

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

2:00 p.m. - 6:00 p.m.

THURSDAY, NOVEMBER 16, 1978

The House met at 2:00 p.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

I am pleased to welcome to the House of Assembly on behalf of all hon. members the hon. Fernand Dube, Minister of Finance, with the Government of New Brunswick and member of the New Brunswick Legislature. I know all hon. members join me in welcoming the minister and member of the New Brunswick Legislature to our House of Assembly.

SOME HON. MEMBERS: Hear, hear!

STATEMENTS BY MINISTERS:

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, I should like by way of a ministerial statement to indicate, for the benefit of all hon. members, the schedule that government will bring before the House for the remainder of this Legislative Assembly.

I should point out that there are certain very pressing commitments that government must meet in the interest of the Province the latter part of next week and the following week thereafter. Firstly, the eleven first ministers at the recent constitutional conference laid down a very tight schedule to Provincial Ministers and Federal Ministers of Intergovernmental Affairs, the Attorneys General, and other ministers to prepare and present to the eleven first ministers in February and to the Canadian people a new constitution.

Having attended meetings going back for twelve years, I will not exude optimism at this time but our instructions are very clear. And then starting the following week is the First Ministers meeting on the economy which in my opinion will probably be the most critical meeting of First Ministers that has been held in Canada for a long, long time. At that meeting it is incumbent that government be represented by

MR. HICKMAN: the first minister, the hon. the Premier, and a very large delegation of ministers. That has already been indicated, the size, in our negotiations with the Government of Canada.

The Order Paper contains approximately, I think, fifty-four pieces of legislation. About fifteen of these bills are money bills that have to be passed in order for the government to discharge its responsibility and to carry out the budget as was approved in the budget debate, and most of which have been debated in great length already.

MR. HICKMAN: There are some other pieces of legislation that do not fall into the category in any manner of housekeeping but are part of the government's legislative programme as enunciated in the Speech from the Throne and also enunciated by hon. ministers since the House opened. I would anticipate that most of these bills will be ready for presentation to the House during this session. I do not anticipate very many new pieces of legislation coming before the House for which notice has not already been given. There are two or three minor ones today, there may be some departmental ones and there may be others in the future.

Because of the government's responsibility and the time constraints imposed upon it and its responsibilities as a government, the plan is that we will not sit at night, because the night sessions are primarily designed to take care of the Estimates and the Budget Debate and it has been the practice in this hon. House since I have been a member at least, to follow that routine following the bringing down of the Budget. There will be times, I am quite certain, during the remainder of this session where it may be incumbent to sit a night session, which the rules permit, in order to deal with the business of the House and of the Province.

The House will sit today, as proposed, and tomorrow, Monday and Tuesday, and then will adjourn to Monday, December 4, 1978 and will sit until Tuesday, December 12th. Again, meetings have been scheduled for ministers following the First Ministers' Meeting in Toronto for that time.

I would hope that the legislative programme of the House will have been favourably debated and favourably considered by the House by that date, but, if not, then we will continue at a date to be decided sometime in the New Year

MR. HICKMAN: because it is incumbent upon this House, I submit, and upon government, to complete its legislative programme.

We had hoped, Mr. Speaker, as a government, that as the legislation presently before the House, in our opinion, can be dealt with effectively and quickly in the next two or three days, that we could call a new session of the House of Assembly in December of this year. And we were calling this new session of the House of Assembly for one reason and one reason only - and I realize that in calling a new session of the House we impose a burden upon all hon. members, a work burden which I am sure they are prepared to share and to assume - the only conceivable way, in the government's opinion, that we can debate some very serious issues that should be set forth clearly and will be set forth clearly in the next Speech from the Throne of profound interest to the people of this Province. And I list these items on which we are anxious to have a full-scale debate, and, in my opinion, can only be debated if the government has an opportunity to set forth in a Speech from the Throne what its policies are: firstly, the fishery; secondly, the First Minister's Conference to which I have referred. We will know within two weeks what economic course this nation is going to take and we will know the very serious effects the decisions made at that conference by the Government of Canada may have upon the future of this Province. We will have in the new Speech from the Throne details of the Lower Churchill Development Corporation which we want to debate. We will also have details of the Labrador Linerboard mill which I believe is worthy of debate as part of a government policy programme. We will have, as well, details with respect to the economy and what actions must be taken, and these actions will be

MR. HICKMAN: dictated, as hon. members know, to a very large extent by decisions that will be made in the nation's capital tonight and two weeks, approximately, from today at the First Ministers' Conference.

That is the plan, that is the programme, that government in the exercise of its responsibility will bring before this Legislature. And I would hope, and I express the hope at the beginning of this adjourned sitting that this House will be prepared to get on with the Province's business and that we will see a decorum and a co-operation from all hon. members that will make this House work. As a government, we are prepared to do our share.

SOME HON. MEMBERS: Hear, hear!

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

MR. W. N. ROWE: Mr. Speaker, if the press were hoping the session was going to start off with a bang, they have been sadly mistaken after that - How can I characterize it? - soporific introduction by the Minister of Justice, the House Leader. However, Sir, we appreciate the sentiments.

Before saying anything about the hon. minister's Ministerial Statement, first of all let me congratulate on behalf of members on this side of the House, and I suppose on behalf of all members of the House, the two new ministers in the government, Sir, the Minister of Rural Development and the Minister of Municipal Affairs. We have already congratulated them personally outside the House, but I think it is incumbent on us to do it in the House as well. We welcome them to the ranks of the Ministry and I hope that they will have a very enjoyable, very rewarding stay whether it be short or long, in the front benches of the government.

I would also like to congratulate the hon. the member for Ferryland (Mr. Power) as well for

MR. W. N. ROWE: his elevation to high office a very deserving young man, and he got what he, I think, was looking for and only what he deserved. Sir, we congratulate him as well.

AN HON. MEMBER: George Cross.

MR. W. N. ROWE: What happened to 'George'?
What did he get?

AN HON. MEMBER: He is in the same spot, a new hat.

MR. W. N. ROWE: Oh, yes, that is right. The hon. the member for Bonavista North as well deserves our congratulations. I notice that the member for Placentia (Mr. Patterson) since his recent statement seems to have been moved further towards the door of the hon. House, Mr. Speaker. I do not know if it is merely a coincidence or whether it had something to do with recent public statements which he made which were not altogether complimentary as far

Mr. W. N. Rowe: as the government is concerned, however true they may have been.

Now, Sir, I am glad that the government has responded to the challenge which we threw out some days ago to try to bring this session of the House to a speedy close, deal with the routine matters as quickly as possible, and get a new session of the House convened as quickly as possible as well with a new Throne Speech, a new Budget, and a new list of legislation which can deal with the economy and our serious unemployment situation, Sir.

This session, the present session has now drawn to a close. There is some legislation on the books that can be passed relatively quickly provided that nothing provoking or nothing which detracts from the ability of members to seriously consider this legislation arises from the other side of the House. I refer particularly, Sir, to an insulting comment made by the member for Harbour Grace (Mr. Young) this morning which is calculated to destroy whatever decorum this House of Assembly should have. Not only was it insulting, Sir, it was untrue and wrong. If there is a new session of the House called in December of this year, for example, no member of this House gets additional money as a result of that, Mr. Speaker. If he were to apply for it and get it he would be off his head because he would have to pay income tax on double sessional indemnity. If the House is convened in a new session in December of this year no member profits from that, Sir.

Our request and our challenge to the ministry, to the government was done in good faith and in an effort to co-operate with the government in getting a plan of action together to deal with the disastrous economic problems facing this Province. I think, I speak for every member of the House when I say that, on both sides. We want to grapple with the problems. We want to solve these problems. We in the Opposition are more than willing, Sir, to do our part in trying to solve these big problems, problems which are facing every person in the

Mr. W. N. Rowe: Province and if they are not solved, Sir, will, I believe, lead to economic disaster, not in the long run, but in the short run. We are willing to do our part, we are eager to do our part, Sir, we are willing to co-operate. We hope the House will have decorum during what remains in this session of the House, Sir, and we should be putting forward our own views and our own ideas on some very serious matters facing this Province.

Thank you.

SOME HON. MEMBERS: Hear, hear!

PRESENTING PETITIONS

MR. SPEAKER: The hon. member for Fogo.

CAPT. E. WINSOR: Mr. Speaker, I beg leave to present a petition on behalf of the residents of Fogo Island. And this petition follows a delegation which visited the Capital over this past two or three days and have met with several of the ministers involved in the goings on and problems pertaining to Fogo Island.

Mr. Speaker, the petition is signed by 419 residents. And the prayer of the petition is: "We the people and the United Councils of Fogo Island, and the Fogo Island Improvement Committee do earnestly pray, Mr. Speaker, and once again they do earnestly pray, that the House of Assembly will accept and support this petition requesting that the gravel roads on Fogo Island will be ungraded and paved next year. and that support will be given to the brief accompanying this petition on behalf of transportation in general, both on land, sea, and in the air."

Mr. Speaker, in supporting this petition there is much information and facts pertaining to the petition that I think I should read the sentiments of the people of Fogo Island and their concern regarding the road conditions on the Island. "The Fogo Island Co-op and the fishermen and production workers who share in its ownership and control is the largest single source of salt fish in Canada. In 1977 more than 20 per cent of the total value of Newfoundland's salt fish

Capt. E. Winsor: was landed and processed on Fogo Island. The export value, Mr. Speaker, of that fish amounted to approximately \$18 millions in 1977. Fogo Island is one of the oldest continual settlements in North America, is one of the last remaining areas of Newfoundland with gravel roads. Ten million pounds of fish are transported annually over

CAPTAIN WINSOR: unpaved roads on Fogo Island. And this is a very serious matter, Mr. Speaker.

The programme announced by the Minister of Fisheries, Strategy and Development of the Fisheries, cannot work on Fogo Island unless the government sees fit to upgrade and pave the roads. Because top quality fish will not be exported off Fogo Island for the simple reason that a vast amount of that fish has to be transported by truck over not really gravel roads, but rocky roads, and then, of course, with what dust there is deteriorates the product and therefore the fishermen are losing a considerable amount of money, because of the government's irresponsibility, I would say. So it is no use for the Minister of Fisheries to bring in a programme unless he has the co-operation of other departments of the government, or otherwise the whole thing will be a failure. While it is impossible to fix in actual dollar loss to fishermen from the Island's fish being transported over unpaved roads, deterioration of product quality is a constant worry for the fishing industry on the Island.

The gravel roads on Fogo Island are among the worst in Newfoundland. Roads on Fogo Island have the highest maintenance cost in the Island of Newfoundland. School buses on Fogo Island have had to be suspended periodically because of unsafe road conditions relating to weather. The Fogo Island Co-op must spend many thousands of dollars annually in excess of normal maintenance costs on its fleet of trucks due to improperly serviced roads.

Since the paving of that small stretch of road extending from Seldom to Mercer's Memorial Drive, not a single square metre of pavement has been added to Fogo Island roads, despite frequent appeals from the people, and I may add from their MHA, of the Island, for relief from desperate, inadequate roads to the Government of

CAPTAIN WINSOR:

Newfoundland and Labrador.

Mr. Speaker, bad road conditions are stifling the economic growth on Fogo Island. Good road as we all know encourages and increases productivity and opens up new employment opportunities. Fogo Island will not be able to fulfill its full potential until a system of highways is brought up to its comparable standards as in other parts of Newfoundland."

Now, Mr. Speaker, I only have one minute or perhaps less than that. I support this petition and I ask in God's name, Mr. Speaker, when is government going to acknowledge this serious situation that we have on Fogo Island? I said before and I will say again, the economy of Fogo Island is being stifled by the callous attitude toward Fogo Island. Is it because they elect a Liberal member, Mr. Speaker?

MR. FLIGHT:

Of course it is.

CAPTAIN WINSOR:

Or is it because of the callous attitude of the government?

Mr. Speaker, I support this petition and request that it be placed on the table of the House and referred to the department to which it relates.

MR. SPEAKER:

The hon. member for Eagle River.

MR. STRACHAN:

Mr. Speaker, I think last year and the year before I rose and supported a similar petition from the people of Fogo Island, who every year have asked for upgrading of the roads and, in fact, in 1973 when I was in Fogo we asked for the same thing, the reasons being that Fogo Island is not a community which is going down hill or degraded, it is a community which is very alive, very prosperous. Out of the population of I believe 3,700 people -

CAPTAIN WINSOR:

More than that now.

MR. STRACHAN: - or close to 4,000, I understand, that as of last month there were only two families on welfare on that whole island, two families out of 4,000 people. That is a credit to the people of Fogo Island who have worked hard through their Co-operative, they have worked very hard and helped the fishermen, all the communities on the Island, and I realize full well the problems they are faced with.

In 1973 we were in the same position in having to decide whether we were going to haul fish from Tilting, Joe Batts Arm, Barr'd Islands, Shoal Bay, Island Harbour, Deep Bay, whether we would haul that fish in the round state into Saldon
Come By

MR. I. STRACHAN: for filleting and processing of whether we could fillet it outside the stations, the small stations in the communities, provide local work and haul the fillets across the roads. We had to decide to carry the round fish because the roads were in such bad condition, such bad shape that the fillet, by the time it arrived in Seldom Come By, the Seldom plant the fillet was in such a poor condition, and certainly we could not continue a washing process, wash fillet. once it came off the roads, so we decided to go an expensive route rather than the route we wanted to go. I believe that the Fogo Island people deserve it, it is something that is a reasonable request. It is not a request from people who are sitting back on their haunches and producing nothing for the economy of the whole Province as well as the economy of the local area. I think the fishermen there have worked extremely hard since 1967 in trying to make the co-operative a success despite many problems that they faced and I think that they deserve every help and assistance from the government. I think the last three years we have asked for this. I think that the government should end this nonsense in Fogo Island where people who are really contributing something to the economy of the Province should be given that kind of assistance. I think it is important that as well as looking at the fishery we also look at providing infrastructure which can provide the fishery with that benefit. Unless we have the water and sewerage and the roads and infrastructure in place many of these communities cannot carry on and provide the finished product, the top quality finished product which will give them a rightful place in the market and command the highest prices. So I think as well as looking at that side of it I think we must look at the infrastructure side of it and I believe that their request is a justifying one, it is one they have been asking for for the last three years that I have been in this House and a number of years since then. I think

MR. I. STRACHAN: that it should be given to them - not given to them it is something which they, by virtue of their taxes, by the virtue of their hard work have earned. It is something that is not a gift or anything like that. I support the prayer of this petition and hope that the government this year in this time around will see that they fulfill a commitment to the Fogo Island people and build the roads they so desperately require.

SOME HON. MEMBERS: Hear, hear!

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

MR. W.N. ROWE: I rise, Sir, to support whole-heartedly the petition presented by my friend and colleague the member for Fogo district (Captain Winsor). Every year we have seen a similar petition and every year, unfortunately, up til now the people's request has not been met by a very favourable response by the government which is too bad, Sir, because I do not need to go into detail of the economic conditions in Fogo Island but, in fact, it is one of the more booming parts of our economy based on the fishery, based on the salt fishery and other aspects of the fishery as well. Did I hear 20 per cent of the total production of salt fish in the Province is prepared on Fogo?

MR. STRACHAN: The salt fish corporation is the biggest customer.

MR. W.N. ROWE: - biggest customer, Sir, on Fogo Island - 20 per cent. So it certainly says a lot for the people of the area, for the leaders and for the people generally in that area of the Province. I might add by way of a personal note, Sir, my own ancestors came from Fogo Island, not too far removed, grandfather and grandmother one from Seldom, one from Joe Batt's. The Leader of the Opposition - the Leader of the NDP, I should say, I am thinking about the future when I said opposition, Sir, when the Liberal Party goes in the government - the Leader of the NDP Party, Mr. Greene,

MR. W.N. ROWE: comes from Tilting on Fogo Island. So

I have to only inquire to myself whether -

AN HON. MEMBER: The minister of Public Works (Mr. Brett)
come from Fogo Island.

MR. W.N. ROWE: The Minister of Public Works comes
from Fogo Island as well. Very good. Grand!

But, Sir if only the Premier of the Province or his ancestors came from Fogo Island I do not think we would be waiting this long for the pavement, the upgrading and pavement which is so richly deserved by the people. It was not long ago that there was a question in the minds of the people on Fogo Island as to whether or not they would stay there or whether they would move. I recall it very well, Sir, I recall it very well. My hon. friend the member for Eagle River (Mr. Strachan) recalls it very well as well. And, Sir, the credit due to the people on Fogo Island who decided that they did have a good economic base there, that they could, with government assistance initially and with their own efforts continuously, they could economically make something out of the communities on Fogo Island and make it an economically viable part of our Province. They are to be congratulated for that, Sir, I recall as

Mr. W. N. Rowe: well that during the 1975 election the P.C. candidate for that district read a telegram out at a public meeting? Where?

CAPT. E. WINSOR: At a gathering on the road.

MR. W. N. ROWE: At a gathering on the road, and read a telegram which was from the then Minister of Highways, if my memory serves me correctly, committing \$1 million for upgrading and paving the roads on Fogo Island, a commitment, Sir, which was never kept, unless, of course, it was a commitment which was similar to the commitments made in the Twillingate by-election and the commitments made in some of the other by-elections, namely, that -

MR. SPEAKER: Order, please!

I must point out to the hon. Leader of the Opposition that in supporting a petition he may not debate even what could be considered related matters.

The hon. gentleman.

