 which is labelled 'Shutdown Cash Requirements - Labrador Linerboard'. And again for the corresponding three years, the first year it would require \$26.7 million, according to this information, \$26.7 million to shut her down, or when I say to shut her down, I mean ongoing cost including shutdown cost, you know, debt repayment and so on, \$26.7 million. In the second year, presuming a shut-down, the ongoing cost would be \$36.2 million, and in that third year it would be \$26.7 million for a total cost over the three-year period, presuming shutdown, of \$89.6 million.

Now, Mr. Speaker, it does not require a lot of arithmetic at all to subtract these two figures. The total figure for the three-year period, presuming the mill continues to operate, the total figure is \$117.8 million. That is Table No. 1. It is not my figure. It is the figure on the very bottom right-hand corner of that page, \$117.8 million cash requirements presuming the mill continues. And then in the corresponding position on the next page, the shutdown cash requirement total for the three years is \$89.6 million. And if you take the two figures, the \$117.8 million and the \$89.6 million, I believe the difference is \$28.2 million. Now, Mr. Speaker, the Leader may have rounded it off. I think he might have said \$28 million. He might have given the actual figure as I have just done. But the fact is that it is of the order of \$28 million. The difference - if one is to believe the preliminary report, and I am the first to point out that it

MR. SIMMONS: is a fairly hasty document. I am not suggesting it is inaccurate. I believe it is based on the findings to date, but it was very hastily put together - but if one is to believe what these two tables reflect, what they say to me unless there is something I am missing in those tables, what they say to me is that if the mill is to continue to operate we are going to need \$117 million over the three years, ^{if it is to} ~~is to~~ shut down we are going to need \$89.6 million, or whatever the part of a million is, \$89 million plus, so that it is to be presumed that the difference in keeping her going and shutting her down is the difference between these two figures of \$28.2 million. And I think, Mr. Speaker, -

MR. SMALLWOOD: In only three years.

MR. SIMMONS: - In three years. And it can be said to be an average of \$9 million a year. I would say it works a little different from that. In the first of these three years, in 1977 - 1978 the net cash requirement to keep her going according to these tables would be \$28.1 million. And I point out again, Mr. Speaker, that is only half the figure the Premier bandied about. The Premier talked about \$55 million, and nowhere, Mr. Speaker, nowhere, nowhere in that speech did he say - 'I will not assign motives - nowhere did he say that there would be a certain ongoing cash requirement even if she were shut down. And I object to that, Mr. Speaker, because it left -

AN HON. MEMBER: I know one thing - I -

MR. SIMMONS: - it left, Mr. Speaker, something less than a full picture, when in fact, Mr. Speaker, something of the order of \$27 million to \$30 million are going to be required even if we do not produce a ton of linerboard paper out there.

These tables reflect the truth of what I am saying. And the least the Premier could have done, if he were going to go to the country with a story, an honest story, was to have drawn attention to this fact. And then, Mr. Speaker, if he wants to do arithmetic about what a job is costing us, let him first of all take the accurate figure, the accurate amount of money that is required particularly to keep the mill going.

MR. SIMMONS: I submit that in this coming year that figure is of the order of \$28 million according to these two tables, \$28 million. When he talks about the number of jobs, Mr. Speaker, surely he is not at all as naive as to think that the only jobs being affected out there are the 600 jobs or so in the mill. Without getting carried away by the multiplier effect, which is open to interpretation and open to a pessimistic and an optimistic view of things, the fact of the matter is that there is some multiplier effect in the community. There is certainly an effect on jobs in the woods operation. There is no point in having 600 people in the mill unless you are getting some logs to keep it going. Even if you allow, Mr. Speaker, 600 in the mill, plus your loggers, plus your service industry, and just allow a couple of jobs in your multiplier, you are talking 2500 to 3000 jobs. You are not talking 600 jobs. I am doing fairly rough arithmetic because I am not concerned for the purpose of what I am saying whether you are talking 2000 jobs or 3000 jobs. What I am saying, Mr. Speaker, is pretty rough because I just want to make the point that whether 2000 or 3000, it is a long ways from 650. That is my point. When you are dividing to show the per job cost of keeping that mill going, I submit that the division you have to do is not 650 into \$55 million. It is a couple of thousand at minimum, and perhaps as much as 3000. That is why I am being so rough in my arithmetic because either way I believe it makes the point. You have to divide a couple of thousand jobs at least, not into \$55 million, but into \$28 million because that is the true cost, insofar as anybody knows because it is only projected at this point, it is not actual that is the true cost of keeping that mill going, the cost over and above what the taxpayers are going to pay out if the mill closes down.

