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***VERBATIM REPORT***  
***(Hansard)***

***Speaker: Honourable James Russell***

Monday

17 December 1984

The House met at 3:00 p.m.

MR. SPEAKER (Russell):  
Order, please!

Oral Questions

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

MR. NEARY:  
Mr. Speaker, I have a couple of questions for the Government House Leader (Mr. Marshall), the Minister responsible for Energy. As hon. members know, the government would not release the Mobil Environmental Impact Study. However, Mobil officials are travelling around the Province anyway holding what they call information sessions, giving businessmen hints on how they can capitalize on the offshore, how they can participate in the services and so forth. At one of these sessions in Corner Brook last week, the Mobil officials let the cat out of the bag so, to speak, they more than hinted that steel structures, the semi-submersible platforms, modules I believe they are called, would be used during the first phase of the development of oil offshore. Now can the minister confirm if this is so? And if Mobil officials are openly answering questions at these seminars about the report, why can the report not be tabled in the House? Why must the information be kept away from the elected representatives of the people when three Mobil officials can travel back and forth across this Province at will, hold seminars and meetings with businessmen and give them all the information about what is in the impact study? How does the hon.

gentleman feel about that? He is saying it is postponed while Mobil officials are going around this Province telling everybody what is in the report. If that is so, why can members of the House not have the report?

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

MR. MARSHALL:  
Mr. Speaker, it still happens to be a free country. Certainly this Province is as free as any Province in Canada so Mobil, I assume, can do whatever they wish to do. The only thing that I will say is that the hon. gentleman says that steel structures and modules are to be used but he has that confused. The fact of the matter is, as a result of the agreement that we have reached, I think it has been made crystal clear to everybody that we must approve any development plan.

PREMIER PECKFORD:  
We, meaning the Province of Newfoundland and Labrador.

MR. MARSHALL:  
We being the Province of Newfoundland and Labrador have the right to determine the mode of development or the development plan. Now, as I say, what Mobil does is Mobil's own business. I would feel that certainly the responsible people in Mobil would recognize the fact they had for a long period of time, and the corporate concerns had for a long period of time, been bemoaning, and I think legitimately, the fact that there was not the discourse with governments, governments did not consult them before they took certain measures. And they had a great legitimacy because of this in relation to their dealings with

the previous Liberal Administration. But, of course, this is a two way street and I would hope that the responsible people with Mobil would realize, and I know they must realize, that we are the ones who have the ultimate say in the development. And I think that people who meet groups from Mobil who are going around like that can take it from that perspective. The fact of the matter is, the corporate interests have an interest that they want to protect, and we have an interest that we want to protect, which is the interest of the people of Newfoundland and Labrador, and we are prepared to do that.

MR. NEARY:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for LaPoile.

MR. NEARY:

Mr. Speaker, the Mobil officials also indicated to this group of businessmen in Corner Brook that if steel platforms are used they would not be built in Newfoundland. A reliable source quoted the officials as saying the steel platforms are faster to build and more economical to operate. Now, would the hon. gentleman indicate if this is so? If they use steel platforms, will they be built elsewhere? And how many jobs will be lost if steel platforms are used instead of concrete? Mr. Speaker, now that the Mobil officials have let the cat out of the bag, what guarantee do we have that concrete platforms would be used in the second phase of the development, as they put it now, or in 1996? What guarantee do we have? Can the hon. gentleman tell us where these steel platforms will be built and

how many jobs will be lost if concrete platforms are not built in this Province?

MR. SPEAKER:

The hon. the President of the Council.

MR. MARSHALL:

Mr. Speaker, there is no cat in the bag because there is no bag and there is no cat. The cats that I hope will be involved will be the cats in Newfoundland and Labrador who will get the optimum number of jobs. Whichever mode of development is used, this government will always see that the optimum number of jobs procurable for the people of Newfoundland will be secured for that purpose.

As for the position with respect to concrete platforms, the policy of this government is very well known, it has been consistent over a number of years. Thank goodness we are in a position at the ninth hour, as it were, to be able to exercise a certain degree of power with respect to it. Our position is that the development should, other things being equal, proceed by way of concrete platforms, purely and simply because it would optimize the number of jobs that will be procurable by Newfoundlanders and Labradorians.

MR. CALLAN:

That is our position, too, by the way.

MR. MARSHALL:

That remains our position and we have told the companies that they must, if they are going to proceed in any other way, show good and cogent reasons why it cannot proceed by way of fixed platforms. That certainly remains our position and it is a position

that is well known to the company itself. So when the hon. gentleman talks about the cat out of the bag or anything like that, the only cat that is in the bag is the policy of this government with respect to future development. Steps that we have taken have already been documented, and they have been documented for the specific purpose, Mr. Speaker, of procuring the optimum number of jobs for Newfoundlanders and Labradorians and we will continue with that policy.