MR. W. N. ROWE: I appreciate that, Mr. Speaker. I am just trying to hew to the truth of the situation as much as I can. Let me conclude by saying I support the petition, that I hope this was not one of those commitments which was dependent on a particular member getting elected, because that would be the worst kind of combination of political bribery and blackmail, the nature of which we have seen enough of in this Province in the past six or seven years. Let me say I support the petition, Sir, and I hope that the government will in the upcoming construction season see fit to honour the commitment which they have already made, something which they should do any way even if no commitment had been made, because it is something which is well deserved, will add to the economy of the area, and increase the social well-being as well of the 4,000 people presently living on Fogo Island.

MR. SPEAKER: The hon. member for Grand Falls.

MR. LUNDRIGAN: Mr. Speaker, I want to associate as well with my colleague for Fogo Island (Capt. E. Winsor). I have had calls from

Mr. Lundrigan: the delegation indicating their intention to work through their member in presenting a petition. As most members would be aware I served Fogo Island for six years as a federal member and can attest to the validity of the need for road improvements. There are two major needs on Fogo Island; maybe the major need is the need for freezing facilities and matters that pertain to the fisheries development, the continuous fisheries development. And the second need is more than the service need, it is an economic need as well, and that is the road system.

Members who are familiar with Fogo Island, which I would presume includes all of the members of the Legislature, will be aware that we have one ribbon of pavement going from Seldom to Fogo Harbour, then you have your two main arteries down to Tilting Harbour and into the other end of the Island into Island Harbour and Stagg Harbour which are both very important fishing areas, and all of the areas have fishing facilities, and you really need the road connection in order to make the Island, give it the economic stability it deserves.

But, Mr. Speaker, Fogo Island is perhaps unique in Newfoundland as an experiment and an experience carried on to a considerable extent in the last ten or twelve years where the people themselves made a determination that they were going to develop their community at large. Now we have seen Fogo Island, as the Leader of the Opposition said, go from a resettlement community which it was, it was the largest designated resettlement community in the Province. I went there in 1968 as a candidate for the election and I got so depressed after being on the Island for two or three days with the multitude of problems like people standing in the corridor of the hotel until three o'clock in the morning and me with a black notebook taking hundreds of notes from people who really, you could not really help, they had to really decide themselves what they wanted to do. And the key question was; are we going to resettle? What would you do? Do you think we should resettle?

Mr. Lundrigan: And thanks to the leadership of the University to a considerable extent, and the people who believed in rural Newfoundland and worked with the community of Fogo Island, the community remained. And I believe today, from what I learned last year from one of the banking institutions, Fogo Island has one of the highest per capita banking deposits in the Province, if not the highest per capita banking deposits in the Province. A marvelous success. A national story. A story, as a matter of fact, that has reached as far as Washington where the American people and the American officials in government have been looking at the methods and ways that were used to help the people of Fogo Island look at themselves and determine what they wanted in their future. A tremendous success story. And I think anybody standing in their place here today have to recognize that this is something that has happened in the last number of years. It is not a depressed situation, it is not a hopeless situation, it is a very, very progressive situation. It is something that I have recommended in the last few days to one of the national news media; that they do a special on Fogo Island in order to focus on something that should be paralleled in every rural community of our Province.

I recognize having said that, I recognize that the need for road communications in Fogo Island is one of the biggest road needs in the Province. And I would implore the minister when he decides as he will be doing in the next number of weeks on the Spring Budget, to look at that as

MR. LUNDRIGAN: a top priority. I would rate that matter, with the exclusion of many of the coastal Labrador road problems, as maybe the most important service and economic road needs in the Province. There are other areas, like I say. My friend from Eagle River (Mr. Strachan) would certainly have a lot to say about that as well, but this, to my knowledge at least on this coast, from here as far North as I am familiar with, would be, maybe, the highest economic and service need combined, and I would suggest that my colleagues who might not be as conversant with Fogo Island, really look at this particular matter and give it the highest kind of a priority.

I do not think there are any political implications to why the decision has been not to go ahead. I am sure there are other areas as well. It might be a fact that maybe the member has not been as aggressive as he should be, that is certainly a possibility. As he is a nice guy, maybe he has not been as aggressive as he should be. But in any event, I very strongly, sincerely support the petition.

MR. SPEAKER: The hon. the member for Bellevue.

MR. CALLAN: Mr. Speaker, I rise to speak in support of the petition so ably presented by my colleague for the district of Fogo (Capt. E. Winsor), a petition, of course, on behalf of the residents of Fogo Island asking for - a very simple request really, an improved road system on that island.

Let me preface my remarks, Mr. Speaker, by making a couple of points: number one, I was a little bit surprised, and of course, towards the end of it a little bit disappointed to see the hon. the member for Grand Falls (Mr. Lundrigan) rise in support of the petition because it was only last Spring in this House

MR. CALLAN: that he thought that petitions were a waste of time - it was the only Legislature in Canada where petitions could be presented and so on.

MR. SPEAKER: Order, please! Order, please! I would direct the hon. gentleman to confine his remarks to the actual petition, what might be related to it, but what another hon. member might have said some months ago and a difference of opinion hon. members might have had then with respect to procedures in the House would only bring up matters which are certainly not before the House now and not inherent in this petition..

MR. CALLAN: Thank you, Mr. Speaker.

Mr. Speaker, in supporting this petition, I want to say that it is not my intention to waste the time of the House. On every occasion that a petition is presented in this House that has to do with pavement or paved roads or improved road conditions, I am prompted to rise in my place and to support that because I am well aware of what is happening in some of these districts; I have been there, and of course, it reminds me continually of the treatment that some of the roads have or have not received in my own district.

And at the same time, Mr. Speaker, I want to perhaps make a suggestion to the member for Fogo (Capt. E. Winsor). No doubt he has probably thought about this before and perhaps has already done it, but in view of the fact that a large number of the road systems in this Province that are being upgraded and paved are being done mostly by the federal government, it is my conclusion that possibly this would be a good idea for the roads on Fogo Island, that the Minister of Transportation and Communications in this Province, the new minister now, along with the member for Fogo and, of course, the appropriate people in Ottawa try to have this road system on Fogo Island

MR. CALLAN: included under a DREE agreement, because we have everything in the world included in DREE agreements.

It was not too long ago that I wrote the former Minister of Transportation and Communications and also the minister in Ottawa and the member in the Cabinet representing Newfoundland, Mr. Don Jamieson, in Ottawa, asking that a similar thing be done in my own district, a stretch of road that, in my opinion, makes an awful lot of sense to have included in a DREE agreement. They are roads that are being used for every other purpose, but primarily, as the member mentioned in presenting the petition, millions of pounds of fish are being trucked over these roads annually. And, of course, these communities on Fogo Island, like the fishing communities in my own district,

MR. CALLAN: are primary producers, they are the people who put out the new dollars in this Province.

CAPTAIN WINSOR: They create new dollars.

MR. CALLAN: They create the new dollars by bringing in the fish and then, of course, it has to be trucked to various fish plants in Bonavista Bay, Trinity Bay and Conception Bay and so on.

So, Mr. Speaker, in conclusion, I hope that this year, next Spring when the new budget is brought down and passed by this House and so on, I hope that these roads on Fogo Island, like the roads in my own district, will be included for paving because I think the people have been suffering and have been discriminated against for too long.

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

MR. HODDER: Mr. Speaker, I too rise to support the petition presented by the hon. member for Fogo (Captain Winsor). I take every opportunity, Mr. Speaker, to speak on a petition of this nature since a similar situation, perhaps a more intense situation exists in my own district. I would not, Mr. Speaker, want to be accused of not being aggressive enough in pursuing the particular matters as far as roads are concerned in my district and I do not know how I can be any more aggressive unless I beat the current Minister of Transportation and Communications over the head with a stick.

In the district of Port au Port, Mr. Speaker, there are three roads that need paving. Each one of those roads either go to a harbour which is being developed, or go to a fish plant. In the Spring of last year one of the most productive fishing areas in the district, in the height of the fishing season the fish buyers and the fishermen could not get to their boats because the road for several days was in an impassible

MR. HODDER: condition. After that some \$15,000 or \$20,000 was spent on the road. I predict, Mr. Speaker, that the same situation will occur this year.

In addition to that the federal government are now spending \$1.4 million in developing a natural harbour in that particular area and the provincial government, you know, somewhere along the line as far as the Fisheries Department is concerned, and the Department of Transportation and Communications, they must identify those areas of the Province where roads are needed, the roads to the resource, where the money needs to be spent to get the maximum value and the maximum yield from those areas.

Mr. Speaker, there are three roads, again each one of them goes to - one goes to a natural harbour being built at Three Rock Cove and the other one goes to Fox Island River, the other one to Blue Beach. Until the government decides that these roads be upgraded we will continue to have confusion, particularly in the Spring. That is when the roads break up, and that is when the maximum fishing effort takes place. And I would suggest, Mr. Speaker, that perhaps we need an overall comprehensive policy to sit down and identify the roads across the Province such as Fogo, such as Port au Port, and such as many other districts in the Province, and to go and do these roads first.

MR. CALLAN: Hear, hear! Well spoken.

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES:

MR. SPEAKER: The hon. Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, it gives me great pleasure to table the Kellogg Report onto the establishment of a primary landing or distribution centre in Newfoundland, as well as the regional study conducted by people within the Provincial Department of Fisheries, and also the White Paper that was the subject of a conference in St. John's recently, again having to do with strategies and programmes for the development of our fisheries.

NOTICES OF MOTION:

MR. SPEAKER: The hon. Minister of Education.

MR. HOUSE: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, "An Act To Amend The Memorial University Act."

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, "An Act To Amend The Public Utilities Act."

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

MR. PECKFORD: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, "An Act To Amend The Brinco Limited Labrador Agreement Act, 1974."

ORAL QUESTIONS

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

MR. W. N. ROWE: I wonder would the House Leader tell me whether the Premier is gone for the day or whether he is coming back or what is the situation?

MR. HICKMAN: (Inaudible).

MR. W. N. ROWE: Very good. I hope Your Honour will add a minute on to the -

Sir, I would like to ask the Premier one or two questions relating to the industrial development of the Province particularly with regard to the Linerboard mill and Come By Chance refinery. First of all, Sir, we have had promises or statements now since May or June of this year concerning the prospective opening day of Linerboard or when a deal might be consumated. I realize the difficulty of trying to put a deal like this together, but would the hon. the Premier give us some indication now as to whether he can give us a specific date on which the sale will take place or the agreement will be entered into, or if he can not, can he give us some idea as to the range of time that we are talking about when it comes to the Labrador Linerboard - when the thing is likely to be finished?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, I will ask the Minister of Industrial Development to add to any remarks I have regarding this. The situation, as the Leader of the Opposition and, I guess, everybody in the Province knows, is that the Divestiture Committee made up of senior officials of government, members of the union, people from the area, people from the financial community, have

PREMIER MOORES: been working on this for a long while. It has reached the stage where there are two firm proposals before government. These are now subject to analysis by not just our officials, but by ourselves as well, and as soon as we have identified that arrangement which is best for the Province we will be making the announcement and certainly discussing it as to what exactly is entailed. But, Sir, until such time as those details have been worked out in a thorough manner, I think it would be wrong to try to give a piecemeal answer to what was a complicated problem, but for which hopefully there will be a beneficial solution.

SOME HON. MEMBERS: Hear, hear!

MR. W. N. ROWE: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the Leader of the Opposition.

MR. W. N. ROWE: So, Mr. Speaker, from the Premier's answer, he does not know yet when the deal will be signed. Is it a matter of days or weeks or months does the Premier think?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: It is certainly within that range, Mr. Speaker, but I would like to think it is a matter of days.

MR. W. N. ROWE: Will the Premier, Sir, by way of a supplementary -

MR. SPEAKER: A supplementary.

MR. W. N. ROWE: By way of a supplementary, would the Premier tell the House whether the deal will be made prior to the submission of the contract and the consummated deal to the House of Assembly, or will the House itself have an opportunity to discuss some of these proposals before any irrevocable decision or irrevocable deal is made with some paper company?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, the government will carry out its responsibilities to govern and certainly input by all members of the House is welcome, but that will never, nor can it ever relieve us of the responsibility of making decisions which have to be made in what we consider to be the best interests of the Province.

SOME HON. MEMBERS: Hear, hear!

MR. W. N. ROWE: That is a departure, Sir, from the past seven years.

Would the Premier indicate - if he cannot do it perhaps the Minister of Industrial Development can do it - can the Premier indicate how much money was spent in respect of the Linerboard mill? How much money was spent in the closedown of the mill for the fiscal year ended March 31, 1978 and to date if those figures are available? They should be available since the minister is obviously very close to what is going on.

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, the information of what money was wasted, what money was spent, what money it cost and what money will be received will all be in the final presentation.

MR. W. N. ROWE: Sir, I am sorry if the hon. member would not mind.

MR. SPEAKER: A supplementary, the hon. the Leader of the Opposition.

MR. W. N. ROWE: I indicated at the beginning, Sir, I wanted to ask a few questions on the general economic development of the Province. Moving from the Linerboard mill - and I am sure the hon. member can go back to it again with Your Honour's permission - but moving from the Linerboard mill to the Come By Chance refinery. Sir, has the government

MR. M. N. ROWE: seen the two proposals from, apparently, according to the newscasts, the First Arabian Corporation and Shaheen, and have they had a chance to decide on which of the two proposals, if there are two proposals, which of the two proposals the government itself favours?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, we have seen two proposals - I suppose you could call them that - one being a letter of intent as to what the First Arabian Corporation would intend to do,

Premier Moores: one being a proposal of which Mr. Shaheen alleges he can do. The obligation in checking the detail of both these out obviously lies with the receiver who was appointed by the courts to do this. Obviously we have a very real interest in it. The first mortgagee, the British Government and the other people who were party to the first mortgage, also have a very defined interest in it. We are not in a position as the second mortgage holder to make a definitive comment at this time on what should or should not be done. Obviously, before any finalized agreement with any group is done the Government of this Province will make a very definitive position as where we stand and why we take that particular stance at that time.

MR. W. N. ROWE: A further supplementary, Sir.

MR. SPEAKER: A supplementary.

MR. W. N. ROWE: Is it true as one newsman without identifying him, he may be right or he may be wrong, but as one newsman indicated to me earlier today, Sir, is it true that all the parties involved in the Come By Chance refinery, which would include the government, the representative of the creditors, the secured creditors, the unsecured creditors, Kleinwort-Benson and ECGD which guaranteed Kleinwort-Benson, is it true that all of the parties but Kleinwort-Benson appear to be agreeable to the Shaheen proposal? Would that approximate the true state of affairs?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: I have no idea, Mr. Speaker. I have not been talking to all of the parties involved. Nor do I think all of the parties involved would have the guarantees of any or both of the proposals or either of both of the proposals. I think there is a lot of questions that obviously have to be thoroughly checked out before they can be accepted at face value. I think to say that it is just Kleinwort-Benson would be very unfair in that Peat, Marwick, Mitchell, as I understand it, are representing the first mortgagees which include UOP, the First National Bank Of Chicago, Still Ataka,

Premier Moores: the Japanese outfit—Kleinwort-Benson represents them and ECGD as well. So anything that they would do on behalf of the first mortgagee I would assume would have the concurrence of all those people who happen to be involved in that first mortgage.

MR. W. N. ROWE: One final supplementary, -

MR. SPEAKER: A supplementary.

MR. W. N. ROWE: - then my hon. friend can proceed.

Is there any truth to the information which recently came to my attention that Peat, Marwick apparently will announce from the office of Sterling-Ryan, a law firm in town, at 3:00 o'clock, whose proposal will be accepted? Does the Premier know anything about this? Will this announcement come today?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, that may or may not be the case that an announcement will be made -

MR. W. N. ROWE: Does not the government know?

PREMIER MOORES: - by the receiver. However, that announcement can be one thing, but before any closing or finalization can be done in any capacity obviously this government will make its position very clearly known.

MR. SPEAKER: The hon. member for Stephenville.

MR. W. MCNEIL: A question for the Premier. During the Summer the Premier stated that the mill would be sold and that work would begin at the mill site before Christmas of this year. With the current delays in finalizing its sale with one of the interested companies, does the Premier still expect work to begin at the site in Stephenville this year? And if so, how many people does he figured will be employed?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, obviously that is the same answer as for the Leader of the Opposition. When the details are announced of what we think is the best position for Labrador Linerboard mill

Premier Moores: obviously at that time part of that will be an employment schedule and when it will start.

MR. HODDER: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the hon. member for Port au Port.

MR. HODDER: A supplementary to the hon. the Premier.

I understand that the provincial Government is now negotiating with DREE for the cost of converting the mill. Does the agreement have to be signed before work will start at the mill?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: That is one of the things that obviously is being worked on and certainly that question, this statement that was incorporated in it, that the DREE agreement will be the cost of converting the mill, that is totally erroneous. However, I do not want to get into the details of it at this time.

The DREE presentation, the negotiations with the companies together with the government, of course, are all part and parcel of the one thing, and hopefully, Mr. Speaker, we will deal with all those things at the same time as we make the announcement.

MR. FLIGHT: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the hon. member for Windsor-Buchans.

MR. FLIGHT: A supplementary to the Premier, Sir. It has become public knowledge in the Province this past month or two that the two parties, one of which is most likely to sign the agreement, is either Abitibi, Price or Consolidated Bathrust, and what I would like for the Premier to indicate is whether or not - one can assume if it were Abitibi then there would be no problem with timber limits, there would be no problem with timber limits since Abitibi-Price have all of the timber limits that they require to probably operate three mills in this Province, at least two, but how about if the successful party or the government goes into an agreement with Consolidated Bathrust, has timber limits,-

MR. FLIGHT: making a wood supply available to Consolidated Bathurst been worked out with the two holding companies now, Price and Bowaters?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Certainly, Mr. Speaker, any proposal that is accepted by the government, one would assume that there will be wood available, or we will indeed have another fiasco in Stephenville like we ended up with before. Of course that will be worked out with whoever it is.

