

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
10:00 a.m. - 1:00 p.m.
FRIDAY, AUGUST 17, 1979

The House met at 10:00 A.M.

Mr. Speaker in the Chair.

MR. SPEAKER: (Simms)

Order, please!

ORAL QUESTIONS

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. JAMIESON:

Mr. Speaker, when the Minister of

Finance (Dr. Collins) is available.

I would like to ask the Minister of Finance if his officials or he have been made aware of the considerable inequities with regard to the school tax. Members on this side, and, I suspect, members on the opposite side, have had many representations that there are considerable evidences of unfairness in terms of some welfare recipients who are obliged in some instances to pay the tax because of the type of assistance they are receiving and others do not. To be more specific, Mr. Speaker, for instance, I personally have a case in mind of someone who is getting a war veteran's allowance and because it is a war veteran's allowance, it is not defined as welfare and subsequently, they are being assessed, whereas someone in equal circumstances is not. I ask the hon. minister, first of all, is he aware of these inequities? Has any study been done to see if some modification or changes in the rules or regulations or whatever is required to make this a more fair assessment?

MR. SPEAKER:

The hon. the Minister of Finance.

DR. COLLINS:

Mr. Speaker, the actual instance that the hon. the Leader of the Opposition does bring up is a somewhat difficult one. We are aware of that difficulty. I think it is the feeling of those involved, themselves, that they do not look - and I certainly sympathize with their feelings in this regard - they do not look upon war veteran's allowance as a form of welfare or as a form of social assistance; they look upon it as their just due, or at least as a just due given them, themselves, or the survivors of a war veteran. So this does not fall into the category of being a welfare payment, nor should it, in my view. So that does present a difficulty in that regard,

DR. COLLINS: particularly when such individuals may, in actual fact, have very slender means and when in fact school tax does constitute a burden for them. That is a difficulty we are aware of.

MR. JAMIESON: Mr. Speaker, a supplementary.

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

MR. JAMIESON: Well, with respect, I think the hon. the Minister of Finance (Dr. Collins) has made my case for me, and while it may be in the very narrow definition that it is not welfare - and I would accept that, although incidentally, I believe if he would look at the precedents he would find that war veteran's allowances as opposed to pensions have on occasion been identified as being comparable to some form of social assistance - but without being argumentative, my question is this, Would the hon. the minister take under advisement what is unmistakably - and I am quite certain that there would be no problem or no argument from anyone

MR. JAMIESON:

about treating these forms of payment which are not specifically identified as welfare but which amount to the same thing, where there are 'slender means,' to use the hon. minister's argument, and put those people in the same category on the grounds that two people living side by side, the difference in their incomes is negligible and yet one is paying the tax because of the category of payment they are getting and the other is not. I ask the hon. minister will he in humanity's name look into it and see if we cannot be just a little less bureaucratic about it?

MR. SPEAKER (Simms): The hon. Minister of Finance.

DR. J. COLLINS: Mr. Speaker, I think I can give the hon. Leader of the Opposition an unreserved commitment in that regard. We certainly will take it under advisement.

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

MR. THOMS: Mr. Speaker, a supplementary to the Minister of Finance. Would the Minister of Finance consider right now the exemption, I believe it is \$3,600 - you know, the poverty line is \$6,000, maybe even \$7,000, but let us say the poverty line is \$6,000 - would the Minister of Finance consider raising the exemption at least to the poverty line of \$6,000 which would take care of a lot of the inequities in this respect?

MR. SPEAKER: The hon. Minister of Finance.

DR. J. COLLINS: Mr. Speaker, I presume the hon. member is referring to school tax matters. Well, this clearly is a policy matter, Mr. Speaker, and all I can say to the hon. member, I will bring his concerns forward and I cannot give any commitment at this time but I will take that under advisement also.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, my question is for the President of the Council in the absence of the Minister of Justice. In view of the fact, Mr. Speaker, that we now have a new Minister of Justice in this Province and an administration that seems, at least

MR. NEARY: Leaves the appearance that it might be interested in dealing with wrongdoing of the Moores Administration, I wonder if the minister could tell us what the government is doing about a letter that I wrote to the former Minister of Justice, Mr. Hickman, which I will now table, Sir, I do not believe it has ever been tabled, in connection with - and I will table it along with invoices too, Sir, - in connection with hard evidence of wrongdoing in connection with Labrador Linerboard during the time the government operated the mill out in Stephenville?

MR. SPEAKER (Simms): The hon. President of the Council.

MR. MARSHALL: Mr. Speaker, not having been aware of the contents of the particular letter, it is the first time I am aware of it, I am not in a position to give a definitive answer to the question, but I can state that as has been announced there were certain investigations into the operations of Labrador Linerboard, for instance, with respect to the marketing, that have already been announced by the government, but I am not aware, as I say, of this specific letter itself or the allegations contained therein, Be it sufficient to say that if, and I underline the word if, there is

Mr. Marshall: anything of any substance that merits any investigation, I am sure the new and effective Minister of Justice (Mr. Ottenheimer) would take it under advisement and operate accordingly. But I cannot answer a question in the dark.

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

MR. SPEAKER (SIMMS): A supplementary, the hon. member for LaPoile.

MR. NEARY: Mr. Speaker, the hon. gentleman mentioned there were certain investigations going on in connection with Labrador Linerboard during the period that was nationalized by the Newfoundland Government and the time they managed and operated the mill. Would the hon. gentleman tell the House if these investigations include investigations into the shipping contract, the marketing contract, the purchase of equipment and materials for the logging operation in Goose Bay and for the mill in Stephenville, and if they involved theft and so on?

MR. SPEAKER: The hon. President of the Council.

MR. MARSHALL: Mr. Speaker, I am not in a position right now to give an answer of that nature. The only thing I can say is that I cannot plead of being unaware of, generally speaking, some of the matters raised because the hon. gentleman has raised them time and time again. Some of them, quite frankly, have been thought to be without any substance whatsoever. But if there happened to be any that require investigation at all, this government would be determined to see, if it is merited, that an investigation is carried out in the same way as it would be in any other instance.

MR. NEARY: A supplementary, Mr. Speaker.

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

MR. NEARY: Mr. Speaker, the hon. gentleman just made a statement, Sir, that some of the matters raised were without substance, some were with substance. Would the hon. gentleman care to identify the ones, the charges made without substance and the ones made with substance? The hon. gentleman seems to have knowledge of that particular fact. Would the hon. gentleman tell the House and tell me

Mr. Neary: which items he is referring to that have no substance?

MR. SPEAKER (SIMMS): The hon. President of the Council.

MR. MARSHALL: It is a difficult word to interpret. Mr. Speaker. It is open to both subjective and to objective definition, I would presume. All I am talking about is what is public, what has publicly been made known to the House. I am not the Minister of Justice (Mr. Ottenheimer). It has been indicated, as all hon. members know, that there was an investigation into allegations being made with respect to alleged, and I underline the word "alleged", commissions obtained by people who were - by a concern that was marketing Labrador linerboard. You know, that is one that I know of. I am not saying that it has substance, it would be a very dangerous thing for a person to say that it has substance, but what I mean was that, you know, that is one that is obviously being looked into. But the rest of the matters that the hon. member brings up, you know, I cannot give any opinion on them now.

I have heard the hon. member -

MR. NEARY: You have heard!

MR. MARSHALL: I have heard the hon. member bring them up from time to time, over and over again, just about, you know, every opportunity that he gets. And, you know, we would draw issue, but I do not think the Question Period is the point to get into a debate on these relative things. The hon. member and myself have locked horns on this matter before, on certain aspects of it before as well as he has locked horns with other members of the House. And I think he is fully aware of the government's position on it.

The only thing is I would like it to be known full square that if there are any grounds whatsoever for an investigation, be it in the Labrador Linerboard or in any other aspect of the administration of criminal justice, this government and the very competent minister we have will see that it proceeds.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. member for Bonavista North.

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MR. STIRLING: Mr. Speaker, I have a question for the Minister of Rural, Agriculture and Northern Development (Mr. Goudie). Would the minister confirm that blueberries in the Bonavista North

MR. STIRLING:

area can be exported from Newfoundland this year without a requirement for freezing.

MR. SPEAKER: (Simms)

The hon. minister of Rural, Agricultural and Northern Development.

MR. GOUDIE:

Mr. Speaker, yes, I can confirm for the hon. member that blueberries being shipped out of this Province from any area of harvest can be shipped in an unfrozen state. However, they do have to meet the grading requirements as stipulated in the federal regulations pertaining to international and interprovincial shipments of berries.

MR. SPEAKER:

The hon. member for Eagle River.

MR. HISCOCK:

Mr. Speaker, I would like to direct my question to the Minister of Finance (Dr. Collins). One of the tests of any civilization is how civilization looks after its less unfortunate and with the plight of the Boat People in particular I think we could honestly say that it is probably one of the saddest blots on humanity that we have seen in this century. In this regard, as was brought up before of the Boat People, the Red Cross is having a drive and in this regard the Red Cross has campaigned to various governments across Canada asking for donations. Ontario has given dollar per dollar and they have matched the public, which is now \$136,246, Saskatchewan has given \$25,000, British Columbia has given \$50,000 and Manitoba has given \$30,000. Has the Government of Newfoundland, the Province of Newfoundland and Labrador, given any donation to the Red Cross and, if not, will they be giving one in the foreseeable future?

MR. SPEAKER:

The hon. Minister of Finance.

DR. COLLINS:

Mr. Speaker, I do not know if my hon. colleague, the Minister of Social Services (Mr. Hickey) wishes to respond to this question from the hon. member which related to whether the Province has considered making a contribution to alleviate

DR. COLLINS: the sufferings of the Boat People in South East Asia. If the hon. member wishes to make a response to that I certainly would yield to him.

MR. SPEAKER: The hon. Minister of Social Services.

MR. HICKEY: Mr. Speaker, I did not get the full extent of the question. Would the hon. gentlemen repeat it? I am sorry.

MR. SPEAKER: The hon. member. for Eagle River (Mr. Hiscock) to repeat his question.

MR. HISCOCK: The Red Cross has asked the various provinces and the national government to contribute to the plight of the Boat People and in that regard Ontario has given on a

MR. HISCOCK: dollar per dollar basis, which is \$136,246, Saskatchewan has given \$25,000, British Columbia has given \$50,000 and Manitoba has given \$30,000, and the question was, has the Government of Newfoundland and Labrador given any donation to it and if they have not are we going to be giving one in the foreseeable future?

MR. SPEAKER (Simms): The hon. Minister of Social Services.

MR. HICKEY: Mr. Speaker, the only thing I can say is that I can acknowledge a communication from one group in St. John's requesting assistance and we have not decided as to how we can assist yet. I am sure the government will do whatever it can. I must point out, however, that we have some serious problems of our own and we cannot deal with this issue in isolation of that, but I am sure that we will look sympathetic upon any request for whatever assistance we can give them.

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

MR. T. RIDEOUT: Mr. Speaker, a little question for the Minister of Tourism now that he has graced the Chamber with his presence, yesterday I asked a question regarding the transfer of jurisdiction for the Federal Fisheries Board to the Province; I understand that the minister will be meeting with the Federal Minister of Fisheries next week to discuss that possibility. I wonder if the minister could tell us whether or not any analysis have been done yet of the cost to the Province of assuming that kind of responsibility and whether any agreement has been worked out with the federal government to cost share the responsibility should jurisdiction be transferred to the Province?

MR. SPEAKER: The hon. Minister of Tourism.

MR. POWER: I thank the member for his question. There are now in the Department of Tourism, Recreation and Culture, in particular the Division of Wildlife, some very serious considerations and plans being made up to discuss and be fully cognizant of all the ramifications of just taking jurisdiction. Again in this problem of wildlife enforcement, I think everyone agrees that all wildlife

MR. POWER: enforcement within the Province, Mr. Speaker, should be under the jurisdiction and control of one group of persons. Again the problem relates back to exactly who is going to finance that one group of enforcement officials. We, as a provincial government, have a very difficult time trying to get enough wildlife officers for our own provincial regulations which are now fairly, I suppose, rigid and fairly detailed. We certainly do not have either the manpower or the money to hire other persons to take on the enforcement of the salmon problems as well. So, therefore, a great deal of study is going to have to be done into this problem of whether it is just a matter of taking over control of twenty-five or thirty - I think they have well over 100 salmon river wardens; just to take those over you could be talking about many, many millions of dollars. The problems could be, in that regard, financially, certainly very serious; also the problem as to how we realign the division of wildlife - it would mean hiring on new staff, new enforcement people and all this type of thing; and even that is then subject to the fact of whether it is simply a matter of transferring control and enforcement of certain rules and regulations, or whether it is in effect transferring all responsibility

MR. POWER: for that division to the provincial government, which may be a more serious problem.

MR. RIDEOUT: Mr. Speaker, a supplementary.

MR. SPEAKER: (Simms) A supplementary, the hon. the member for Baie Verte - White Bay.

MR. RIDEOUT: Mr. Speaker, the minister sort of had a backhanded smack at it. I wonder if he could tell the House whether or not he would envision that the present wildlife officers, in addition to their duties as wildlife officers, would indeed become guardians of the rivers or whether the federal people would be absorbed into the present system? Would the wildlife people be doing that in addition to becoming guardians on the rivers or would it be a separate function altogether?

MR. SPEAKER: The hon. the Minister of Tourism, Recreation and Culture.

MR. POWER: A good question, a good point, Mr. Speaker, because that problem is trying to be worked out. The idea we see for enforcement people is that one person would enforce both our wildlife, big game regulations and small game regulations and also that the same person would then enforce the rivers to make sure that the salmon and that sort of thing were not being poached, or laws relating to salmon and that type of wildlife were not being broken.

Again, the problem relates to the fact as to whether one person is going to be able to do that with the type of training we have. We have a new training programme now set up for our wildlife officers. It is obviously going to have to be expanded now to take in the regulations that relate to river life as in conjunction with the wildlife. Again, we are not sure: our officials in our department and the federal officials are trying to work out some kind of, I suppose, plan that would take into account all these duties that an enforcement person should take into account. As we see it now, one person would be enforcing both sets of regulations, not two divisions within the department.

MR. RIDEOUT: Mr. Speaker, a supplementary.

MR. SPEAKER: A final supplementary, the hon. the member for Baie Verte - White Bay.

MR. RIDEOUT:

Mr. Speaker, I think the minister put his finger on it, and that would be the problem of dilution of the control of the thing.

I want to ask the minister also whether or not he has any time frame in mind - should the federal government agree, of course - for this particular transfer of jurisdiction? Would we be looking at this Fall, next Fall? Is there a timetable in mind in which the minister hopes to accomplish this?

MR. SPEAKER: (Simms)

The hon. the Minister of Tourism, Recreation and Culture.

MR. POWER:

Mr. Speaker, in talking with the federal Minister of Fisheries, Mr. McGrath, we are talking about next season. So we are talking about if possibly all the details can be worked out, especially the monetary ones and the actual, I suppose, organization or reorganization of the division to take into account all these new persons. We are talking about having that done before the Fall or in the winter so that next season, when the season starts, all enforcement will be under our control.

MR. NEARY:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for LaPoile.

MR. NEARY:

My question is for the same gentleman, Sir. I do not know if it is a supplementary or a new topic, but it is along the same lines, federal/provincial relations, as my hon. friend's, in connection with a commitment that was made three or four or five years ago by the Government of Canada in co-operation with the provincial government to build a lifestyle or a model fishing community in Newfoundland. I believe \$1 million was committed for that project.

MR. POWER:

Right.

MR. NEARY:

Would the hon. gentleman tell us if the project is going ahead, if the community has been selected? Just what now is the status of that project?

MR. SPEAKER:

The hon. the Minister of Tourism, Recreation and Culture.

MR. POWER: Mr. Speaker, I am not fully versed with the details of that money that was made available through Ottawa. I do believe in some of my recollections, and maybe if my figures are approximate or a little bit inaccurate maybe one of the previous Ministers of Tourism could help me out a little bit, but as I remember being given some detail on this, in 1974 for the 25th Anniversary of Confederation, I think \$1,700,000 was made available to Newfoundland - \$700,000 was made available for chalets and different things around the Province, one of which, I think, might have been in the member's district; the other million dollars was supposed to be for a Fisheries Lifestyle Village or a Heritage Village, something, I suppose, similar to King's Landing, which I think is in New Brunswick or Nova Scotia. The million dollars that was made available has never been used because it has been found that across Canada the cost of building a Heritage Village from start to finish may exceed \$10 to \$12 million. Now I have some questions and some reservations as to whether these figures are actually real. I am asking my officials in my department that hopefully next year we can lay down some groundrules so that we can at least select a site. There was, at least, in one case, one community in my district where a provincial park took in a deserted community, a resettled community in LaManche, to see if that would be suitable.

MR. STAGG: Sandy Point is not in your district.

MR. POWER: There is also Sandy Point on the West Coast which is also being considered for that project. No decision has been made for a site. I am hoping that in next year's Budget the provincial government can make a priority of putting some money, some of our dollars in conjunction with the \$1 million federally so that next year we can get that project going. But as it stands now, no work has been done in any real sense to spend that \$1 million.

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

MR. SPEAKER: (Simms) A quick supplementary. The hon. member for LaPoile.

MR. NEARY: I understand then from the hon. gentleman's answer there seems to be some doubt as to whether or not the project will go ahead even next year even though the provincial government, I believe, has received the \$1 million. The check has been passed over to the government and the government has been unable to spend it, or they have spent it for some other purpose. Now what I want to ask the hon. gentleman is if the project goes ahead, to remove it from partisan politics would the hon. gentleman consider setting up an independent committee, outside of the political arena, so that the community selected, if the project does go ahead - and if the project does not go ahead perhaps the hon. gentleman can tell us what he is going to do with the \$1 million - but if the project goes ahead, to keep it out of the political arena, would the hon. gentleman set up this independent committee so that nobody will be able to point the finger and say this community or that community was selected along political partisan lines?

MR. SPEAKER: The hon. Minister of Tourism.

MR. POWER: Mr. Speaker, I guess the last thing we want to do is to have to give back that \$1 million to the federal treasury, especially since I think the now Leader of the Opposition was Minister of Trade and Commerce when that agreement or that grant was given to Newfoundland.

MR. ROBERTS: He brought the cheque down.

MR. POWER: Did he really? That is nice.

We thank him for the cheque and we have certainly no intentions of giving it back to the source

MR. POWER: from which it came.

However, with regards to a committee being set up, an impartial committee to select a community, because that project would then become the centre of the tourist industry in Newfoundland in a very real sense, that that committee, I am sure that in the DREE Committee that we have now, the Federal/Provincial Committee should be quite able and capable to select a site on a very impartial basis without any prejudice or any political bias.

MR. SPEAKER (SIMMS): The hon. member for Grand Bank.

MR. THOMS: Mr. Speaker, in the absence of the Minister of Justice (Mr. Ottenheimer) I would like to ask the President of the Council (Mr. Marshall) this question; in June of 1978 the then Mr. Leo Barry, Associate Professor of Law at Dalhousie, tabled a report giving some proposals for a new company law for Newfoundland.

Some of the recommendations by Mr. Barry are very, very good; others are very, very bad and I would like at sometime to be able to comment on these. However, my question is when does the government intend to bring in legislation -

AN HON. MEMBER: On tomorrow.

MR. THOMS: - with a new Companies Act?

MR. SPEAKER: The hon. President of the Council.

MR. MARSHALL: Mr. Speaker, as the hon. member is aware that, you know, there was a white paper done by then Professor Barry which was tabled in the House. It has been under active consideration since -

SOME HON. MEMBERS: Yes, yes!

MR. MARSHALL: - very active consideration. The recommendations are very far-reaching. It is the intention of the government to make revisions to The Companies Act. As I say, the matter is under active revision, and whether it will come up in the Fall session or whether it

Mr. Marshall: will come up in the second session of this Assembly will really depend -

SOME HON. MEMBERS: Oh, oh!

MR. MARSHALL: - upon the constraints of time on the administration to deal with the matter adequately before presenting it to the House.