MR. NEARY:

A supplementary, Mr. Speaker.'

MR. SPEAKER (Russell):

A supplementary, the hon. the member for LaPoile.

MR. NEARY:

Mr. Speaker, everyone would like to see concrete platforms being used, but we are trying to pin the hon. gentleman down because Mobil's officials are more than hinting at steel structures. Now, are we going to lose that fight as we have lost all the other battles on the offshore?

Mr. Speaker, let me ask the hon. gentleman about another statement Mobil's officials made to these businessmen in Corner Brook and in Stephenville and in the other places they visited. They hinted and indicated that tankers will load the oil at the wellhead and take the oil away to be processed somewhere else, can the hon. gentleman confirm or deny that this is so? And could the hon. gentleman also tell us if any of the oil will be processed here? Mr. Speaker, has the hon. gentleman been confronted with the fact that the companies are going to use steel structures, semi-submersible platforms, and

take the oil away and process it somewhere else? Is government prepared to dig in and fight on that front too, or have they lost that battle also?

MR. SPEAKER:

The hon. President of the Council.

MR. MARSHALL:

Mr. Speaker, it is so amusing to hear the hon. gentleman talk about losing battles, when we have just come back from a confirmation in effect, an oral confirmation of an agreement. You talk about losing battles. I mean, that great sage, Mr. Chretien, who certain concerns in this Province like to consult as the authority, even at this stage of the game, when he should be run out of Newfoundland any time he comes in here because of the way he acted - just like in the days of colonialism, when they would look at the British raj and somebody would come in here and tell us that this is the way it would be, so certain groups of people here, and certain media, will look to Mr. Chretien and say, "Mr. Chretien, did they get as good a deal as you offered?" He will say, "Oh, no, they did not get as good a deal." And this is the way they build the thing. Now this is the difference in the deal. You talk about losing battles. What was the management arrangement? Three federal and two provincial. Total federal control, ours just being advisory, and total federal legislation. Now what has occurred? Three federal, three provincial, an independent chairman, federal/provincial legislation, and we having control over the mode of development.

PREMIER PECKFORD:

That is the difference.

MR. MARSHALL:

On the matter of revenue sharing, what did Mr. Chretien offer us? He offered to replace our welfare payments from the resource that we brought into Confederation and, when that was all replaced, then everything would be taken off to Ottawa. What we have now, Mr. Speaker, is the right to establish and collect taxes as if the resource was on land; we have the same rights as Alberta with respect to it.

SOME HON. MEMBERS:

Hear, hear!

MR. MARSHALL:

Now, maybe, we need people from away, experts from away on TV and what have you to tell us from time to time, "Oh, that was not as good as what the Liberals got." But, Mr. Speaker, I think the people of Newfoundland will accept the fact that we have been able to negotiate ourselves into the same position as the Province of Alberta, with regard to the exploration and development of oil and gas, as being sufficient enough to know who won the so-called battle as it were. We, today, Mr. Speaker, are going to be able to use our resource to the same degree as any other Province of Canada would, as if it were on land, and surely to Heavens in that lies the victory. So the hon. gentleman talks about losing the battle. As far as Mobil officials go, Mr. Speaker, I have news for the hon. gentleman, and maybe for any of the people with the Mobil Company, locally, who need to have the lesson, that they do not happen to be the Government of the Province of Newfoundland and Labrador and they do not own the resource; it is out there, as the Prime Minister has indicated, for the principal beneficiary of

that resource, the people of Newfoundland and Labrador, not the shareholders of Mobil and not the federal government. The federal government is going to get its share, yes, but the principal beneficiary is going to be the people of Newfoundland and Labrador. And that agreement that we have negotiated - Lost the battle? - we have secured a tremendous victory and we have secured that resource for the younger people of this Province for generations yet to come.

SOME HON. MEMBERS:

Hear, hear!

MR. NEARY:

Mr. Speaker.

MR. SPEAKER (Russell):

A final supplementary, the hon. the member for LaPoile.

MR. NEARY:

Mr. Speaker, the hon. gentleman has a short memory. In 1981, I believe it was, Prime Minister Trudeau announced at Memorial University that the resource would be treated the same as if it was on land. All they did was act as copycats. The hon. gentleman also knows that between the federal -

PREMIER PECKFORD:

A point of order, Mr. Speaker.

MR. SPEAKER (Russell):

Order, please!

A point of order, the hon. the Premier.