MR. SPEAKER: A supplementary.

MR. FLIGHT: The point of the question then, Mr. Speaker, are there ongoing negotiations with Price (Nfld.) and Bowaters, who in effect owns all the timber limits that would be worth considering to sustain an operation like Linerboard? Are there ongoing negotiations with them for the transfer of timber limits to any company who might want to take over Labrador Linerboard?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Mr. Speaker, in 1974 I guess it was, this government brought in a land tenure tax regarding pulpwood in this Province, and it is coming into effect now, whereby in the future that no company whether it be Abitibi-Price or whether it be Bowaters or whether it be anybody else will ever be allowed again to sit on timber without either paying a very heavy tax or turning it over for a meaningful use.

SOME HON. MEMBERS: Hear, hear!

MR. FLIGHT: A final supplementary.

MR. SPEAKER: A final supplementary then I will recognize the hon. member for St. John's West (Dr. Kitchen) and Baie Verte - White Bay (Mr. Rideout).

MR. FLIGHT: Would the Premier care then to indicate to the House of Assembly how much revenue to this Province has accrued as a result of the tax that he indicated was put on in 1974 from the two paper companies that are indeed sitting on millions of cords of timber that will never revert to this Province.

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: I cannot give the exact amount, Mr. Speaker, but I can say that there has been a lot of acreage and a lot of cordage of timber revert to the Province. There are a lot of sawmills in this Province that started up just because of it.

SOME HON. MEMBERS: Hear, hear!

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

DR. KITCHEN: Mr. Speaker, my question is addressed to the Minister of Mines and Energy. The most important piece of legislation to go before this hon. House this session, which by the way was passed unanimously by both sides, stated categorically how the resources of Labrador were to be developed. Now we are informed that an agreement is to be signed next week between this government and the Government of Canada, setting up some committee or other to develop one of these resources in a manner which appears, from what has been said, to be in direct contradiction of that legislation. Will the Minister assure this House that no agreement will be signed by him until its precise terms are first approved by this House and that no committee is established until its precise terms of reference have been established by this House.

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

MR. PECKFORD: Mr. Speaker, the preamble to the question leaves some erroneous statements on the record books, or on Hansard. There is a corporation being negotiated between the Province and Ottawa, not a committee, it is a corporation. As I understand the situation as it relates to the House of Assembly and Parliament and the responsibilities of Cabinet and government, it is that the government has a responsibility to govern and to enter into agreements of one sort and another for the best interest of the Province and that the minister concerned and the government concerned will be held responsible by parliament, and then and only then really do these agreements get fully aired, criticized, assessed

MR. PECKFORD:

and so on.

Negotiations between

Energy, Mines and Resources in Ottawa, between Newfoundland and Labrador Hydro officials, people of the Department of Mines and Energy are ongoing right now to try to finalize an agreement which would see the establishment of a corporation which would have a certain mandate. That it is the intention of government to proceed to sign such an agreement, given that the terms and conditions are what we want them to be, and that in due course it is the intention of government to present to this House that agreement so that members of the Opposition, members of this side of the House, will have an opportunity to discuss, debate and criticize constructively or destructively terms and conditions contained therein.

MR. SPEAKER: A supplementary, the hon. the member for Eagle River.

MR. STRACHAN: Mr. Speaker, in view of the minister's recent statements that Gull Island possibly was not the main hydro project which should be considered in Labrador, that possibly that should be left down the pipeline somewhere, down the road a number of years, although we have heard that the last three years - it has been on an off, on and off, and the people of the Happy Valley - Goose Bay area who rely on it very much are at one time lifted and the next day let down - but regardless of this, could the minister then indicate to us how this comes in relation with the Muskrat Falls development which he has spoken of recently as possibly the one which maybe should go ahead first and that Gull Island should be left down the pipeline as I stated?

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

MR. PECKFORD: Mr. Speaker, we are as concerned as the hon. member about uplifting or letting down the hopes and aspirations of the people of Happy Valley - Goose Bay, Labrador and of the Province, number one: number two, there are various alternatives for the development of Labrador power. One is to go ahead with the Gull Island project, another is to go ahead with the Muskrat Falls project, another is to go ahead with extensions to the Upper Churchill project. The agreement for the corporation that we are now negotiating would have a mandate to try to assess, and do nothing else but assess, Labrador power developments, including Gull Island, including Muskrat. What the preference will be given six months from now, whether it will be Gull Island, whether it will be Muskrat, whether it will be other rivers, whether it will be Lobstick, remains to be seen. There are a number of alternatives.

MR. PECKFORD: And as things change in Ottawa, as things change in the Atlantic Provinces, various alternatives become more attractive, so that therefore, from one point in time to another point in time, the alternatives change. And all that I have been trying to do is to point out that there are alternatives and it is not a question of Gull Island, it is not a question of Muskrat, it is a question of a number of alternatives for developing Labrador power, and there are many, and at any given point in time we must decide on which is the most attractive with all the evidence we have at our disposal at that point in time. This will be the job of the new corporation, to recommend to government the best alternative at that point in time, hopefully in 1979.

MR. STRACHAN: A final supplementary.

Mr. Speaker.

MR. SPEAKER: A final supplementary, the hon. the member for Eagle River.

MR. STRACHAN: Mr. Speaker, one of the alternatives that we have suggested for many, many years is the alternative which seems to receive acceptance as a motherhood statement but never in practice seems to be carried out, that is trying to tie in, not Labrador power as Labrador power, but surely Labrador power as a means of marrying the rest of Labrador's resources to it. Could the minister indicate to us whether there is going to be serious consideration given to that alternative so that we are not talking of power as an export but we are talking of power as a means of developing Labrador rather than the situation which seems to be the present and current thought of recall down the road or export to Quebec Hydro or something else? I am specifically marrying the mining resources with electrical power.

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

MR. PECKFORD: Mr. Speaker. I am very happy that the hon. the member for Eagle River (Mr. Strachan) has asked that supplementary, because I am pleased to reiterate government's policy as it relates to Labrador power development which is to link it with resource development in Labrador and for the Province. With this new corporation, part of its mandate will be that. In talking about the mineral resources and expansion of Labrador City or Wabush, the uranium with other forestry developments there, I think it is possible to link it to an industrial strategy and I think this is the only way that Labrador power development will occur. I think that past performance has taught us a very valuable lesson, that export is not really the answer to our ills, it is to use our power as a lever for industrial development for creating jobs as we are now trying to do at Labrador linerboard, as we are now doing at Hinds Lake, and which we will continue to do for the benefit of all the citizens of the Province.

SOME HON. MEMBERS: Hear, hear!

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

MR. RIDEOUT: Mr. Speaker, my question is for the Minister of Labour and Manpower. Sir, some five or six months ago, this House passed the Occupational Health and Safety bill, one of the most important pieces of legislation, I would suggest, passed by the House in the last session, and with that passage, Sir, by the House, there were time commitments for setting up an Occupational Health and Safety

MR. RIDEOUT:

Branch for drawing up health and safety regulations and so on under that bill. Would the minister tell the House why this bill to date, I understand, has not yet been proclaimed and therefore is not yet the law of the land.

MR. SPEAKER: The hon. Minister of Labour and Manpower.

MR. HOUSE: There has been a lot of work going on on that particular thing. The regulations being put in place for the last three or four months and I think it was a little bit unrealistic for us to think that the regulations covering that act could be put into place in that length of time, I think the time frame should have been a little longer, but as it stands now all the components apart from Mines and Energy, are operating under the Department of Manpower and under the old regulations.

The new regulations have been drafted and they have to go through the Advisory Committee and then through Cabinet. Now I cannot give a time frame, when it will be proclaimed, but there has been action going on ever since the bill has been passed.

MR. RIDEOUT: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. RIDEOUT: Mr. Speaker, with all due respect to the minister, I remember during debate on that bill that there had already been preliminary meetings with companies and unions and so on, that the regulations had been in the draft stage then, so I would have thought that we were beyond that by now.

Anyway, Mr. Speaker, as a supplementary, can the minister tell the House whether or not the new Occupational Health and Safety Branch has now been fully and properly organized? Whether or not the transfer of responsibilities from, for example, the

MR. RIDEOUT: Workmen's Compensation Board, the Mines Inspection Branch of the Department of Mines and Energy, the Labour Standards Division and so on, whether all this has yet taken place and been passed over and properly placed under this new Occupational Health and Safety Branch?

MR. SPEAKER: The hon. Minister of Labour and Manpower.

MR. HOUSE: As I mentioned, it is in the process, all but Mines and Energy are working from under the Department of Labour and Manpower. We will not be able to proclaim the act fully until we get the regulations passed. As I said, I do not know the time frame from that but hopefully - We do have to go back to the Advisory Committee to look at the final draft that the department has prepared and it has to go through Cabinet, and I cannot put a time frame on when the thing will be put in place.

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

MR. SPEAKER: Final supplementary.

MR. RIDEOUT: Mr. Speaker, I had intended to ask this supplementary to the Minister of the Environment but I am sure the Minister of Labour and Manpower is just as concerned with it because it will now fall under his responsibility as the minister responsible for the Occupational Health and Safety Branch. Could the Minister of Labour and Manpower tell the House whether or not his department have agreed to ask, or agreed to permit, whether or not the government have agreed to ask or agreed to permit experts from the Federal Department of Environment, or for that matter from any other organization or group, to carry out an independent, an impartial expert analysis of the current dust problems being experienced at the IOCC operation in Labrador City?

MR. SPEAKER: The hon. Minister of Labour and Manpower.

MR. HOUSE: Mr. Speaker, it has not from this department. The mining branch is still operated under mining and the environment does not come under the division. I have read in the paper the last two or three days about the correspondence that is

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MR. SPEAKER:

A supplementary.

MR. W. ROWE:

Aside from the government's interest as second mortgagees, Mr. Speaker, do I understand that the government of this Province, the Government of Newfoundland and Labrador, have only now been informed by Peat Marwick

Mr. W. N. Rowe: that they are favouring the first Arabian Corporation? Am I led to understand that they were not consulted, all the way along, not necessarily as a second mortgagee, although that is important enough there are millions, tens of millions of dollars involved there, but as the government of this Province? Were they consulted before, perhaps, the irrevocable step has been taken of favouring first Arabian. Now I do not know what the two proposals were like, Sir. But the step of going before the Supreme Court and before FIRA I would say would be fairly simple compared to getting Peat, Marwick's approval of this proposal in the first place, since obviously their opinion in the matter would have a great deal of weight before either body, and I do not see FIRA objecting to it at all. But, Mr. Speaker, is this true that the government has not been consulted all the way along by Peat, Marwick and anyone else who has approval to give?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: The answer is yes, Mr. Speaker, the government has been consulted by Peat, Marwick, and many other people with multitudinousness attitudes, I might say, We have had a great deal of consultations, proposals, propositions, promises, pledges, and just about anything else anyone can think of regarding the particular Come By Chance refinery. I might say it is the first time we have been officially concerned because I would suggest that with this announcement that is the first official notification that anyone could have had.

However as I pointed out the fact that the receiver has made this position, that is the receiver's responsibility, then his and his alone while representing the first mortgage said and I will say again, Sir, unequivocally, is before the Newfoundland Government will agree with any finalization of any contract we will ensure that it is in the best interest of this Province before that is done.

MR. CALLAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the hon. member for Bellevue.
I had stated that I would recognize next the hon. member for Conception Bay South.

MR. CALLAN: Mr. Speaker, is it a fair assumption to assume that if the receivers are favouring the first Arabian Corporation, does this necessarily exclude John Shaheen on his proposal?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: I have no idea, Mr. Speaker, and that I would suggest is probably one of the things that will develop but it would not be an assumption on my part, it would be very presumptuous on my part if I took any position on it.

MR. SPEAKER: The hon. member for Conception Bay South.

MR. NOLAN: A question for the Minister of Justice, Mr. Speaker. In view of the most recent publicity and so on in the press concerning the state of justice in the Province, I am talking about assault, vandalism, holdups and so on, does the minister have any plans for additional police to administer justice in this Province, extra equipment, surveillance and so on? What is the current position of the minister or does he feel that it does not warrant extra protection for the public?

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, I am very conscious indeed of the policing requirements of the Province of Newfoundland. In Newfoundland today we have - in the city of St. John's we have 220 approximately, police officers, members of the Newfoundland Constabulary which I am told not only compares favourably but is probably the best population police ratio of any Canadian city. We also have in excess of 700 Royal Canadian Mounted Police and people attached to it bringing to a total of close to 1,000 police officers in the Province of Newfoundland. This government has a new philosophy that is new to Newfoundland with respect to the administration of justice. This government's philosophy as is evidenced by the recent budget - and if the hon. gentleman opposite would some day find his way out to Fort Townsend he will see under construction out there the finest police

MR. HICKMAN:

headquarters in Canada—

SOME HON. MEMBERS: Hear, hear!

MR. HICKMAN: - while will be beyond all reasonable doubt the best equipped police headquarters in this nation and I have no hesitancy in saying that under the leadership of Chief of Police, John Brown, we have a very efficient police force in St. John's today.

I cannot comment nor will I comment on matters that are before the court but I will say this, that a statistic that was released last week showing the high number of apprehensions by the police of people in the act of committing the offense of break and entry is without precedent in North America. That is what our police are doing. Now I would not wish anyone to believe or think for a moment that I am not conscious nor the Newfoundland Constabulary, of the needs to increase vigilance in this city. That is why we are removing more - the hon. gentleman -

MR. HICKMAN: removing more and more police officers from non-police functions.

ORDERS OF THE DAY

On motion that the House resolve itself into a Committee of the Whole on supply.

Mr. Speaker left the Chair.

MR. CHAIRMAN: Order please!

Bill 56.

MR. HICKMAN: Motion 7. Adjourned the debate on motion 7 which is Bill No. 56, the Loan Bill.

Mr. Chairman, for a very good and valid reason I was not in the House on the evening of this debate while this bill was being discussed and considered by hon. members but may I, on behalf of my wife and I - I have read Hansard - thank all hon. members for their kind felicitations at that time. It was rather a good evening may I add.

Mr. Chairman, my hon. colleague, the Minister of Mines and Energy -

MR. SIMMONS: Your 25th anniversary, was it not?

MR. HICKMAN: That is correct - in introducing -

MR. SIMMONS: Belated congratulations!

MR. HICKMAN: Thank you - in introducing this Bill - and I have reviewed the comments made by the hon. member for Burgeo-Bay d'Espoir (Mr. Simmons) and the hon. member for St. John's West (Dr. Kitchen) and the hon. the Leader of the Opposition - The hon. the Minister of Mines and Energy set forth the same information which had already been disclosed to this hon. House and to this Committee during the consideration of the Estimates and during the consideration of the Budget. This Bill, which is the same as the bill that came before the House last year and before Committee, seeks approval to enable the Province to borrow \$150,000,000 during this fiscal year or until the Bill is replaced by a subsequent bill. As hon. gentlemen are

MR. HICKMAN: aware under the provisions of our legislation there must, in each fiscal year, be brought before the House a bill seeking the House's approval for the borrowing. It does not necessarily mean that the Province has to borrow all of that money nor does it mean that when the bill comes for the next year if money has not been borrowed and there is still authorization under that bill that you add to it. Next year, if this House sees fit to pass the Loan Bill if there is still money left unborrowed under this authorization, the passing of the next bill automatically repeals the old. Fortunately for this Province in this calendar year there was still authorization left for us to borrow \$50,000,000 in order to meet some of the capital account expenditures of the Province.

AN HON. MEMBER: A very foresighted predecessor.

MR. HICKMAN: And this was due totally and absolutely to the foresightedness and the ability and the business acumen of my predecessor in office, the now hon. Minister of Industrial Development, the hon. member for Harbour Main-Bell Island (Mr. Doody).

AN HON. MEMBER: Hear,hear!

MR. HICKMAN: On behalf of all the people of Newfoundland and on behalf of the staff in the financial community, I thank the hon. gentleman for the leadership that I am so inadequately trying to follow.

MR. SIMMONS: He did not write that very well or you are reading it very badly.

MR. HICKMAN: What is that?

MR. DOODY: I will have to get a new author.

MR. HICKMAN: That was not in this note I had here. In any event, Mr. Chairman, may I say that that European bond issue, that \$50 million which I announced to the House on the date of the borrowing which took place on May 9, 1978, was the most successful bond issue of any Canadian governmental authority, provincial or municipal in the European Euro-dollar market, certainly up to the time that that loan was made. And I would be very surprised if any have been successful since.

On May 9th the Province's loan of \$50 million U.S. at 9-1/4 per cent was priced at par plus 1/2 per cent which reduced or fixed the effective yield at 8.98 per cent on a semi-annual basis. And if anyone feels that the credit of this Province is not viewed with a great deal of approbation by the international financial community, one should bear in mind the significance of that, the significance of the astounding success that we had in the Euro-dollar market this year. What, Mr. Chairman, does 9-1/4 per cent at par plus 1/2 yield mean? What it means is this, that if we have a \$100 Newfoundland bond for sale in Europe that the purchasers are prepared to pay us \$100.50 in order to buy one of our bonds, and the result of that is that this reduced the actual interest cost to the Province of Newfoundland of 8.98 per cent on a semi-annual basis.

I think, Mr. Chairman, that we should note that at the same time that the Province of Newfoundland was in that Euro-dollar market, that Ontario Hydro and Canadair were in there, and Canadair's issue was guaranteed by the Government of Canada, and they both fell in value by three points below the issue price and

MR. HICKMAN: Newfoundland's went up
1/2 percentage point.