I would submit, Mr. Speaker, that if the Premier did not see fit to point this out to the taxpayers of the Province in his address, it may well be, Mr. Speaker, that there are men sitting on that side of the House who at the time they were asked to make a decision were not aware of the facts even to the degree that they have come out in this debate. That is the sad part of it, Mr. Speaker, the thought that

MR. SIMMONS: this decision was made without nearly all the facts. I am not suggesting anybody over there is dumb or stupid, nothing of that nature. I am not saying that. I am saying this though, Mr. Speaker, that given that any gentleman in Cabinet is busy with other things, and then given the Premier and the Minister of Finance and other senior people coming into Cabinet and saying, "Fellows, here is the story". It is the nature of things, the nature of the way you operate in a group, to rely on the figures you are given. I would think that some fairly probing questions were asked, I would hope there were, but when that decision had to be made, it is very conceivable that had people in Cabinet been told that we are talking about 3000 jobs for \$28 million in the first year and a lesser amount in subsequent years, had they been told that instead of being told like the public were told that we are talking about 600 jobs for \$55 million, I submit there would have been a bigger row in Cabinet before anybody agreed to close this Linerboard.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Now, Mr. Speaker, the cash requirement to keep it open in the first year is \$28 million, in the second year it is \$2 million. The difference between shutting it down and keeping it going is \$2 million. In the third year it is to our net advantage to keep it open. We show a \$2 million saving, if you like. These figures really all have to be taken together because you cannot have the third year without the first year; it is a sequence, first, second and third year. As a total, the net difference, Mr. Speaker, is \$28 million - \$28 million - and I now go back and do some more arithmetic.

When I talk about dividing 2000 or 3000 jobs into \$28 million, remember that that is spread over a three-year period. Sir, if you are going to equate it to annual salaries, keep in mind you are talking about three salaries. You are talking about a salary for a man for one, two, three years. So, the real arithmetic, Mr. Speaker, is \$28 million for three years, \$10 million a year on an average to round it off, \$10 million a year for a couple of thousand people. Now you have it down to about \$5,000

MR. SIMMONS: say that. The facts are to the contrary. The facts are very much to the contrary. Indeed if I pursued the arithmetic beyond the three year period, the per job cost over the five year period would be considerably less, and that requires of course certain presumptions and perhaps we are looking too far ahead.

Mr. Speaker, I am convinced, firmly convinced, that the decision had almost nothing to do with the projected future of Labrador Linerboard. It had this much to do with it: Because it was such a complex issue, and because most people out there in the community would not understand it anyway except whatever version they were told, therefore it was easy to use Linerboard as the sacrificial lamb as the scapegoat. And to that degree, Mr. Speaker, and to that degree only was the future of Linerboard a factor in the decision. Otherwise, Mr. Speaker, I submit with a little difference, I submit that the decision was very much related to the bond market.

The money people in New York was the key motivation. I said I submit that with a twist. I do not believe any of my colleagues have said it quite this way. They have inferred, I do not take particular exception to them, but they have inferred that the government might have been told what to do. I do not believe that, because I do not think that is the way bond markets operate. I think instead if the government took a reading of the market and made a conclusion, and I submit a very bad conclusion a very wrong conclusion, I believe government's perception of what the bond market might do in terms of the credit rating led them to make this decision. I think it was a mortal fear, A fear reinforced, Mr. Speaker, by some senior public servants, I do not like the word-bureaucrats because it is beginning to have a