PREMIER PECKFORD:

Surely goodness and mercy we have not got to put up with the ignorance that the hon. member shows today in saying in this hon. House, representing all the people of Newfoundland, that he still

believes that Mr. Trudeau and the Liberal government offered the same deal as Mr. Mulroney and his government. Surely we have not got to put up with that kind of ignorance. I invite the hon. member to come to my office tomorrow morning at 9:00 a.m. so I can show him the final documents from the Liberal government in Ottawa and the documents that we have from the PC government in Ottawa. Surely goodness we have not got to put up with this kind of ignorance - we will have to have a special seminar for the hon. gentleman to bring him up to date - to try to suddenly camouflage in this House what will be, in January or February, perhaps the biggest victory that Newfoundland ever got since 1497. And he will not acknowledge it!

SOME HON. MEMBERS:  
Hear, hear!

MR. NEARY:  
To that point of order, Mr. Speaker.

MR. SPEAKER (Russell):  
To the point of order, the hon. the member for LaPoile.

MR. NEARY:  
Mr. Speaker, the hon. gentleman keeps flinging invitations at me. He is inviting me down to his \$1,200 a month apartment, he is inviting me down to his office, he is inviting me to cross the House.

MR. YOUNG:  
A point of order, Mr. Speaker.

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

The hon. member is speaking to a point of order now.

MR. NEARY:

One of these days I am going to accept one of the hon. gentleman's invitations. Let me remind the hon. gentleman that there are tapes at the television station to prove what the Prime Minister said at Memorial University.

PREMIER PECKFORD:  
No, partnership and joint management.

MR. NEARY:  
No, Mr. Speaker, treat it the same as if it was on land.

PREMIER PECKFORD:  
Did he put it in writing?

MR. NEARY:  
Yes, I have it in writing.

PREMIER PECKFORD:  
No, he did not.

MR. NEARY:  
I have it in writing. I gave it to the hon. gentleman before. The hon. gentleman will not acknowledge it, that is all. But I would invite the hon. gentleman to come to my office so I can show him my documents and my files.

PREMIER PECKFORD:  
They are not from government to government though.

MR. NEARY:  
No, they are from Prime Minister to Leader of the Opposition. Mr. Speaker, there is no point of order.

MR. SPEAKER (Russell):  
Order, please!

To that point of order, it was more a matter of clarification than a valid point of order.

MR. NEARY:

A final supplementary, Mr. Speaker.

MR. YOUNG:

A point of order, Mr. Speaker.

MR. SPEAKER (Russell):

Order, please!

A point of order, the hon. the Minister of Public Works and Services.

MR. YOUNG:

Mr. Speaker, when the hon. member was speaking to the point of order he said that the Premier was living in an apartment which costs \$1,200 a month. That is untrue, or the hon. gentleman is not telling the truth, or it is incorrect.

MR. NEARY:

To that point of order, Mr. Speaker.

MR. SPEAKER:

The hon. the member for LaPoile, to the point of order.

MR. NEARY:

Mr. Speaker, the hon. gentleman and the Premier made that statement inside this House and outside the House. That night I had somebody call Action Rental and Property Management Limited, which is renting cedar houses over at Tiffany Lane, and they said that all these houses are \$1,200 a month, all of them. Now unless the Premier has some kind of a special arrangement, or the government has some kind of special arrangement, which would make the matter worse, Mr. Speaker, because if somebody is doing the Premier favours then that brings into focus the conflict of interest laws in this Province and so we would have to take a look at that aspect of it, somebody looking for favours

somewhere down the line, anybody who rents these houses is paying \$1,200 a month, according to the real estate company which is handling the rental of these houses.

MR. SPEAKER (Russell):

Order, please!

To that point of order, it is a difference of opinion between two hon. members.

MR. NEARY:

A final supplementary, Mr. Speaker.

MR. SPEAKER:

A final supplementary, the hon. the member for LaPoile.

MR. NEARY:

Now I can get around to it, I have to ask the hon. gentleman two or three questions in one here.

What price oil per barrel are we talking about from Hibernia? We understand that oil is \$26 a barrel in the world market compared to, I believe we are told, \$40 to \$60 per barrel for Hibernia oil. Who will buy this expensive oil if they can buy it elsewhere for \$26? Is the Premier now abandoning his 25 per cent public ownership in Hibernia, pipelines to shore, refining oil in this Province, concrete platforms in return for up-front money that will provide him with financing of the next election? And perhaps the Premier might want to answer this one: Did the Premier have delivered to the eighth floor of Confederation Building recently under tight security a copy of the Mobil Impact Study? If so, why will he not table it in this House so that the elected representatives of the people can have a look at it?

PREMIER PECKFORD:

Are you asking me all these questions?

MR. NEARY:

Well, you can answer them if you like.