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

MR. SPEAKER (SIMMS): A supplementary, the hon. member for LaPoile.

MR. NEARY: Mr. Speaker, will the hon. gentleman indicate whether Associate Professor Barry -

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: -was under contract, was working on a contractual basis, or fee for service -

MR. SIMMONS: Cost plus.

MR. NEARY: - or cost plus, or cost plus plus unlimited expenses? What arrangement did the administration made with Associate Professor Barry to do this study? And has the report being accepted, in principle, by the present administration?

MR. SPEAKER: The hon. President of the Council.

MR. MARSHALL: There are two questions, Mr. Speaker. I will answer the last one first, and I answered the last one previous, the same answer to the last one is the one I gave to the previous, the earlier question of the hon. member for Grand Bank (Mr. Thoms). So I take it that that answer can stand as an answer to the second question asked by the hon. member.

AN HON. MEMBER: But then there is -

MR. MARSHALL: Again when one asks specific questions as to the nature and mode and manner of payment to Professor Barry at the time, I am not aware, I am not completely conversant of what the mode of payment was. The only thing I can say with an abiding confidence is that Professor Barry, amongst his many other attributes, the Minister of Mines and Energy is a distinguished member of the Bar,

Mr. Marshall: a very highly regarded member of the Bar of this Province, a credit to this Province in the legal circles, as he is in others, and the services which he performed obviously he had to be paid for them. He was a private citizen at the time, and the government was well served by the then Professor Barry as they are now.

SOME HON. MEMBERS:

Oh, oh!

MR. MARSHALL:

In other words, they got extremely good value for their money.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: A final supplementary, Sir.

MR. SPEAKER (Simms): A final supplementary, the hon. member for LaPoile, followed by the member for Eagle River.

MR. NEARY: Mr. Speaker, I believe the official title of Mr. Barry was Associate Professor. I do not believe he reached the status of a full Professor in the short time he was at the university.

MR. SIMMONS: He was really a private citizen with connections.

MR. NEARY: A private citizen with connections, that is right. But in the meantime, Sir, I want to find out from the minister if the government will take any action as early as possible on the report to do away with legal assistants, and lawyers, putting in their names on the share list down in the Registry office as the owners of companies for long periods of time. Does the government intend to deal with this problem swiftly and quickly to make it compulsory, to make it illegal for lawyers and legal assistants to be shown on the share list for years and years as owners of companies when in actual fact they are not the owners of these companies? Will the government take steps to make sure that people know who the real owners of these companies are?

MR. SPEAKER: The hon. President of the Council.

MR. MARSHALL: You know, that question is an assumption so really it is out of order. It is out of order to ask a question that has an assumption, that assumes its own answer.

MR. NEARY: No, it is not an assumption, it is a fact.

MR. MARSHALL: The problem is really mainly, I think, in the mind of the hon. member but he states it as a problem. The situation is that, as it presently exists now, there is provision for provisional shareholders of companies when a company is incorporated, and in most

MR. MARSHALL: cases then the shares are transferred by the lawyers to their clients. I am not aware that it is such a burning and oppressive a problem as the hon. gentleman mentions, has indicated from time to time. But I will say this that when the bill is introduced the government would welcome debate along that area to see as to whether or not really that measures along these lines should be taken, because the government is cognizant of the opinions of all members in this House, even the hon. member for LaPoile who voices them from time to time.

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

MR. HISCOCK: I would like to direct my question to the Minister of Transportation and Communications. In view of the serious conditions of the road from L'ance-au-Clair to Red Bay and in a previous election a telegram was sent from the Premier's Office that over \$200,000 would be spent on that road, on the advisement of the Department of Transportation and Communications which he advised the Premier of course that this road is being surveyed for a new road and will take a new route altogether. The Premier wrote back saying that he would like to have seen that money spent but now of course does not want to see money spent with a road that would be abandoned in the future. No major construction has been done on that road in the past three years and with the view that if it is going to be included under the DREE agreement it will not be for another three years until it is done, does the Minister of Transportation and Communications have any interim policy that will deal with the serious condition of the road at this point?

MR. SPEAKER: (Simms) The hon. Minister of
Transportation and Communications.

MR. BRETT: Mr. Speaker, I am happy
that the hon. member brought up that topic. I plan on visiting
the coast of Labrador and also that part of Labrador as soon as
the House closes. That road is in very serious condition and more
so now since the recent rain. I think there were a lot of serious
wash-outs. What he says is very true. I do not think we can wait
for a DREE agreement to do something with it. Unfortunately, even
if we had the money I do not think we could do very much this
year, at this late stage of the game, but I am going to try and
find some money somewhere and at least do some patch-up jobs.
But if nothing comes through in the DREE agreement this Fall, then
I would think that the Province will have to make some major
repairs to that road.

MR. SPEAKER: Order, please! The time
for Oral Questions has expired.

MR. NEARY: A point of order.

MR. SPEAKER: On a point of order. The
hon. member for Lapoile.

MR. NEARY: Mr. Speaker, I believe in a
few short hours, Sir, the House will close down business until maybe
sometime in the Fall or maybe next year. There are almost forty
questions on the Order Paper unanswered, Mr. Speaker, and I want to
find out from the President of the Council, the acting Premier (Mr.
Marshall) when we are going to get the answers to these questions.
Will they be provided even though the House is closed or will we
have to wait till the next session before we get the answers to
these questions?

MR. SPEAKER: To the point of order.
I do not believe I really need to hear any further arguments or
debate on the point of order. I believe I have made a similar
ruling the last three days in a row and I have to make the same

MR. SPEAKER: ruling seeing the precedent
has now been set. It is not a point of order.

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

COMMITTEE OF THE WHOLE

MR. CHAIRMAN: (Baird)

Order, please!

Bill No. 45.

The hon. member for Burgeo-

Bay D'Espoir.

MR. SIMMONS:

Mr. Chairman, it is unfortunate
really that we are not going to have perhaps the kind of time to
consider this legislation that we should take.

MR. R. SIMMONS: Perhaps the government ought to look at some course of action which would delay the implementation of this bill until we have had a chance to look at the ramifications. I will move in a few moments a referral to a select committee. My reason for doing that, Mr. Chairman, is I believe fully that we need some time to more fully comprehend the implications of this particular piece of legislation.

Mr. Chairman, yesterday the minister, in speaking to the bill, alluded to what is happening in other provinces, and I would just like to reiterate that other provinces have tried this particular legislation and have found that it is not a very workable or a very prudent piece of legislation and have backtracked both provinces, both Ontario and New Brunswick, the only two that have had any experience in this particular area.

Now, Mr. Chairman, a point that I want to emphasize, because it is, for me, the essential point, and that is the point that relates to the consumer, to the purchaser of insurance. The purchaser of insurance is paying 11 per cent sales tax on premiums. In addition to that, he is, in effect, paying the company's tax which up to now has been 2 per cent. Now, Mr. Chairman, it has been argued by the minister yesterday, I believe, that you can not really take that 2 per cent and argue that it gets passed on to the consumer. Well, it hardly deserves a response but I suppose we ought to give one. Let me give you an example. I am told that in the field of auto insurance, for example, which is a form of insurance whose rates have to be approved by the Public Utilities Board, I am told that in a most recent representation before that board when representation was made for a premium increase that one of the costs, I say to the Minister of Finance (Dr. J. Collins), one of the costs that the board ruled was an expense and therefore a legitimate component of the premium proposed by the auto insurance people, one of the costs which the board accepted as an expense was the 2 per cent premium, which the board acknowledged. The board acknowledged it was a legitimate expense and therefore a legitimate component of the

MR. R. SIMMONS: proposed premium increase being requested by the auto insurance people. And, of course, it is no different, Mr. Chairman when it comes to life, accident, any of the other forms of insurance to which this increase will apply. Of course it will be passed on to consumers. Who are we trying to fool?

So we are talking, Mr. Chairman, about an increase from eleven plus two from 13 per cent to 14 per cent and in that I am being a little loose with my figures because if I were to tell the real truth, Mr. Chairman, except I can not quantify it beyond 14 per cent, if I were to tell the real truth the increase is not from 13 to 14 but from 13 to something well beyond 14, perhaps 15, 17, 18 because what we can not quantify or we can not put a yardstick on or we can not put a measure on is what the implications of this bill will be in terms of the real premiums to the Newfoundland people.

The Premier, the government generally, have been forewarned by the industry which knows this particular business, and let us not fool ourselves, has a vested interest in this particular matter, Nobody is begging that question. But all concerned, Mr. Chairman, have been warned about the adverse effects of this particular legislation. Now, I am really appalled and surprised that there has not been more of an effort by government either to take the sensible initiative and withdraw the thing until they got a chance to look at it, because I get the impression from the kind of answers I am getting from the Minister of Finance that this was hastily done without very much thought. So why do they not have the courage to either withdraw the thing altogether until they get a chance to look at it or, at the very least, give some responsive substance about the

MR. SIMMONS:

points being raised by us on this side of the House, and the points raised by the insurance industry in the immediate, to assure us from the government's viewpoint or vantage point that the implications will not be as dire as we fully expect they will be. Surely, Mr. Chairman, those people who are prudent enough to attempt to provide for their widows and their orphans by purchasing appropriate life insurance should not be especially penalized by the government that is supposed to serve them. A person does not particularly want to leave his offspring a burden on society in the event of premature death. Why should he be penalized for being prudent? Why should he be penalized for taking out a bit of life insurance, a bit of protection for those people? And that is what is happening here, Mr. Chairman, It is punitive, It is a penalty for some reason.

MR. J. CARTER:

(Inaudible).

MR. SIMMONS:

Perhaps we will get a chance to hear from the member for St. John's North (Mr. J. Carter) and perhaps, a big perhaps, he will say something sensible, Mr. Chairman, when he stands up.

Mr. Chairman, perhaps the most upsetting thing about this bill from a political standpoint - not upsetting for me, I am used to the phenomenon that I am about to describe, but it must be upsetting for the many people who supported this administration in the election - is that once again, here is a case where the Tories do not keep their word.

AN HON. MEMBER:

Rubbish!

MR. SIMMONS:

The Tories' word is rubbish, I agree!

MR. ROBERTS:

Hear, hear!

MR. SIMMONS:

The Tories do not keep their word. Before the election they said to the consumer, 'No more increase in sales taxes,' but of course, the consumer, the voter, took them at their word and did not read the fine print. And the fine print in the Premier's message said as follows: 'While we say no increase in retail sales tax,

MR. SIMMONS: you know that other sales tax that we put on insurance premiums? - well, that is accepted. We are going to do something about that. We are going to increase that a bit.' The Tories do not keep their word, and that message is getting around loud and clear. Indeed, the latest instance - it is kind of off the subject, Mr. Chairman - but the latest instance, and I had to smile at it and then I found that I could not really smile because it was too pathetic - but I saw our Premier, he was going to be the mediator, he was going to mediate between Lougheed and Davis. That is a promise he made to the Canadian people. Thank God he did not keep that one either. Mediate! He would do well to be here and keep his finger on the arithmetically troubled -

MR. STAGG: I do not think your Leader would agree with your assessment. Your Leader sent him off with accolades and good wishes and you are here knifing him in the back. I do not think you should be part of that caucus.

MR. SIMMONS: I am sure even the member for Stephenville (Mr. Stagg) was amused to see our Premier going to be the mediator, going to be the referee between Lougheed and Davis.

MR. STAGG: You do not belong in that caucus.

MR. SIMMONS: He said, 'Clark made a fool of himself in Africa, why should not I back home?'

MR. STAGG: You are not respectful enough for that caucus.

MR. SIMMONS: Mr. Chairman, you know, really, the member for Stephenville really should have something to occupy his time, he really should -

MR. NEARY: (Inaudible) idle time, idle minds.

MR. SIMMONS: - he really should.

Mr. Chairman, the Tories do not keep their word.

Mr. Chairman, tax on life insurance, in particular, and I single out one of the forms of insurance that this

MR. SIMMONS: tax increase would apply to
if carried by the House, tax on life insurance discriminates: It
discriminates on savings through life insurance in comparison to other
forms of savings. You know, I should not think out loud on this one
because it might give the minister an idea and we will have a tax on
bank savings tomorrow, but it is an interesting parallel that we should
draw. Do you know that

MR. SIMMONS: if I decide to save a hundred bucks in a savings accounts in the bank, it costs me nothing in taxes. If I try to save that same hundred bucks through life insurance it costs me 14 per cent in taxes.

DR. COLLINS: That is wrong.

MR. SIMMONS: That is not wrong, I say to the Minister of Finance (Dr. Collins). That is the same man yesterday, Mr. Chairman, who told us that an increase from 2 per cent to 3 per cent was not a 50 per cent increase.

DR. J. COLLINS: Same line of (inaudible).

MR. SIMMONS: Ah, in other words the convoluted line of argument. We are going to revert now to Collins law of convoluted logic, half of one hundred is not fifty he said yesterday.

DR. COLLINS: Did you ever teach mathematics in school?

MR. SIMMONS: I did not. I did not.

DR. COLLINS: Right.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: The minister was never a student of it either.

Mr. Chairman, if I deposit \$100 in a savings account, I do not pay taxes on it. If I want to buy \$100 worth of protection or want to save \$100 through a savings plan of some sort, I am going to pay taxes because of the discriminatory policies of this particular administration. What next, Mr. Chairman? Now they tax insurance. Will they tax my bank account next? Well, I do not have much to worry about there because the bank account is very small, the savings are nil.

MR. J. CARTER: (Inaudible).

MR. SIMMONS: Mr. Chairman, is there no way?

MR. NEARY: It is raining out today so he cannot go into his savoury patch.

MR. SIMMONS: That is right. He cannot be in his savoury patch today so he is here stirring up dirt.

AN HON. MEMBER: Personal attacks again.

MR. NEARY: Personal, alright. There is no doubt about that. The king of the smear.

MR. SIMMONS: Well, Mr. Chairman, I have all the time in the world, I really have, Sir.

MR. NEARY: No, you do not.

MR. SIMMONS: No, I really have. If I have to bat flies from Stephenville and St. John's North it will just take me a little longer, I will be distracted from time to time. Or I can make my points quickly and the Government House Leader (Mr. Marshall) can have his wish and get this place closed up so they do not have to hear questions from the Opposition for a few months.

MR. STAGG: Come on! Come on! Let us have at it! You have five minutes with the jury and it will take you fifty minutes to say it.

MR. CHAIRMAN (Baird): The hon. member has the right to be heard in silence.

MR. STAGG: Pass it over to the member for LaPoile (Mr. Neary), he can heave it out of him.

MR. CHAIRMAN: Order, please!

MR. SIMMONS: I would like, Mr. Chairman, for the Minister of Finance (Dr. Collins), when he stands, to respond to the matter which he indicates I am not telling the House the truth on, because I submit to him, Mr. Chairman, that -

MR. STAGG: Mr. Chairman, on a point of order.

MR. CHAIRMAN: A point of order, the hon. the member for Stephenville.

MR. STAGG: The member for LaPoile has indicated the Minister of Finance is not telling the truth. That is clearly unparliamentary - not telling the truth. And I would suggest that the Chairman should demand that the member withdraw such a remark. He can rephrase it perhaps, although I doubt it.

MR. NEARY: Mr. Chairman, to that point of order, Sir.

MR. CHAIRMAN (Baird): The hon. member for LaPoile on a point of order.

MR. NEARY: I did say no such thing, I did not open my mouth, Sir. The hon. gentleman just said, 'the member for LaPoile'.

MR. STAGG: The member for Burgeo-Bay d'Espoir (Mr. Simmons). I apologize to the member for LaPoile (Mr. Neary).

MR. STAGG: Sorry about that, old boy!

MR. NEARY: Alright, Sir. It will keep the record straight.

MR. CHAIRMAN: The assertion that he was not telling the truth is unparliamentary. I would ask the member to rephrase it or withdraw.

MR. SIMMONS: Mr. Chairman, first of all, I did not make that assertion. The member for Stephenville (Mr. Stagg) misquoted me. What I said - and I would invite Mr. Chairman to check Hansard - and I remember very distinctly, I said, 'Perhaps the Minister of Finance (Dr. Collins) when he rises, will indicate to the House why he thinks I am not telling the truth. I had made a point about savings tax, the bank accounts not being taxed and the Minister of Finance shouted across, 'That is not the truth.' That is my entire point. But the member for Stephenville is just being mischievous again. But the least I can expect from the Chair is he not play into the hands of the member for Stephenville. I have nothing to withdraw, Mr. Chairman, nothing to withdraw whatsoever.

Now, there is a discrimination here,

Mr. Chairman.

MR. SIMMONS:

Mr. Chairman, if I want to save

I have to pay taxes - not the 11 per cent on the life, I recognize that - the 3 per cent, and perhaps that is the point the minister is attempting to make. The 3 per cent will be applicable to life - unless he is now indicating he is going to have an amendment; I hope that is what he is saying. Perhaps that is why it is not true. Perhaps the minister has changed his mind. Perhaps he is going to exempt life now. That would be a very desirable amendment to this particular legislation, to exclude the life, because I do not think for a minute the administration thought fully about the implications here when they decided to apply this increase to all forms of insurance, I really do not.

Now, Mr. Chairman, another question

I would like to have answered by the minister is, What do the Feds say about this? What does his good friend in Ottawa, John Crosbie, say about this? Well, I could tell the House what John Crosbie is saying about this but I would prefer that the Minister of Finance (Dr. Collins) told the House.

AN HON. MEMBER:

(Inaudible).

MR. SIMMONS:

Well, let us be half and half. I will

give you just a little hint and perhaps he will confirm it. John Crosbie - because he now has a national responsibility and he is concerned not only about the couple of per cents of insurance that are written here in this Province but he is concerned about the insurance industry across Canada including, in particular, Ontario, where companies write a substantial amount of what has come to be known in the business as export insurance - I am told that Crosbie has been on the 'phone to people down here telling people how upset he is with this particular tax. Now what does the Minister of Finance have to say about that? I know the minister has talked to Crosbie about the subject of the tax increase.

MR. J. CARTER:

Sit down!

MR. SIMMONS:

Has Crosbie recorded how upset he is to

the Minister of Finance here? I know he has been telling a number of other people, Mr. Chairman, that this is going to have a very devastating effect, this precedent being set here. Not this tax alone, Mr. Chairman.

MR. SIMMONS: Let us not forget that we are just a very small part in terms of population of the total nation. But this is going to have a precedent-setting effect which is of concern to the federal Finance ministry and Mr. Crosbie has voiced that concern in many circles because of its adverse implications on the export insurance business, the insurance which we sell mainly, I understand, into the United States. What do the federal people say about this? What have they said to the Minister of Finance (Mr. Collins)? Has this Department of Finance here checked it out with the federal people in Ottawa? I submit they have not, or again they are stonewalling, they are not telling us the truth on the particular subject.

Now, Mr. Chairman, I believe I have demonstrated that the bill before us is one that has a number of implications. It has implications for the export insurance business which I have just mentioned. That is not for us; if we were to look parochially and inwardly to our own situation, the export insurance situation is not one that is of immediate concern to us, but I suppose we do share some concern for the country as a whole in that respect and it is a consideration. But more immediate and more at home, Mr. Chairman, is the effect that this will have on the consumer, the discriminatory effects that I have described, the lack of precedent for this elsewhere in Canada, or where there were precedents they were withdrawn in Ontario and New Brunswick, the measly amount of money that will be collected in relation to the amount of trouble that government is going through to try to get this \$750,000 or so this year and \$1 million next year, the breach of faith I have mentioned where the Tories said one thing before the election about tax increases and another thing now after the election: These, Mr. Chairman, are certainly enough reasons, fully enough reasons, for the government to either withdraw the bill, to amend it or to refer it to a Select Committee so that members of the House can scrutinize some of the possible implications involved. That would have the effect of giving it some time, buying some time. I could have moved a six month hoist which would have the effect if carried of getting rid of the bill. Perhaps there is wisdom, Mr. Chairman, in what the government is trying to do, but I cannot see it.

MR. SIMMONS:

And therefore, Mr.