The best advice that we have been able to receive from our fiscal agents in Europe, A. E. Aines and Company, and C.C.F., which is a large banking conglomerate - nothing to do with the other political party in this Province - the great banking conglomerate in Paris with headquarters - Credit Commercial de France - is that the Newfoundland Euro-bond issue was certainly up to that time the best issue for 1978 and showed beyond any shadow of a doubt strong market support in the acceptance of the Newfoundland credit.

Now, Mr. Chairman, one of the questions asked in Committee when this matter was being debated on the evening of July 4, 1978, was "How will this money be spent?" - the monies that the Province has to borrow and that is a very legitimate question, and I can bore this Committee if the Committee insists on going through the estimates which set forth very clearly indeed in absolute and finite detail the manner in which the monies must be spent on capital account.

I repeat what I said earlier today that I believe every Minister of Finance in Canada, and I suspect most Canadians are looking toward tonight with some apprehension, and I am not saying this in a critical sense of the federal Minister of Finance. He has facing him now, in my opinion, the most awesome job that has faced a Minister of Finance in Canada since World War I. He is faced with the insatiable demands of the Canadian people. He is also faced with the danger of a runaway inflation, and all of that is based upon a productivity.

MR. HICKMAN: in Canada that does not compare favourably with the United States of America nor does it compare favourably with West Germany and Japan and Switzerland, where you find particularly in these areas such strong currencies. On the one hand he is being told "You must bring in a balanced budget - you must cut out the whopping deficit that the government of Canada has incurred this year because that contributes probably more than anything else toward inflation - and on the other hand he has the benefit of advice that may not be based on true economic perspective that he must continue to spend money to create more jobs, knowing that if he does he creates an increase in the inflation spiral, knowing that he drives up the cost of living and knowing that he crucifies those on fixed incomes and on pensions. He is going to need the wisdom of Solomon, in my opinion, to find an answer. The concern of this Province, and the concern of Atlantic Canada, is that we may once again suffer as a result of policies that are national in their impact. The Province of Newfoundland does not contribute in any meaningful way to the inflationary spiral in this nation. Five hundred thousand people's contribution is not really going to change the inflationary spiral in any respect. We are not overheating the economy. The economy is being overheated, I would suspect, Mr. Chairman, in Ontario and Alberta and Quebec and British Columbia and now in that very wealthy province of Saskatchewan which has gone ahead now as far as unemployment is concerned. It now has the lowest in Canada. And I have no doubt that the Minister of Finance in consultation with his colleagues will have to put the brakes on: but we have had a glimmering publicly that we may pay the price as well.

MR. HICKMAN.

Mr. Chairman, may I draw to the attention of this Committee a statement that was made recently by the government of Canada which has very severe overtones for this Province, and I refer to the announcement that it is the intention of the government of Canada to ask Parliament to repeal the Public Utilities Transfer Tax Act, known in financial parlance as PUTA. That act was passed about thirty years ago, and when it was enacted by Parliament it provided that 50% of all of the taxes collected from private utilities in a province would be returned to that province, because some provinces had nationalized their utilities and they were not taxable. I will not say it was a condition precedent of the Churchill Falls development, but certainly it was a very influencing factor that the government of the day went to the then Minister of Finance and, I think - I was going to say the hon. Robert Winters, now he was president of BRINCO at that time and he carried out the negotiations - and they convinced the government of Canada that it was necessary in order to get that project going, plus the fact that we have private utility companies well managed and doing a good job, that this be increased. And we were given a firm assurance that this would be done in effect in perpetuity if legislation can be regarded as being legislation in perpetuity. In the mid sixties, '65 I think it was, the act was amended to provide for the return to the provinces of 95% of all income tax and/or corporate tax, rather, collected from private utilities operated in this Province. Now since that time Churchill Falls has fallen into the category - the definition of a Crown corporation, but we still have Newfoundland Light and Power; we still have Bowaters Light carrying on the business of private utility companies in this Province. If that act is repealed

MR. HICKMAN: which is the announced intention and policy of the Government of Canada, the cost to the taxpayers of Newfoundland has been estimated between a minimum of \$6,000,000. and probably a maximum of \$7,000,000. per annum to this province. There were many Newfoundlanders, Mr. Chairman, became very excited, and probably with just cause, over what they considered to be a breach of oral contract, not written, toward Newfoundland on the part of the then government of Canada under Term 29. Term 29 pales into insignificance compared to the validity of this legislative contractual relationship entered into between the Government of Canada and the government of this province. The Minister of Finance has shown some sympathy for our plight but he points out publicly that the province of Alberta is the greatest beneficiary of this legislation because they have private utility companies in their province and obviously the province of Alberta, with its whopping big surpluses and with its Heritage Fund can certainly contribute towards putting the brakes on the inflationary spiral in this nation by doing without their PUTA payments. That is what brings me back to the- and I only want to take a couple of minutes of the Committee on this because it is so vital to the financial position of this province - this is what brings me back to my first statement that I am concerned that this province may once again- and Atlantic Canada, but this province in particular- get caught up in the squeeze of national policies that are designed to fight inflation and hopefully improve the economy of the nation. I would hope that it is not beyond the wit of man, the wit of parliamentarians in Ottawa, and I would hope it is not beyond the wit of the Government of Canada, to find a formula whereby Newfoundland need not be punished for the prosperity of Alberta. We have no qualms about their prosperity, we envy Alberta for their prosperity, but may I say, Mr. Chairman, that we would find it kind of hard to take if, because of that, this

MR. HICKMAN: in perpetuity legislated commitment to the province of Newfoundland is broken. I have pleaded with Mr. Chretien, I know his sympathy is there, but whether he is going to find a formula I do not know, but I told him that this is one item that the emotions of the people of Newfoundland will not let us pass over uncontested and brought to the attention of all Canadians. That is the most serious one, but the total package of constraints and restraints and cutbacks that were indicated at the recent Federal-Provincial Ministers of Finance and announced publicly by the Federal Minister will cost this province considerably more than that. A changing around in that equalization formula, which is near and dear to the hearts of everyone in this province, which at the First Ministers Conference was agreed it should be entrenched in the constitution, that is cause for anxiety. Cutting back on health insurance, health care, cost-shared plans, which were not initiated by the people of Newfoundland but which came from Ottawa as a result of the Hall Commission and which the previous government were apprehensive of or would have had some insurance that it was there forever, as much of an insurance as you can get bearing in mind the changes that take place in the political arena from time to time, there things are being cut back and whittled down and every time that happens the government of the province is going to be faced with trying to make up these lost but essential programs, and there comes a time when 500,000 people say: "We just cannot pay for any more." If Confederation means anything, if equalization means anything, and if the Department of Regional Economic Expansion is dedicated, as I am sure it is, to the eradication of regional disparity, then there times in our history when we are entitled

MR. HICKMAN:

as Canadians to say "Find a solution to your problems but do not crucify us in the attempt". Now, Mr. Chairman, I will try and answer any other questions that will be raised by hon. gentlemen opposite in this Committee, but I felt it obligatory to draw to the attention of this Committee, and to the people of Newfoundland, that I believe that we will be called upon as Canadians to tighten our belt. I hope we will not have to tighten it as tight as the fat people of Alberta.

MR. CHAIRMAN:

Does the resolution carry?

Hon. member for Burgeo-Bay d-Esprit.

MR. SIMMONS:

Mr. Chairman, first of all it being my first opportunity it is almost like a new session in view of the lapse of time since we were last here - that famous night of the 4th of July - being so long since then I just want to offer my congratulations to the new Minister of Rural Development, the member for Naskaupi (Mr. J. Goudie) and wish him well in his Cabinet assignment. No matter what our politics, we always like to see capable people appointed to positions of responsibility in the Province and I am glad for the member from Naskaupi that he finds himself in a position where he can, I hope, effect some decisions on behalf of the people of rural Newfoundland and Labrador.

The Minister of Finance a moment ago made some references to the national situation which, I suppose it can be construed, has some bearing on this particular bill.

MR. HICKMAN:

(Inaudible)

MR. SIMMONS:

Very preliminary what I have to say, I was just making a reference to the fact that the minister just made some comments on the national situation which, I understand, he submits can be construed as being related to the bill, and so with that understanding I will exercise the same licence

MR. SIMMONS: he did because I just want to make a comment on the situation too.

I think it is a matter of concern to everybody in this Province, and perhaps everybody in Atlantic Canada that we have, we in Atlantic Canada, such an abysmal record when it comes to having an impact on any national financial decisions or national economic decisions. It is frightful. It is hurting us to a degree that we may not be able to recover from. I am referring to tariff decisions which are made to affect central Canada and to the - I say affect possibly central Canada - and at the same time to affect us adversely. I am not suggesting that is deliberate but that is the effect of it. These decisions - and again we will see some more of them tonight - the minister said just about as much - he expressed his apprehension about what would happen tonight. I believe we will see some more things tonight in the name of restraint. It may well be good for Ontario and good for Quebec. I do not think it is particularly good for us here in Newfoundland. I am not sure, Mr. Chairman, that the situation would be very different were the P.C.'s or the N.D.P.'s or the Liberals in power as the case may be in Ottawa. I think what they are fighting is something larger than partisan politics. You are fighting an attitude about Canada. You are fighting an attitude on the part of people who live in fairly large urban areas who are very removed from the scene here in Newfoundland, for example, and who operate on the thesis that what is good for Toronto has got to be good for McCallum in my district, and that necessarily is not the case. So, no matter what party you are going to have in power in Ottawa, you are going to face this same problem. I do not believe you are going to change it in a partisan way by putting one group in or the other group in. As a matter of fact, I despair

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MR. SIMMONS: as to whether you can change it at all given the present facts of life, the relatively small numbers of people that live in Atlantic Canada. But if there is a way to change it, or to begin changing it,

MR. SIMMONS:

It is through the constitutional route, and in that respect I was particularly disappointed that, in watching the goings-on at the constitutional conference, it seemed to me that nobody, either the Premier of this Province, or any other premier, for that matter, of the less affluent provinces, advocated a structure in the Senate which would somewhat parallel the American situation in that the various political jurisdictions - the ten provinces and the territories - would be given representation based on being a political entity rather than based on population: because what we have now, apart from the obvious weaknesses of an appointed Senate rather than an elected one and that is good for an all-day debate, but apart from that, what we have are, if you ignore the fact that one is elected and the other is appointed, if you ignore that, what you have are two bodies which are constituted in much the same way, or at least with the same criteria, namely, that if they come from a large province there is a lot of them, if they come from a small province there is a few of them. In other words, Newfoundland gets seven senators and seven members by virtue of its population. There is another rider there too, of course, that they cannot have less than seven, but we will not get into the details. The fact is that our representation in the Senate is determined by our sparse population and nothing else. Now, in the American system they have, as you know, two senators from each of the states no matter what the population of those states is. The effect, of course, is that the Senate can exercise a very weighty influence on behalf of geographic areas or particular interest groups no matter what their aggregate population may be. Whereas in our case here whether, the representatives from Atlantic Canada in the House of Commons or in the Senate get together, it amounts to the same thing in terms of their

MR. SIMMONS.

relative weight on the overall voting pattern of that chamber and, therefore, on the decision-making process of government. And I would like to hear, perhaps from the Minister of Finance, perhaps with his other hat on as Minister of Justice, whether this matter has been explored at the constitutional conferences, whether it is possible - and perhaps, you know, perhaps we are dreaming out loud - perhaps the large provinces have us so completely by the jugular now that they would never agree to that kind of thing, but short of a weighting - a weighting - 'weighting' - short of a weighting, short of some mechanism whereby the clout of the large provinces, the provinces with large populations, can be offset by some kind of a geographic weighting - if we may call it such - such as they are able to effect through the senate system in the United States -and I just use that as an example - I am sure any debate of the merits of the various systems would expose a number of weaknesses in the American system. I am not here today just advocating we embrace before we know what it is we are embracing. I am not saying that at all. I am just zeroing in on one particular feature of that system, namely the ability of the American Senate by virtue of its make-up to bring to decision-making a, what I will call a geographical weight - a weight - I do not know the populations of the various American states, but pick some of the small ones like Connecticut and Rhode Island and some of the southern states which have small populations and add them all together and you can find four or five states with less than the population of New York or California, but in the senate these five states will have ten votes and California will have two votes in the senate although the state of California will have the same population as those five states put together, and that is what I am talking about - that if we are going to have financial and economic

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MR. SIMMONS: decisions at the national level which are going to reflect the particular requirements of the economy in Atlantic Canada, if we are going to have that kind of decision-making, we are going to get it only at such time as we have built into the constitutional mechanisms some way of effecting decisions

MR. SIMMONS: which are geographically weighted so that the four Atlantic provinces, for example, can go in with, if you use the American system, two votes each. We would probably need more than a couple of senators per province but, just to make the example, if the four Atlantic provinces would go in with two votes each they have eight votes in the Senate compared to four for Ontario and Quebec. If you had that kind of a situation you would have an effective second check which you do not have now. As you know, the Senate is organized along partisan lines. I have already pointed out that the Senate is constituted with relation to populations of various provinces and so, the real second check that the American system provides is completely absent in Canada and we are the losers. And that is my point and that is why I raise it and pursue it. The minister raised it earlier really. I pursue it because our lack of clout, our lack of impact on national and economic decisions is not so much a factor of the partisan stripe of the particular government; indeed, many of us can recall when the government was of another stripe in 1957-62 when Mr. Diefenbaker was the prime minister and we had the same kinds of complaints. And again, I am not wanting to make this a partisan comment at this particular time. I am just wanting to point out that I do not believe it particularly matters whether the Tories are in power or the Liberals are in power in Ottawa; the people in power are the same people all the time, the centralists. The centralists are in power and that is what we should realize and fight it at that level that it is the centralists who are in power. And until we can find a way around that one we are going to be beaten and continue to be beaten because the centralists' philosophy is that we are a bunch of welfare bums down here anyway that they are carrying on their backs, and that philosophy applies whether you talk to the policy makers in the Liberal government in Ottawa or the Tory government.

That attitude has not permeated in the United States for the simple reason that they have to be cognizant at all times

MR. SIMONS: that five little tiny states such as Maryland, Connecticut, Rhode Island and two or three other smaller states can have the same clout in the American Senate as an equal number of large states like New York and California which, together, would have an aggregate population many times the size of the four or five smaller states.

Mr. Chairman, perhaps at some point the Premier or the minister who attended that conference last week could indicate to us whether there has been some discussion on the Senate make-up along the lines that I have been talking about.

Mr. Chairman, another reason, an immediate reason why we have such a lack of impact on the national decisions is the particular approach adopted by the present Government. Now, there are exceptions to that because it comes down to personalities. It comes down to the way particular ministers operate. A case in point is the Minister of Fisheries. The Minister of Fisheries, I think it is known far and wide, either has a burning personal dislike for his counterpart in Ottawa, or the other way around, Mr. Leblanc has a burning dislike for him. For whatever reason there is some bad chemistry there. And when the Minister of Fisheries here is communicating with the Minister in Ottawa it is either by telegram or press release. I listened the other night to an open line show on which the Minister of Fisheries took part, as did my colleague from Trinity-Bay de Verde (Mr. F. Rowe), and as closely as I can gather during the actual show the moderator on the show got something off a teleprinter which said that the Minister of Fisheries in Ottawa had reacted to the 'super port' announcement. As nearly as I can gather it happened at that particular point in time and the hon. Minister of Fisheries was not aware of Mr. Leblanc's reaction before that point in time. That was my summation of what was going on.

Now, here are two men, two ministers of fisheries, who have fairly defined jurisdiction. There is some argument about some of the terms of reference;

MR. SIMMONS:

some of the terms of reference are about where the boundary line is and that kind of thing. But basically under the constitution they have defined responsibilities for the fisheries. And we are not talking about Ottawa, the foreign country, and this is an issue we are going to have to deal with one of those days, those of us who are concerned about national unity because there are people in this Province who are painting Ottawa as a foreign country, as though it is the enemy and we have got to get everything out of the enemy's camp as fast as we can and we have got to see that they do not invade us and obliterate us and that kind of nonsense.

Now it so happens that the Minister of Fisheries or the minister of any department but it is a very good parallel to use fisheries because they have a Minister of Fisheries in Ottawa and we the Province have a Minister of Fisheries. So it is a good parallel and I will keep with that one for example reasons only. The Minister of Fisheries for Canada is as much the Minister of Fisheries in Newfoundland as the provincial Minister of Fisheries is within his respective area of jurisdiction. And the idea that some how they are up there and we are down here just boggles the mind. How about if the center of government, how about if Ottawa were Torbay, would that make it different? It would be harder to sell that they were the enemy I suppose. But if anybody is concerned about the national unity he had better find some less cheap political trick than that one to alienate people, to try and alienate people with Ottawa I mean and to try and get people on his side for his pet schemes. I would hope that very soon the people who paint Ottawa as the enemy will get off that kick and find some more plausible way to sell their programme because the programme must have some merit in itself, you know, other than it is anti-Ottawa. Now look -

MR. CHAIRMAN: Order, please!

If the hon. member would permit me, my understanding here in debating the resolution is that we are debating

MR. CHAIRMAN:

the principle behind the bill to come up and clearly relationships between the federal and provincial governments do have bearing on the credit of the Province and this seems to be a legitimate area to cover in discussing the resolution, but I do not know if the Table could permit a wide-ranging debate in the total area of relationships between the two areas of government unless it is brought in to the credit of the Province. I just mention that to the hon. member just so that he might be guided a little bit by it.