MR. SPEAKER (Russell):

The hon. the Premier.

PREMIER PECKFORD:

The hon. the member for LaPoile (Mr. Neary) is displaying his ignorance once again. This is absolutely incredible what we are seeing here today, Mr. Speaker, throwing out the numbers \$40 dollars to \$60 dollars a barrel for Hibernia oil. Where did the member get that question?

MR. NEARY:

In a briefing session we had four years ago.

PREMIER PECKFORD:

There you go. A briefing session the hon. member had four years ago. Go do some research, boy, and find out what is going on in the world. Why do the hon. member not go and do some research instead of just reading one newspaper and basing questions on that. The abysmal ignorance that the hon. member for LaPoile gets away with in this House, Mr. Speaker, is unreal, one phone call and the reading of a newspaper. What money is going to come out of Hibernia will depend on what the price of oil is at the time. The \$40 dollars to \$60 dollars a barrel was the prediction by the experts at the time that the world price was going to go to. Now that there has been a gradual de-escalation in the price of oil, that there is not as much shortage in the world as there was, he is using figures of four years ago. I mean, this hon. gentleman, Mr.

Speaker, lives four years ago when it is convenient for him, and he will get up in a few minutes and base another question on living four years from now. The hon. member is just incredible.

MR. NEARY:

How much a barrel is the oil at Hibernia? How much a barrel?

PREMIER PECKFORD:

There you go, Mr. Speaker. How much a barrel is the oil at Hibernia? How can anyone answer that question? That is a stupid question.

MR. NEARY:

You do not know the answer?

PREMIER PECKFORD:

Can I answer the question without being interfered with, Mr. Speaker?

MR. SPEAKER (Russell):

Order, please!

PREMIER PECKFORD:

When the hon. member gets the heat put on him, when somebody stands up and tells him directly that he is ignorant, that he does not know the answer to some of the information, then he will not give anybody a chance to answer. The situation is, Mr. Speaker, that there will be a number of economic analysis done of Hibernia based upon the price of oil as it is today, the price of oil if it goes higher, the price of oil if it goes lower and so on. Now, if the hon. member were to ask me what the cutoff is at which Hibernia is no longer economic, that would be a little bit better question than the one the hon. member asked. But you really cannot give a straight answer to that question either, because that will depend upon the mode that is used for the development, whether it is an



expensive mode or a cheap mode, it will depend upon the fiscal regime of the federal government, it will depend upon the fiscal regime of the provincial government, it will depend on whether to pipeline, it will depend on whether it is L and G tankers at the source. All of these things go to make it up. How much are you going to pay for this piece of land? How much is this House going to cost? It will depend on how much you pay for the land, it will depend on how much your water and sewer hookup is, it will depend on how much your real estate fee is. So it is impossible to answer the question. You have to determine on what basis it is going to be developed.

MR. NEARY:

Mobil has it all done.

PREMIER PECKFORD:

Mobil does not have it all done. As the Minister responsible for Energy (Mr. Marshall) has said, only when we have our studies completed, so that we know the costs involved in different modes of operation offshore, will an environmental impact statement be relevant. Because the environmental impact statement will not necessarily be based upon the mode of development that the Government of Newfoundland prefers and which may still be economic for the field to be developed. So the hon. member should do some study and some research on this. Once again I would invite the hon. member to sit down with the Minister responsible for Energy, and with people at the Petroleum Directorate, so that when he asks a number of questions they will be intelligent and informed questions and intelligent, informed answers can be given.

SOME HON. MEMBERS:

Hear, hear!

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER (Russell):

The hon. the member for Menihek.

MR. FENWICK:

My question is for the Minister of Development (Mr. Windsor) whom I must compliment on having a nice sunny disposition over there in contrast to the pasty look of the rest of us. I cannot quite see whether the Minister of Communications (Mrs. Newhook) has got the same disposition, but we will soon see. My question actually has to do with the recent trip that the minister got back from. It is really a two part question. The first part is I wonder if he has any comments he wishes to make in terms of how valuable he felt the trip was and what was likely to be accomplished by it. Secondly, given that other provinces, most notably Manitoba, after they made their Oriental trip decided to set up their own trade missions - I think Manitoba set one up in Hong Kong - what I would like to know is whether as a result of the trip that has been made by our delegation, anything like that is contemplated in the future?

MR. SPEAKER (Russell):

The hon. Minister of Development.

MR. WINDSOR:

Mr. Speaker, I thank the hon. gentleman for his intelligent question, far more intelligent, I might add, than some of the comments that I heard came from the hon. the member for LaPoile (Mr. Neary) while we were gone. It is certainly a very responsible question and I thank him for it.