Chairman, at the very least let us give it to a committee that can take the next few weeks to have a look at it, hold hearings, hear evidence from the consumer, from the insurance industry and from other jurisdictions. Let us find out the facts about this particular situation. And for these reasons, Mr. Chairman, I take much pleasure in moving that this bill be referred to a select committee of the House.

MR. CHAIRMAN: (Baird)

The hon. President of

the Council.

Mr. MARSHALL:

I rise on a point of

order, Mr. Chairman. This may be something that Your Honour would wish to take under advisement. I would submit that the motion to refer this bill to a select committee is out of order for this reason, for two reasons really, the first being that the House itself has already determined that this bill should be referred to a Committee of the Whole. So it having been referred to a Committee of the Whole I do not think it is competent for the committee to delegate it off to a select committee. The second point is that this is - although it does not come from a message from the Lieutenant Governor - this is in effect a finance bill and finance bills are dealt with in a certain manner and the way it is usually dealt with is a resolution before the House for the resolution to be considered by the Committee of the Whole of the House itself, for those two reasons. Now I refer Your Honour, to Beauchesne, the fifth edition, paragraph 411, subparagraph 3. It says, "Every motion that is duly moved and seconded is placed before the House by the Speaker as a question for the decision of the House. All motions must be presented to the Speaker in writing. No motion is regularly before the House until it has been read from the Chair. Then it may be debated, amended * amended, that is, by the House itself, "adopted, negated and withdrawn as the House may decide. There can be but one question pending at the time, though there may be numerous matters of business in the various stages of progress. The only exception from this citation occurs at the report stage of a bill." So I just point that out, Your Honour,

MR. MARSHALL: because I do not think we should get into a precedent if, as I believe, such a motion is out of order.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: (Baird) Hon. member for the Straits of Belle Isle.

MR. ROBERTS: Mr. Chairman, I think this is an important matter because as far as I am aware, I can only speak from my own knowledge, of course, but as far as I am aware there has never been a ruling in this chamber on this precise point. And I make that observations simply to suggest, as my learned friend opposite did, that Your Honour might wish to take the matter under advisement. Possibly as a method of proceeding, when anybody who wishes to submit points to Your Honour has been heard, we might adjourn discussion on this bill and then go on with the media tax bill and then come back. In other words, the Chair may need some time to look at this.

Mr. Chairman, I think the points made by the hon. gentleman opposite, the learned member for St. John's East (Mr. Marshall), are just completely irrelevant. First of all, Sir, let me deal with the question of amendments in committee. There is no doubt amendments can be made in committee. Beauchesne is filled with them. Your Honour may simply want to look at - and I refer to the Fifth Edition of Beauchesne, page 233, there is a large section headed The Admissibility of Amendments in Committee, and it sets forth - I will not read them - but it set forth a considerable number of principles which should be determined, these have been deduced from the rulings made by various speakers over the years, a considerable number of the principles which should be used in determining whether an amendment is in order.

Now, Sir, more importantly my learned friend opposite completely misunderstands what the committee are doing. There is no bill before this committee at present. The matter before this committee, Mr. Chairman, is a resolution which has been moved by the Minister of Finance (Dr. Collins). It does not require

MR. ROBERTS:

a message from the

governor, it has not got one. It is simply a motion moved by a minister of the Crown to impose a tax. The motion is that it is expedient to bring in a measure to amend the Insurance Companies Tax Act. My friend from Burgeo - Bayd' Espoir (Mr. Simmons) has proposed, seconded by my friend from LaPoile (Mr. Neary) - although, as Your Honour knows, motions made in committee do not require seconders, has proposed a motion which in its wording, I suggest, would be to replace the motion before the Chair with the following words, "That it is expedient to refer to a select committee the question of whether there should be introduced a measure to amend the Insurance Companies Tax Act." My friend did not have an opportunity to read out the wording of his motion but that is how I understand his motion to be.

Sir, I would submit that is a proper amendment. There is a motion before the Chair. The motion is that it is expedient to bring in a measure to amend the Insurance Companies Tax Act. The amendment

MR. ROBERTS: proposed by my friend from Burgeo-Bay d'Espoir (Mr. Simmons) simply has the effect of proposing an alternative to the committee. That, Sir, is entirely in order. That is the basic principle upon which amendments, as Your Honour knows, are founded. An amendment may not be proposed if it simply negatives the motion. This does not negative the motion, it puts before the Committee an alternate suggestion. So I would say simply in summation, first of all, is it is perfectly in order to move amendments in Committee. There are millions of precedents, literally, I would wager. There are certainly hundreds in this case to move amendments in Committee of the Whole. Secondly, what is before the Committee is not a bill. If the motion is adopted, then a bill will be brought in, but no bill can be brought in until and unless the motion is adopted, Sir. That is the very fundamental basis of our finance procedure here and at Ottawa and at Westminister as I understand it.

What is before the Committee is a motion, What is proposed by my friend from Burgeo-Bay d'Espoir is a motion to amend that motion. The amendment is perfectly in order. It is consistent with all of the principles which govern the admissibility of evidence and accordingly I would say that my friend is in order in moving it, I think the amendment should be accepted, debated at whatever length is allowed and desired and then put to a vote, Sir.

MR. CHAIRMAN (Baird): I thank the hon. gentleman for your advice on this matter.

DR. COLLINS: Mr. Chairman, may I speak to it.

MR. CHAIRMAN: I have heard enough evidence right now.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: I would like to thank the hon. members for their advice on the matter. I will rise the Committee for a few minutes to consider the matter before making a ruling.

MR. ROBERTS: Well, I wonder instead of rising the Committee, would it be possible to proceed on a debate on another matter?

MR. MARSHALL: The purpose of rising on the point of order, Mr. Chairman, is this, that I do not want to -

MR. ROBERTS: Somebody else can take a turn.

MR. MARSHALL: I do not wish to have a matter to be created a precedent if it is incorrect and I feel that it is a matter that is going to require a little bit of research before it can be determined. Now in the interest of this, without withdrawing the point of order, in the interest of procedure, perhaps we could deal with the amendment and vote on it, after as much debate as we want to and as is necessary, and then we can allow it to be taken under advisement by the Chair so that at some time in the future a ruling can come in on it so that we will not be creating a precedent, rather than delay the Committee now.

MR. ROBERTS: Fine, we will proceed.
sort of by leave with this amendment; it will be disposed of whatever its fate may be, I can imagine looking at the stoney faces opposite what its fate would be.

MR. MARSHALL: I do not think it will carry.

MR. ROBERTS: Well, I would hope it will but I suspect it will not, and that at some point the Speaker and his officials will - I agree it is a precedent. I am not aware of anything along these lines.

MR. MARSHALL: I am not aware of it either.

MR. ROBERTS: I think we should not move lightly with precedents. All right, let us go ahead on that if that is okay. Do you want to take a slice or two out of it?

MR. CHAIRMAN (Baird): Is it agreed? Agreed.

MR. ROBERTS: I have the wording of that.

MR. MORGAN: Mr. Chairman.

MR. CHAIRMAN: I will read the amendment first,
hon. members.

"That it is expedient to refer to a Select Committee the question of whether there should be introduced a measure to amend The Insurance Companies Tax Act."

MR. NEARY: Mr. Chairman.

MR. CHAIRMAN (Baird): The hon. the member for LaPoile.

MR. NEARY: Thank you, Mr. Chairman.

MR. MORGAN: I thought we were supposed to go back and forth.

MR. F.B. ROWE: You were not standing. You were not up. You were not up.

MR. NEARY: I believe all hon. members -

MR. CHAIRMAN: The hon. the member for LaPoile.

MR. MORGAN: It was unfair yesterday.

MR. CHAIRMAN: The hon. gentleman is not making his maiden speech.

AN HON. MEMBER: What is the big deal?

MR. NEARY: And the hon. gentleman is not -

MR. MORGAN: It was unfair yesterday.

MR. NEARY: The hon. gentleman wants to get up now because the hon. gentleman one time was an underwriter, now he is a self -

MR. MORGAN: You would speak (inaudible).

MR. CHAIRMAN: Order, please!

MR. NEARY: He is a self-styled expert now on tax law. The hon. gentleman was an expert on the economy the day before yesterday. Now he has suddenly become an instant and self-styled premium insurance tax expert. The hon. gentleman wants to get up now because he was an underwriter at one time and show the underwriters who are sitting in the gallery that he can explain to them, he can apologize to them on behalf of the government. He is going to apologize.

MR. MORGAN: Mr. Chairman, on a point of order.

MR. CHAIRMAN: The hon. the Minister of Lands and Forests.

MR. MORGAN: Mr. Chairman, my only complaint that I made earlier and the point I am making now is the fact that I was of the understanding that in debates in the House so far, that when one side speaks, one member speaks, and then on the other side the member from that side speaks. All I am saying is that I asked the hon. gentleman

MR. MORGAN: to yield because the last speaker was from his side. I do not want him to give me some indication of what I am going to say. I know what I am going to say. But the fact is, I think to be fair, one speaker from each side in the debate. That is all I saying.

MR. SIMMONS: To the point of order, Mr. Chairman.

MR. CHAIRMAN (Baird): There is no point of order. The member for LaPoile (Mr. Neary), please.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Mr. Speaker, we know what the hon. gentleman is going to say, The hon. gentleman is going to try to apologize, going to try to apologize to the insurance industry and to the underwriters in this Province of why the Premier and the Administration, of which he is a member, have broken their word to the

MR. S. NEARY:

people of this Province. Well, there is no way that the hon. gentleman can do fancy figure skating to weasel his way out of this one. If he does not agree with the tax, then the hon. gentleman -

MR. E. ROBERTS: Can leave the Cabinet.

MR. S. NEARY: - can leave the Cabinet, he can resign. Obviously, the hon. gentleman agrees with the principle of this tax and the other taxes that we have before us. Why does the hon. gentleman want to waste the time of the House? We know where the hon. gentleman stands on this tax. He has not resigned from the Cabinet so therefore we can only assume that the hon. gentleman - not only assume but we know, the hon. gentleman is going along with the government, with his colleagues. So why waste the time of the House?

MR. E. ROBERTS: Hear, hear.

MR. S. NEARY: Why waste the time getting up and apologizing for it? The fact of the matter is, Mr. Chairman, as my hon. colleague indicated during his few remarks, the fact of the matter is that the government, the born-again government, have double-crossed the people of this Province. They have double-crossed the consumers in this Province and they have done it in one of the most cowardly ways that I have ever seen in this House.

MR. E. ROBERTS: Striking at widows and orphans.

MR. S. NEARY: The minister is telling us, the minister has the face, the Minister of Finance (Dr. J. Collins) I am talking about, has the face and the gall to stand over there and tell us that this is not a tax on the consumer. He says, it is a tax, an act to amend the insurance companies tax act. Well, the hon. gentleman is very familiar with babies and if I were the hon. gentleman I would continue to deal with babies rather than with the financial matters of this Province.

DR. J. COLLINS: I will illustrate it with comic books if you give me a chance to talk.

MR. R. SIMMONS: 'Stevie', he got finance the same

MR. R. SIMMONS: way he holds the babies - ass up.

SOME HON. MEMBERS: Oh, oh!

MR. S. NEARY: That is right.

MR. CHAIRMAN: (Baird) Order, please!

MR. S. NEARY: The only thing is, he forgot to smack this one on the bottom.

SOME HON. MEMBERS: Oh, oh!

MR. S. NEARY: But, Mr. Chairman, the hon. gentleman had the face, Sir, to stand in this House, before members and before strangers in the gallery, and tell us that this was not a tax on the consumer, this was a tax on the insurance companies - after the insurance companies telling the hon. gentleman in a letter that I have here on my desk, and the underwriters telling the hon. gentleman that this tax will be passed onto the consumers, will be passed on the the policy holders.

DR. J. COLLINS: (Inaudible)

MR. S. NEARY: No, Mr. Chairman, the hon. gentleman in a letter to the Board of Trade in connection with another tax, the advertising tax, the hon. gentleman threatened the Board of Trade, in one of his paragraphs -

AN HON. MEMBER: That is right.

MR. S. NEARY: - and I have that letter here in front of me too.

AN HON. MEMBER: That is right.

MR. S. NEARY: But the hon. gentleman, the other day, seemed to resent the fact, he resented the fact that there was a lobby going on in connection with this tax.

AN HON. MEMBER: He should be in Washington or in Ottawa.

MR. S. NEARY: Yes, the hon. gentleman should be in Washington or in Ottawa, but the hon. gentleman was a little bit resentful the other day in his introductory remarks that there was a bit of a lobby going on - and rightly so.

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Tape No. 910

SD - 1

DR. J. COLLINS:

Not a bit of a lobby, a

massive lobby.

MR. S. NEARY:

Oh, a massive lobby now. I thought

the other day when the hon. gentleman referred to it that he said, "Well, there is a little bit of publicity about this, a little bit of a stir." He did not seem to be very concerned it, Now it is massive.

DR. J. COLLINS

(Inaudible) is a massive lobby.

You had better recognize that now.

MR. S. NEARY:

I see. Oh, I see. The hon. gentleman

is now recognizing that.

The fact of the matter is, Sir, as I started to say a few moments ago, that the administration not only broke a promise that they made during the June 18th election campaign but they have double-crossed the people and the consumers of this Province. And what a let-down. This is a tax on the consumers in this Province, Sir. It is a tax on the policy holders in this Province and it will be passed on. And the hon. gentleman knows that and the hon. gentleman can use weasel words all he wants and he can be as slippery with his words as he wants, This tax will be passed on to the -

AN HON. MEMBER:

Weasel words (Inaudible)

MR. S. NEARY:

- the tax will be passed on to

the consumer. And the government will have

MR. NEARY: broken a promise they made during the election and that is that there would be no increase in taxes. I might say, by the way, that I am told that the 11 per cent sales tax is paid by the consumer on all insurance except life insurance—life, accident and sickness. So what we are talking about here is the 3 per cent. We are talking here about 2 per cent being increased to 3 per cent. The hon. gentleman again the other day gave us a lesson in the new math when I am sure the hon. the Minister of Education (Ms Verge), the hon. gentleman's colleague, must have cringed in her seat. The hon. gentleman said it is a 1 per cent increase, not 50 per cent. And then the hon. the Leader of the Opposition told me a story that I got a great chuckle out of, that I have to repeat, about the fellow who was putting horse meat and rabbit meat, I think it was, in tins. So he put in so much horse meat and so much rabbit. And somebody said to him, 'Well, that is not even, the proportion is not even.' 'Well,' he said, 'it is; it is 50 per cent - 50/50 - one horse, one rabbit.'

SOME HON. MEMBERS:

Oh, oh!

MR. NEARY: I am also told that automobile insurance is regulated by the Public Utilities Board in Newfoundland. The 2 per cent was accepted by the Public Utilities Board as part of the cost of the premium and, presumably, the 3 per cent will be accepted and included in the automobile insurance premium. Is that correct? I am told that. I do not know if it is true or not. But anyway, let me get on with my few remarks. The time is getting late.

What are the arguments against this tax?

Number one, it creates and imposes a hardship on the consumer, on the policyholders. Whether the hon. gentleman gets up in his hypocritical way and tells us that it does or it does not, we can tell the hon. gentleman now that there is hard evidence before us that it will be passed on to the policyholder. Now how do you get at the old policyholders, the people who already have policies? Well, how you get at them? You take it out of their dividend. If they have a dividend, that is where the money will be recovered from. And, of course, the 3 per cent will be added on to the new policyholders.

MR. NEARY:

As my hon. friend from Burgeo -

Bay d'Espoir (Mr. Simmons) indicated, if you pay a premium to a trust company you do not have to pay the 3 per cent tax; if you receive your income from fees from MCF you do not have to pay the tax, if you receive fees practicing law downtown you do not have to pay the tax, but if you are a policyholder you have to pay a 3 per cent sales tax in this Province. They have it disguised. It is under the guise of an insurance company tax when, in actual fact, it is a tax on the policyholders.

So, Mr. Chairman, number one, the government broke their promise, double-crossed the people; number two, the policyholders will have to pay this tax whether it is in a reduction in dividend or pay it on to the premium on new policies. The insurance companies point out that this is a very unfair tax. As I indicated, it does not apply to trust companies or banks. Because most people, Mr. Chairman, buy insurance for savings purposes, they buy it because it is the only way they can save dollars. And I can speak from experience in that regard. I have a policy myself and I have borrowed on that policy on two or three occasions. I am in the process of borrowing on it again now. So my policy is used more or less for savings - it is the only way I can save a dollar. But now, Mr. Chairman, I will be able to borrow less because the dividend will be reduced. In my case, I think, they will probably whip \$12 or \$15 a year out of the dividend to pay the 3 per cent tax. And if I took out a new policy, of course, I would pay it then. So there is a very unfair part of it.

MR. NEARY: And, Mr. Chairman, my hon. friend also raised the point, although he did not stress it too much, about the cost to the insurance companies. Now I am not terribly concerned about the cost to the insurance companies if the insurance companies were paying the cost of implementing this tax. If the insurance companies were paying the cost out of their own pockets for the new manuals and for the new forms that have to be made out, I would not worry too much about that. I would not lose any sleep over the fact that the insurance companies had to pay more money for new manuals and new forms and so forth - I would not worry about it except, Sir, that that also will be passed on to the consumer. So you are talking here about more than just a 50 per cent increase in the tax to the consumer, you are talking about the cost in this Province, which I understand is staggering; it would boggle your imagination the amount of money. And the hon. gentleman brushed that off the other day. Well, it happened in Ontario.

AN HON. MEMBER:

No.

MR. NEARY:

It did happen in Ontario. I have checked with the insurance industry and I have checked with the underwriters, and I am told, Mr. Chairman, that this was one of the factors that influenced the Government of Ontario to withdraw a proposed increase of 1 per cent in the tax in that province on insurance premiums. 'It may be noted,' it says, if hon. gentlemen have the same letter that I have - Minister of Finance, Newfoundland, July 23rd from the Canadian Life Insurance Association - 'It may be noted that when Ontario instituted a partial tax it experienced some difficulty in formulating satisfactory regulations and forms. The company also had difficulties in making necessary calculations, Ontario recognized in 1976 when it imposed a 3 per cent premium tax only on existing policies where the premiums could be increased and the insurance portion of new policies using the formula which would substantially reduce the amount of the tax payable,' -

MR. MARSHALL: What is the hon. member reading from (inaudible).

MR. NEARY:

The Canadian Life Insurance Association.

AN HON. MEMBER:

(Inaudible).

MR. NEARY:

That is right.

MR. NEARY: So the insurance companies are telling the public that, first of all, the cost involved in making new manuals and new forms for Newfoundland will be passed on to the consumer in addition to the 50 per cent increase in the insurance tax.

DR. COLLINS: Do you believe it?

MR. NEARY: The hon. gentleman asks, Do I believe it?

AN HON. MEMBER: We have no reason to doubt -

MR. NEARY: I have no reason to doubt that it will not. Mr. Chairman, I have very good reason to believe the insurance companies as much as I believe the hon. gentleman when the hon. gentleman the other day could not differentiate between 1 per cent and 50 per cent. I mean, if that is the kind of thinking we have, the kind of logic we have in this Committee and in this Province, then I would be inclined to believe the insurance companies.

DR. COLLINS: (Inaudible) I will speak to that.

MR. NEARY: The hon. gentleman can speak to it all he wants, but we have been told by the insurance industry - and the insurance industry buys government bonds, probably buys more Newfoundland Government bonds than any other industry, as the hon. gentleman is well aware, and they are very responsible people. And I would assume they know what they are talking about when they tell us it is going to cost \$200,000 or more to change the manuals and to make out new forms for Newfoundland with the increase of 50 per cent in the premium tax. That additional cost will be passed on to the consumer. And, Mr. Chairman, apart from the fact that we are trying to attract industry, new business in this

MR. NEARY:

Province, what will it do, Sir, to insurance companies who might be considering establishing their head office in Newfoundland? There are a lot of them. I am happy to say, Mr. Chairman, I am happy to say that a Newfoundland company, for the first time, is establishing branches of their insurance company in other provinces of Canada. We do not know but some of the insurance companies may be looking at Newfoundland to establish a head office. They may. We do not know that. This certainly would not encourage them to do so. It would drive them away if anything.