MR. SIMMONS: pejorative connotation, it seems, but they are, I suppose, bureaucrats in that sense. But senior public servants, senior public servants, Mr. Speaker, convinced government that they were just about to be in the soup financially. And government made a decision thinking they had read the bond market right, and it is a decision I suppose we are going to have to live with, but I hope we do not have to. You see, Mr. Speaker, the biggest nightmare of this government is that the bond market would pull the rug, that their multi-million dollar party would be over. That is the nightmare, Mr. Speaker. If you are in government you have your agenda, you have your priorities, and if your only priority, Mr. Speaker, is survival that becomes the priority, that becomes the thing you are occupied with day and night. And if you can convince yourself and convince those around you that as bad as the Linerboard closing is it can be packaged, it can be sold to the public with the right slick T.V. programming. If you can convince yourself and convince others of that then there is only one step left, and that is go out and do it provided it guarantees your survival for the time being. Tomorrow there will be another crisis of survival, but we will face that one tomorrow. I believe that was the motivation, Mr. Speaker. A government without priorities, without programme, without will, suddenly began to panic when they were told that perhaps the ultimate truth would come home to you, perhaps your rating might be affected, and there is the scurrying to save that at all costs. And I do not, Mr. Speaker, condemn a government which wants to preserve a credit rating, but I condemn a group of men whose only instinct is for survival whatever the cost.

Mr. Speaker, this debate is about another kind of survival - survival of the people in Western Newfoundland and survival of all of us, because we must look like a bunch of donkeys, we must look like a real bunch of donkeys. If there has been an effect on the bond market, it may well have been the opposite effect to what was intended.

Why the decision to close the mill?

Because the boys were afraid of what the money lenders might do, because the boys were afraid the jig was up, the party was over -

MR. SIMMONS: the trips to Europe about which we have had no accounting yet despite some promises to that effect, a trip that took place last February -

MR. ROBERTS: Plus the 5,000 or so jobs to be created.

MR. SIMMONS: Mr. Speaker, the bottom line here, if you like, the next two or three minutes I have remaining, is that the financial destiny of this Province is in the hands of three or four public servants - unelected public servants. I believe that as surely as I believe I am standing here tonight. The financial destiny of this Province is in the hands of three or four public servants - young, very capable public servants, men who are, I believe, very well suited for an advisory and an administrative role. But they are not elected, Mr. Speaker. They have no business calling the shots and they are not to blame for that either, Mr. Speaker. They are not to blame that they are calling the shots. Vacuums have a way of filling themselves. And if those in government who should be providing the leadership have abdicated it, somebody has to do it, Mr. Speaker. I do not blame the public servants, but I blame those who have abdicated their parliamentary and their executive responsibilities. I blame those in Cabinet who have allowed that to happen. Now, Mr. Speaker, I talk not only in generalities. Let me give you, in closing, one example. We were faced during this winter with a near-crisis in terms of a possible teacher strike, and at one time we were all fairly sure that we were going to have a strike. Well, let me tell you a little juicy one, if you want to know who is running this Province.

At one point, the N.T.A. people were taking a strike vote, and this was not a decision to go on strike tomorrow, but a decision to give the executive a mandate to call a strike at the right time. And the vote was taken and was fairly overwhelmingly in favour of a strike if needs be. And with that mandate, the N.T.A. went to the government, and as a result, Cabinet met. And Cabinet,

MR. SIMMONS: meeting with some people from Treasury Board, the negotiating people I suppose - I know.

MR. ROBERTS: Say officials.

MR. SIMMONS: Officials, - agreed on two new concessions, one on consultation terms of pension and the other one related to a few dollars to round off some money packages, salary packages, two items. A Cabinet minister, Mr. Speaker, was in conversation with an NTA official within an hour or two hours of that meeting - that Cabinet minister is in this room right now - and he informed the person that government had a new offer. That was on a Thursday, and the NTA person said, "You mean so-and-so and so-and-so." And the minister said, "How did you know?" He said surely your officials gave us that three days ago.

The negotiating team had offered it to the NTA two days before they took it to Cabinet for approval, two days before they took it to Cabinet for approval. Now who is running this Province, Mr. Speaker? Who is negotiating with the public service when that kind of thing is going on? We have an example, 6750 teachers, a fairly large block of the public service representing a lot of dollars in terms of salaries, salary bill of \$125 million. And who are made the pansies? The Cabinet, our elected people. The Cabinet is sat down and asked by two officials to make a decision so they can take the decision to the NTA. and does not even tell the Cabinet that two days before they have already told the NTA.