The short answer to the first part of his question, Mr. Speaker, is that my colleague, the Minister of Transportation (Mr. Dawe), and I will be making a full statement, hopefully on Wednesday, outlining some of the activities that we have participated in during the trip and giving some of the projected benefits of it. Let me simply say, and I say this, I am sure on behalf of my colleague, that it was an extremely worthwhile trip. The only thing I regret is that we did not do it ten years ago, that we did not have longer to spend over there, and that we did not have more people with us, particularly business people and some of our other colleagues who could have contributed greatly to the venture as well.

The hon. gentleman says there are missions set up by Manitoba. I think he means an office that has been established recently. I might add that, I think, Ontario, Quebec, British Columbia, Manitoba, and Alberta have offices in Hong Kong which is, in fact, the marketplace of the world. The hon. gentleman's question is a very valid one. I would certainly like to have representatives in Hong Kong and in other areas of the world: I would certainly like to have a representative in London, England, for instance, I would like to have a representative in New York and other areas of the United States, which are the major markets for Newfoundland products. As funding would permit, I would certainly like to be able to do that, but I do not foresee that in the immediate future, not until we know more about the Far East markets and until we can pinpoint more definitely the sort of things we really want to concentrate on.

MR. SPEAKER (Russell):  
The hon. member for Fogo.

MR. TULK:

Mr. Speaker, I have a question for the Minister of Education (Ms. Verge) concerning schools on Fogo Island, in my district. A month ago I went to a meeting on Fogo Island along with members of the IEC, the school board and so on, and I think there was a representative there from the minister's department. I am sure that the minister has seen the CBC report on the schools on Fogo Island which showed that those schools are not fit for students to attend from day to day. My question to the minister is has she carried out any investigation to see just where the school sits with the Integrated Education Committee in regard to its priorities? If she has, how much money will be required to see that this project is carried out this year as required by the IEC? And if she does not know will she carry out an investigation to see just what the situation is with regard to schools on Fogo Island, the IEC and so on?

MR. SPEAKER (Russell):  
The hon. Minister of Education.

MS VERGE:

Thank you, Mr. Speaker. I am familiar in a general way with the need for the construction of a new school on Fogo Island. I understand the parents and members of the local education committee on Fogo Island as well as the Terra Nova Integrated School Board and the Integrated Education Council, the authorities responsible for the provision of school buildings in that area, have reached a consensus about correcting the present problem of old and obsolete buildings. There

are some six small buildings, which have outlived their usefulness, accommodating the young school children on Fogo Island. The consensus reached is to replace those six buildings with one larger central primary and elementary building which will house the total enrollment, some 400 to 500 children. It is up to the Integrated Education Council to develop cost estimates for that construction project and then to rank that project with other construction needs in integrated school districts throughout the Province. That is the role assigned the Integrated Education Council under the constitution.

The role of the provincial government is to make available to the Integrated Education Council sufficient block allocations of construction grants so that the council may look after the outstanding needs in order of priority, but the priorities, of course, are determined by the IEC. I would like to remind all hon. members that in the present fiscal year government provided to the three denominational councils some \$17 million for new school construction, as well as promising a minimum of \$10.8 million for construction next year. The church authorities have had the benefit of that advanced notice for next year for planning and commitment purposes. I would suggest, Mr. Speaker, that the member for Fogo (Mr. Tulk) address his question next to the Chairperson of the Integrated Education Council to ascertain where the Fogo project ranks on the IEC's priority list for next year.

MR. TULK

A supplementary, Mr. Speaker.

MR. SPEAKER (Russell):

The hon. member for Fogo, a supplementary.

MR. TULK:

Mr. Speaker, I know very well, and everybody in this House knows very well, that the IEC are the people who set the priorities for school construction. But the minister is the person who supplies the cash, and I am asking her just what her responsibilities are as Minister of Education. I have approached IEC, I have met with IEC, I attended a meeting with them and a meeting with the school board, and the school board has made it its priority. Now the question for the minister is is she putting on any sort of effort at all? I know that is something you will probably get upset about and come back and say, Oh, I cannot interfere with the churches. I am not asking you to interfere with the churches, I am asking you if you will go to the IEC and ask them what their priorities are and how much money is required so that they can put Fogo Island in the position that it deserves to be in. If the minister cannot answer that question let me ask her this: Since she provides the money, will she now see that the IEC is provided with the necessary funds to see that that school is constructed if it is its third priority? I understand that its priorities for this year are a school in Nain, one in Mount Pearl and they have used up all their cash, their money is gone. Would the minister now see just how much is required by the IEC to make that their third priority, and will she see that those funds are provided? That is her job.

MR. SPEAKER (Russell):

The hon. Minister of Education.