MR. SIMMONS: Well, Mr. Chairman, I am aware of that and I think you for your guidance and I was also aware that it was the minister in continuing debate who had opened up this line of debate and I had explained in the beginning of my comments that I would hope I would have the same license. I will not exercise -

AN HON. MEMBER: Is it to the credit of Newfoundland?

MR. SIMMONS: No, I was coming to some financial matters. I was coming in relation to fisheries. We were talking about our lack of clout on national financial decisions and I was building up, probably a little slowly, but laying the ground work to show that if we have a lack of clout in national decision making, one of the reasons is the reason I gave about the facts of life, that we are a small entity population wise and I think I expounded on that sufficiently.

The other one I was advancing is that one reason for our lack of clout is the way some of the ministers in the provincial Cabinet go about it and if we do not get our just desserts in terms of money for fisheries development by way of example, it may well be and I submit it is because of the clumsy approach that certain ministers are taking on the matter. And again I am not sure it is a clumsy approach because the present Minister of Fisheries has been called many things but never clumsy. He is not a clumsy, bungling minister. He does not come into that particular list. So I submit he does not do it because he bungles. I think he does it for very deliberate reasons. I think he does it

MR. SIMMONS:

because he sees that there may be some political advantage in being the champion of Newfoundland against that foreign country called Ottawa which we must protect ourselves against at all costs.

Now, Mr. Chairman, the offshoot

MR. SIMONS: of that particular approach is that we are selling ourselves short in terms of the kinds of money we could get for various developments, Here is what I mean: I was listening to the program the other night and here was a statement from the Minister of Fisheries for Canada in which he expressed some opinion on the subject of the super port, basically he said he has not heard about it, and the Minister of Fisheries for the province (Mr. Carter) was taking quite a different position, and without getting into the merits of their various positions because that is not what I want to get at right now but there is a time for that and I think we should get into it. What appalled me was that here were my two Ministers of Fisheries, and equally mine as a constituent of this province, my Federal Minister and my Provincial Minister who have respective jurisdictions in the fisheries area, and it dawned on me once again that those two fellows, those two people, confident as they are with the legislative responsibility for programs in their sectors, as confident as they are and with the legislative mandate to perform their responsibilities, cannot get their heads together. And we hear answers like: "half billion dollar development, \$61,000,000 super port," "Oh yes, I wrote the Minister over a month ago, he might not have read his mail, mind you." It was only \$61,000,000 so it is not the kind of thing I would pick up the phone and talk to him about or have a meeting about it, It is only \$61,000,000. I just sent him a letter and he might not have read his mail, perhaps he did not read his mail." As a matter of fact with my experience with some of the fellows up in Ottawa it is par for the course I wonder sometimes whether they read any mail, I would be the first to agree with the Minister on that, I wonder sometimes whether they read any mail up there at all or if they are so isolated by civil servants and quasi-civil servants and political appointees, if

MR. SIMONS:

they are so isolated from reality,

I wonder sometimes if they ever see a letter. I have sympathy with our Minister of Fisheries on that particular point, I could well understand. What I cannot understand is why it is the Minister of Fisheries, for example, for Newfoundland and our other Minister of Fisheries and we have two, we have a Federal Minister and a Provincial Minister and it is not a case of the one sitting in this chamber being our Minister and the other one being their Minister, it is not that at all. That is what the Minister of Fisheries tries to get across but that is not the reality, it might be his perception but there are two Ministers of Fisheries who have well defined responsibilities within these provincial boundaries and, my Lord, if these two fellows cannot get their heads together on major matters like a strategy for fisheries development, if all they can do is send each other memos and press releases and telegrams I cannot get very confident, Mr. Chairman, I cannot get very excited about the future of anything that is in the hands of people like that. I score them equally, Mr. Speaker, it is not a partisan thing, it is frightful when two people who are charged with the very awesome responsibility of overseeing the development of the fishery, in so far as the public sector is concerned, when two people, whatever their political labels and it so happens that they have different political labels at this time, but when two people as confident as these two seem to be and are I believe with such large responsibilities, when they cannot get their heads together about a matter like this is it any wonder why there are still so many things left to be done in the fishery. Is it any wonder why we are not getting our just deserts from federal sources when it comes to funding. Would we need to be borrowing this kind of money if the Minister of Fisheries for Newfoundland had done as much homework on establishing a rapport with his federal counterpart as he spent on issuing

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MR. SIMMONS: press releases about how bad the report was. We are borrowing \$150,000,000 today, according to this bill, and I submit, Mr. Speaker, we are borrowing a large amount of it

MR. SIMMONS:

unnecessarily, first of all in the context that ministers like the Minister of Fisheries have never yet, because I suppose they are blinded politically on the subject, I do not know, but for whatever reason they have never yet, Mr. Chairman, tapped the federal resources which are available to us. And I speak particularly in the fisheries area now as one of several examples that could be given. There is another example - I will not go into it but I will just drop it as an example so I will not be accused of giving just the one example - there is another example and that is in the area of manpower training. That is an abysmal story of the money that is available there that has not been tapped by the Province, an abysmal example. There are other examples some of which relate only peripherally to provincial responsibility relating to small business loans which are available directly to the borrow from the federal source but there would be larger amounts going out if we had the active co-operation of the provincial Department of Rural Development, for example, or the provincial Department of Industrial Development.

Now these are just some of the examples, Mr. Chairman, where we are missing the boat in terms of money from Ottawa simply because a number of the provincial Cabinet ministers are just not willing to forget their partisan politics for a moment and realize that my counterpart in Ottawa is going to be there at least until the next election, so the best I can do on behalf of the people of Newfoundland is establish a rapport with him." I say that the Minister of Fisheries has not done that. I say he has not tried to do it. I say he has cultivated the opposite tack indeed of separating himself as far as he can from the federal minister. And that is sad. That is to his discredit and it is to the disadvantage of all of us in Newfoundland, whether we are directly in the fishing industry or whether we are taxpayers, if we are going to bear the brunt of this loan bill that we are about, I suppose, to put through the House.

MR. SIMMONS:

Now, Mr. Chairman, having been here a short time you soon learn that you have to say things for different reasons. You have to say some things because you believe them and for that reason alone. You have to say other things because you believe them but also because you realize if you do not say them a member opposite, perhaps my good friend from St. John's East (Mr. Marshall), will be up pointing out that I did not cover all the months of the year, all the weeks, all the departments of government. So I have to cover my tracks because last year I remember, last June, I was up and I referred to the debt position of the Province only three times in my fifteen hour address, three times at some length, as a matter of fact - sorry?

MR. J. CARTER: (Inaudible).

MR. SIMMONS: Yes, there is my coach from St. John's North in a new position in the government I notice today, a new position. I say to the member for Naskaupi (Mr. Goudie) if he is going to have somebody behind him I cannot think of a better person than the member for St. John's North.

Mr. Speaker, so for the benefit of the member for St. John's East in particular once again let me say something that I very firmly believe in on this particular subject. I do not think it is necessary for our debt to be up around \$2.4 billion according to the estimates, \$2.402 billion in this fiscal year. I do not think it is necessary. Keep in mind that the debt position of the Province or the total debt of the Province, the public debt in 1972 when this government took office was \$900 million. And if you recall the period just before this government assumed office there was a lot of noise and shouting from the present Premier and the former Minister of Finance, the now member for St. John's West (Mr. Crosbie), a lot of shouting from these two people about the shocking size of the public debt. It was \$900 million then. Shameful! Absolutely shameful, they said, how large the public debt was. After twenty-three years of Confederation we had a debt of \$900 million, after twenty-three years.

MR. SIMMONS: they thought,

they said so, that that was a very high debt after twenty-three years \$900 million. The present Premier said it in '71 and the former minister of finance, Mr. Crosbie, said it in 1971 during the election campaign in the fall of that year. \$900 million, they said, was a large debt.

Now, here we are, Mr. Chairman, just seven years into this government, hardly seven yet, and they have managed to drive the debt from \$900 million over the billion dollar mark -- over the billion-and-a-half dollar mark -- over the two billion dollar mark and they are about to go over the two-and-a-half billion dollar mark. In seven years they have managed to add to the public debt \$1,500 million. A billion and a half dollars has been added to the public debt in seven years, compared to \$900 million in twenty-three years.

Now, Mr. Chairman, I said a minute ago that I did not feel it should be that large. I will be honest with you: I cannot document that statement as nearly as well as I would like to. I will tell you why -- because, despite our best efforts on this side of the House, we are having an awful job, Mr. Chairman, finding out what this crowd are doing with the money. Oh, I know what the estimates say, but we are having an awful job finding out what they are doing with the money. Through the Public Accounts Committee, for example, we had a vehicle -- standard vehicle now in the British parliamentary democracies -- for finding out how the money was spent. But, Mr. Chairman, as soon as we began to find out, the heads got together and figured a way to get the committee off track and to see it would not continue to find out, and we will come back to that one of those days, Mr. Chairman, at the right time. But suffice it to say now that the one legislative vehicle, the most effective vehicle, the most effective parliamentary vehicle this House had to find out how the public money

MR. SIMMONS: was being spent has been effectively destroyed, and that is the Public Accounts Committee.

Now, Mr. Chairman, I know the other submission. I know, for example, that it has been said that the government members of this Public Accounts Committee had to carry on valiantly as they did. Well, let us look at how valiantly. Last week, Mr. Chairman, here they were, if I believe press reports, this rump group, there four government members including two Cabinet ministers, a parliamentary assistant to the Premier and the chairman of the P.C. caucus and nobody is going to suggest there is anybody there with a conflict of interest, is there? Two Cabinet ministers investigating their own closets? The chairman of the P.C. caucus who could not even get a caucus meeting for his friend, the Minister of Tourism, last summer when he was trying to referee one of those spats between the minister and the other minister. Notice they are still sitting together? I notice they sat together all afternoon without saying a word, the minister of - what is he called these days?

AN HON. MEMBER: Rehabilitation.

MR. SIMMONS: Rehabilitation, exactly. Here they are, four of them sitting down. A little bill comes up about a fishing trip to Labrador and do you know they exhausted the subject and they did not know where to go from there. You know the Auditor General had to give them a brilliant idea, a really brilliant idea, the kind of thing that the average fellow could not think up, you know. Why do you not talk to the Premier? Why do you not talk to the Premier?

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MR. ROWE:
us ask the Premier.

The Premier authorized it, let

MR. SIMMONS:
to suggest that, Mr. Chairman? A new Cabinet minister just
inside the door, was he going to incur the wrath of his
political boss by asking little awkward questions before
the public cameras? Not he,

MR. SIMMONS:

the member for Mount Pearl Arena, Mr. Chairman, not he. The minister for gutters, sidewalks and roads -

MR. CHAIRMAN: Order, please!

I do have to remind the hon. member that terms of derision are unparliamentary and I think that referring to members other than as members of districts could be interpreted as being derisive. So I would ask the hon. member if he would guard against that point.

MR. SIMMONS: Well, Mr. Chairman, on a point of order. I understood that it was permissible to refer to members who hold Cabinet responsibility by their Cabinet designation.

MR. W. ROWE: Their responsibilities.

MR. SIMMONS: No, I just heard a ruling, Mr. Chairman. The ruling said that I could refer to him only by his district name. I shall do that if that is the ruling but I point out that Mr. Chairman is very narrowing circumscribing the ways I may refer to another hon. member and I would hope that I can refer to him by his Cabinet designation and also by his area of responsibility. I was just calling to mind some of the things the minister is supposed to be doing but if I cannot do that I shall refer to the member as the member for Pleasantville pro tem and leave it at that.

MR. CHAIRMAN: The hon. member is quite correct of course that members can be referred to as of the district or, if they are members of Cabinet, as to their areas of responsibility. But I think the terms are generally known.

Is the Committee ready to adopt the resolution?

MR. SIMMONS: Mr. Chairman, I yielded because I had raised a point of order and I sat to allow Mr. Chairman to rule. If that is going to be used against me I give notice I will not sit and I will just stand and hold the floor.

Mr. Chairman, I know it is a touchy subject, this shemozzle. Even one of the ministers of the Cabinet

MR. SIMMONS:

told me over there what a stunned decision they had made, the junior boys in the backroom. If you are going to have backroom boys, do not have junior boys in the backroom. That is where they made their blunder, Mr. Chairman, junior boys in the backroom. A minister just inside the Cabinet door was not going to go and squeal on his political boss about a fishing trip to Labrador. The member for Pleasantville pro tem, the Minister of Transportation, -

AN HON. MEMBER: Pro tem?

MR. SIMMONS: Pro tem. The member responsible for all kinds of things I am not allowed to mention. I suppose I am allowed to mention the fact that he bungled bill 50. That is parliamentary. I predict he will bungle transportation just as quickly as he bungled municipal affairs. Was he, Mr. Chairman, having bungled bill 50, about to invite the wrath of his political boss again by asking awkward questions about a little fishing trip to Labrador? Or how about, Mr. Chairman, the member for Ferryland (Mr. Power), the newly appointed parliamentary assistant to the Premier; was he going to jeopardize his new-found comfort so soon by asking awkward questions about a trip to Labrador?

It leaves only one, Mr. Chairman, only one. That is three of them. There is only one of them left, Mr. Chairman. And any question -

DR. WINSOR: A point of order, Mr. Chairman.

MR. CHAIRMAN: Order, please!

A point of order.

DR. WINSOR: What the member opposite is referring to is an investigation that the Public Accounts Committee has ongoing, and the Auditor General, on the request of the Public Accounts Committee, is now investigating. I would assume the report will be forwarded to myself as Chairman of the Public Accounts Committee and I will make it known to this Chamber immediately as I receive it. But I certainly think this is typical of the irresponsibility of

DR. WINSOR:

the former Chairman of the Committee in making judgements on something of which he knows very little about.

MR. SIMMONS: To that point of order, Mr. Chairman. He is quite right, Mr. Chairman, I know very little about it as does he on the subject of the Premier's trip because the Premier would not tell us but we are going to find out. What I am doing now, Mr. Chairman,

MR. SIMONS:

is commenting because I was not at the meeting of the rump group. I am reading press reports and I would hope that anything which comes to me as public information, public information, Mr. Chairman, not through the transcripts of any committee or contrived committee or rigged committee but information which came to me through the public media - and I made that clear that I had read it in the newspaper, I said that earlier. - I would hope that I would have the freedom to comment or to bring to this House any information which I pick up which I have read in the public media and that is what I have been doing.

MR. CHAIRMAN:

I do not think one could say that a point of order is present before the Chair at this time but perhaps I could again point out that in Committee, especially on a resolution before a supply bill, one speaks in broad terms as to the background related to that and in the particular context where we are talking about the credit of the Province, the financial state of the Province, it would be quite proper to mention the Public Accounts Committee which was one of the watchdogs in that regard; but in the absence of the Committee or even the House having received a report from that Committee it would be improper and clearly the Table could not allow it to continue to go into that in any great detail. In other words, the Committee can be referred to in the context of its function as a watchdog for the finances of the Province, but to go into detail as to matters brought up in the Committee and how they are disposed of and so on and so forth, this would have to await a report to the House.

MR. SIMONS:

Thank you, Mr. Chairman.

Mr. Chairman, of course I appreciate what you have had to say and I am sure you are talking about the Public Accounts Committee. Well, what I was talking about, Mr. Chairman, was a rump group of four that have constituted themselves together as a committee, which is quite another thing. And I have not at any time, Mr. Chairman, at any time this afternoon talked about the Public

MR. SIMMONS: Accounts Committee, not even - I have made a reference to it peripherally that it had been a watchdog but that committee had been destroyed and in its place there had been set up a rump group of four people with very, very obvious vested interests and who have demonstrated to the public through the press, have demonstrated that they are pursuing their vested interests because - The most recent example, Mr. Chairman, last week - and the reason I am able to make the statement that we are having trouble finding out how the Government is spending its money and therefore I cannot really make up my mind whether this crowd needs \$150,000,000 borrowed, or \$50,000,000 or none. I cannot make up my mind because I do not know how much they are spending on fishing trips. I do not know how much they are spending for the good of the country as opposed to the good of the Premier. I do not know. And I tried to find out through parliamentary channels and the junior boys in the back room moved to cut that one off. So, we have some other ways. But, in the meantime, Mr. Chairman, do not let anybody suggest for one fraction of a second that this flagrant abuse of public money with the Premier going off on fishing trips to Labrador is going to be given a snow job. Four guys might have tried to give it the snow job but, thank God, we had an Auditor General of integrity sitting at that table that day, Mr. Chairman -

MR. CHAIRMAN: A point of order.

MR. SIMMONS: -who pointed out what these fellows -

MR. CHAIRMAN: Order, please!

MR. SIMMONS: -never had the gall to point out because they are trying to slosh over it and -

MR. CHAIRMAN: Order, please! A point of order has come up.

DR. B. WINSOR: I would appreciate it if the hon. member does have the result of that report or any information that the PAC could use in its investigation he would certainly give it to -

MR. CHAIRMAN:

Order, please!

DR. E. WINSOR:

- the Public Accounts Committee.

MR. CHAIRMAN:

Order, please! Order, please!

I think up to this point in time I have not heard a point of order and I would ask hon. members in rising to a point of order if they would state the area of order that they feel is infringed so that the Table would be in a position then to allow the interruption to go on because hon. members will understand that when a member rises on a point of order he is interrupting another member who has the attention of the Committee at that point in time.

DR. E. WINSOR:

Mr. Chairman, well I state my point of order and the fact that you ruled a few moments ago that the hon. member was not to sort of delve too deeply into that particular subject which was under investigation by the Public Accounts Committee and he has continued to do so, so therefore I repeat my point of order.

MR. SIMONS:

To the point of order. If it is a point of order I suppose I will dignify it with a comment. The matter that the member alleges is before the Public Accounts Committee has never been dealt with by the Public Accounts Committee.