Mr. Speaker, that is just one example - that is one example, Mr. Speaker, of why I say, and say with a fair amount of assurance though it albeit very sad assurance, that three or four - this is not the place to name them - that three or four senior public servants, Mr. Speaker, are calling the financial shots. I object not to them advising, but I object to them calling shots which is a job for the elected men in this Province. They are abdicating

MR. SIMMONS: that job and Linerboard, Mr. Speaker, Linerboard is going to be just one of several crises in which we find ourselves financially and economically if this government does not do one of two things; smarten up and exercise their leadership and executive roles, or admit they are beaten and get out and let some men who can do it do it while there is still time.

SOME HON. MEMBERS: Hear, hear!

MR. J. CARTER: Mr. Speaker, I am glad that the Chair has shown such leniency and has allowed such wide-ranging debate even though the amendment and the sub-amendment have been fairly restrictive. I think that this is important, I do not intend to wander all over the place but I would like to make a few more points, I do not think all the points have been made yet, and perhaps some of the points that have been made can be restated.

In the first place, the amendment or sub-amendment asks that Mr. Sweeney be summoned or asked to come before this House and give his opinion on whether or not the mill is viable. And I think that this is possibly a reasonable request but it becomes quite an unreasonable request when you realize that because of our rules of parliamentary procedure, because of the way we work here that this is a motion of no confidence in the government.

MR. ROBERTS: The government has conceded it will withdraw the motion. So we see the point as one of bringing Mr. Sweeney before us.

MR. J. CARTER: Well that would be one way of handling it.

The Leader of the Opposition says -

MR. ROBERTS: I asked the Premier ten days ago if he would agree to bring Mr. Sweeney before the House and he declined then and that is what led us to bring the motion.

MR. J. CARTER: With all due respect I do not think -

MR. MURPHY: There is too much brass to the hon. gentleman.

MR. ROBERTS: To that point of order, Sir. If I have offended the hon. gentleman from St. John's Centre I am not remorseful. If

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MR. ROBERTS: I have offended the rules of the House I am remorseful.
But the gentleman from St. John's North I did not hear him object. Indeed

Mr. Roberts.

he seemed to permit me, if not to encourage me, to make my question, my question to him. He did not object. I say to the gentleman from St. John's Centre (Mr. Murphy) that, one, I welcome his tender regard for the rules belatedly, and secondly, the gentleman from St. John's North (Mr. J. Carter), whatever the gentleman from St. John's Centre may think of him, is more than capable of defending himself in the House against the slings and arrows of outrageous fortune.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (Dr. Collins): Order, please!

The Chair, of course, tends not to intervene in remarks back and forth unless it is brought up as a point of order. If an hon. member does bring it up as a point of order, I think that the Chair has to rule on it. And as the matter has been brought up, I do have to ask that the hon. members allow the hon. member for St. John's North to continue without interruption.

MR. J. CARTER: Thank you, Mr. Speaker. Quite frankly, I thank the member for St. John's Centre, but quite frankly I welcome interruptions and questions, because in my view the proper way for this debate to have proceeded would be to use the procedure that we use in Committee of the Whole, a twenty minute time limit, and members speaking as often as they wish. An even better procedure, I would think, would be an even shorter time limit but allow members to speak as often they wish. We have already seen how well the Late Show works on Thursday afternoons, and how this seems to increase the vigor and the content of debate. Instead of wallowing around trying to fill up one's allotted time, a person can make his point, sign off and let someone else comment on it. I quite frankly, Mr. Speaker, welcome any interruptions that hon. members wish to make.

However, the point I was about to make was that I am quite sure that Mr. Sweeney is willing to make himself available to members of the Opposition or members of the Government. I do not think

Mr. J. Carter.

he needs to face the formal ordeal of coming before this House. I think it is an ordeal for many members to get up and speak, and to have to put up with the cut and thrust of debate in the House. And for a member who does not have the position - for a person who does not have the position as member of this House to submit to what can only be considered to be an inquisition, because it would be an inquisition if not from one side, then from the other, I think is utterly unsuitable and, therefore, I cannot give any support to this sub-amendment. Nor do I wish to treat this whole matter lightly, but there is an anecdote that springs to mind that I think may help to put this debate in perspective. It concerns a man who had a balky horse, and the horse would not lead nor drive. In fact, it would hardly react. So the owner built a fire under it, and the horse just sort of twitched its ears and moved to one side. So the man was about at his wits end. And finally another person came along and said, "I think I can train that horse for you." He said, "If you train him, you can have him." So he went in to his house and left the man with the horse. He looked out his window and saw the man beating the horse savagely over the head with a piece of two by four. And he said, "You know, I thought you were going to train this horse, not destroy it, not brutalize it." And he said, "I am going to train it, but first I want to get his attention." And in my view -

MR. MURPHY: The Opposition are using a piece of two by four.