MS. VERGE:

Mr. Speaker, as Minister of Education I will participate in a collective decision-making process with the other members of Cabinet in allocating as many of the capital dollars as are available for next year for school construction as possible. I have frequent meetings and consultation with the Denominational Education Councils and I will take into account what they tell me about their requirements for funding next year.

MR. SPEAKER:

The hon. member for LaPoile.

MR. NEARY:

Mr. Speaker, I have a question for the Minister of Development (Mr. Windsor).

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

Order, please!

MR. NEARY:

We will be asking him about his trip later, but I would like to ask him if he brought back any fortune cookies from the Orient so that he could see what is happening in Baie Verte. There seems to be an awful lot of uncertainty in Baie Verte in connection with the future of the asbestos mining operation there. Could the hon. gentleman tell us why the government has not finalized the \$4 million line of credit that seems to be causing all kinds of problems and difficulties for the company down there? What is the situation regarding Baie Verte? Because they hold this up as a great accomplishment of the administration. What is happening? Can the hon. gentleman

allay the fears or uncertainty in the minds of the people down there that they will not find out until sometime in January what the future of the operation is? But I am more particularly concerned about the \$4 million line of credit that the company keeps bringing up, what is that all about?

MR. SPEAKER (Russell):

The hon. the Minister of Development.

MR. WINDSOR:

Mr. Speaker, I will not respond to the first part of the question, that is only the hon. gentleman's level of intelligence showing. The answer to the second part of the question, dealing specifically with Baie Verte, Mr. Speaker, is that this matter is, indeed, in hand. My colleague, the Minister of Mines (Mr. Dawe), myself and our officials have been dealing with the Baie Verte situation now for some time, together, of course, with the Minister of Culture, Recreation and Youth (Mr. Rideout) who was actively involved in the operation long before he was involved in Cabinet and has been of great benefit to government and to the mining operation and the people of Baie Verte throughout this whole thing. It is a detailed and complicated issue, Mr. Speaker. The \$4 million line of credit the hon. gentleman refers to is one that is required in order to give the proper amount of operating flexibility to the mine. We have been dealing with it on a month-to-month basis. The difficulty with it is that this particular product is not one for which the normal financial institutions would generally accept a high line of credit based on the amount of inventory, and it

requires firm sales commitments before they will consider it. So it is a matter that is being very carefully discussed now and we have scheduled meetings for early in January to deal with it. In the meantime, I can reassure the hon. gentleman and the people of Baie Verte that government is very aware of the situation, it is totally on top of the situation, and it is dealing with it as is required.

MR. NEARY:

A final supplementary, Mr. Speaker.

MR. SPEAKER (Russell):

Order, please! The time for Question Period has expired.

#### Notices of Motion

MR. SPEAKER:

The hon. the Minister of Finance.

DR. COLLINS:

Mr. Speaker, on behalf of the Acting Minister of Fisheries (Mr. Goudie) I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend The Fisheries Loan Act."

#### Orders of the Day

Motion, the hon. the Minister of Finance (Dr. Collins) to introduce a bill entitled, "An Act To Amend The Public Service (Pensions) Act (No. 2)", carried. (Bill No. 61).

On motion, Bill No. 61 read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Consumer Affairs and Communications (Mrs. Newhook) to

introduce a bill entitled, "An Act To Amend The Insurance Companies Act", carried. (Bill No. 63).

On motion, Bill No. 63 read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Education (Ms. Verge) to introduce a bill entitled, "An Act To Consolidate The Law Respecting The Department Of Education", carried (Bill No. 44).

On motion, Bill No. 44 read a first time, ordered read a second time on tomorrow.

On motion, that the House resolve itself into Committee of the Whole to consider Bill No. 52, Mr. Speaker left the Chair.

#### Committee of the Whole

MR. CHAIRMAN (Aylward):

Order, please!

We are considering Bill No. 52.

MR. NEARY:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for LaPoile.

MR. NEARY:

Mr. Chairman, maybe the Chair can tell us how it is proposed we proceed in Committee. Are we going to go clause by clause through the agreement, or just do the bill and then do the agreement? How does the hon. gentleman propose to deal with this?

MR. MARSHALL:

A point of order, Mr. Chairman.

MR. CHAIRMAN:

A point of order, the hon. the President of the Council.

MR. MARSHALL:

Mr. Chairman, the bill is going through and these are merely documents that have been filed in order to give full information with respect to them to hon. members. The documents themselves will not be going through Committee, but I am quite sure that the Minister of Forest Resources and Lands (Mr. Simms), or anyone on this side, will be happy to respond to questions anyone wishes to ask relating to them.

MR. NEARY:

That is fine with me, Mr. Chairman.