MR. SIMMONS: I understand through the press it has been dealt with by a rump group of four Government members, all of whom have vested interests, styling themselves as a Public Accounts Committee.

AN HON. MEMBER: Hear, hear!

MR. CHAIRMAN: Order, please!

The hon. members, I am sure, are aware as is the Table that there is an area of difficulty here but that at this point in time the Committee is not dealing with the resolution of that particular difficulty and I do not think that there is a point of order accordingly that I have to rule on. I think that at most we are getting near areas of irrelevance and I would ask the hon. member if he would continue with his remarks bringing these within the context of the financial state and the credit of the Province.

MR. SIMMONS: Mr. Chairman, the member for Mount Scio (Dr. R. Winsor) has succeeded in his ploy of helping kill my time but I have other opportunities and we will pursue this as long as we need to today. I understand that he above all others would be particularly touchy because he is identified most with this entire cover-up, Mr. Chairman. Most, with it. He is identified most with it.

MR. CHAIRMAN: Order, please!

I am afraid that the hon. member's time has expired.

MR. SIMMONS: And we will show him -

MR. CHAIRMAN: The member for St. John's East.

MR. SIMMONS: to be the cover-up artist he is.

SOME HON. MEMBERS: Hear, hear!

MR. MARSHALL: I am glad the members of the Opposition are so enthusiastic this afternoon, Mr. Chairman.

SOME HON. MEMBERS: Fear, hear!

MR. MARSHALL: Now, Mr. Chairman, this is one of the - this is an extremely important bill that comes up every year before this House and is one that I do not think should be allowed to go through lightly without comment, sober consideration and also sober reflection by every member of this House. Because what this Bill relates to is - This Bill relates to borrowing an extra \$150,000,000 this year from outside this Province. It is going to increase our debt by \$150,000,000 and we have to bear in mind that this ~~rate~~ ^{rate} of borrowing has continued year after year after year so that at the present time this Province is really jeopardized with, is being strangled with its own debt.

At the present time during this debate there has been a fair amount of emphasis about Ottawa and more or less casting the burden on Ottawa for the financial position of this Province. And with the greatest of respect to all previous speakers while perhaps this Province in many areas should and must be getting more from Ottawa I do not think that that really addresses our attention to the real concern which this Bill brings before the people of this Province. It does happen to be a fact at the present time that this year we have spent - we have a budget of over \$1,000,000,000 more than fifty percent of which is coming from Ottawa itself. And it is very easy to get up and rag Ottawa from time to time, and there are many times that it should be ragged but I think that the very principle of this Bill is one that requires us to look inward at ourselves and determine just how far and for how long we can continue to borrow at this enormous rate.

The Estimates that have been tabled in the House this year show the actual borrowings which we will have to make to be \$199,000,000. This Bill is for \$150,000,000, and the \$150,000,000 is there because it was anticipated in the Budget that \$145,000,000 in fresh borrowings would be needed and the balance would

MR. MARSHALL: be to re-finance old debts. And it is continuing, it is going on. This \$150,000,000 next year translated is going to mean an extra \$13,000,000, \$14,000,000 or \$15,000,000 in interest that is going to have to be paid next year. And that is \$10,000,000, \$12,000,000, \$13,000,000, \$14,000,000 or \$15,000,000 that is not going to be available for services because the first call on our money is the retirement of our debt.

All we have to do is to look at a rather chilling statistic on page 12 of the Revised Estimates which shows a picture, a pie as it were, a traditional

Mr. Marshall.

way to show how one's budget is divided up, and it shows for debt charges and financial expenses, an amount of \$163 million. It is the third highest expenditure this year. If you want to compare it with years over the past numbers of years, if you want to go back to seven years or ten years or fifteen, you will find that segment increasing every year, and what you find are the other segments obviously, proportionately will be decreasing. Sure services have increased. Certainly more money has been spent. It has to be spent. But the fact of the matter is - and the chilling fact of the matter is that we cannot avoid - is the fact that these borrowings are increasing year by year, and we are now faced with a bill for yet another \$150 million. And that is why this bill is on the Order Paper, so that the borrowings can be brought squarely to the attention of the people of the Province to this House of Assembly.

Now I do not propose to go into an analysis of how it arose. One hon. member by speaking got again into the old tired argument about the fact there was a \$100 million or \$200 million borrowed at one time, at one point in our history. And that, of course, begs the argument of the fact that at that point of a history that debt was not wiped out, but every year thereafter there has been over \$100 million that has accrued on it. So the fact of the matter is, it does not matter - you know, I have my views and let hon. members and other people have their views of where it arose - the fact of the matter is that we have to grapple with is that the debt is there and the debt has to be dealt with certainly, vis-a-vis our relationships with Ottawa certainly and vis-a-vis our relationships not just in financial matters, not just to go to Ottawa and ask them for more money, but our debt has to be dealt with indirectly in our relationships with Ottawa through negotiations to allow effective resource development on our part.

Mr. Marshall.

But the debt is there and we have a problem, and there is something that has to be done about it. Now we will have again various opinions. Everyone will share various opinions as to what may be done and what can be done. And I do not propose at this time to say that any member, certainly not myself, has the overall solution to wipe out the debt. This I do know that we will never be able to tackle it. We will never be able to get out the morass that were in unless we come to the stage of public appreciation of the extent of our debt, how it is increasing every year and what it means to the people of Newfoundland. And I do not know any better example of what it means to Newfoundland than to look at that graph on page twelve of the estimates and compare it with other graphs in preceding years, and you will see it increasing every year until it is in danger of swallowing up the major part of the resources in this Province. I have said that debt servicing consumes fifteen per cent of our expenditures, and so it does. But one must also remember that it consumes appreciably more than that when one considers our revenues because included in our expenditures are the borrowings of this year. And it is in relation to our own revenues that we have to judge the debt, because the government's expenditure is no different than the individual or the corporate expenditure really to that extent. I know you cannot equate corporations with governments or that, but the fact of the matter is that you have to compare it to the revenue. And it is even more chilling when you compare the percentage to the revenue.

Mr. Marshall.

There has to be an appreciation of it, and I do not know how it is to be gotten through. We have had such things brought forth in this House, in this present session, for instance, about the situation that the Province had found itself in relation to its public debt at this time as a result of revaluation of foreign currency. There is a question asked by myself of the Minister of Finance in the House this year as to the effect of the revaluation of European and United States currency on our borrowings. He tabled the answer some time later. It was brought up in debate in the House and the amazing thing about it, with the exception of one or two isolated instances, is that it did not even merit the attention of the press. But the chilling fact of that statistic was that in West Germany we had borrowed, in round figures - I am just speaking from memory - but it was certainly \$130 million and, you know, \$132 million or something like that, \$132 million, if I recall. And as a result of revaluation last Autumn our debt had increased on that to \$267 million. In other words we had \$132 million but as a result of the revaluation we had to spend back \$260 million.

Now apparently that statistic which came out, was pointed out, was emphasized in the House, did not even merit, in certain media, any coverage at all. So how in the name of Heavens can we possibly hope to have an appreciation of the debt if these positions are passed out from time to time, pointed out, emphasized, drawn to the attention, and they are not even reported but other things are deemed to be more important? But the fact of the matter is and the chilling fact of the matter is, Mr. Chairman, that there has to be a realization and appreciation of the situation that we are in. It is all right, and certainly we must think positively, and

Mr. Marshall.

we all think and speak in terms of the fishery, our resource development, the possibility of discovering oil and all of these things, and we certainly hope that these come about. We will see the fishery shaping up, and we know that as a result of the dramatic policies that have been taken that the fishery now is a very enticing industry and a very valuable industry much more than it was before.

But we have got to look positively, I know, into the future, and we look forward to the future in confidence. But at the same time we have got to look to the present with realism. We have got to take a realistic approach and a realistic look at the situation. And here we have a situation now again of \$150 million. I do not know. As I say at this stage there are suggestions. I am sure that all hon. members could make them. I can make certain ones and, for instance, I do believe that all governments of this Province have always set their budgets on the basis of how much revenue we have for the year, which is understandable, because there is such a demand for services. But included in their inquiry of how much revenue they ask, "How much can we borrow for the year?" and that really sets the goal.

Now I compliment the Minister of Finance for his budget last year, because I think it was a really solid realistic budget for the Province. But the fact of the matter is that we have got to take a much stronger stand and a much more, if I may use the word, responsible position with respect to our financial resources than we have. The only way that this can be brought about, the only way it can be accepted by the public is that there be an appreciation of the financial condition of the Province and certainly that there be an appreciation of the debt.

There are one or two questions that I want to ask the minister when he rises to his feet to close the debate on it.

Mr. Marshall.

I notice that this bill allows the borrowing of \$150 million, which is fine, because this is what is required under the Financial Administration Act. But it also says, "Such additional sums or sums of money as may be required to retire, repay, renew or refund securities issued under any act of the Province." Now as I recall the Financial Administration Act, when it was drafted and passed by this House there were sections in that act that said, you did not have to pass a loan bill in order to secure approval to refinance existing indebtedness, therefore that being so insofar as this phrase is concerned, it certainly a redundancy insofar as it applies to refinancing of our debt under the Financial Administration Act.

I now then ask the minister, what is the meaning and significance, if any, of the words, "issued under any act of the Province"? Because if that entails allowing the increasing of the net amount of debt of this Province without the approval of the Legislature, I do not think it is something that I know the minister intends or that this House would allow. And the reason I ask this is because I have to confess to having a latent suspicion of the bureaucratic movements within the Confederation Building. I know the minister, although responsible for the act and the government are responsible for the act, is not always the person who drafts it. I know the frustrations experienced in attempting to change and amend the Financial Administration Act to provide for this particular bill. And it would make a very nice story, a very nice drama, as it were, a frustrating one, if one were to recount the maneuvers and the machinations that went on trying to keep the old convenient way of allowing the government to borrow in secret cabinet sessions. And I know afterwards that certain people who sympathized with the persons who were the bureaucrats of the civil servants slipped in provisions in the bill from time to time to suit the previous situations. So that

Mr. Marshall.

is why I ask this particular question. I know the minister will address himself to it, because I want to make it quite clear that this bill should be only a bill for \$150 million which would -

AN HON. MEMBER: (Inaudible).

MR. MARSHALL: No, in the resolution. Well, it is in the resolution. I am not looking at the bill. The resolution. I suppose the bill continues. But the resolution says, "under any act of the Province." But I want to know why that is because the only authorization that can be given with respect to borrowing is \$150 million. And if one cent more is needed, well not one cent more, if there has to be temporary borrowings that is allowed but in a reasonable basis. But if there are any substantial other borrowings, it has to be done, and it has to be done with reference to the House.

MR. MARSHALL:

Another question that I want to ask the minister, he mentions about his last borrowing which was borrowed on the Euro dollar market and it seemed to be a reasonable proposition that was entered into by the government on a favourable basis particularly when you get into the position where they will accept the exchange in Newfoundland bonds. But it is my understanding that the Euro dollar market, when you borrow in Euro dollars they are repaid by us in United States dollars and I think it has to be pointed out that the difference in currency at the present time between the Canadian currency and the United States currency will perhaps make the amount that has to be repaid, could make the amount significantly different. Of course at the time when the amount becomes due if the currency fluctuations are different it will be to our favour. But I would like to know - and maybe it is too much to ask him right now, perhaps he could take notice of it - the effective rate of interest on this Euro dollar loan on our interest payments this year when you take into consideration both the interest rate and the currency fluctuations as they presently exist because we cannot forget the currency fluctuations.

As we have already indicated and has already been shown in this session of the House we have a situation where borrowings in the West German market that were not made in total by this government but they were made on the advise that was received at the time - and I question the advise that was received at that time because we all knew how strong West Germany was, what a strong economy it has. Anyway the net result of the decrease in the Canadian dollar means that of the \$130 million we borrowed we have to pay back \$230 million. And so help me if this does not merit sober reflection and certainly if it does not even merit comment if not screaming headlines, some little column in a paper somewhere, if that does not merit some column I do not know what is and I do not know what the function

MR. MARSHALL:

really of this House of Assembly is.

So, Mr. Chairman, in closing and as I address these questions I conclude by saying that this bill is an extremely important bill because it requires the government to draw to the attention of the House of Assembly and people of Newfoundland the amount of money that is being borrowed. As such I hope that it will received the attention that it was intended when the bill was put there and there will be an appreciation of our situation because it is getting critical and I think the day is going to come when on a crisis basis this House or some other body is going to have to sit down and deal with the finances of this Province on a realistic basis. And I would much rather do that as a body such as we are presently constituted, an elected body and do it willingly than have the situation arrive which is going to arrive one of these days when it is forced put upon up. Thank you, Mr. Chairman.

MR. CHAIRMAN:

Hon. member for Conception Bay South.

MR. HOLLAN:

Mr. Chairman, first if I may be permitted I would like to congratulate the two most recently appointed ministers to their new positions. We certainly look forward to working with them in difficult portfolios and I do wish them well.

We are now asked to approve, to give approval to the resolution before us in this bill which will authorize the government to raise \$150 million by way of loans for the purposes of the Consolidated Revenue Fund. I must go along with the remarks - some of the remarks at least - as made by our hon. friend from St. John's East (Mr. W. Marshall). While \$150 million in itself is staggering, the fact is it is not, I would assume, the total picture. The hon. member also mentioned by the way what it had cost this Province because of currency fluctuations and that he had mentioned earlier in this session. May I also remind the hon. member and you, Mr. Chairman, that the hon. the Leader of the Opposition and myself posed this question to the hon. minister earlier in this session as to what differences there would be because of currency situations that you have now in the Deutschemark, Swiss franc and so on.

The \$150 million is not the true figure and surely if we cannot get all of the information on this in the House of Assembly, maybe it is time our well subsidized Memorial University might set up a new class on the provincial debt of this Province, so that we can get the total picture; because one of those days someone is going to have to do just that, and if that means hiring television time and press time to go on and lay it all out for the people so that certain hard decision will have to be made

MR. MOLAN: in consultation with the people. It is going to have to be done because it seems to me at least in many instances that in attempting to get information it is not all coming forward or it is in dribs and drabs, bits and pieces, evasiveness and the like. So I want to know what the interest rate is that we will be talking about in terms of \$150 million; and as our hon. friend mentions, what cost will be involved if you are dealing in Deutschmarks, for example, Swiss francs, American dollars, and so on. I mean these are things that we have to know and also the question that he raises, which I was going to raise and I may repeat it, and that is the additional sum or sums of money required to retire, repay and renew or refund securities issued under any act of the Province; and I hope the minister will address himself to that particular one. I cannot entirely agree with the hon. member who spoke earlier in reference merely to the bureaucrats in the civil service. I am not saying that they are blameless, but it is the government. It is the treasury board and so on who makes the decisions on these things. You have a minister who is the president of the treasury board. You have other ministers who sit on the board and anything that comes from treasury board can either be approved or not approved or just about anything by the Cabinet. This is how you do your budgets and so on. So, it is alright to pass the buck along to the civil service and again I repeat they may not be entirely blameless. We know we have our mandarins here as well as they do in any other area, but it seems to me that the minister is the one who has to be answerable for these matters here in the House of Assembly.

The member for St. John's East is somewhat alarmed, and I do not blame him about the fact that there is perhaps not a greater public commotion in the

MR. NOLAN: press or otherwise about the amount of borrowings and the fact that so much of the revenue of this Province right now is taken up in paying debt charges and other financial expenses - \$163 million - 15.5% - the third largest amount to be spent by this Province this year following education and health - debt charges and other financial expenses - \$163 million. Now why is it that the people of Foxtrap are not upset about this, or perhaps not all of them? Or out in Holyrood or anywhere else? Well, first of all, it is because of two facts: one, they are so tied up in trying to look after their own immediate needs and the enormous burdens that are put on them by so many bureaucratic and political areas that they have all they can do, it seems from conversations I, and I am sure every member in this House have had with people

MR. NOLAN:

around the province to find off the situation that they find themselves in. Secondly, the people of the province, many of them, feel that they have little or no confidence in the administration the way money is handled, generally, in the province and therefore they feel "if that is the way this crowd are, if this is the way it is, we have got to try to our road paved." Is there anything sinful about that? They do not say, "We have \$163,000,000 additional debt this year that we have to pay out; therefore I will not ask for my road to be paved," I will not ask for this that and other. How can you expect people to take this approach when, daily, they are faced with information through various radio, t.v. programs, newspaper articles and so on, of enormous waste. I wonder if the Minister of Finance (Mr. Hickman), the Premier and others may not feel that it is time for someone to take a whole new look at how public money is spent in this province. We have any number of government departments, we have any number of crown corporations St. John's Housing Corporation, Newfoundland and Labrador Housing Corporation, we have the Newfoundland Hydro, we have the University and we have so many other things. I am not saying all of them are bad, I am not saying all of them are abused but what I am saying is that in so many areas so many questions are being raised, often times by knowledgeable, concerned people, that maybe it is time someone had sufficient guts, if that is the word, to take a whole new look at the whole kit and kaboodle, for example, if the Department of Municipal Affairs, as an example, is spending say \$20,000,000 this year, how is the department and all its agencies functioning. Are they, the bureaucrats, - I am talking about the whole works, what kind of value are they delivering for the public dollar? That is what I am asking, this is not an attack by any stretch of the

MR. NOLAN:

imagination on the Minister of
of Municipal Affairs and Housing. I am talking about every-
thing, everything on which public money is spent. Is there any-
thing right now with a re-evaluation of how it is being spent?