DR. COLLINS: Newfoundland companies are really just insurance company agents.

MR. NEARY: That is right. That is right. But if we are ever going to entice some of these companies to establish a head office -

MR. ROBERTS: That is an incorrect statement.

MR. NEARY: If we are going to entice any of these companies to establish a head office -

MR. STIRLING: Would you yield?

MR. NEARY: Yes, I will yield if the hon. gentleman wants to ask a question, Mr. Chairman.

MR. STIRLING: Just to have the record correct, I think -

MR. CHAIRMAN (Baird): The hon. member for Bonavista North.

MR. STIRLING: - the Minister of Finance if he is being specifically correct should say life insurance companies because -

MR. ROBERTS: Casualty and fire insurance.

MR. STIRLING: - I do not wish to cause him any embarrassment but I would suggest that he should withdraw that remark until he can check out his facts, unless he wants to be specific about life insurance, and I think he should have the opportunity to say he should check it.

DR. COLLINS: I was referring to life insurance companies.

MR. NEARY: Anyway, Mr. Chairman, that is a very significant point and one that the administration should take into account because down in the United States I am told that some of the companies that were

MR. NEARY: thinking about moving their head offices stied away from States, stied away from States that had a similar as the one the hon. gentleman is imposing here now in this Province. I know the hon. gentleman has been sold a bill of sale by his Assistant Deputy, Mr. Fearn.

MR. ROBERTS: He is too stubborn.

MR. NEARY: And he is too stubborn, he knows he is wrong. The hon. gentleman knows he is wrong. There is nothing more stubborn, Sir, than a medical man put into a portfolio, put into a position of trust, especially in a Finance Department where the hon. gentleman has a one track mind, and that is holding little babies bottom up by the feet and giving them a smack on the bottom. There is nothing more stubborn than that kind of a gentleman in a government, nothing more stubborn because the hon. gentleman has a one track mind and will have a tendency to listen to his deputies and his assistants more so than a man who is completely free and independent. And in this case the hon. gentleman is taking his advice from a deputy or an assistant deputy from Western Canada, who is a part of a little clique across Canada, part of a little clique that has been trying to -

MR. YOUNG: Who is blackening whom now?

MR. NEARY: Mr. Chairman, I would just like to be heard in silence, Sir. When I get in full flight I do not like to be interrupted. The hon. gentleman can go and look after his slabs.

MR. MORGAN: My! My! My! My!

MR. NEARY: Yes, and I will be flying high for the next five years and the next fifty years. Yes. The hon. gentleman, Sir, is smarting now, He is sulking now because he cannot get up and try to twist and turn on behalf of the administration, to try to influence and impress the gentlemen in the gallery that, oh, although I am a member of this administration I am protecting the rights of the poor people, the ordinary people, but this tax we have to go ahead with it. Because we need the money, we have to take it out of the backs of the consumers. It

MR. NEARY: is not going to hurt your business. It is not going to hurt you at all. I sold insurance." I can hear the hon. gentleman now, "I sold insurance and I know what I am talking about." Do not be wasting the House's time.

MR. MORGAN: Who is wasting time now?

MR. NEARY: That is right, I have wasted time. I just spoiled the hon. gentleman's speech. Because when the hon. gentleman stands with not a hair out of place, looks like he stepped right out of the catalogue, I hope that the underwrites in the gallery will understand that what he is trying to do is run a bluff with him, that if he did not - if he disagreed with the tax the thing for him to do is get out, get out of the government, because the government have broken their promise. They have broken their promise, Sir, and they pulled a fast one. They continued their con game with the people of this Province and with the consumers of this Province.

Mr. Chairman, the insurance business in this Province is prospering at the present time. People are becoming insurance conscious for the first time in their lives. They are beginning to do the same thing that I did; they are beginning to realize that apart from protecting their families and so forth in case of accident or death, that it is a good way to save a dollar, it is a good investment, a good way to save a dollar. But now they are going to have that little

MR. S. NEARY:

incentive and that little initiative removed by this government who told these people that they would not increase taxes if they formed the government of this Province. So, Mr. Chairman, I am inclined to go along with the motion made by my hon. friend. I think there are various and sundry aspects of this tax that have to be looked at very carefully. And I congratulate, I do not condemn, the insurance underwriters for carrying on a lobby, it could affect their livelihood, it could force business to go outside of this Province, it could affect their livelihood. And let us say that the minister is right that they have selfish motives; I say, so what? It could affect their livelihood, it could cut down on the business in this Province, it could drive the business outside of this Province.

DR. J. COLLINS:

Where was the lobby when the premium tax was put on?

MR. S. NEARY:

Where was the lobby when the premium tax was put on? Mr. Chairman, I do not know what the hon. gentleman means by that question. It is an unfair tax. It was unfair then, it is unfair now. The tax should never have been put on.

MR. J. MORGAN:

Who put it on?

MR. S. NEARY:

The hon. gentleman's administration.

MR. J. MORGAN:

Think again, boy, think again. Think again.

MR. S. NEARY:

Oh, think again, think again, think again.

SOME HON. MEMBERS:

Oh! Oh!

MR. S. NEARY:

Oh, listen to Goldilocks. You are not going to get your interview on television today.

MR. J. MORGAN:

The hon. gentleman put the tax on in '68.

MR. S. NEARY:

You are getting no interview on television today.

MR. J. MORGAN:

On Private Members' Day, (Inaudible)

MR. S. NEARY: You are going to get no quotes in the newspaper today. The hon. gentleman is running out of time, The House is running out of time. The hon. gentleman better discipline the member for Bonavista South (Mr. J. Morgan). He is not going to make the television today. He is not going to get up and be able to rant and rave about the former administration when we, over here, and the public are not allowed to talk about his administration because they are born again.

Mr. Chairman, the fact of the matter is, Sir, that there is a 50 per cent increase in this tax. It is very unfair. It is going to hit the consumer and it just proves once again, as my hon. colleague said when he wound up his few remarks there half an hour or so ago, that it proves again that this administration have double-crossed the people of this Province, have let down the people of this Province and have broken a promise to the people of this Province that if they were elected, they were not going to increase taxes in this Province.

AN HON. MEMBER: Carried.

MR. CHAIRMAN: (Baird) The hon. Minister of Lands and Forests.

MR. J. MORGAN: Mr. Chairman, I think it is important to clarify a few points because the issue of taxing the insurance companies in the Province has been totally confused by the last two speakers.

The member for Burgeo - Bay d'Espoir (Mr. R. Simmons) pointed out that there was an insurance tax on premiums in the Province and it was a burden. and the last speaker confirmed there was not a tax on premiums on life insurance.

The situation is that in 1968 the previous administration brought in a tax known as the Premiums Insurance Tax Act. That legislation tax taxed premiums on insurance. That taxation is not applied today to premiums on life insurance.

MR. J. MORGAN: So the hon. gentleman who just sat down is bitterly opposed to us getting any source or means of revenue, in this case a revenue of approximately \$.75 million and

MR. E. ROBERTS: Would the hon. member answer a question?

SOME HON. MEMBERS: No.

MR. J. MORGAN: If it is a reasonable question, yes, go ahead.

MR. E. ROBERTS: Yes, it is a reasonable question, I do not always get reasonable answers. Did the hon. gentleman say that the tax as it now, the 2 per cent level is not now imposed on life insurance? If he said that he could not have meant it because the tax is on life insurance premiums up to 2 per cent now. This act simply would increase it from two to three. I think, we should be clear on what we are arguing back and forth.

MR. J. MORGAN: Well, Mr. Chairman, what I said was that the Insurance Premiums Taxation Act which was passed in 1968 applied a tax to insurance premiums which does not apply to life insurance premiums. That tax is now 11 per cent. It was brought in in 1968 by the previous administration, the previous, previous administration in this case, and it was 7 per cent then in 1968 when it was brought in by the government which the member who just sat down was part of; he was in the Cabinet, he made the decision and now he is totally opposed to a source of revenue which he initially brought in,

MR. MORGAN: that source of revenue from taxation directly on the premiums of insurance except life insurance. I think there are one or two other exceptions as well, but life insurance is definitely not included to be taxed in that Insurance Premium Taxation Act. So that is one clarification with the statement made yesterday by the member for Burgeo-Bay d'Espoir (Mr. Simmons) that this would increase the taxation on life insurance premiums with the increase now from 2 per cent to 3 per cent, meant 14 per cent on life insurance premiums is totally erroneous and incorrect, totally erroneous and incorrect. Now we are increasing in this taxation bill, we are increasing that 2 per cent on life insurance companies, not necessarily premiums but of course the companies are saying we are going to pass it on to the consumers, in this case the insured, on their premiums. So we are seeing a fifty per cent increase, that is true, but it is one per cent, going from 2 to 3. It is an increase of 50 per cent, That is agreed. Sure. Nobody is going to disagree with that. That is only semantics. But what I am saying, Mr. Chairman, is that if I am now paying a premium, and in fact I do firmly believe in life insurance and I do carry some heavy life insurance right now, and if I pay \$1,000 premium per year life insurance, in fact I think my life insurance is around \$1,000 permium per year.

MR. J. CARTER: You would be better off dead.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: My wife would be better off if I were dead.
Mr. Chairman, I agree with my colleague,
my beneficiary would be better off if I were dead.

MR. ROBERTS: The whole Province would be better off.

MR. MORGAN: You see, Mr. Chairman, this is the kind of thing - I am not being partisan in this debate, Now why these smart

MR. MORGAN: type remarks? If we are going to have some decorum in the House let us be reasonable.

MR. ROBERTS: I am being partisan. Perhaps these hon. gentlemen -

MR. MORGAN: So, Mr. Chairman, the fact is that we are increasing this taxation which is now already there of 2 per cent, going from 2 per cent to 3 per cent. Now I have listened to the arguments put forward by the Opposition of the possible effect on the consumer, the insured, Now if I am paying \$1,000 on premiums and I am going to get an increase of 1 per cent this year on that premium, it means I am going to be paying \$10 more per year next year on my premium. Now surely if I can afford to pay \$1,000 I can afford to pay \$10 more. There is no burden on the consumer in that regard.

The other possibility of a burden is the fact of the cost of changing the rate books. Now that is the concern of the insurance companies here and I have talked to some of them and their reps, the fact that they had to change the rate books, that there were going to be substantial cost on the companies and that cost would be very well passed on to their clients, the consumers. But if I recall correctly, and the Minister of Finance can, when he speaks to close the debate, can verify it, when the change was made in Ontario the insurance companies did not change their rate books for a two year period, a full two year period. They did not find it necessary to change their rate books. So therefore if they could do it in Ontario for a two year period, surely they can do it here in this Province. So that cost is not necessarily going to be incurred and therefore passed on to the consumers.

So I cannot see any major burden being placed on the consumers of our Province. But I do see the need for us to get revenue and we are looking at a means of getting revenue from insurance companies whom right now we have little or no means of getting revenue from. It is like a corporation tax. We have no corporation tax on these large companies, and yesterday Mr. Mac Pike, speaking for the life insurance

MR. MORGAN: companies in the Atlantic region, confirmed my belief that these companies can very well afford to be taxed, For example, Mr. Mac Pike yesterday in this city of St. John's, speaking to the Northwest Rotary Club, says that, "The life insurance industry has invested \$2.5 billion in the four East Coast provinces by the end of 1976," \$2.5 billion strictly by life insurance companies. Invest in what? Capital assets, shopping malls, office buildings, apartment buildings. If I recall correctly they are even involved the development of some power projects in our Province.

AN HON. MEMBER: The Upper Churchill,

MR. MORGAN: The Upper Churchill, my colleague reminds me here.

So these are the kind of things that concern me. If these companies can afford to invest billions of dollars in four provinces in our Nation, the poorer provinces of our Nation, and if they can get - surely they are going to make profits on all the billions of dollars of investments. Now surely we as government in some kind of responsibility should look at getting some means of revenue from all these profits these companies are going to make.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: But my concern initially in listening to the underwriters was what effect it would have on them. Now the hon. gentleman who sat down said I would do this and he read my mind, because I was in the business and I know that it is a very competitive business and most of the people in the business today, in fact the people I know, are doing an excellent job. It is an excellent profession in my view. Now my concern initially was what effect would it have on the agents who are doing the business, going out there and drawing the business out from the general consumers around the Province. And from my brief discussions with a few of them I do not think it is having any effect on the agents. Because surely, surely if a person is going to buy life insurance and if his premium

MR. MORGAN: is \$100 and this 1 per cent means an additional \$1.00, that \$1.00 is not going to stop the individual from buying the insurance. If his insurance premium is \$500, an additional \$5.00 is not going to stop the individual from buying insurance if he or she believes in insurance.

So, Mr. Chairman, I think it is important to clarify these points because there was some confusion from the Opposition. The fact is that the Insurance Premium Tax was placed on in '68, It increased according to the SSA, increased over the last number of years, It is almost like an SSA tax. It was placed on by the previous government in '68, the previous, previous government. There is not a 14 per cent increase in life insurance premiums. The hon. gentleman was wrong yesterday because the Insurance Premium Tax is not applied to life insurance and therefore there is only a 3 per cent tax on insurance companies and I would say, Mr. Chairman, in closing my few remarks, I sincerely hope that insurance companies if they invests \$2.5 billion in a period of four to five years in a part of our country and look forward to substantial profits from these investments, that they will not and should not pass on this 1 per cent increase to their customers or to the consumers.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN (Eaird): The hon. Minister of Finance.

DR. J. COLLINS: Mr. Chairman, just a very few brief remarks on this because I think that most of the points have been made that need to be made. But I would like first off, Mr. Chairman, to table

DR. COLLINS: some points to give our side, and I think a clarifying side, to the issue. The press has been full of what I have no hesitation in saying is a very, very strong insurance lobby, it has been full of comments from them, and I do not take away from their right to do so, but I think the other side of the picture should be given so I table this and there will be copies available for hon. members for their information and also for the press.

Mr. Chairman, with regard to the comment that insurance companies are already subject to capital tax, I have already answered that. In effect, there is negligible return from the insurance companies on capital tax. That is why the insurance companies tax was put in in the first place. It was put in by the federal government and it was finally passed to the provinces at that same rate. That was just after the Second World War. The rate has not changed since then when almost all other forms of equivalent tax have changed.

As far as the 50 per cent goes, I will not go into that, it is too ridiculous, really. The point about it is that the dividends are paid out of retained profits and up to now, the companies are retaining 98 per cent - there is only 2 per cent taken off - they are retaining 98 per cent, out of which they pay dividends. They will now retain 97 per cent, out of which they will repay dividends. That is a very small decrease. It is not a 50 per cent decrease in their retained profits. It is less than a 1 per cent decrease in their retained profits, out of which they pay dividends. That is a most foolish argument.

Mr. Chairman, as far as the administrative costs go, it is stated that there will be \$11 million levied on the people in this Province taking out insurance. Well, I mean, that argument cannot stand up to scrutiny. As was mentioned, it was in for a couple of years in Ontario. There was no such extra increase in rate books. Secondly, the rate books are subject to change quite frequently because of actuarial changes. This is not something unusual for insurance companies; they have to do it all the time. Thirdly, if they are going to be levied something like \$750,000 in this Province - which they are not, and I will explain that

DR. COLLINS: in a minute - if they are going to be levied that amount, are they going to spend \$12 million to compensate for it? If they are, they are not the businessmen that I would expect them to be.

Finally, Mr. Chairman, on that point, just for a point of information, for the six months ending the end of June of this year, Mutual Life, that is one company only, gross income profits for six months - \$78 million. These are not poor companies, and that is one single company.

Another point, during the AIB period, the insurance companies were the principal offenders with regard to excess profits. In other words, Mr. Chairman, if this very modest increase in what amounts to corporate income tax is levied on the companies, not only is it deductible to them as an expense, but they have a very wide profit margin in which to absorb it, and I have no doubt they will, because they absorbed it in Ontario where there was a much greater volume of business and, therefore, much greater potential cost to them. I might also add, Mr. Chairman, that the insurance business in this Province is 2 per cent of the whole. Canadian companies had much more than 2 per cent of the whole in the United States. Changes in the exchange rates are more costly on that volume of business, which occur daily, than there could be any possible cost to the companies in this Province. I mean, these arguments just do not hold up. They are arguments made by the lobby. They do not want this tax and I do not blame them. But they are just arguments, There is no validity.

Mr. Chairman, again, to equate the tax that we are now applying to the company with retail sales tax, that is to equate corporate income tax to retail sales tax. To take that line of argument is to say that we should only have one form of tax; we should only have what is looked upon as a regressive type of tax, that is, the retail sales tax and we should have no other form of tax. That is ridiculous. No administration with any responsibility would take that line of thought.

I mentioned, Mr. Chairman, that there was no lobby when the premium tax was put on by the former Liberal

DR. COLLINS: administration in 1968. There was no great outcry from the insurance companies when that premium tax was put on, which bore extremely more onerously on the policy taker. If the industry were that concerned about the poor policy buyer, why were there not great representations made at that stage? Why were there not great representations made when the rate was increased from 7 per cent to 10 per cent and then later on up to 11 per cent? But there was no

DR. COLLINS: comment at all from them. Finally, Mr. Chairman, there have been remarks about how we are taxing poor widows and we are taxing savings. Quite apart from the fact that it is a very poor way of saving - life insurance - that is going back to -

AN HON. MEMBER: (Inaudible).

DR. COLLINS: Well, I know the hon. the Leader of the Opposition, if he wants to save, he does not buy life insurance. I am sure he has better ways of achieving savings than that. If not, I will come over and I will tell him a few things.

AN HON. MEMBER: I think his (inaudible) were pipe-fitters.

DR. COLLINS: Well, you need it if that is the way you go, 'boy'.

Finally, the argument is not against taxing widows and savings. That is the principle of this tax. The principle of this tax was settled many years ago. We are not arguing here the principle of this tax, we are arguing merely the increase of it. If you want to go back to arguing the principle of this tax, you have to go back to the federal government's decision to put it on in the first place during the Second World War.

The final point I want to make on the rate book increase, and this is the last thing I just want to point out on this, and I saved it until last because I almost hesitate to make the argument; the insurance companies say, "You cannot increase this tax because we will have to change our books it complicates matters so much." But, on the other hand, they make no hesitation to saying, "What you should do, you should remove the tax totally." Now, if you change from two to zero that is going to cause them just as much administrative difficulty as it is to change from two to three, but they make no complaint about doing that.

If we said to them - and they have asked us to do this - we will remove the tax entirely, they would raise

DR. COLLINS: no objections to that. In other words, these points have no validity and I move that this resolution be adopted and the tax bill be brought in.

MR. STIRLING: Mr. Chairman, I just want to make the point that because it does involve insurance I am not taking part in the debate.

MR. SIMMONS: Does that apply to the underwriter from the other side of the House?

MR. CHAIRMAN(Baird): Shall the motion carry?

MR. ROBERTS: No, the amendment shall carry first.

On motion, amendment defeated.

On motion, resolution carried.

On motion, the enacting clause carried.

Motion, that the resolution be

submitted to a Committee of the Whole House, carried,

On motion, title carried.

On motion, clauses (1) through (4), carried.

On motion, enacting clause carried.

On motion, title carried.

MR. ROBERTS: Broken promises.

That it is expedient to bring in a measure to impose a tax on the sale of advertising and to amend the Retail Sales Tax Act 1978.

MR. JAMIESON:

Mr. Chairman.

MR. CHAIRMAN: (Baird)

Opposition.

The hon. Leader of the

MR. JAMIESON:

By leave. I do not believe

that the conflict of interest rule applies in my case, but in view of the public knowledge that I am clearly involved in the media, even though by way of a blind trust, I simply want to indicate to the Chair that I will neither vote nor participate in this debate.

DR. COLLINS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. minister.