MR. CHAIRMAN (Aylward):

To that point of order, the hon. the member for LaPoile.

PREMIER PECKFORD:

It is fine with you! That is the way the rules of Committee work, whether it is fine with you or not.

MR. CHAIRMAN:

Order, please! Order, please!

MR. NEARY:

Support documents have been tabled.

PREMIER PECKFORD:

Yes, to give you all the information.

MR. NEARY:

Well, that is fine.

PREMIER PECKFORD:

So that you can ask questions.

MR. NEARY:

But there are a couple of questions in connection with the document that I want to ask.

PREMIER PECKFORD:

We will do it under the bill.

MR. NEARY:

Right, we will do it under the bill. So I will do it right at the outset, if the hon. gentleman does not mind. If the hon. gentleman could just control himself for a few moments there are a couple of questions that I would like to have answers to and then, perhaps, we might be able to proceed with the disposition of this bill fairly quickly.

Mr. Chairman, as a matter of fact, I would say that my colleagues, if they were asked, would be prepared to permit third reading.

MR. CHAIRMAN (Aylward):

Order, please! The hon. member for LaPoile (Mr. Neary) is on a point of order.

MR. NEARY:

I am not on a point of order, I am speaking on the bill.

MR. CHAIRMAN:

Well, you got up and asked a question which I understood was a point of order and the hon. the President of the Council answered the point of order.

MR. NEARY:

Oh, you have not disposed of that yet!

MR. CHAIRMAN:

To that point of order, we are doing Bill No. 52 clause by clause, the same as we ordinarily do in Committee. I do bring to hon. members' attention that we are under Standing Order 118 for speaking, fifteen minutes for the minister introducing the bill, fifteen minutes for the member of the Opposition replying, and ten minutes for every other member wishing to speak unless otherwise

agreed by unanimous consent,.

Is it agreed to continue under the Estimates Committee rule, Standing Order 118?

SOME HON. MEMBERS:  
Agreed.

MR. CHAIRMAN:  
Agreed.

The hon. the member for LaPoile.

MR. NEARY:  
As I started to say, Mr. Chairman, my colleagues are so agreeable and so anxious to get this bill through so that Kruger can take over in Corner Brook, if they were asked they would permit this bill, Bill No. 52, to get third reading today.

MR. TULK:  
Absolutely.

MR. NEARY:  
There you go, my colleague, the Opposition House Leader (Mr. Tulk), says 'absolutely.'

MR. CHAIRMAN (Aylward):  
Might I interrupt the hon. member for one second?

MR. NEARY:  
Sure.

MR. CHAIRMAN:  
I am sorry to interrupt the hon. member, but I am sure that all members of the House would wish to join me in welcoming to our galleries a former member of this House, Mr. Ray Guy, the former member for Grand Falls.

SOME HON. MEMBERS:  
Hear, hear.

MR. CHAIRMAN:  
We also have another former member

of the House in the Speaker's Gallery, whom I did not see, the former member for Terra Nova, Mr. Tom Lush.

SOME HON. MEMBERS:  
Hear, hear.

MR. CHAIRMAN:  
The hon. member for LaPoile.

MR. NEARY:  
Mr. Chairman, we cannot speak for our colleague off to our right there, but I am sure that hon. gentlemen from here down to the end of the second row of desks would probably agree to have third reading of this bill today.

Now, Mr. Chairman, there are a couple of questions that I would like to ask the Government House Leader (Mr. Marshall) about the agreement and about the bill itself. My first question has to do with something in the agreement that strikes me as being rather unusual, under Clause 21.1: "The parties hereto covenant and agree that if the performance of any of the obligations of either of the parties to this agreement set forth herein shall to any extent be prevented, restricted, delayed or interfered with by reason of: (a) war, revolution, civil commotion, riots, acts of public enemies, blockage or embargo, (b) strikes or lockouts."

Now, Mr. Chairman, I want to ask the hon. gentleman if that is -

MR. SIMMS:  
What clause is that?

MR. NEARY:  
It is Clause 21.1 (b), strikes or lockouts. It is on page 11 of the documents relating to the Government/Kruger agreements. I want to know if that is standard

in all agreements, because it seems to me, Mr. Chairman, that if Kruger wanted to get out from under its obligations all they have to do is back their employees into a corner and either lock them out or force them to go on strike and then they could say that they no longer recognize the terms and conditions of the agreement. Now maybe my fear here, Mr. Chairman, is not justified. I know that in cases of an act of God, of course, you could not hold Kruger or the union or anybody else responsible for it, but strikes and lockouts are a little bit different, Mr. Chairman, they are things that arise from disputes involving people. I am not quite sure if that should be in there or not. I am a little bit concerned about it, because I am sure that if the company wanted to they could abuse that particular part of the agreement. If they wanted to. I am not saying they are going to, but you never know what will happen in the crunch, you never know what will happen when a bitter dispute takes place.