I do not have to tell one single member in this House of the
bureaucratic build-ups in so many areas, we have people hiring
people to do the jobs that they were hired to do in the first place
and it is building and it is building all the time. Why? Because
often times, Ministers not always, can be the recipients, and they
obviously take the word, they cannot devote every single moment
of their day to every possible detail, they cannot do that, but
they are getting advice and have been getting advice down through
the years and it has been building up and building up and building
up costing the people of this province more and more and more
money. I wonder how this chart would be, Mr. Chairman, right here
that we refer to Health - \$224,000,000.00, 21.2%, debt charges
and other financial expenses - \$116,000,000.00, 15.5%. I wonder
how the various departments and the various agencies would stack
up if you had a chart that could indicate - done by an independ-
ent group if you like I do not mean a political hatchet job or
review, to investigate what is happening in the various depart-
ments, the various agencies that are there. It seems to me, and
I do not merely criticize this administration for this, I think
there is guilt going back over a great number of years in the
build up, what I am saying is that when you have a corporation
or a public agency in place although it may serve, hopefully,
a great number of people, often times it is serving those that
are there embedded in it and they are there until they are 65
years of age and they are building all the time. It seems to
me that we are going to ask people, the Minister of Finance
(Mr. Hickman) mentioned restraint cutbacks and so on, who can
just scrape by to keep a roof over their heads, keep their kids
in school, keep the home heated and so on, if we are going to

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CW - 3

MR. NOLAN:

ask them to tuck in their belts

should not we start in our own homes, in our own

Mr. Nolan.

bailliwick in our own institution. Is it not there where it should start. You do not or you should not, at least, hit at the weakest people first. You have got to get to some of the institutions that we - and I say all of us to some degree - have helped to build up. And it is time there was a good honest to God thorough reveue to see what portion of the public dollar that is in the various corporations is really going out to the public in any kind of good value. That is what I am asking. I do not have to convince the Minister of Finance or anyone else, I think, that there is a need for such a review, a good honest, hard-hitting review of all of the agencies. I do not just mean pick on one or two. I am not saying that. We have to take a look at every single department or agency or corporation or whatever it is that we are funnelling public money out to. And unless we do that - sometimes people may very well be in the wrong in saying that money is misspent. But as long as there is that shadow of a doubt, and more than that, as long as you have people within the various corporations, within the various departments, who are continually, either talking to someone privately in the press, continually talking to some minister privately, continually talking to some member of the Opposition, continually talking to their families or their neighbours about the wastage in this department, the fact that so many bodies are here and they have not done a good day's work for six months, as long as this thing continues to build, then how in the name of All that is holy can any man, whether he be minister or otherwise, stand in this House and suggest to people, who are attempting to get by on very meager incomes that are soaked up by the tremendous expenses that they are faced with today, how can we expect them to really take it all seriously and for them to believe that the sacrifice should start with them, that here they must cut back.

Unless we can start with ourselves and take a good hard look at the situation, there is no way in God's world that

Mr. Nolan.

I believe you are going to get the general concern of the Canadian or the Newfoundland public on restraint. How can they if you got one bunch of fat cats living high on the hog, at their expense, expect them to cut back. I mean they are as human as the next person, and they are bound to react in the fashion that I have described. So I wonder then if it is beyond the realm of possibility that maybe this administration may come up with some kind of a plan to take a good hard look at the wastage that is involved, the wastage that is there, where people are in some instances sitting by waiting for their pension even though it may be twenty years away, who are contributing little or nothing or are just doing enough to get by. We cannot continue in this way. We have now 15.5 per cent that is going to be paid out this year merely to service our debt. We have over \$1 billion budget. Is the Minister of Finance or any other minister going to tell me that there are areas, perhaps, where there could be some good substantial cut backs. Now I know the pressures. This is why I say that rather than having the Premier of the Province or anybody else instigating such an inquiry - I am not talking about an inquisition. All I am asking for is a good realistic evaluation of productivity, of dollars spent within the public domain, no matter where it is, in the public domain where public dollars are being spent. Have it done by a private, if necessary, and independent group. Take a good, hard, solid look at it, and let it all hang out there.

I think that if it were done properly, it might be one of the best things that this administration has ever done, because it would not be their doing as such. It would be, as I said, an independent group who would take a look at a situation that is just crying to be looked at. There are too many people who are living very, very well, very comfortably, and I am afraid laughing at their immediate superiors. Their

Mr. Nolan.

immediate superiors in the final analysis are the people of this Province. The ones that they are thinking about are their immediate administrative heads and so on. So we have to start there. We really do have to take a look at the enormous amount of wastage that I believe is involved by some of the building up of the empires that we have all created

MR. MOLAN: or helped to create to some degree or another. And unless we are willing to take a good hard look at that, then I am afraid we are going to be looked upon with some scorn and ridicule when we tell people who oftentimes can least afford it that they must cut back - tighten their belts. So, I hope that the minister might consider this suggestion of mine that a group be set up to look at every area where public money is being spent. I realize the political pressure that can come from any number of sources and lobbyists and pressure groups if you dare tackle their bailiwick. I know what will happen, and they will try to nail you, but I believe if it were done in a honest and fair and sincere fashion that the truth would speak for itself and I believe that you could stand on that. I really believe you could. I believe if you show the people honestly and sincerely that here we have a corporation, that twenty years ago was formed to carry out certain needed public works which were required at the time and maybe to some extent are still required, but if it has built up and built up and built up and built up and the degree of assistance - aid - of one kind or another to the public has diminished or not increased, there is something wrong, is it not? \$163 million - 15.5% - now I am sorry that the Minister of Finance in talking about this bill went so far as to give us a dissertation, a lecture on the state of economic affairs in Canada. What I had hoped he would do was to address himself to the bill - the fact that there is an additional \$150 million that we know of that will be borrowed and items that would interest the people, not only of the House but in the Province, but again he managed to bring in the red herring of Ottawa as he usually does. This again is most unfortunate. We have had the provincial debt of this Province - I believe in '71 was what, to service it, \$42-\$44 million? The Minister of Finance may know.

AN HON. MEMBER:

(Inaudible)

MR. NOLAN:

What? No, it is about \$164

million? How much did it cost to service the debt of the Province in '71 per year?

MR. DOODY:

\$44-1/2 million.

MR. NOLAN:

In '71 - '72?

MR. HICKMAN:

\$100 million

MR. NOLAN:

In '71?

MR. HICKMAN:

(Inaudible)

MR. NOLAN:

To service the debt in '71?

MR. MARSHALL:

It is a billion dollar debt -

MR. HICKMAN:

Over a billion dollars

MR. MARSHALL:

10%.

MR. HICKMAN:

Yes, about 10%.

AN HON. MEMBER:

Without a sinking fund.

MR. HICKMAN:

That is right - without a sinking fund.

MR. DOODY:

So there was return on the investment, Mr. Chairman, so it was more than 10%.

MR. HICKMAN:

The hon. gentleman should not forget that when you pay money into a sinking fund which we are obliged to do under our most recent borrowings, that money is then invested and it yields a return to the Province thereby reducing the effect of interest rate.

Would the hon. gentleman yield for a minute so that Mr. Speaker can come back.

Mr. Chairman, I move the Committee rise and report progress and ask leave to sit again.

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

Mr. Speaker returned to the Chair.

MR. SPEAKER:

The hon. Chairman of Committees.

MR. CHAIRMAN:

Mr. Speaker, the Committee of Ways and Means have considered the matters to them referred. have made some progress and ask leave to sit again.

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

MR. SPEAKER:

I now wish to inform hon. members of matters which will be debated at 5:30 this afternoon. I have notice of two: one notice dating from July but the hon. member is not here, so that reduces it to one, a notice given by the hon. member of St. John's West (Dr. H. Kitchen) arising from a question asked the hon. Minister of Mines and Energy and the subject matter being the submission to the House prior to signing of any federal/provincial agreement with respect to the development of hydroelectric power in Labrador. That is the one matter which will be debated at 5:30.

On motion that the House resolve itself into a committee of the whole on supply, Mr. Speaker left the Chair.

MR. CHAIRMAN: Order, please!

The hon. member for Conception Bay South.

MR. NOLAN: Is it all right, Mr. Chairman, if I go ahead again?

MR. CHAIRMAN: The hon. member has been recognized.

MR. NOLAN: While I was attempting, maybe in perhaps a confused fashion, to establish the approximate cost of servicing the debt in 1971 - and I thought it was between \$42 million and \$44 million - is that correct or not?

MR. HICKMAN: No!

MR. NOLAN: Not \$44 million.

MR. HICKMAN: No, no! One hundred smackerroos.

MR. NOLAN: One Hundred million dollars.

MR. HICKMAN: Yes.

MR. NOLAN: Since when?

MR. HICKMAN: Since 1971, without a sinking fund.

If you remember I explained that we now have sinking funds in all our loans so that when you put your money into the sinking fund, you get a pretty good interest return thereby reducing to the Province the net amount that it has to pay out in any one particular fiscal year.

MR. U. BOWE: The money is taken out of commission.

MR. HICKMAN: No, it is not.

MR. NOLAN: Is it \$164 million this year, would you say?

MR. DOODY: On or about.

MR. NOLAN: On or about. There is the Minister of Finance for you as if it were peppermint nobs we were buying.

Of the \$150 million, it might be interesting also for the Minister of Finance to tell us, What will be the total cost? We want the true picture. What I am saying is, What kind of interest are we going to be paying on \$150 million? How much will be paid to the various brokers and so on who will negotiate this loan?

MR. DOODY:

MR. NOLAN: Are we borrowing from Mr. Chretien?

MR. DOODY: No, he establishes the interest rates.

MR. NOLAN: In Germany?

MR. DOODY: In Germany.

MR. NOLAN: Is there anything at all that these gentlemen are responsible for do you know of?

MR. DOODY: We do not borrow in Germany. We gave up these foolish loans. We have not borrowed any Deutsche marks since the hon. member and his people left the House.

MR. NOLAN: Where do you borrow now?

MR. DOODY: We borrow American dollars, Canadian dollars.

MR. NOLAN: Where? Household Finance when you borrow.

MR. DOODY: A few from your friends and your own little trust account here and there, you pick up a few.

MR. RIDGOUT: National heritage fund.

MR. NOLAN: Anyway, I hope that the minister, as I said, will take a good, hard look -

MR. DOODY: The last Liberal stronghold in Canada, P.E.I.

MR. NOLAN: Does this have anything to do with this bill?

MR. DOODY: No, it is just a relevant as all the rest of the goings on about bull's eyes and Foxtrap.

AN HON. MEMBER: We are wondering if there are borrowings from Alberta anywhere? That is all we are asking.

MR. DOODY: It is all available.

SOME HON. MEMBERS: Oh, oh!

MR. NOLAN: Anyway, \$150 million and what we are asking the Minister of Finance for is the true and honest figure, that is if he can come up with it, particularly in view of the fact that his friend and colleague now, the Minister of Industrial Development, with his asides, has indicated that things have improved so much, the interest rate has improved so much since he originally took the financial helm not too long ago, well let us see just how good it is. Fifteen per cent of the revenue

Mr. Nolan.

of this Province is going out. Surely the Liberals cannot be responsible for everything there, are they? Even the former Liberal, the Minister of Justice would not say that. So there we go and I hope that the minister will give us this information. Also I am sorry to say that this bill could have gone through earlier in this session of the House. We were getting very gentle jives one way or another that it could not go through at that time. All the Opposition's fault if it does not go through now, that the people of the Province will suffer and that the Opposition are not doing their duty and job in a responsible fashion and so on.

We are talking about \$150 million. Does anyone think for one moment that we or anybody else can stand by and give approval to this kind of a loan act without getting more information than we have been granted thus far? One hundred and fifty million dollars is nearly added on now to our Provincial Debt. The member for St. John's East (Mr. Marshall) has every reason, good reason, to be alarmed by the amount of the total revenue of this Province now that is being eaten up to pay off the debt that we are incurring year after year, after year.

MR. NOLAN:

We want to know, although they say it has been explained, what good use will this be put to. In many instances we know of course where it will be run for the general administration of the Province. But the people when they hear that \$150 million loan has gone through the House or a bill for such a loan through the House of Assembly cannot help asking themselves, what good is that going to do for me in my community or for my family. They are not getting the answers really in this House of Assembly and I am hoping that however long we may be open in this present session that we will have some good, honest answers to how money is being spent. It is time I am afraid that the Minister of Finance will stop taking the attitude whether it is on justice, finance, worms or anything else, that it is all the fault of Ottawa. He must be responsible for something. He must have told the people of Burin that if elected he would be responsible for something and not everything in Ottawa. Well he has not done it.

Even in talking on this bill today all we heard was about the budget tonight, about equalization payments and so on, all of which are important but it was not what we expected from the Minister of Finance in relation to this particular bill. So we would hope, Mr. Chairman, that this \$150 million loan, that the minister will give us a clear indication of exactly what the amounts are insofar as interest rates, currency fluctuations, whatever is going to affect the borrowings of this Province, that he will lay it out to the best of his knowledge and with the help of his various financial advisors and so on and particularly the item that the member for St. John's East (Mr. Marshall) mentioned, the additional sum or sums of money required to retire, repay or renew or refund securities issued under any act of the Province. I hope that he will address himself to that as well.

Well I could go on. I am as alarmed as any other member of this House that \$163 million is the amount to be spend this year to service our debt but also I find that I cannot

MR. NOLAN:

swallow nor will anyone else in this Province the fact that ordinary, hard working people are asked to cut back, restrain and restrain when the leaders in the Province refuse to do so themselves. And unless you start there there is no way that we are going to be able to convince the people of this Province one, that this kind of money is necessary for their general good and not only that but that they have the kind of proper leadership that they deserve. Thank you, Mr. Chairman.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. Minister of Finance.

MR. HICKMAN: Mr. Chairman, I would like to answer a few comments made by hon. members who have spoken. First may I draw to the attention of the hon. member for Conception Bay South (Mr. Nolan) when he suggested that there should be a very searching enquiry by competent people into the way the money is being spent, are we getting true value, do we have a larger public service, do we have too many people employed in Crown corporations, is there wastage of money, is there wastage of effort, can we do with less. May I remind this Committee that the Budget Speech that was brought down here in March indicated that there would be a reduction of 500 people in the public service during this fiscal year and whilst these estimates and the Supply Bill was approved, may I remind this Committee that that reduction was not met with enthusiasm by the hon. gentlemen opposite. Now you cannot have your cake and eat it.

If it is a fact that we have too many people in the payroll of the public service, then obviously government has an obligation, this Committee has an obligation to see to it that that is rectified. Well, Mr. Chairman, that has never been greeted to my knowledge as being the kind of thing that an Opposition greets with any form of pleasure or approbation. Indeed the government comes under severe criticism for so doing it. Now, there is no one more conscious than I am of the need to try and get a handle on the public service of this Province.

MR. HICKMAN: We only have 500,000 people living in this province, less than you will find in one large suburb of the city of Montreal but for geographical reasons and other reasons, but primarily geographical, plus our late entry into Confederation, which means we were considerably behind in the public service field prior to 1949, we are saddled with a per capita cost for public service in this province that is staggering. And the kind of public services that the people of this province are asking for not luxuries. It is not luxurious, it is not a luxury, it is not a waste of money to ask to have a road paved. That is not a luxury in any other province. Newfoundlanders are simply asking that their standards of minimum public services be on a par not with Alberta, not with Ontario, but with the other provinces in Atlantic Canada. But it costs us far more per mile to build and pave a highway than it does in the province of Nova Scotia, and having built it and paved it we serve only about one third per mile for the same number of people as a mile of highway serves in the province of Nova Scotia. There is no easy solution to that. The Hon. gentleman has totally and absolutely misinterpreted my comments with respect to the relationship of this province with the federal government. He has totally misinterpreted what I have said transpired at a recent meeting, Federal-Provincial meeting of Ministers of Finance. I repeat

MR. NOLAN: You never mentioned anything -

MR. HICKMAN: I repeat what I said a few minutes ago, and this is very relevant because, Mr. Chairman, that is the kind of thing dictates the amount of money that this province has to borrow to provide these necessary capital works. Not current account, not a few dollars whether you got one, two or three more people working in a particular area than you should have, as important as that is, this money is used to provide water and sewer facilities, to pave roads, public buildings, hospitals, medical facilities, and schools. We have reached the stage where the province

MR. HICKMAN: now has in the health care field alone, provided in the last ten years in particular, huge sums of money to build health care facilities that are better than you will find in any of the three maritime provinces and still the demands are there for more. I hope the hon. gentleman and all hon. gentlemen in this House would not be irresponsible enough to suggest that whether the Minister of Finance, tonight in the discharge of his responsibility, which will affect the economy of this province, finds it incumbent upon him to cut back on some of the cost-shared programs in the health field, that that is not going to reflect on our budgetary position, of course it is; That it is not going to affect the well-being, adversely, of the people of this province, of course it will! I hope that no-one in this House believes that if PUTA is passed that this will not reflect on the power rates in this province; it has got to, no question about it. For those, Mr. Chairman, who are not familiar with the legislative process and the financial markets and the financing of Canada, PUTA is the Public Utilities Transfer Tax Act, an act that was amended and passed and increased at the request of the Government of Newfoundland and which we regard as a very sacred commitment insofar as our people are concerned, that is what PUTA is, Mr. Chairman. Now Mr. Chairman, -

MR. PECKFORD: Very close to PUKA.