DR. COLLINS:

I will try and be brief

on this because I am sure hon. members have read about the discussions in the papers and have made up their own minds on things and I presume we will not need to have a long debate on this. Firstly, Mr. Chairman, I would like to table two documents for the record, really. One is the copy of the letter that was in response to the Board of Trade brief and, secondly, a briefing note on the advertising tax similar to the one I gave previously on the insurance tax. The copies will be available for hon. members shortly.

This tax, Mr. Chairman, is in the form of a Retail Sales Tax. In other words, the companies who advertise receive a service and the government is now proposing that we levy a Retail Sales Tax on that service. Now there are already some forms of advertising on which we levy a Retail Sales Tax, and we levy it at a full eleven per cent. We are now merely removing the concession that previously had been given to other forms of advertising - for instance, the media, newspapers and so on - we are now removing that concession to make them equivalent to the other forms of advertising which are already subject to Retail Sales Tax, but we are only partially removing the concession. We are still leaving them with a considerable

DR. COLLINS: concession because the Retail Sales Tax on advertising will only be four per cent for these other forms of advertising.

Now, Mr. Chairman, I think it has to be clearly understood that this is a tax on the user. It is not on the media. The media does not pay this tax. The media collects the tax. The tax is on the user, i.e., the business doing the advertising. It is a very modest take. In a full fiscal year it will only render to the government just over \$1 million. It is deductible in the hands of the companies as a business expense. The remarks that this impedes the freedom of the press, Mr. Chairman, cannot be entertained with any seriousness. This is an addition to the cost of doing advertising. If cost per se impedes the press, yes, I would say this impedes the press. But no one thinks that because you have to pay for advertising that you are impeding the freedom of the press and this is merely an addition to that cost.

The remark has been made that it is unfair. This is not unfair. This will apply to all advertisers, whoever they may be, and even to non-residents advertising in this country, and we expect that we will collect it because we now collect Retail Sales Tax on non-residents in this country. We have no particular difficulty in that regard and we do not anticipate any because we will use the same mechanism. We do not anticipate we will have any difficulty in that regard.

It has been stated that this tax is an unprecedented one. Mr. Chairman, that is not so. It is not unprecedented. Advertising tax has been levied in several provinces for a long number of years, including in Newfoundland, on certain forms of advertising. On certain forms of advertising we have been levying the tax on advertising, the full eleven per cent Retail Sales Tax, on certain forms of advertising for many years, as have Nova Scotia. An example would be if a company wants to put out a

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DR. COLLINS: brochure, an advertising brochure; we will levy a full eleven per cent Retail Sales Tax on such an advertising venture as do several other provinces. Quebec is levying a tax now on radio and television. In the United Kingdom, in Holland, in France, in Germany there are Retail Sales Tax or the equivalent of Retail Sales Tax - Value Added Tax. It is a similar type of tax.

MR. ROBERTS: A great difference, as even the minister must know.

DR. COLLINS: I will make up a little memo for the hon. House Leader opposite to show him how Value Added Tax is a similar type of tax to Retail Sales Tax.

DR. J. COLLINS: Mr. Chairman, the other comment is that this will be costly. We do not anticipate that it will be unduly costly because we will use the same mechanisms we are using for other forms of retail sales tax. Of course, hon. members know that retail sales tax is applied not only to tangible personal property but, in this Province, is also applied to certain forms of service and this is what advertising is. We use the same mechanisms.

As far as the media having undue costs of administration and collecting this tax, I would refer them to the corner candy store. The corner candy store has to go through an administrative process to render retail sales tax on their sales. I would think if the corner candy store can do it, I would expect the media to also be able to do it.

Mr. Chairman, I move the adoption of this resolution.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Oh, boy! I really do not know whether to laugh or cry after that performance, Mr. Chairman. That is really something else.

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

MR. STAGG: You are talking out of both sides of your mouth.

MR. SIMMONS: There he is again. There he is.

MR. NEARY: The hon. member is out threatening strangers outside this House. He had better watch himself.

The hon. gentleman had better watch himself.

MR. STAGG: Mr. Chairman, on a point of order.

MR. CHAIRMAN: The hon. member for Stephenville.

MR. STAGG: The member for LaPoile (Mr. Neary) indicates that I am threatening strangers. There was a particular stranger in the gallery for the last couple of days, Mr. Chairman, who has been gesticulating and making remarks particularly directed towards the Minister of Finance (Dr. J. Collins), indicating that the Minister of

MR. STAGG: Finance was crazy, dumb or whatever.

MR. NEARY: After all, Mr. Chairman -

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: The man is allowed -

MR. CHAIRMAN (Baird): Order, please!

MR. STAGG: It is quite possible that hon. members opposite may make certain motions but there is nobody allowed in this gallery to make any commentary of any kind on proceedings here. And I indicated that to a gentleman outside just now after he went outside and continued that type of gesticulation and that is the reason I went and spoke to the gentleman.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. member for the Straits of Belle Isle.

MR. ROBERTS: To that point of order, first of all whatever the hon. gentleman may have done outside the House, the hon. gentleman from Stephenville (Mr. Stagg), it is not proper to bring it up in this House unless he somehow alleges privilege.

AN HON. MEMBER: Your colleague brought it up.

MR. ROBERTS: Mr. Chairman, I heard what my colleague said. What my colleague said was perfectly in order. The hon. gentleman from Stephenville (Mr. Stagg) has admitted the truth of what my colleague said.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: The hon. gentleman returned from Yellowknife has something to say. Well if he has let him say it, if not, let me say my piece. Thank you.

AN HON. MEMBER: Who me?

MR. ROBERTS: Yes. The hon. minister.

Mr. Chairman, the point of order was that somehow my friend from Burgeo-LaPoile (Mr. Neary) said something improper, he did not. In fact what he said was true as was confirmed

MR. ROBERTS: by the gentleman from Stephenville (Mr. Stagg).

MR. NEARY: Right.

MR. ROBERTS: Secondly, whether the citizens of this Province or not feel that the Minister of Finance (Dr. J. Collins) is not in full possession of his faculties is something on which every individual citizen of this Province may hold his own opinion, the same as he may hold it of the gentleman from Stephenville (Mr. Stagg) or me, or of anybody else. That surely is not a cause for a point of order in the House.

Furthermore, if we are going to raise a point of order in this House every time somebody outside feels one of us is not in full possession of his faculties, we will have an awful lot of points of order.

Finally, Mr. Chairman, and perhaps most importantly of all, there is a well recognized procedure. If the hon. member for Stephenville (Mr. Stagg) feels that any person in the galleries of this House is acting in any improper way at all, there is a well recognized procedure set forth in the rules and the precedents of this House, I would suggest it is not recognized by the rules or precedents of this House to go outside and to speak to somebody whether the member is "threatening" or not. So there is no point of order at all. Let us get on with the debate. We are not going to get out of this House on schedule now, or the schedule we had hoped - that is fine. I am prepared to stay - but these specious points of order are just going to delay things further.

MR. MARSHALL: I do not want to delay the House on that point of order, Mr. Speaker, but I think it is a most important -

MR. CHAIRMAN: The hon. House Leader.

MR. MARSHALL: - point. It is the first time I have been aware of that particular situation. I think the matter dealt with, the hon. member last speaking said in the last point, is a matter of some concern, if any member of the public comes to this House, which is the

MR. MARSHALL: House of Assembly, the House of Parliament of this Province and gestures to any member, be it the Opposition or be it the government, so I think it is a matter of great seriousness because we cannot have - you know, we are elected representatives here and I think we will all agree that we cannot have that. And I would think that in future if any situations like this occur the government will certainly have no hesitation whatsoever - and if we were aware of it at the time we would have - in dealing with it promptly in the way it should be.

MR. CHAIRMAN(Baird): There is no point of order.

However, spectators in the gallery should not participate in the House proceedings.

MR. NEARY: They did not.

AN HON. MEMBER: And the statement that the gentleman made gestures is not true.

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

MR. SIMMONS: Now, Mr. Chairman -

MR. NEARY: The government are paranoid.

MR. CHAIRMAN: Order, please!

MR. SIMMONS: Now, Mr. Chairman, we tried with some difficulty to have a serious hearing of the previous matter, the matter affecting insurance companies.

MR. SIMMONS: I do not think we succeeded in getting it. Now, we have got an hour, we are told, before they shut her down for another few months. We sat last year for thirty days in a year. It looks like we are going the same route again with the new House. Well, Mr. Chairman, I want to give notice now that I intend to do my best to see this matter before the House gets a serious hearing. If it takes twenty minutes, fine. If it takes twenty times twenty minutes, which is also my right in Committee, then I shall do it those many times, but I am intending, Mr. Chairman. This matter before us now is fairly serious. It is like the previous matter, it is precedent setting. It has devastating implications and I intend to have my say in all seriousness, and if I have to contend with the juvenile from Stephenville in that process, well, I will do so. It will take a little longer, perhaps.

Now, Mr. Speaker, first of all, let us dismiss a couple of issues right fast. The minister, on the previous bill and on this one, is all caught up with lobbies. Somehow, suddenly, there is something wrong with lobbies. The big bad boys are those lobbies, those people who actually take the time to tell legislators what they would like to see in legislation. Suddenly that has become a sin. "It is shameful sin", he says, "that people - lobbies, those lobbies should", he kept throwing across the floor, "the lobbies told you that, the lobbies wrote that, massive lobbies". There is something wrong with people out there now, in the minister's mind, who actually get their thoughts together and come and say, "Mr. Legislator, Madame Legislator, we think it should be done this way for these reasons". I say thank God for the lobbies. We would have more sensible legislation in this Province if we had more lobbies on both sides of the issue. And while the minister is talking about lobbies, let me remind him and his colleagues that it is a very successful dentist lobby that he has listened to and his colleagues that has kept denturists'

MR. SIMMONS: legislation out of this House for seven years.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: He wants to talk about lobbies. Well, he would know all about lobbies. He has been listening to them, he has been listening to lobbies for a long time. Or let me tell him about the doctors' lobbies which have succeeded in convincing the government to allow the fattest doctors' salaries in Canada. That is what lobbies have done for that minister.

DR. COLLINS: Actually, the smallest (inaudible) -

MR. SIMMONS: Yes, yes, defensive all of a sudden.

DR. COLLINS: - smallest increase of any and the lowest rates.

MR. SIMMONS: Now, would the minister say that is a 1 per cent increase or a 50 per cent increase?

MR. ROBERTS: In the minister's arithmetic.

MR. SIMMONS: In the minister's arithmetic, if you go from \$20 an hour to \$30 an hour that is a 1 per cent increase. Lobbies, the minister is all caught up with lobbies. I say to him before he starts attacking lobbies, which are a very legitimate part, Mr. Chairman, of our parliamentary process-and I repeat that we would have much saner legislation if we had people on both sides of the issue lobbying their points, giving us an informed viewpoint - all too often, Mr. Chairman, I as one member come into this House and have to vote or decide on an issue without sufficient possession of the facts on both sides. I do not know both sides of the argument. I submit, Mr. Chairman, that today I have a fair understanding of both sides of the argument. I have watched the press, the minister's statements and I heard what he had to say in the Budget, I have heard his answers to questions on the media tax, I have seen the information from the media lobby,

MR. SIMMONS: and they have sent it along not only to government but to us, and so I am in a position today, Mr. Chairman, with information on both sides of this issue to speak with a little more knowledge about this subject than I have, perhaps, on most subjects in this particular House thanks to the lobby approach. And I make no apologies for lobbies, I am thankful they exist, I wish we had more of them, I wish they were as informed as the insurance lobby demonstrated itself to be earlier despite the minister's adjectives about 'ridiculous' and he tended to dismiss every one of their facts. I somehow think that in the insurance business and in the media, despite the minister's version of things, there may well be some sane people, some sensible people in the media, a few sensible people in the insurance business. Did you listen to the minister this morning?" They are all ridiculous, they are all stunned, they do not know what they are talking about, they are all feathering their own nests?" I am sure the minister has never done that.

Now, Mr. Chairman, this media tax; this media tax, Mr. Chairman, First of all, an issue that I do not think has been addressed, and I will raise it first because it is a very important issue - it is an issue that is quite apart from any punitive or any counter-productive effect this tax might have and I will come to that - but before that, Mr. Chairman, let us raise a very large issue about this tax, and it is this: Does the Province even have the authority to implement this tax? Does the Province have the constitutional authority to implement this tax? And that, Mr. Chairman, is a question that has not been raised, I believe, in the public debate or the Questions and Answers in this House:

MR. SIMMONS: Does the Province have the constitutional right? Now, Mr. Chairman, again I am out of my particular field so I will just ask the question and I will make a bit of a submission on it, but I am not in the position to judge on this matter, but it is a question that needs to be addressed, and I would fully hope that either the Minister of Finance (Dr. Collins) or the President of the Council (Mr. Marshall) has canvassed this particular issue because it is a very important one. Are we into the field, Mr. Chairman, here of direct taxation or are we into the field of indirect taxation. Now I know the short answer. The short answer; it would seem that you are into the field of direct taxation, But is it that simple? And here is my point. The imposition of any kind of tax within a province, that is to say, can be justified under the British North America Act if it falls under the clause 92.2 which provides 'direct taxation within the Province in order to raise revenue for provincial purposes,' direct taxation within the Province. Now, I know the short answer. The short answer and the easy answer, the surface answer, the superficial answer, is that it is direct taxation on the amount of advertising; that is clearly the short answer. I will pursue my point about the possibilities for an interpretation as an indirect tax in a moment. Mr. Chairman, the question of whether it is direct or indirect taxation, the question of whether the tax itself is solely and wholly a tax applied to the total value of advertising, purchased or sold? Mr. Chairman, suppose you were to go buy a refrigerator or a television set over at Woolco and the TV set is going to cost you \$400. What is that \$400 made up of? Freight from the manufacturer's location? Yes, of course. The actual cost of manufacturing? Yes. The overhead in the store, the salaries and the lighting and so on? Yes, that is certainly a legitimate component of the retail selling price. How about the cost that the store incurs purchasing advertising to promote its commodity? Is that a legitimate cost? Should that be built in to the selling price too? If the store is going to sell the television set

MR. SIMMONS: for \$400 and it, let us say, spends \$7 a unit advertising that item on radio and television and in the printed media, should that \$7 be legitimately part of the \$400? Well, it would be a stunned store manager, indeed, who said, "I will get the manufacturing cost back, I will get the freight cost back, I will get the overhead of operating the store back, but the advertising cost I cannot charge". Of course, we all know he is going to charge it. It is a legitimate component of his final retail price, the cost of advertising. Now, let us take that \$7 in my example, the \$7 he pays for advertising; with this tax it will be another 4 per cent, He will have to build in not \$7 but \$7.28 or if it is \$100 it will be \$104 or whatever the case may be that he is building in. He will pass it on, he has to pass it on to the consumer, to the purchaser of that television set. Now, Mr. Chairman, for that reason I submit this tax we are talking about has all the makings of an indirect tax, a tax which, in effect, and which in a very easily demonstrated way, a very easily demonstrated way, is actually being passed on to the purchaser of that commodity that

MR. SIMMONS: is being advertised. That advertising cost is being recouped by the retailer from the consumer, and in that sense, Mr. Chairman, it becomes an indirect tax. There are all kinds of examples, I say to the Minister of Finance (Dr. Collins), all kinds of examples in the records of the courts of this country to demonstrate that what a government in a jurisdiction thought was a direct tax was ruled constitutionally in the courts of law to be an indirect form of tax and, therefore, uncollectable by the province, the jurisdiction concerned. Now, I hesitate to get into examples in other jurisdictions because you quickly have the government ministers standing up and saying, "Well that really does not apply here." And perhaps it does not apply here, I do not know, I am not a tax expert at all. I am just raising questions and I believe the questions need answering. But in Saskatchewan we have had recent rulings about issues quite apart advertising, and I can well hear the argument that there is quite a difference in advertising and potash, and I assure you there is, but I am talking about the principle involved and I beg hon. members opposite when they address themselves to this question of direct or indirect taxation to address the principle and not the red herrings that may be involved. In Saskatchewan fairly recently there have been rulings about the inapplicability of a tax measure because it was deemed to be indirect taxation although the province had interpreted it or had proffered it as direct taxation. This, I submit, may well be that kind of case, and let me, Mr. Chairman, for the Minister of Finance and for the government, make one prediction and one prediction only insofar as this tax is concerned: If this tax is implemented, I predict that the question I have just raised right then will become a matter of a court proceeding. I cannot see, I cannot see the advertising industry or the media industry allowing this precedent to go uncontested, and I predict, Mr. Chairman, I predict that if this tax is adopted by this House, which I fully hope it will not be for some reasons I will give, I predict that the constitutionality of this tax will be tested in

MR. SIMMONS: a court of law in the next year or so. That, Mr. Chairman, is, I believe, the big issue that needs to be addressed because if it is not constitutional for us to legislate such a tax then, of course, we are wasting our time doing so, and we do not want to be in the situation, quite apart from our partisan positions here, as taxpayers and as citizens we do not want to be in the position where the Province is going for a year or two years or five years collecting 'x' dollars on a media tax only to find five or six years down the road that it has to pay it all back because it was unconstitutional in the first place, the very position that Allan Blakeney found himself in in Saskatchewan, in respect to much larger amounts of money, I recognize, but again I think the parallel may well make the point. We do not want to find ourselves in the position five, six years down the road that we had been during that interim collecting a tax that it was not our constitutional prerogative to collect after a court had decided, say, to the contrary.

Mr. Chairman, the tax that we are talking about here raises a number of questions. Now, one of the questions the minister appeared to have answered but I will put it again because I think there is another possible answer to the question. This tax, is this tax he is talking about really within the Province or can he collect it outside the Province? Can he collect it? Is it going to apply to a non-resident advertiser? I would like to hear his plans for collecting it outside the Province. I know what the Department of Finance's track record is insofar as trying to collect the Insurance Companies Tax outside the Province, because that was a matter that the Public Accounts Committee dealt with two or three years ago and the minister's own officials told us, contrary to what he said in this Committee this morning, told us about the extreme difficulty they had collecting tax from insurance companies which were not registered in the Province. But, Mr. Chairman, you do not have to take my word for that one, take the department's word on the next point. Outside the Province is one question;

MR. SIMMONS: How about their track work in collecting taxes in the province? Well, according to the Auditor General's report this administration, which is now telling us it is going to do such a job of collecting this tax, this administration has accounts receivable, retail sales tax accounts receivable totalling \$10 million that are not collected, that are owed the public Treasury from resident companies and would-be remitters. \$10 million in the province! And the minister gets up and informs there is no problem; out of the province, we will catch them; Toronto, we will catch them. They cannot even catch them in Newfoundland, or they will not catch them. And in some cases, Mr. Chairman, it is a case of, they will not catch them because they are good friends of theirs over there. I can give you chapter and verse but I do not think it is appropriate to do so in this House. In some cases it is a case of letting their friends off.

Speaking about friends and speaking about lobbies, I was very disturbed to learn this morning that the St. John's Board of Trade, with over a thousand members all doing business in this city and making a contribution to this part of the province, did not even merit an answer from the Minister of Finance (Dr. Collins) until he had checked it out with the lobby in Toronto that he despised a few minutes ago. The lobby, the advertising lobby in Toronto, had a copy of the Minister's letter to the Board of Trade in Toronto two days before the Board of Trade had it in St. John's. That is the lobby he was despising a few minutes ago.

DR. COLLINS: Will you document that, please?

MR. SIMMONS: Yes, indeed I will document it. I have it right here. It is in the form of a statement from the Board of Trade and I quote as follows, and I am sure the statement is available to all or I am prepared to table this one: 'The Board was appalled to learn that a number of the national media in Toronto were aware of the contents of the Minister's letter to the Board two days before the Board received the letter.'

DR. COLLINS: Did you say, 'received a copy of the letter,' or 'were aware of the contents'?

MR. SIMMONS:

Were aware of the contents.

DR. COLLINS:

You initially said, 'received a copy of the letter.'

MR. SIMMONS:

I may have. I meant to say, 'were aware of the contents.'