MR. J. CARTER: The Opposition are using a piece of two by four when it should be using logic.

SOME HON. MEMBERS: Oh, oh!

MR. J. CARTER: So, Mr. Speaker, I have no intention of dwelling on the past. I am prepared to set myself a thirty day time limit. I will try not to go back any further than thirty days. I think

MR. J. CARTER:

that will be acceptable to members of the Opposition, nor do I
want to minimize -

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Mr. Speaker, the hon. member is trying to speak.

MR. J. CARTER: I do not mind interruptions, Mr. Speaker, but
I do not want to minimize

MR. J. CARTER: I do not want to minimize the acute distress that the residents of Stephenville are suffering, have suffered or will suffer. There is no way that that should be minimized and I agree with hon. members who have said that the distress will not be confined to Stephenville. In some cases it will reach to all parts of the Island.

AN HON. MEMBER: Call it eleven o'clock now, the House be adjourned.

MR. FIGHT: Call it eleven o'clock. Yes.

MR. J. CARTER: I am glad and I am perfectly willing to continue tomorrow but -

MR. NOLAN: Unless the member feels -

MR. J. CARTER: No, I have no objection to calling it eleven o'clock and continue tomorrow.

MR. HICKMAN: If the hon. gentleman would like to adjourn the -

MR. J. CARTER: I am prepared to adjourn the House and continue tomorrow.

MR. HICKMAN: To adjourn the debate.

MR. J. CARTER: Mr. Speaker, I adjourn the debate.

MR. SPEAKER: The hon. gentleman has moved the adjournment of the debate.

The hon. Minister of Justice.

MR. HICKMAN: I have been waiting for this all night.

MR. ROBERTS: Going to try some legislation are you?

MR. HICKMAN: Are we ready for the Legitimacy Act?

Mr. Speaker, I move that the remaining orders of the day do stand deferred -

MR. ROBERTS: No need to do that.

MR. HICKMAN: I do, at ten of eleven I do. And that this House on its rising do adjourn until tomorrow, Friday, at ten o'clock and that this House do now adjourn.

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

MR. HICKMAN: Is he going to debate the motion, Mr. Speaker?

MR. ROBERTS: Well two of the gentleman's motions are debatable. I do not intend to debate them, but literally two of them are, that the remaining orders do stand deferred is debatable and certainly the adjournment hour. His Honour gave a ruling recently that the time at which the House could meet is debatable, but that is not my purpose in rising. My purpose in rising is to enquire of the House Leader, Sir, what it is the government's intention to ask the House to debate - are we to carry on tomorrow with the Linerboard debate, and then do they plan to carry on on Monday and Tuesday of next week with the debate as well? Because a number of my colleagues have not as yet spoken.

MR. HICKMAN: I know we are going to call it tomorrow.

MR. ROBERTS: Yes.

MR. HICKMAN: But I cannot say beyond that.

MR. MCNEIL: It will not conclude tomorrow.

MR. ROBERTS: No, the debate will not conclude tomorrow.

I mean, there are a number of my colleagues who wish to speak on it. I understood we were to finish the debate before the House went on to other business but it is in the government's - I am sorry.

MR. MORGAN: We can go all weekend if necessary.

MR. ROBERTS: I would be very happy to go all weekend if hon. gentlemen wish. Sure. I mean it is more useful. But the point is tomorrow we will be doing the Linerboard debate and the government have no idea at this stage what they are going to be doing on Monday in the way of legislative business.

MR. SIMMONS: They said Linerboard.

MR. HICKMAN: Who said Linerboard?

MR. ROBERTS: Okay it is not a debate. I mean, I am quite willing

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MR. ROBERTS: to vote for the motion we do now adjourn.

MR. HICKMAN: Who said Linerboard?

MR. SPEAKER: It has been moved that this House adjourn until tomorrow, Friday, at 10:00 A.M., those in favour "aye", contrary "nay", carried. This House stands adjourned until tomorrow, Friday at 10:00 A.M.