MR. HICKMAN: Well there may be another name for it if we get the gears on it and I would not be surprised as we are going to get the gears on that but it is not going to pass unnoticed by this province. Mr. Chairman, if there is one thing

MR. HICKMAN:

out of many that this administration can be proud of, that is the tremendous improvement that has taken place in the Department of Finance of this Province and in the Treasury Board of this Province when it comes to the administration of public funds. I know for instance that the member for Burgeo-Bay d'Espoir (Mr. Simmon) agrees with this because he has seen, he has had the opportunity along with some of his colleagues to scrutinize the kind of financial controls and the kind of expenditure controls that have been implemented in the Department of Finance in the last two or three years. But then you get back to that same question raised by the hon. the member for Conception Bay South (Mr. Nolan), are we getting true value for the money that we are spending in the public service. I have no hesitancy in saying at all, we are getting excellent value in the Department of Finance for the salary bill that we are paying.

But may I draw to the attention of this House that a servant of this House in the person of the Auditor General is recommending that in order to increase our tax collection effort, which has increased immeasurably in the last two or three years, that we continue to add to that already competent staff. So when we do that we are once again increasing the expenditure bill, the salary bill. No government, and I can assure this Committee, no government likes to increase taxes. Would it not be the most pleasant thing in the world if I could have gotten up this year, brought down a budget and said, "Mr. Speaker, I announce with all the humility that I can muster, with all the humility that I am capable of, with all the humility that fits so easy on my shoulders that there is going to be a drastic reduction in taxes this year." I am sure that any Minister of Finance would like to do it. But I do believe that despite what has been said here today and despite what has been said by people in public life over the years, that slowly but surely Newfoundlanders and Canadians are reaching the conclusion that if we cannot pay for it, we have to do without. And that is a hard philosophy

MR. HICKMAN:

for anyone in public life to sell. It really is. But I have detected in the last twelve months in particular that whilst we still have the petitions coming into this House calling for massive expenditures of borrowed money because these are in the main, capital account expenditures, that when you talk to the petitioners within the quiet of your office that they are beginning to emphasize, we think it is our turn if the Province can afford to pay for it.

I can remember a few years ago that that was not the approach that one used to see. The petition that was tabled in this hon. House this afternoon was along these lines. The hon. the member for Fogo (Capt. Winsor) did not say, it must be done now. What he and his petitioners said was, "If in the next fiscal year the Province of Newfoundland can afford to upgrade and pave highways we believe that the hard working productive people in my district of Fogo should get their fair share thereof." Let me remind this Committee that that is a refreshing approach by a group of responsible Newfoundlanders.

Now, Mr. Chairman,

MR. FICKMAN: there has been a lot of -

MR. SIMMONS: You could not get the Crosbie award.

MR. HICKMAN: There is going to be - The hon. gentleman from Burgeo-Bay d'Espoir (Mr. Simmons) - his colleagues are right, you know. He really should not be aroused. He really should not be aroused.

They are alright. I am on all fours with the rest of them. I agree with hon. gentlemen all around me, and the hon. lady, but then, you know, if he wants to mutter on, so he can. I was expecting him to stand in his place today when he looked at this borrowed money and congratulate my colleague, the hon. the Minister of Industrial Development, for the leadership that he has shown in turning the municipality and town of Burgeo into a viable entity whose economic future is assured.

SOME HON. MEMBERS: Hear, hear!

MR. HICKMAN: That is the kind of -

MR. DOODY: They speak very highly of you in Burgeo.

MR. HICKMAN: That is the kind of positivism that I want to see emanate from the hon. gentleman from Burgeo-Bay d'Espoir. And I am sure that anyone who has had the opportunity to view what is happening there will agree with me when I say that the economic future of Burgeo is assured. And it is borrowed money, borrowed Provincial dollars, money borrowed under Loan Acts gone into that community to make it a viable community with a future that is guaranteed.

Now, Mr. Chairman, may I go back again to the credit of this Province, to the -

SOME HON. MEMBERS: Oh, oh!

MR. FICKMAN: Poor old fellow, now. The hon. the Leader of the Opposition and his colleagues have been fighting manfully to try and make this a good place to live but I think they all agree that unless he can get a bridle on the ravings of the hon.

MR. HICKMAN: member for Burgeo-Ray d'Espoir (Mr. Simmons) that his party will never find its place in the sun even standing number three behind that hon. gentleman from Fogo who now leads the NDP party.

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

I have to point out to the hon. minister that derisive terms are not in order and I think that the word, 'ravings' could be held as a derisive choice of verbiage.

MR. HICKMAN: I withdraw, unequivocally the use of the word and adjective, 'raving' to describe the hon. member for Burgeo-Ray d'Espoir. He is not deserving thereof.

MR. NOLAN: What is it the minister cannot get the time of day around here from the government.

MR. HICKMAN: Because you have me all turned on. You have me all excited. You have me all worried. I am worried. I am worried that you may convey to the people of this Province that their finances are not being well-managed when they have never been better managed. That is why, Mr. Chairman, I am getting so emotional and so concerned and so upset with what has transpired and what has been transpiring in this Committee.

Now, Mr. Chairman, with respect to a question put by the very discerning, knowledgeable member for St. John's East (Mr. Marshall) as it relates -

MR. NOLAN: He cannot be a member for Ottawa or he would get the shaft.

MR. HICKMAN: I never heard such a strong defence of Ottawa since I have been a member of this House than emanated from the hon. member for St. John's East.

MR. NOLAN: I agree.

MR. HICKMAN: I do not mind being chastised from across the House but when I get chastised and it is suggested that I am

MR. HICKMAN: unfriendly with Ottawa, which is not true - I am heart to heart with them, every single one of them.

MR. SIMMONS: You had better prepare your comments for tomorrow.

MR. HICKMAN: My comments tomorrow will be prudent, statesmanlike and in the best interest of my fellow Newfoundlanders.

SOME HON. MEMBERS: Hear, hear!

MR. KITCHEN: You are going to be taking a powder if we are here tomorrow.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: I know but -

MR. DOODY: I can hardly see across the House.

MR. HICKMAN: Mr. Chairman -

MR. W. POWE: Number One
on planet Earth. Let us see and hear -

MR. HICKMAN: Oh, well. You know, res ipse loquitur. The hon. gentleman from Conception Bay South (Mr. Nolan), and I am jumping around from one questioner to another, asked if I could indicate to the Committee what the interest rates will be on the \$150,000,000 that we hope this Committee authorizes the Government to borrow. Now, Mr. Chairman, there is no one living today who can answer that question. No one.

MR. HICKMAN:

Because there is no one living today who can even predict what the interest rate on the bond market will be tomorrow morning.

MR. NOLAN: Have you not borrowed money already or are we (inaudible).

MR. HICKMAN: Mr. Chairman, we have borrowed, I repeat, we have had one borrowing into the Euro dollar market this year which was a very satisfactory one, better than Ontario Hydro, better than Canadair, better than any other, more satisfactory than any Canadian borrowing done in the Euro dollar market.

MR. W. ROWE: Better than Ontario?

MR. HICKMAN: Better than Ontario Hydro, yes. Ontario Hydro dropped three points and we went up a half point at the same time and that, Sir, is performance.

Mr. Chairman, we would anticipate number one, this year I would suspect and hope that the bulk of our borrowings can be done on the Canadian market but I would be less than frank if I suggested to the Committee that we are going to go into even that Canadian market tomorrow. I would not anticipate going for another few weeks unless there is a major improvement in the market. Right now the advice we are getting from our fiscal agents, A.E. Ames and Company, Burns, Fry, Merrill Lynch, Pearce, Fenner and Smith, is that we should, if we can at all, possibly hold back a little longer before we go into that market. And that is why in this kind of a borrowing bill the government must have some flexibility. This is one of the reasons why our cash position was excellent entering into this fiscal year because we had the prudence - and when I say prudence, prudence based on good, sound fiscal advice - to do some pre-borrowing to get into the market some months ago when the market was good and put the money in the bank which yielded to the Province a good interest rate.

Today is not a good time to go into the market.

MR. NOLAN: What was that interest rate or is that beyond your capacity?

MR. HICKMAN: No, that is not beyond my capacity. That interest rate was the current interest rate set by the Bank of Canada and varying almost from one week to the next. But, Mr. Chairman, what I am saying is that this year we are hoping that we will do a lot of our borrowing in Canada and certainly the rest of it is going to be done in U.S. dollars. We have no ambition and I do not think we have any intention of going in to borrow in Deutsche marks. This was a regrettable decision made not by this administration but by the other administration based on advice, you know, from their then fiscal agents.

AN HON. MEMBER: (Inaudible) .

MR. HICKMAN: Well the hon. gentleman asked a question. I understand that the gentleman in question without referring to him is now comptroller of no less an august body than Ontario Hydro.

MR. W. ROWE: Now I know the reason why they got them -

MR. HICKMAN: Well, I do not know but in any event we did go into the Euro dollar market and we had to some years ago - not the Euro dollar market, we borrowed Deutsche marks in the early 1960's and I am afraid we are paying the price.

In answer and very quickly because I realize I have got about less than a minute before Mr. Speaker has to return, to answer the question the hon. member for St. John's East, the effective rate of our most recent issue, so far we have not had to pay any interest so the devaluation of the dollar has not had any affect on that loan to date. In 1979-1980 we would anticipate that it will be 9.7 per cent based on the U.S. dollar, the U.S.-Canadian dollar, the \$1.17 difference. Hopefully, before interest payments fall due that Canadian dollar may somewhat strengthen vis-a-vis the American dollar.

To answer that other question asked by the hon. gentleman from St. John's East, the provision in the resolution

MR. HICKMAN:

in particular simply is to ensure - and I think it was a draftsman's advice or a draftsperson's advice -- that this was necessary to ensure that the bonds that were issued in 1978 under the 1978 Loan Act can be refunded. There will be no money borrowed over and above that provided in the act without the approbation and approval of this House and this Committee.

Mr. Chairman, I move that the Committee rise, report progress and ask leave to sit again.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. Chairman of Committees.

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have made some progress and ask leave to sit again.

MR. SPEAKER: The Chairman of the Committee reports that they have considered the matters to them referred and have made some progress and ask leave to sit again.

On motion report received and adopted.

On motion Committee ordered to sit again on tomorrow.

It being 5:30 p.m. a motion to adjourn is deemed to be before the House. There is one matter for debate, and it is related to a federal/provincial agreement with respect to a corporation to develop hydro electricity in Labrador.

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

SOME HON. MEMBERS: Hear, hear!

DR. KITCHEN: Mr. Speaker, I am concerned that this corporation's Terms of Reference, its powers, are not going to be brought back before the House of Assembly. I am very much concerned about that, and also I am concerned that the composition of that committee, who gets on it, which political hacks, which patronage is going to be on that? I am concerned about these two points. But particularly I am concerned about the Terms of Reference, the powers that that committee is to have. Because while some people may believe that the future is entirely in fish in this Province, and no doubt a large part of that future is in fish, yet another equally important part of our future lies in Labrador, apart from fish. And we have on the books, we have passed a resolution, supported by both sides of this House unanimously, that calls for a particular method of developing the resources of Labrador, a very particular method, not any way of developing, but a very particular method. I will not go into the details of it, but it calls largely for the development of power in conjunction with other resources,

Dr. Kitchen.

no longer the export of power by itself, but that the power be used to process other materials in Labrador. The idea is that there will be a complex development of resources involving the processing of iron ore, the processing of other minerals, the processing of wood, the processing of oil, the processing of whatever is there, the tremendous wealth of that part of the Province rather than the export of these to other parts of Canada, to other parts of North America and to other parts of the world. And hinging on that, there is the necessity for a port, and perhaps that is the most important, sequentially, the development of that port, because without that, we can process nothing, nothing to be economical.

So we are very much concerned about this whole question. But not only has this House of Assembly, this honourable House, agreed with this proposal, unanimously, but also the Government of Canada, in the person of - at least the party that forms the government has agreed in a national convention that this is the way that they will go along with the development of this Province. And also the Prime Minister personally has given his assurance to the Leader of the Opposition that that is his view as well. So it is not like anything else. This is our chance now. This is a chance for the government to do it right. We have the backing of every person in this House. We have the backing of the Liberals in Ottawa and the personal backing of the Prime Minister to this particular thing. But I am still nervous. I am still very nervous. I will tell you why I am nervous. Because right now we are developing offshore oil, and I do not see any supply ships operating out of Goose Bay. There is no start on that port. St. John's is suddenly the supply area, Halifax, Botwood, all parts of the Province, but there is no start on the developing of that port, and it should be developed now. So this is why I am concerned about this corporation, because things are getting out of hand now.

Dr. Kitchen.

We are already starting the development against our own resolution. We have ignored our resolution. Already we have ignored it in the way we are servicing offshore rigs. We are ignoring it. And I am afraid that the present government - unless we bring it back to this House, the issue is far too serious to just leave it to the whims of a government that is on its way out. This government is on its way out - twenty per cent of the vote on the West Coast, my, oh, my - barely saved the nomination fee. You cannot give - you got to be very careful when you are on the way out as we know that what is done is done with the consensus of everybody. And I believe that this is an issue that we are all united on in this House of Assembly. This is the single thing that came before this House of Assembly that we all agreed on. We And I believe that these Terms of Reference, the composition of the committee, the powers that that corporation is going to be given, should be brought before the House and done in the full open publicity that this gives it, and we can change it and modify it, because our future is on the line in this one. This is the future of this Province resting on how this corporation is set up. So I believe, Mr. Speaker,

DR. KITCHEN: that when the minister said that he was not going to bring back the powers of this Committee for ratification of this House, that he was doing us a disservice. He must bring it back before the House of Assembly because this has to do with the total development of Labrador. I might add that there are too many things going on in the press about exporting power to the United States. There is too much about going through Quebec, though all the talk about developing Labrador now is to export it without being processed, and that is wrong. I am afraid of what is in the works despite the resolutions. And I would urge the minister to reconsider his statement and to bring back this proposed agreement for the ratification of this House of Assembly.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Hon. Minister of Mines and Energy.

MR. PECKFORD: I am very happy that the hon. member saw fit to put this on the late show this evening because I think it deserves greater attention than it was given in the question period today, and I welcome the opportunity to address a few remarks on the topic brought forward by the hon. member from St. John's West.

First of all, Mr. Speaker, just to clear up terminology, what the federal and provincial governments are attempting to do—and let us get it straight. This is not a corporation that is being set up by the provincial government. Let us get our terms straight first. It is a federal/provincial corporation. It is not a committee. It has more weight to it than that and I think the word corporation gives it more weight — there is a difference. It is a federal/provincial agency — corporation that is being established here to be given the mandate to bring in recommendations to both levels of governments as

MR. PECKFORD it relates to the development of Labrador power. Now, the government has a responsibility here - the provincial government and the federal government - to establish the terms of reference, to establish who is going to be part of this corporation and so on. And albeit it sounds pretty motherhood for the hon. member on the Opposition to suggest that the terms of reference should be debated and that this House should be negotiating with the federal government, if that is so, if that rationale washes correctly, then the federal government should take the terms of reference to the House of Commons in the same way as the hon. member suggesting it come to the House of Assembly. I would suggest, Mr. Speaker, if that is the case we are going to have a long, long time before we get a corporation in place whose mandate will be to do nothing else but bring on Labrador power for the benefit of the people of this Province. That is why we have governments. That is why there is a Cabinet process, but I would say and would agree obviously that after this agreement has been signed by the Government of Newfoundland and the government of Canada that both governments should see fit immediately to table that agreement in their respective parliaments for full discussion and debate by all hon. members in both chambers. That is the way it should be done. That is the way it will be done.

Now, Mr. Speaker, we are committed as a government since our philosophy of development was enunciated back in 1963, '69, '70 and '71 to ensure that when we develop power it will not be exported for 65 years through Quebec or to Quebec who can then resell it and make four or five hundred million dollars a year.

MR. PECKFORD:

We are committed to that. That was a policy that established or condoned by a former government. It has nothing to do with this present government and we are going to use Labrador power as a lever for development of resources. Now talking about ports, Mr. Speaker, I presented a paper in this House, Mr. Speaker, in the last year and a half or so where the provincial government wanted to do a study on the Happy Valley - Goose Bay port and it was turned down by DREE at that particular moment. We are working today right now on trying to get the M.V. Arctic which ran into some bad times and it is now on drydock to go into Happy Valley - Goose Bay into Lake Melville to do experiments this winter. We did experiments on our own as a provincial government - spent just provincial dollars last year and we almost had a fatal accident down there with helicopters in testing the ice through NORDCO through C-CORE - provincial dollars. So, we are committed to developing the port of Happy Valley - Goose Bay which would then co-ordinate the transportation business of the Labrador power with uranium, with iron ore and all the rest of it. And I agree with the hon. member for St. John's West - he is dead on. He is dead on with the policy enunciated over here a long time ago when he was a part of this party, so we are on the same wavelength - no question about that, and we must do it that way or otherwise not do it at all. So, I am in full agreement with the hon. member.

PECKFORD:

undertake as a government to produce the agreement for the hon. House, give time for a debate on the Lower Churchill Development Corporation Agreement so that everybody will have a chance to air the terms and conditions of it. Talking about the federal government committed to doing this kind of thing, using Labrador power as a lever, they have their opportunity now because they are going to be part of this corporation to demonstrate tangibly as a government, and not only as a party, they mean what they said in their convention last year and their undertaking to the Leader of the Opposition. They have the opportunity now because we are going to make sure they are part of this corporation and then they will have to live up to the commitment that they gave to everybody. So we are one and the same and we are in full agreement. We must develop Labrador with the power that is there and we are going to do that.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Before putting the motion before the Chair, I am pleased to welcome to the House of Assembly on behalf of all hon. members Mr. James McGrath, member of parliament for St. John's East.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The motion is that this House do now adjourn. Those in favour 'Aye'. Those contrary 'Nay'. It would appear the 'Ayes' have.

The House now stands adjourned until tomorrow, Friday, at 10:00 A.M.