Mr. Chairman, I do not know what the semantic point is. I mean, if I have a private communication which I write to the Minister and he does not receive it but somebody a couple of thousand miles away knows the contents, I think the insult is equally grave whether or not they have physically seen the black and white. Somebody has told them what is in the letter before they have the courtesy to get it to the recipient, the would-be recipient of the letter. The minister may see a difference. We are back to his one per cent versus a fifty per cent argument again then. Only forty-nine per cent in the difference anyway, he says.

Mr. Chairman, I submit that the minister is going to have grave difficulty collecting this tax outside the province, and the best argument I can give you the support that is his abysmal track record collecting retail sales tax in the province where we now have a receivable of \$10 million not collected at this point in time, \$10 million in retail sales tax.

I have a few other questions for the minister. Would he address himself to the question of: If an advertiser contracts for an advertising sale outside the province, where is the sale construed to have taken place? In the province? Out of the province? If outside the province, can this province's legislative power say the tax shall apply?

DR. COLLINS:

If he imports it.

MR. SIMMONS:

If he imports it.

Mr. Chairman, I would suggest that if the minister is going to have a bit of difficulty collecting the Insurance Companies tax, he is going to have a lot collecting this one. Because, you see, what will be required - and as an aside, my good friend from St. Georges (Mr. Dawe) and I, together with others, wound up at the racetrack the other night, and I recommend it highly; I do not think

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MR. SIMMONS:

we should subsidize it, but I recommend
it and I go to other places that I do not think the government should
subsidize but I still recommend them. Well, Mr. Chairman, the other night
I learned at the racetrack that the Government of Canada -

AN HON. MEMBER:

(Inaudible)

MR. SIMMONS:

Ah, that is another issue.

MR. SIMMONS: I am going to turn in my betting stubs to see if I get an 8 per cent rebate on them. Mr. Chairman, I learned the other night that three officials of Federal Agriculture are employed there, well, literally on a full-time basis, or whenever the track is operating, just to see things are run well; three officials of the Federal Department of Agriculture to see that there is no skulduggery and that kind of thing, three there on a full-time - well, full-time when the track is in operation. Now, Mr. Chairman, I submit that when this government decides to determine whether an ad was, to quote the minister, "imported", and imported in this context can mean being fed during the NTV lateshow at 3:30 in the morning, you are going to need a bunch of fellows watching the telly, all channels, because now we have to deal with the cable channels which are running Canadian content in advertising and the university channel; I do not know if they run advertising. You have four or five channels to be monitored almost on a 24-hour basis just to see what is, in the minister's word, imported in terms of TV advertising alone. The minister begs the question. If the sale is contracted outside the Province, how does he police that one? How does he see to it that the tax is collectible, if it is collectible, and that is one of the questions I am asking, is it a collectible tax? He says, "Yes, if it is imported". So my next question is how does he monitor the "import" of the advertising? And I hope he will respond to some of these questions.

Mr. Chairman, would he also tell us what the Bill means when it says "advertising"? What does he mean when the Bill says "advertising"? I hope he does not mean what he said a minute ago when he told me, he told the House, that if a company wants to go and get a little brochure printed, a brochure perhaps advertising its wares, and he tells me that they are charged 11 per cent tax, I hope he is not calling that advertising because if so he is way, way off base, and I submit to him, I submit to him that you do not have to be a company or you do not have to

MR. SIMMONS: be in the retail business at all, you just have to be a person who wants a brochure, You can be in the Anglican Women's Association and want a brochure of information to pass around to your members and you have nothing to sell whatsoever and you will be charged the same 11 per cent, because the printer is obligated to collect two taxes, the manufacturing tax of 8 per cent, or whatever it is now federally, and the sales tax because the printer is in the business of selling a retail commodity, and I say to the minister that is the 11 per cent he is talking about on that brochure. That is not an advertising tax, that is a retail sales tax which every consumer or purchaser of a retail commodity has to pay whether he is buying a brochure to promote his business, or buying a brochure to get membership in a volunteer organization, or buying a commodity at the corner store, and the minister is being less than honest with the House when he gets up and tells us that this is a form of advertising tax, That is not an advertising tax. That is a retail sales tax which applies equally to every commodity, whether it is an item related to advertising or not. Mr. Chairman, what does the Bill mean when it uses the word 'advertising'? I submit to the minister that alone is not very clear and requires some definition.

Mr. Chairman, would the minister indicate what happens where a local radio station or a local television station carries some national advertising, the contract for which has been entered into elsewhere outside our provincial jurisdiction? What happens then? How do you decide if McLaren Advertising in Toronto, or our good friends in Montreal who have made a mint off our tax money - what is their names? Mc-somebody, who are our buddies in Montreal, the Tory buddies in Montreal, the advertising outfit.

MR. NEARY: McConnell, McConnell.

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MR. SIMMONS: McConnell, McConnell in Montreal or McLaren in Toronto - say they go down -

MR. NEARY: George McLean in Toronto.

MR. SIMMONS: - or George, 'Two-Airplane=Seat' George McLean, goes down and buys some advertising for a national chain. Let us take a store like - let us take Dominion Stores - and in Toronto, if they do it this way I do not know what their advertising patterns and procedures are but let us just for the sake of an example, let us take McLean's or George McLean and Dominion. And George McLean buys advertising on the national television network, CTV or CBC, for Dominion Stores, Now how do you work that out? The contract is entered into in Toronto,

MR. SIMMONS: so if the contract is entered into in Toronto the province of sale is certainly Ontario. But quite apart from that, the minister says, 'if it is imported into the province we charge'. All right, how do you charge? What part of that Dominion sales contract, that Dominion advertising contract entered into in Toronto for 'X' spots on national television at certain times, so on and so forth, what part of it is Newfoundland? Do you relate it to the population of Newfoundland and prorate it accordingly? Do you relate it to the number of television stations in Newfoundland, the number of viewers at that particular time when the spot is aired, the number of people who bought Dominion meat as a result of seeing the advertisement? I mean, how do you police it? It is just insane beyond words. How, in the name of God, do you put a dollar figure on it when you sell that advertisement to Dominion Stores in Toronto and you say, 'Okay, McLean, tell us what part of the advertisement is construed to be consumed, in consumer terms, what part of that contract is construed to be consumed in Newfoundland?' Is it two per cent? Is it seven and a quarter per cent? How about the night that the tower goes out over near Port-aux-Basques and we do not get a signal all night? Do Dominion Stores have to pay for the seven spots that did not get into Newfoundland because the tower was down and CTV or CBC was off the air for five or six hours? I mean, I know what the minister is going to say. He is going to say it is ridiculous. Of course, it is ridiculous. And I have taken a ridiculous point to make the point of how ridiculous this legislation is. You cannot police it. It is stunned legislation, absolutely stunned. It has all kinds of ramifications that the minister has not even begun to think about.

Now, Mr. Chairman, two or three other quick questions. If, Mr. Chairman, as I am submitting, it is going to be impossible for the province to police the collection of advertising contracts entered into outside of the province, if that is the case, which I say it is, then there follows a discrimination against local advertisers because they will have to pay the tax because the province is fairly well equipped to collect it within the province - they know the advertising agencies, they know the media, and it is fairly easy to collect that kind

MR. SIMMONS: of tax within the Province - but there will be a built-in discrimination against those people because they will be paying a tax which, in effect, the outside advertiser is not paying. Now, you say, the local advertiser, well who is he? Who is he? There cannot be many local advertisers around here, you say; everything must be taken over now by Dominion and Sobey's, all the national beer chains and the national bread chains, and all that. Well, no, there are a few local companies left around here, a few people around here who do a bit of advertising, a scattered bit of advertising. Do you know, Mr. Chairman, that of all the advertising in Newfoundland in the past year - I will quickly clue up and get back to this again, I guess - do you realize, Mr. Chairman, that of all the advertising in Newfoundland during the last year, 88 per cent on radio was locally placed by local firms? 88.2 per cent was placed by local firms and only 11 per cent by the national people, on radio.

MR. NEARY: And the consumer would have to pay that.

MR. SIMMONS: TV, 54 per cent was placed by local firms and 40 per cent by national advertising. In both cases, more than half, and certainly much more than half in the case of radio by the local people.

Mr. Chairman, I have run out of time. We may want to come back to this but perhaps it is an opportunity -

MR. NEARY: By leave?

MR. SIMMONS: Well, either. I can clue up in a few minutes by leave or I can get back at it again whichever is -

MR. NEARY: By leave. Go ahead. Carry on.

SOME HON. MEMBERS: By leave.

MR. CHAIRMAN (Baird): Agreed, by leave.

MR. SIMMONS: Well, I am just about through with it. I did not realize my time had run out nearly so quickly. Now, Mr. Chairman, I raised the question for the minister about the built-in discrimination against the local advertiser because he is going to have difficulty collecting that tax in respect of contracts entered into outside the Province, and I would like him to respond on that particular point.

MR. SIMMONS: Mr. Chairman, there is another important point-and this question is not mine, I did not have the wherewithal to frame this question because I do not have the legal training, so a lawyer who looked at the Bill did it for me, and here is his question:

MR. SIMMONS: Does the tax in any way infringe the Broadcasting Act? Does the tax infringe in any way the Broadcasting Act and thereby contravene federal law? Now, Mr. Chairman, I have raised two important points in law: One, the question of the tax's constitutionality, i.e., is it really a direct tax or is it, in effect, an indirect tax; and secondly, I now raise the question of whether this act, this proposed act, is contravening a federal law, the Broadcasting Act? And that is a question that perhaps the minister cannot answer but he ought to take under advisement and he ought to have the answer to it before he flies blind into having this law passed. It is an important consideration and that alone, Mr. Chairman, those few questions about constitutionality and breach of federal law are enough to say to the government that they ought to go slow on this one until they know where they are going.

Mr. Chairman, another question I have for the minister: Is the tax, in effect, a form of control over broadcasting and, therefore, outside the legislative jurisdiction of this Province? As we know, management or control or administration of the broadcast units in Canada is a federal jurisdiction, strictly federal. Quebec has had a long, bitter fight on that particular subject, but so far the feds have won. This is a federal jurisdiction. Are we unwittingly or otherwise stepping into a jurisdiction that is not properly ours? Mr. Chairman, that raises another question, Mr. Chairman, and it is a question that is kind of difficult to address without sounding too emotional about the subject but, Mr. Chairman, I get a bit scared about this kind of legislation because it has the possibility of being an interference with freedom of information, an interference with freedom of information. This tax, Mr. Chairman, is like no other we have considered in this House. It is not a question of whether you are going to pay \$1.00 or \$1.11 for your item or 20¢ or 23¢ for your can of beans or whatever; it is not that kind of question because then the consumer has the choice to buy or not to buy, It is just a question then - it is a commerce

MR. SIMMONS: decision, a question of whether your insurance is going to be \$100 or \$103, That becomes essentially a decision of commerce. But this question, Mr. Chairman, is a bit larger than that. Is it also an infringement on one of the basic freedoms that a lot of people have fought for and stood for and argued for, the freedom of information? This, Mr. Chairman, will certainly have the de facto effect whatever the intent, this will have the de facto effect, Mr. Chairman, of restricting the flow of information necessary to the consumer to make intelligent purchases. Mr. Chairman, it can only be viewed as a move by government to tax the free flow of information. Furthermore, Mr. Chairman, I would submit that our people, our society, if you like, depends very heavily on the freedom of the media not only for information about consumer items but also, Mr. Chairman, it depends on the media to criticize the actions of legislators, and they do it pretty freely in this town on open-line shows and in viewpoint programs and so on, but they depend on the media to criticize our actions. If government, Mr. Chairman, if this government is allowed to tax the power of media revenue sources, if government is allowed to tax that power, I submit, Mr. Chairman, it is not difficult to imagine that that leverage, the government's leverage in taxing revenue sources, it is not difficult to imagine that it will not be long before government can bring pressure to bear on certain dissident media elements. I hope you heard the last statement. It will not be long, if this act gets through, it will not be long before government will bring pressure to bear on dissident media elements.

MR. NEARY: In case you do not believe that, there is the reply to the Board of Trade, Just read the second paragraph.

MR. SIMMONS: It will not be long before government will bring pressure to bear on dissident media elements, and I see people snicker.

MR. SIMMONS: They have not seen the minister's letter. They have not seen the minister's threat to the Board of Trade which basically says, "You should thank your lucky stars it is only 4 per cent, it could have been 11", he says, "Next time it might be 11. Better keep quiet down there, Board of Trade". Or if you think that is stretching the point, let me give you a more concrete example which is not theory, I say to the Minister of Finance (Dr. Collins), and which I cannot lay on him because it was before his period in government, or perhaps he read about one case in this Province where there was intimidation of the media, of the dissident media. Does the minister remember what this administration did to the Daily News? Do you remember that one where it cut off all forms of advertising because of its viewpoint on - what? The fishery?

MR. NEARY: I do not know. One of the ministers.

MR. SIMMONS: One of the ministers - the paper took a position which was contrary to government position and the Premier and minister - the minister of the day, not the Premier, picked up the phone and cancelled all advertising in the Daily News. Mr. Chairman, this government has demonstrated it is capable of doing that kind of thing. Now, in the interests of time, Mr. Chairman, but it is the kind of thing, this is the kind of thing, I could go on for a long time because it strikes at the very roots of what all of us stand for, this business of restricting the freedom of information flow, this business of taxing the media which can only have hit the consumer one more time. How many more times can he be hit, Mr. Chairman? When will we get the straw that breaks the camel's back? This may be it. Two or three more quick questions though, Mr. Chairman, to the minister. The Bill itself, does it interfere with or infringe upon an interprovincial undertaking? Another question from my lawyer, who scrutinized this one: Does this Bill interfere with or infringe upon an interprovincial undertaking, that is, the dissemination of information in advertising throughout Canada by national networks?

MR. SIMMONS: And one other from the lawyer: Does the proposed Bill interfere with or infringe upon the trade and commerce power of the federal government? Does it infringe upon the trade and commerce power of the federal government? Now, Mr. Chairman, the short political answer from the government's standpoint to all these questions is, "Nonsense, no, no, no". I am saying to the Committee before sitting down, I am saying to the Committee this proposed act has had the considered view of some legal people and they have given me in writing some of the questions that I have put to the Committee this morning, including some others--or in addition to some others which were quite my own, some questions about constitutionality, about possible breach of federal statute, about the freedom of flow of information. These are important questions, so important, Mr. Chairman, that we on this side submit that the proposal to tax the media is something that we should not even be contemplating in the first place and if we should be contemplating it, we should be doing it with due consideration after a lot of thought which we feel this Bill has not been given, and at the very least we would like to see the Bill delayed until the questions have been answered. Of course, ideally we want to see the Bill thrown out because that is where it belongs.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: Mr. Chairman.

MR. CHAIRMAN: (Mr. Baird) Hon. Minister of Finance.

DR. COLLINS: Mr. Chairman, firstly I think that many of the questions the hon. member has raised, and he has brought up good points, many of those questions have been answered actually in the material that I have tabled. I would just like to respond very briefly, though, to a few of them.

In regard to the lobbies, I think if he will notice in the last paragraph of my letter we indicated to the Board of Trade we welcome, we welcome their interest and we hope we will have increasing communication with them, so we are not against lobbies by any means. In regard to the revealing of the contents

DR. COLLINS: before they got the letter, that was not my doing. I was telephoned by the people in Toronto. They gave me the assurance that there would be no publication before Friday. I told them we were going to get the letter out on Thursday. I told them we were going to get the letter out on Thursday. I would not tell them anything about our views. I did not read the letter to them. I told them I would not give them any of our views if I had no assurance that it would not be made public until after the letter was sent out,

DR. COLLINS: and I got that reassurance. What happened after that was out of my hands.

In regard to many of the legal points that the hon. member has brought up, all I can say is that our advice is to the contrary. Our advice is that we are quite within our legal rights here. In other words, this is a direct tax, that it does not violate the Broadcasting Act, that it is within the jurisdiction of the Province and so on. Insofar as collectibility goes, we feel that our record of collectibility has been good. The hon. member said we had \$10 million outstanding. That is not quite the case now. I believe it is less than that, I can get the exact figure if hon. members so wish, but that relates to a base of over \$200 million this year, and if you translate that over a number of years, because that \$10 million was not all uncollected in one year, it was over a number of years, that is a very low rate of non-collectibility. It is \$10 million based on something like, probably, \$500 to \$600 million, so it is a very low rate of non-collectibility.

The discrimination, Mr. Chairman, that is totally hypothetical because it is based on the fact that we will not collect from out-of-province firms. Our proposition is that we will collect and there is, therefore, no discrimination against local advertisers.

Mr. Chairman, I think that what I have said and the materials tabled will answer most of the questions, and I move this resolution.

MR. STIRLING: Mr. Chairman.

MR. CHAIRMAN: (Mr. Baird) Hon. member for Bonavista North.

MR. STIRLING: I think, Mr. Chairman, the attitude that is shown by the Minister of Finance indicates that he is not really looking for any suggestions or any points being made. The way he has handled the whole thing this morning is indicative that they decided that they are going to force this matter through. The Board of Trade, responsible local people, have made comments and

MR. STIRLING: suggestions to them, and they have essentially said in their letter, "Thank you very much, gentlemen, hope you keep interested but no thanks. Your points are not valid". The out-of-province comments that have come in, they have said, "Well, thanks very much, gentlemen, but there is nothing to it". My colleague has collected together all of the points to be made on this Bill and the minister has essentially said, "Thank you very much, but really it does not apply". Now, we seem to be observing a very elaborate scheme to attempt to get around what was a very impulsive and foolish promise made during the election and they are now going back and picking out the pieces and saying, "Well, we never." The average Newfoundlander heard the Premier say, "We will freeze taxes", and he did not look at the small print that said "retail taxes and personal income taxes." So when they came back and they had a deficit, there has been all kinds of comment made about the absolutely desperate shape that the Province is in. They needed \$6 million and said, "Where are we going to get it", and as is indicative they have searched every type of tax or everything that anyone anywhere has ever used as a tax. We had the spectacle yesterday of the Minister of Finance (Dr. Collins) answering my colleague from Labrador in saying, "Look, you are already subsidizing the airways down there to \$92,000. Now you are going to put in another tax that is going to increase that by \$22,00. Where is that \$22,000 supposed to come from?" And the Minister of Finance's answer is, "Well, if there is any hardship we will take a look at it", so there is no consistency. You are taxing something that you are going to find a way around. There is no consistency, and that is one of the very, very real problems that this government is going to have to face up to and the Premier is going to have to face up to. Nobody knows what this government means. We have three or four levels of business. We have had advertisers, we have had local advertisers saying, "Well, what can we expect next? If you find next year you have not got enough money, what are you going to do to us next year?"

MR. STIRLING: Because the government seems to forget that the Advertising Tax - let us just take any product that we are now going to collect the 11.5 per cent tax on or the 11 per cent tax - I mean, the very act that they are using is an admission of the lie that Retail Sales Tax would not be used. The release that just went out said it is an amendment to the Retail Sales Tax Act. Their own release gives the story, So when you said, "We are not going to increase the Retail Sales Tax", that was a lie. This is the Retail Sales Tax. This is your own; it says here, "The enabling legislation for the Advertising Tax is in the form of an amendment to the Retail Sales Tax", and I would suggest to the Premier, when he comes back and reviews Hansard, and I know he is very concerned about his personal reputation, and it seems over the last few days that we are going to get to this business about one-man government. I have no doubt that when the Premier comes back and he sees what has happened that he is going to have to find a way of saying that the Finance Minister did not really mean that when you increase from \$20 an hour to \$30 an hour that is not a 50 per cent increase. I mean, somehow he is going to have to get the Finance Minister out of this problem.

Now, another thing in their own release, and this is something that I do not quite understand, how we are going to handle this problem. "Ads placed in out-of-province media by local companies are exempt." Now, in every other aspect of what the government is attempting to do, they are trying to encourage local business. They are trying to encourage local activity. They are trying to give preference to local industry, and what this ad says - take, for example, on the West Coast; take the West Coast of Newfoundland. I do not know if the Minister of Finance has been on the West Coast, but you can get just as good radio reception from Sydney -

DR. COLLINS: I have not been outside of St. John's in my life.

MR. ROBERTS: And it shows, too, it shows.

MR. STIRLING: I do not doubt that because the comments about Labrador indicate that.

DR. COLLINS: I worked in Labrador for a year, actually.

MR. STIRLING: Is that right?

MR. ROBERTS: You can lead a horse to water, but you cannot make him drink.

MR. STIRLING: No, but I am just wondering if the minister sometime later will have a chance to reconsider, then, his aspect of the comments he made on Labrador, but let us deal with the legislation the minister is talking about and his release. "Ads placed in out-of-province media by local companies are exempt." Now, I know something about the West Coast of Newfoundland, Does this indicate, for example, that if you want to place an ad on a radio station, given a choice, two competitive stations coming into, say, Stephenville or Port aux Basques, and an advertiser says, "I am going to buy some advertising and there are two competitive stations. Do we give it to the local company that is going to cost us 4 per cent more or do we use the guy in Sydney because he does not have to collect the tax because ads placed in out-of-province media by local companies are exempt?" Just a question, and it is one that - the firm that I work for is definitely involved on the West Coast and when you go to the Finance Minister or the equivalent of the Finance Minister in your company, one of the factors going to be considered is that a local company is going to charge you 4 per cent more than a company on the mainland. It is in the minister's release. Now, he may want to try to change that. Maybe that is enough of a point for me to make to let the minister comment on that because I think most of the other points have been made. The essential point that I wanted to make in the encouragement of people coming to Newfoundland, this is just one other area in which a

MR. STIRLING: business has no idea what to expect from the government because nobody knows exactly what that means. Simpson's catalogue, are they going to pay a media tax, an advertising Tax, somebody that takes a lot of business away from, are they going to pay 4 per cent tax on that or is that because that is printed out of the province? Are we going to have all other kinds of printing, instead of being done in the Province, placed outside the Province? Are you going to have the ridiculous situation of somebody creating something that looks like an Atlantic

MR. STIRLING:

Provinces or a National Canada magazine but it is essentially aimed at the Newfoundland market, but because it is printed elsewhere and because it is bought elsewhere and it is placed by local companies that you do not have to pay the tax? All the Atlantic Provinces magazines, for example, that have headquarters in Halifax, these are "ads placed in out-of-province media by local companies." Does that mean, for example, that a local magazine has got to charge the 4 per cent tax, but a magazine on the Mainland does not have to charge the 4 per cent tax? Going to the cable TV, does it mean that, for example, these stations that come out of Bangor, Maine, you can go up and buy advertising in Bangor, Maine and have it come into Newfoundland and as part of that process you do not charge the 4 per cent tax? Those are the questions. And I would give way for the minister to answer some of those questions.

SOME HON. MEMBERS: Hear, hear!

DR. J. COLLINS: Mr. Chairman, there are, I suppose, every day in the Department of Finance, there are every day enquiries about the Retail Sales Tax which has been in effect now for I do not know how many years. There are people enquiring about this, about that, there are new products coming out, this, that and the other thing. These are all things that are dealt with administratively and by regulation. Many of the Issues that the hon. member brought up, these are ordinary administrative matters in regard to taxes. As a matter of fact, if one puts on a tax and that was all there was to it we probably would not need a Department of Finance. That is what the people down in Finance do, They take care of these sorts of things.

The hon. member did point out one thing though, that there was a word left out in that sentence the hon. member read out there. That should be printed media, "ads in out-of-province printed media will not be subject to tax," because that is already taxed. All magazines, all newspapers even from out-of-province coming into this Province are already subject to the full

DR. J. COLLINS: 11 per cent Retail Sales Tax. We are now putting on a lesser level of Retail Sales Tax in other forms of administration. In other words, we are not going to double tax. If a form of advertising is already under a full levy, it is not going to have a new levy put on; it is only those forms of advertising whereby there is now no levy put on that this 4 per cent levy will be put on.

I think that answers the hon. member.

MR. CHAIRMAN (Baird): The hon. member for Bonavista North.

MR. STIRLING: Mr. Chairman, just so I can clearly understand the Minister of Finance, he is saying that his press release should read, "ads placed in out-of-province printed media." Getting back, there are two or three points there that need clarification. What we are saying is that on the broadcast media, to use the question I was asking earlier -

MR. ROBERTS: How is he going to tax a station in Sydney?

MR. STIRLING: Well, this is the question I was going to get at. A firm in Newfoundland makes an arrangement with the Sydney station to run an ad. Now I know the Minister of Finance (Dr. Collins), and I do not mean to be insulting, but it is very difficult not to be insulting when you make the kind of comment, "Oh, that is an administrative detail and we are going to handle it in the Department of Finance," because an administrative detail that is going to require the kind of monitoring that my colleague mentioned at the race track is not a very simple administrative detail. It costs more. People in the Board of Trade and people on that side of the House, I will guarantee if you check with people on that side of the House who have had any involvement in business, one of the things that small business is so concerned about is the number of forms that they have to complete for regulations. So it is not a small matter and I would like specifically if the minister would answer that question; if you place an ad in the

MR. STIRLING: Cape Breton radio station how do you intend to collect the tax on that Cape Breton radio station? That is one question.

MR. CHAIRMAN (Baird): The hon. House Leader.

MR. MARSHALL: Mr. Chairman, just before the hon. member for the Straits of Belle Isle (Mr. Roberts) goes out, if I could just ask a question. I do not mean to interrupt the hon. gentleman, but we hope to have His Honour, the Lieutenant-Governor in here and I am just wondering whether we can predict any time because I put him back already. Could we agree that we stop the clock at one o'clock, for instance?

SOME HON. MEMBERS: By leave. By leave.

MR. CHAIRMAN: The hon. member for the Straits of Belle Isle.

MR. ROBERTS: Mr. Chairman, (Inaudible).
I have a wager with one of my colleagues.

MR. ROBERTS: My guess is one fifteen to one thirty. My colleague has made a substantial wager we will get out of here before one fifteen.

MR. MARSHALL: I would like to tell His Honour a time, so I will tell him between one fifteen and one thirty.

MR. ROBERTS: I would think it would be between one fifteen and one thirty.

SOME HON. MEMBERS: Oh, oh!

MR. STIRLING: Mr. Chairman, I will wait until I get the attention of the Minister of Finance (Dr. Collins).

MR. CHAIRMAN: (Baird) Order, please!

MR. STIRLING: There may be members on the other side who can do two things at once, but I cannot and I am not sure that the Minister of Finance (Dr. Collins) can so I want to get his attention.

Would you explain just how you intend - other than to say that that is just an administrative detail - would you explain how you intend to impose that tax? And the second question is: Are you saying now that somebody who places an advertisement in the printed media, like, for example, the Atlantic Advocate or Maclean's, are you saying that Maclean's now collect eleven per cent Retail Sales Tax on that advertisement?

MR. WARREN: He is not going to answer you. He has to check.

MR. CHAIRMAN: I would like to recognize on behalf of the House, Mr. Bill Rompkey, MP for Grand Falls - Labrador, in the galleries.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. member for LaPoile.

Mr. NEARY: Mr. Chairman, I do not wish to delay the committee because I am not sure who I want to see win this bet. But I do want to have a few words against this tax and

MR. NEARY: in so doing, Mr. Chairman, I want to reiterate something that my colleague behind me said when he spoke in this debate. My hon. friend said that the government must have been scraping the bottom of the barrel - he did not use those words but that is what he meant, scraping the bottom of the barrel - when they brought in these recent tax measures. It looks to me, Mr. Chairman, like it was a desperate move on the part of the officials in the Department of Finance, a desperate move to raise some revenue. The government found itself in a bit of a bind. The government had gone out and promised the people of this Province there would be no tax increases and then after the election was over they found it very difficult to balance the Budget, very difficult, as a matter of fact an impossibility, it was an impossibility, I am told from the information that I have from my inside sources in this building that the Budget had to be returned, had to be sent back four times. The Budget came up four times. Now I know hon. gentlemen will say that is not unusual. I remember when I was in the Cabinet we struggled with the Budget, had a good many sleepless nights and so forth. But after the election was over - the Budget had been prepared and approved, by the way, the Budget was ready to be brought into the House before the election was called - then four times after that. I am not talking about all the times that the Budget was sent up to Cabinet and sent back down to ministers to review this, to revise that, to take out this, to cut back on that programme, to cut back on this programme, I am not talking about all the dozens of times that the estimates were discussed on the eight floor and then sent back to ministers to have something changed or amended. I am not talking about that at all. I am talking about what happened after the election was over. Four times the Budget was sent back to the Department of Finance, to the Minister of Finance (Dr. Collins)

MR. S. NEARY: because the government needed more revenue, They could not balance the Budget and so they issued the instructions: The word went out to the officials that additional revenue had to be found. And as the government had made a promise in the election that they would not increase taxes in this Province, then the officials in the Department of Finance had quite a job, had quite a task before them to increase taxes without leaving the appearance that they, indeed, were increasing taxes, especially taxes on the consumer.

And no matter how you look at this, Mr. Chairman, you can play with words all you want, but no matter how you look at it this is another tax that will indirectly hit the consumer of this Province. So I can only repeat what I said at an earlier Debate, Sir, that the government again, by the imposition of this tax, have broken their promise to the people of this Province.

Now, there has been quite a fuss kicked up about the implementation of this tax for one reason or another, more so, I would think, than the previous bills that we discussed on the increase in the insurance tax. This particular tax has been branded as being undemocratic, not unfair, as we heard in the previous debate where the insurance tax, we were told, was unfair as it only applied to insurance companies and not the trust companies and so forth. But this particular tax is branded as being undemocratic and unconstitutional. And my hon. friends who spoke in the Debate before I stood up here in my place, Sir, I do not believe they mentioned that fact, that in the United States this tax has been branded as being unconstitutional and in Canada, Newfoundland is now going to lead the way, we are going to lead all the provinces of Canada.

Mr. Chairman, the other provinces of Canada have Grade XII and some have Grade XIII and the Minister of Education (Ms. L. Verge) told us the other day that we are going to phase in Grade XII in Newfoundland even though we had it here for years and years at St. Bon's and, I believe, at one of

MR. S. NEARY: the other schools in St. John's. We had it for years, my brother took Grade XII over at St. Bon's, and they have it in the other provinces of Canada but it is going to take us three years in Newfoundland to phase it in. I thought that was a bit of foolish nonsense but then again I said to myself, well, you know, the government uses the argument, the government will use the argument when it is to their advantage, 'well, we do not care what they have in the other provinces of Canada,' in this particular case, they are ahead of us, so it is going to take us three years to catch up. But in this particular case we have before us now we are going to lead the rest of Canada, we are going to take the lead, we are going to go -

AN HON. MEMBER: We are going to do a reverse.

MR. S. NEARY: - yes, we are just going to do a reverse of the argument we hear from the other side of the House. We do not care about the other provinces of Canada. When it is to their advantage they say, "Oh, yes, they are doing it in the other provinces," When it is not to their advantage they say, "Well, Newfoundland is going to pioneer it." And we are going to be the pioneers of an unconstitutional tax, of a tax that is going to be a real nightmare, is going to be a real jungle, is going to be very difficult to collect, very difficult. That has been pointed out by the Board of Trade and now the hon. Minister of Finance (Dr. J. Collins) is thumbing his nose at the Board of Trade.

Another example, Mr. Chairman; we have heard hon. members speaking on the other side of the House stand and tell us that the gentlemen of the Board of Trade are the finest in this world, the finest in Newfoundland, they know what they are talking about. Why is the hon. gentleman looking at me? He is getting me on edge there.

SOME HON. MEMBERS: Oh! Oh!

MR. S. NEARY: I mean, the hon. gentleman is looking at me with calf's eyes. Am I converting the hon. gentleman?

MR. S. NEARY: Does he agree with me or is the hon. gentleman trying to tell me something? What is wrong? I am getting nervous here.

MR. W. MARSHALL: The hon. gentleman is making some valid points (inaudible) the Lieutenant-Governor is coming (inaudible)

MR. S. NEARY: Well, what am I supposed to do, sit down or what?

MR. W. MARSHALL: You asked my opinion.

MR. S. NEARY: Tell me what the problem is? Is the Lieutenant-Governor here now. I would not want to be discourteous to His Honour.

MR. W. MARSHALL: He is near here.

MR. S. NEARY: He is near here. I hope the gentleman is out in the ante-room and he will hear what I am saying about this tax being unconstitutional, and when His Honour comes in, His Honour can refuse to sign the bill, by the way.

MR. W. MARSHALL: You mean refuse Royal Assent?

MR. S. NEARY: That is right. His Honour can refuse to give this bill Royal Assent. And if His Honour is out in the ante-room listening, I hope that he will do that.

Mr. Chairman, I do not want to repeat the arguments that have been put forward. The Board of Trade says the tax is "punitive, inequitable and discriminatory in nature and it is quite unfair," and I am inclined to agree with that statement although the hon. gentleman did not think it was fair when he wrote the Board of Trade, when he replied to the brief presented by the Board of Trade, He did not think that that statement was very fair indeed. But it will be a complex tax, Mr. Chairman, I know what I started to say when I noticed the hon. gentleman looking at me with calf's eyes over there. What I was going to say was about using arguments to your advantage and when it is not to your advantage, you do not do it. The hon. gentleman was high in his praise there a few weeks ago

MR. NEARY: about the members of the Board of Trade, what fine people they were, and how dare we on this side of the House sort of look down our noses at members of the Board of Trade. Now the hon. gentleman has done it, thumbing his nose at the members of the Board of Trade. They do not know what they are talking about.

MR. MORGAN: I disagree with it, that is all.

MR. NEARY: Oh, disagree with it. Oh, I see. That is a little milder.

MR. MORGAN: I disagree with the point of view,

MR. NEARY: I see. I see. Okay. And the hon. Minister of - What is he minister of now?

AN HON. MEMBER: Lands and Forests.

MR. NEARY: - just straightened me out. He straightened me out as he straightened out the Underwriters Association this morning. The hon. gentleman will never be able to sell another insurance policy in this Province.

But this proposed tax, Mr. Chairman, does raise serious problems for the government insofar as the assessment of the taxes concerned. It does threaten to cut back on advertising in this Province and as my hon. colleague pointed out, the member for Bonavista North (Mr. Stirling), in my own district of LaPoile where they have a radio station in Port aux Basques, where they get almost as good a reception from the Mainland stations as they do in Port aux Basques, if I were the radio and television stations over in Sydney and Halifax I would come across the Gulf and I would say to the advertisers in Port aux Basques and along the Southwest Coast, the Southwest corner of this Province, I would say, "Why should you pay the tax? Why should you pay this advertising tax? Put your advertising on the stations across the Gulf -

MR. ROBERTS: More advertising for them.

MR. NEARY: - in Nova Scotia and we will beam it into the Southwest Coast for you.

DR. COLLINS: That point has already been made.

MR. NEARY: I know the point has already been made.
I just want to re-enforce it.

MR. ROBERTS: But it has not been appreciated.

MR. NEARY: I want to re-enforce it because
I happen to represent one of the districts where they get
reception from the radio stations on the Mainland and it is better than
it is here in Newfoundland. And so they will drive business out
of the Province.

The reaction from across Canada, Sir,
from advertising agencies and associations and advertisers and the
like indicates that they may even go as far as refuse to pay this
tax. My hon. friend is a lawyer. What would happen if the government-
foolhardy, bull headed - goes ahead with this tax, does not withdraw
it or lay it on the table or give it the six month hoist, if they go
through with it and they make it law, the Governor now comes into the
House and signs the bill and it becomes the law of the land and the
advertisers across Canada and -

MR. ROBERTS: More work for the lawyers.

MR. NEARY: - down in the United States refuse
to pay this tax, then what happens? More business for lawyers?

MR. ROBERTS: More business for lawyers.

MR. NEARY: More business for the lawyers.

MR. THOMS: You would not let it happen. You would advise
them they could not collect it anyway.

MR. NEARY: They could not collect it. Well, maybe
they have a -

MR. ROBERTS: Do not be giving out free advice 'Thoms'.

MR. THOMS: That is the last time I give legal advice without
a retainer.

MR. ROBERTS: Do not be giving out free advice.

MR. NEARY: But, Mr. Chairman, I think the most serious aspect of this tax is the one my colleague from Burgeo-Bay d'Espoir (Mr. Simmons) mentioned and that has to do with placing a restriction on the flow of information. The hon. Minister of Finance, when he was replying to a letter from the Board of Trade, in the second paragraph indicated this when he said that, "You are lucky, you are lucky it is only going to be 4 per cent and not 11 per cent." And I will read the paragraph for the benefit of members of the House. I happen to have a copy of the reply the hon. gentleman made to, "Mr. Bruce Tilley, General Manager, the St. John's Board of Trade, 155 Water Street, St. John's.

" Dear Mr. Tilley

" On behalf of the Government of Newfoundland and Labrador I want to thank you for the brief presented last week by the St. John's Board of Trade concerning the Budget announcement of a tax to be imposed on certain forms of advertising in this Province. Let me first assure you that the government acknowledges the benefit of advertising in a market economy. Your brief refers to the caution that should be exercised in undertaking taxation initiatives in this area and I would think you would agree that by fixing the proposed tax of 4 per cent rather than the full Retail Sales Tax of 11 per cent, government have

MR. NEARY:

indicated its sensitivity in that respect. "In other words, what the minister is saying is you should thank your lucky stars that we did not slap on eleven per cent instead of four per cent and if you do not like the four per cent we are likely to up it. Next year we will up it to six, seven, eight and the next thing it will be up to ten or eleven per cent.

MR. ROBERTS:

Like Oliver Twist, they always want more.

MR. NEARY:

That is right. As they get more greedy they will want more. And so, Mr. Chairman, this is a real, real danger. If the news media kick up a fuss about this, if they dare question the government's wisdom in imposing this tax, then the government could very easily retaliate. It would not be the first time that we have seen governments retaliate against the media, against newspapers and radio and television in this Province.

MR. ROBERTS:

Tax on knowledge.

MR. NEARY:

So, Mr. Chairman, there is not much else I can say about it. I think just about all the points have been raised except I want to reiterate again, Sir, that this tax has been branded across North America as being unconstitutional. The examples, by the way, that the hon. gentleman gave in Europe and in Great Britain where they imposed this tax, my understanding is that the stations are state owned. Now the hon. gentleman does not react. Yes or no? Some are state owned, but the hon. gentleman left that very important point out when he -

MR. ROBERTS:

I wonder if they are going to collect from the CBC here?

MR. NEARY:

Well, that is an interesting point, Mr. Chairman. That is a point I have not thought of. Will they be able to collect the tax from the CBC which is a Crown corporation? The hon. gentleman says, yes. Obviously he has investigated it.

MR. ROBERTS: Has the CBC agreed to pay it?

DR. COLLINS: Yes (Inaudible)

MR. NEARY: So, Mr. Chairman, I will just end up by saying again that the government have let the people down. The government have double-crossed the people of this Province, they have broken their word. They said they were not going to increase taxes. The minister can play with words all he wants, but his tax will be passed on to the consumers in this Province. The tax itself has been branded, especially down in the United States, as being unconstitutional. And I would say, Mr. Chairman, that the minister should not be stubborn and contrary about this. The minister should not be listening to his officials. The minister should take his own initiative and withdraw this bill.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: (Baird) The hon. Minister of Finance.

DR. COLLINS: Mr. Chairman, I commend the hon. member. I think he summed up all the points in the data admirably but I really think they have all been answered. I am not saying that facetiously. He did do a beautiful summary but they have been answered both here in the House and in the releases.

MR. CHAIRMAN: Shall the resolution carry?
On motion, resolution carried.
On motion, the enacting clause carried.

Motion, that the resolution be submitted to a Committee of the Whole House, carried.

On motion title, carried.
On motion clause (1) through (4), carried.

On motion, enacting clause carried.

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On motion, title carried.

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

MR. SPEAKER(Simms): The hon. the member for Humber West.

MR. BAIRD: Mr. Speaker, the Committee of the Whole has considered the matters to it referred and reports having considered certain resolutions and bills consequent thereto and ask leave to sit again.

On motion, resolutions read a first and second time.

Motion, the hon. the Minister of Finance to introduce a bill, "An Act To Amend The Insurance Companies Tax Act," carried. (Bill No. 45).

On motion Bill No. 45, read a first time, ordered read a second time now, by leave.

Motion, that Bill No. 45 be now read a second time, carried.

MR. ROBERTS: On division, Mr. Speaker.

MR. SPEAKER: Noted on division. It is noted on division.

On motion, a bill, "An Act To Amend The Insurance Companies Tax Act," read a second and third time, ordered passed and its title be as on the Order Paper.

Motion, the hon. the Minister of Finance to introduce a bill, "An Act To Impose A Tax On The Sale Of Advertising And To Amend The Retail Sales Tax Act, 1978," carried. (Bill No. 46).

On motion, Bill No. 46 read a first time, ordered read a second time now, by leave.

Motion, that Bill No. 46 be now read a second time, carried.

MR. ROBERTS: On division.

MR. SPEAKER: On division noted.

On motion, Bill No. 46 read a second and third time, ordered passed and its title be as on the Order Paper.

MR. MARSHALL: Order 7.

MR. SPEAKER(Simms): Order 7.

Motion, second reading of a bill, "An Act To Adopt An Anthem For The Province." (Bill No. 15).

MR. SPEAKER: The hon. the President of the Council.

MR. MARSHALL: Just an explanatory remark, Mr. Speaker.

I shall not take the invitation of the hon. the Leader of the Opposition to sing it because I will guarantee that all members of the House would be left before His Honour came. But this is merely to legislate the music of the Ode To Newfoundland. The words are recognized but the music has never been.

MR. JAMIESON: Mr. Speaker.

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

MR. JAMIESON: I do not think my bathtub baritone is up to doing it to the tune, but I simply want to endorse the bill and say we are all in favour of this along with all other forms of motherhood.

On motion, bill no. 15, read a second time ordered referred to a Committee of the Whole House presently, by leave.

MR. MARSHALL: Order 13, Bill No. 36.

MR. SPEAKER(Simms): Order 13, Bill No. 36.

Motion, second reading of a bill, "An Act To Enable Unifund Limited To Become A Federal Corporation." (Bill No. 36).

MR. ROBERTS: Mr. Speaker.

MR. SPEAKER: The hon. the member for Strait of Belle Isle.

MR. ROBERTS: May I simply record, and I think I speak for my friend from Bonavista North (Mr. Stirling); we shall neither participate nor vote in the debate on this bill for the reasons which we explained before.

MR. SPEAKER: It is so noted.

The hon. the President of the Council.

MR. MARSHALL: Mr. Speaker, this is a bill to allow Unifund Limited to become incorporated or become a company under the federal companies act. The amendments to the federal companies act have permitted this in recent times. This Legislature has given effect to it in other instances, with certain breweries here and in future we would hope, when the amendment of the companies act comes in, we know that this will not be necessary. Unifund is a very well known firm, a good corporate citizen and we see no reason not to assist it in this particular situation.

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

MR. NEARY: Mr. Speaker, we wholeheartedly support this bill, Sir, but I am surprised that the hon. gentleman did not take advantage of the occasion to point out to hon. members of the House and to the people of this Province, that this is the first time, I believe, in the history of Newfoundland that a Newfoundland company has established branches in another Province of Canada. This is the first time, at least, that an insurance company, a Newfoundland, wholly-owned insurance company is establishing a branch in Nova Scotia, and I believe are in the process, if they have not already done so, of buying into an insurance agency in the Province of Quebec. So this is indeed, Mr. Speaker, a very historic

MR. NEARY: bill, it is a very historic event in this hon. House.

What we are doing here, because of the bureaucratic red tape that only the lawyers know about, we are passing an act to enable Unifund, which is a wholly-owned Newfoundland company, it is a subsidiary of Johnson Insurance and Johnson Insurance is -

MR. MORGAN: We all know that.

MR. NEARY: No, the hon. gentleman did not know it until I just said it now.

MR. MORGAN: Oh, no I did not.

MR. NEARY: Johnson is a wholly-owned Newfoundland company. Unifund is a subsidiary of Johnson Insurance. What we are doing here, we are passing an act enabling the company to become extra-provincial so they can operate under a federal charter in other parts of Canada, the first time in the history of Newfoundland. And we are quite proud of this company, Sir, and we want to, at least on this side of the House, extend our congratulations to Mr. Paul Johnson and to the staff of the Johnson Insurance group of companies and we want to wish them well in their endeavour.

And in passing this bill, Mr. Speaker, I want to point out that it is a very historic event in this House. It is going to mean that we will have, for the first time in our history, a head office of an insurance company here in Newfoundland. And God only knows, we had enough discussion about that this morning. It is going to mean more jobs. It will create employment in this Province. And that is why I am disappointed and surprised that the hon. government House Leader when he introduced this bill did not point out a few significant facts about what will happen after we pass this particular piece of enabling legislation in this House.

Again, I want to congratulate Mr. Paul Johnson and the Johnson group of companies and we wish them every success, Sir, in their new endeavour.

SOME HON. MEMBERS: Hear, hear!

On motion, a bill, "An Act To Enable Unifund Limited To Become A Federal Corporation," read a second time, ordered referred to a Committee of the Whole House presently, by leave. (Bill No. 36).

MR. MARSHALL:

Order 14, Bill No. 39.

Motion, second reading of a bill, "An Act To Amend The Public Utilities Act." (Bill No. 39.

MR. SPEAKER(Simms): The hon. the President of the Council.

MR. MARSHALL: Mr. Speaker, this is a bill, as its title indicates, to amend the Public Utilities Act, and to provide for there to be two vice-chairmen. At the present time the Chairman of the Board is Mr. Gordon MacDonald, There is Mr. Charles Earle, who has served the Province very well in various capacities and is also a vice-chairman, and Mr. Reg Good.

We want the double position of vice-chairman because we want to highlight - these people are on the commission anyway - and we want to highlight the emphasis and the importance that we are going to give to the Public Utilities Board in the future.

MR. SPEAKER: The hon. the member for the Strait of Belle Isle.

MR. ROBERTS: Mr. Speaker, simply to indicate that we, for our part, on this side of the House support the bill and in so doing I should like to endorse the remarks of the government House Leader. Mr. Charles Earle is well known to many of us who have had the opportunity to work with him over the years. I think it is splendid news that the government are going to provide that he as well as Mr. Reginald Good carry on as vice-chairmen of the Board. There is no doubt in our minds, Sir, that there is enough workload at the Board. While the Board does not always win universal approval from members in this House, I think it is fair to say that, first of all, the Board is uniformly respected by all who deal with it and, secondly, the workload of the Board in recent years has increased greatly and significantly and therefore we think it suitable that there be a second vice-chairman on the Board. We will support the bill, Sir.

On motion, a bill, "An Act To Amend The Public Utilities Act," read a second time, ordered referred to a Committee of the Whole House presently, by leave. (Bill No.49).

MR. MARSHALL: Order 16, Bill No. 48.

Motion, second reading of a bill, "An Act To Amend The Armistice Day Act." (Bill No. 48).

MR. SPEAKER(Simms): The hon. the President of the Council.

MR. MARSHALL: Mr. Speaker, this is a bill to change the November 11th. date, holiday to be known as Armistice Day rather than Remembrance Day. This is in conformity -

SOME HON. MEMBERS: The other way around.

MR. MARSHALL. The other way around. I am sorry!

- in conformity with the rest of Canada. As the explanatory note indicates, Armistice Day really relates to the First World War, but that particular day is also commemorating the veterans of the Second World War and the Korean Conflict. So I take much pleasure in moving second reading of the bill.

On motion, Bill No. 48 read a second time, ordered referred to a Committee of the Whole House presently, by leave.

MR. MARSHALL: Mr. Speaker, I would like to call Order 18 and Order 38 together because they are related.

Motion, second reading of a bill, "An Act To Amend Further The Government - British Newfoundland Corporation Limited - N.M.Rothschild & Sons (Supplemental Agreement) Act, 1978," and a bill, "An Act To Amend Further The Government - British Newfoundland Exploration Limited Authorization Of Agreement Act, 1957." (Bills Nos. 43 and 50).

MR. SPEAKER: The hon. the President of the Council.

MR. MARSHALL: Mr. Speaker, both of these amendments are for the purpose of ratifying the voluntary surrender of mineral rights totalling 17,734 square miles on the Island of Newfoundland and in Labrador. There are periodic surrenders required under the provisions of the agreement, but these are voluntary surrenders and I think it worthy of note that the surrenders are mainly due to the enactment of the Mineral Holdings Impost Act of 1978 which has resulted in a larger number of areas being given back to the Crown.

MR. MARSHALL: I should also like, for the information of the Committee, to table rough designations on the maps indicating the approximate places where these surrenders occur.

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

MR. RIDEOUT: Yes, Mr. Speaker, those two bills certainly make a lot of sense in that they tidy up the two existing acts and spell out in technical language the present holdings of BRINCO and BRINEX, the two companies in question in those two pieces of legislation. There is nothing wrong with it, it just tidies up the acts that currently exist, deleting from them, I believe, the land that they have given back to the Crown. So we certainly have no objection to those two pieces of legislation, Sir.

On motion, a bill, "An Act To Amend Further The Government - British Newfoundland Corporation Limited - N.M.Rothschild & Sons (Supplemental Agreement) act, 1978," and a bill, "An Act To Amend Further The Government - British Newfoundland Exploration Limited Authorization Of Agreement Act, 1957," read a second time, ordered referred to a Committee of the Whole House presently, by leave. (Bills Nos. 43 and 50).

MR. MARSHALL: Order no. 37, Bill no. 47.
Motion. second reading of a bill, "An Act Respecting An Increase Of Certain Pensions."

The hon. the Minister of Finance.

DR. COLLINS: Mr. Speaker, this act merely implements the proposal in the budget to give a 7 per cent increase to the pensions such as laid out in the schedule there and also to set the minimum and maximum allowance.

MR. SPEAKER(Simms): The hon. the member for the Strait of Belle Isle.

MR. ROBERTS: Mr. Speaker, I will certainly not delay the House at all. Let me simply say that we do support it. As the minister says, this bill implements one of the budget measures. There are a number of measures in the budget which we certainly do not support but this is one in the budget which we do support. These are people who are living on pensions. I suppose, in the main, their income comes from pensions. Seven per cent is a help but let it be noted it is not, really, even enabling them to keep up with the rise in the cost of living in the Consumer Price Index. But as inadequate as it may be -

MR. JAMIESON: It will not enable them to buy any insurance.

MR. ROBERTS: It certainly will not enable them to buy any insurance or to buy any advertisements. As inadequate as the provision is, it is better than what went before and so for that reason we do support it.

On motion, bill no. 47 read a second time, ordered referred to a Committee of the Whole House presently, by leave.

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

COMMITTEE OF THE WHOLE

MR. CHAIRMAN(Baird): Order.
A bill, "An Act To Adopt An Anthem For The Province." (Bill No. 15).

Motion, that the Committee report having passed the bill without amendment, carried.

A bill, "An Act To Enable Unifund Limited To Become A Federal Corporation." (Bill No. 36).

On motion, clauses 1 through 4, carried.

Motion, that the Committee report having passed the bill without amendment, carried.

A bill, "An Act To Amend The Public Utilities Act." (Bill No. 49).

On motion, clauses 1 through 3, carried.

MR. CHAIRMAN (Baird): Shall clause 4 carry?

DR. COLLINS: Mr. Chairman.

MR. CHAIRMAN: The hon. the Minister of Finance.

DR. COLLINS: There is an amendment to this act to bring in a commencement clause, clause 4, as follows: "This act is deemed to have come into force on February 1, 1979.

MR. ROBERTS: What bill is that?

DR. COLLINS: This is bill no. 49, the Public Utilities Act. It is just to give the commencement date.

On motion, amendment carried.

On motion, clause 4, as amended, carried.

Motion, that the Committee report having passed the bill with amendment, carried.

A bill, "An Act To Amend The Armistice Day Act." (Bill No. 48).

Motion, that the Committee report having passed the bill without amendment, carried.

A bill, "An Act To Amend Further The Government - British Newfoundland Corporation Limited - N.M. Rothschild & Sons (Supplemental Agreement) Act, 1978." (Bill No. 43).

Motion, that the Committee report having passed the bill without amendment, carried.

A bill, "An Act Respecting An Increase Of Certain Pensions." (Bill No. 47).

Motion, that the Committee report having passed the will without amendment, carried.

A bill, "An Act To Amend Further The Government - British Newfoundland Exploration Limited Authorization Of Agreement Act, 1957." (Bill No. 50).

Motion, that the Committee report having passed the bill without amendment, carried.

Motion, that the Committee rise, report progress and ask leave to sit again, Mr. Speaker returned to the Chair.

MR. SPEAKER(Simms): The hon. the member for Humber West.

MR. CHAIRMAN(Baird): Mr. Speaker, the Committee of the Whole have considered the matters to it referred, has passed the following bill with amendment: No. 49; and the following bills without amendment: Nos. 15, 36, 43, 47, 48 and 50 and ask leave to sit again.

On motion, report received and adopted, Committee ordered to sit again on tomorrow.

On motion, amendments read a first and second time.

On motion, the following bills read a third time, ordered passed and their titles be as on the Order Paper.

A bill, "An Act To Amend The Public Utilities Act." (Bill No. 49)

A bill, "An Act To Adopt An Anthem For The Province." (Bill No. 15).

A bill, "An Act To Enable Unifund Limited To Become A Federal Corporation." (Bill No. 36).

A bill, "An Act To Amend The Armistice Day Act." (Bill No. 48).

A bill, "An Act To Amend Further The Government - British Newfoundland Corporation Limited - N.M.Rothschild & Sons (Supplemental Agreement) Act, 1978." (Bill No. 43).

A bill, "An Act To Amend Further The Government - British Newfoundland Exploration Limited Authorization Of Agreement Act, 1957." (Bill No. 50).

A bill, "An Act Respecting An Increase Of Certain Pensions." (Bill No. 47).

SERGEANT-AT-ARMS: Mr. Speaker, His Honour the Lieutenant-Governor has arrived.

MR. SPEAKER: Admit His Honour the Lieutenant-Governor.

a Your Honour, it is my agreeable duty on behalf of Her Majesty's dutiful and loyal subjects, Her faithful Commons in Newfoundland, to present to Your Honour bills for the appropriation of Supply and Supplementary Supply granted in this present session.

b A bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March One Thousand Nine Hundred And Eighty And For Other Purposes Relating To The Public Service." (Bill No. 39).

c A bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March One Thousand Nine Hundred And Seventy-Nine And For Other Purposes Relating To The Public Service." (Bill No. 30).

HON. GORDON A. WINTER (Lieutenant-Governor): In Her Majesty's Name, I thank Her Loyal Subjects, I accept their benevolence and I assent to these bills.

MR. SPEAKER: *d* May it please Your Honour, the General Assembly of the Province has at its present session passed certain bills to which, in the name and on behalf of the General Assembly, I respectfully request Your Honour's assent.

A bill, "An Act To Adopt An Anthem For The Province." (Bill No. 15).

A bill, "An Act To Facilitate The Development Of The Hydro-Electric Power Potential Of The Lower Churchill River." (Bill No. 26).

A bill, "An Act To Amend The Local Authority Guarantee Act, 1957." (Bill No. 34).

A bill, "An Act To Authorize The Raising Of Money By Way Of Loan By The Province." (Bill No. 35).

A bill, "An Act To Enable Unifund Limited To Become A Federal Corporation." (Bill No. 36).

A bill, "An Act To Amend The Tobacco Tax Act, 1978." (Bill No.37).

A bill, "An Act To Amend Further The Government - British Newfoundland Corporation Limited - N.M.Rothschild & Sons (Supplemental Agreement) Act, 1978." (Bill No. 43).

A bill, "An Act To Amend The Gasoline Tax Act, 1978." (Bill No.44).

A bill, "An Act To Amend The Insurance Companies Tax Act." (Bill No. 45).

A bill, "An Act To Impose A Tax On The Sale Of Advertising And To Amend The Retail Sales Tax Act, 1978." Bill No. 46).

A bill, "An Act Respecting An Increase Of Certain Pensions." (Bill No. 47).

A bill, "An Act To Amend The Armistice Day Act." (Bill No. 48).

A bill, "An Act To Amend The Public Utilities Act." (Bill No. 49).

A bill, "An Act To Amend Further The Government - British Newfoundland Exploration Limited (Authorization of Agreement) Act, 1957." (Bill No. 50).

HON. GORDON A. WINTER(Lieutenant-Governor): In Her Majesty's
Name I assent to these bills.

MR. SPEAKER(Simms): The hon. the President of the Council.

MR. MARSHALL: Mr. Speaker, before moving the adjournment notice, I would like to express the appreciation of the government to all members of the House for their co-operation throughout this part of the session, and particularly to the members in the Opposition and the Leader of the Opposition himself. It is very often customary that words of this nature are uttered in a perfunctory manner from time to time, but I would like to assure the hon. the Leader of the Opposition and the members of the Opposition that this is certainly not the case. It is very sincere and I think that all members of the House themselves have contributed to a new atmosphere in the House which I know will continue to the betterment of the Assembly itself.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the member for the Strait of Belle Isle.

MR. ROBERTS: Mr. Speaker, before my friend moves the adjournment let me very simply and very briefly from our side, in speaking for my friend and colleague the Leader of the Opposition, and for all of us on this side, say that we have appreciated the courtesies extended to us by the government. I think this session has shown two things, and while I am not the oldest member of the House, and I am not even the longest serving member of the House, I have been around as long as all except one and longer than some others, I want to say that in my view this session has shown two things, it has shown first of all that reasonable men - and for the benefit of the lady from Gander (Mrs. Newhook) and the lady from Humber East (Ms. Verge), in this sense man embraces woman, perhaps and others as well.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: That is not even original. The late Sidney Smith, who was Mr. Diefenbaker's Secretary of State for External Affairs, first said that. But reasonable men can differ on very important subjects, subjects on which strongly held opinions are held and expressed and yet can still reason together and live

MR. ROBERTS: together in harmony and reasonable peace after they have differed reasonably and differed strongly.

Secondly, I think that all of us in the House have a feeling that this House - I am not sure our decorum was ever as bad as we sometimes let ourselves believe, but I think nonetheless that this House has attained a higher standing in the eyes of the people of this Province than it has had for some time and I think that is something of which -

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: - each of us should take whatever share of pride is properly ours, and more than that, we should each take a share of happiness because, Sir, it is the people of this Province who will benefit, or the people of this Province who will suffer according to the way in which this House carries on its business, Sir.

We look forward to coming back in the Fall, if in fact we do come back in the Fall. If not, we look forward to bringing the government even better up to the mark in the New Year when they will be even further away from the mark and, Heaven knows, they have been far enough away up to now.

MR. SPEAKER(Simms): Before the motion is put, I would like to remind hon. members that our Assistant Clerk is sitting with us for the last day and I am sure I speak on behalf of everybody when I wish him success in his new endeavour.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the President of the Council.

MR. MARSHALL: Mr. Speaker, we will be back in the Fall for a legislative session to commence November 8. I move that this House at its rising do adjourn until tomorrow, Thursday, November 8, at 3:00 p.m. provided always that if it appears to the satisfaction of Mr. Speaker, or in the case of his absence from the Province the Chairman of Committees, after consultation with Her Majesty's Government, that the House should meet at an earlier time than the adjournment, then the Speaker, or in his absence the

MR. MARSHALL: Chairman of Committees, may give notice that he is so satisfied and thereupon the House shall meet at the time stated by such notice and shall transact its business as if it had been duly adjourned to that time.

On motion, the House at its rising adjourned until tomorrow Thursday, November 8 at 3:00 p.m. or to the call of the Chair.