The other question I want to ask somebody on the other side is inconnection with the power that is developed at Deer Lake, at the Hydro Plant in Deer Lake. What will happen to the surplus power? What will happen to the electricity generated in the event that there is downtime at the mill and the mill is down for any considerable amount of time? Will Newfoundland Hydro have an agreement whereby they will have to take the electricity on a take or pay basis? Is that the situation? I do not know what minister can answer that question. Perhaps the Minister of Forest Resources and Lands (Mr. Simms) will be able to answer it, Mr. Chairman, he was making notes

over there,?

Now these are the only two questions that I have in mind at the moment. Let me see if I made any other notes here. It is a rather complicated document, it is really something for lawyers. But I did browse through it and made a few notes. I think that is the only thing I saw that concerns me at the moment.

So, Mr. Chairman, we are rather pleased that the agreement will get quick passage through the Legislature and, as I indicated when I started a few moments ago, the people in my party intend to give it swift passage once we get the answers to these and maybe a few other questions that some of my colleagues may wish to ask.

DR. COLLINS:

Where are your colleagues, by the way?

MR. NEARY:

My colleagues are out doing interviews and answering their constituents.

DR. COLLINS:

They do not think this agreement is important, do they?.

MR. NEARY:

They do. When they are needed they will be here, they are just outside. Where are all the colleagues from the other side of the House? There are only thirteen, twenty are missing.

MR. FENWICK:

On a point of order, Mr. Chairman.

MR. CHAIRMAN (Aylward):

A point of order, the hon. the member for Menihek.

MR. FENWICK:



Mr. Chairman, referring to members being in or out of the House is that not unparliamentary?

MR. CHAIRMAN (Aylward):

Yes, it is. It is brought to my attention by the hon. member for Menihek (Mr. Fenwick) that it is not permissible for hon. members to refer to the absence of other hon. members?

The hon. the member for LaPoile.

MR. NEARY:

Anyway, Mr. Chairman, we know that the signing is arranged for later on this week. I condemn the administration there opposite for not having the courtesy to invite members from this side of the House to the signing. They are going to try to make it a little partisan political affair now. They are inviting everybody except the people who will accommodate the House in getting quick passage of this bill. The Premier and his entourage will go to Corner Brook on Thursday or Friday. I understand they are trying to move the signing ahead from Friday to Thursday. There are seventy or eighty legal documents in connection with the takeover. Seventy or eighty. That is a lot of documents. And last week, Mr. Chairman, when the hon. gentleman was keeping the House open nights and trying to ram and force Bill 37 through the House, I believe the real excuse for postponing the signing date from last Wednesday to this Thursday or Friday was the fact that the documents were not ready. It is a record number of documents, somewhere between seventy and eighty legal documents that had to be drawn up and approved for signature in Corner Brook on Thursday or Friday. And I think that was the real reason for the postponement of the

signing and not the fact that Bill 37 was being debated night and day in this House.

But the fact of the matter is that I believe it is a historic event - a new company is coming in to take over Bowater and to have the forest resources transferred from Bowater to this new company - and I believe, as a matter of courtesy, that the Leader of the Opposition (Mr. Barry) should have been invited.

DR. COLLINS:

He tried to scuttle the deal.

MR. NEARY:

He certainly did not try to scuttle the deal. Right from day one the Leader of the Opposition (Mr. Barry) said that we would let the Kruger Bill go through the moment it was introduced in this hon. House. There is no excuse for it except, as the hon. the Premier refers to it, gross ignorance, political ignorance, Mr. Chairman. The hon. Leader of the Opposition and possibly my colleague, the member for Menihek (Mr. Fenwick) - although he is one inside the House, he claims to be the party outside the House, and I believe that this should be a non-partisan, a non-political event in Corner Brook this weekend.

MR. MARSHALL:

Particularly after bill 37.

MR. NEARY:

Oh, they are still smarting under Bill 37, Mr. Chairman.

SOME HON. MEMBERS:

Oh, oh!

MR. CHAIRMAN (Aylward):

Order, please!

DR. COLLINS:

You are not going to be invited anyway.

MR. NEARY:

I do not want to be invited, but I believe that hon. gentleman would be remiss in their responsibilities if they did not invite the Leader of the Opposition (Mr. Barry) and the Leader of the NDP Party (Mr. Fenwick) in this Province. It is up to them to decide whether they want to go or not. Maybe they would not want to go, it may be distasteful to them. But I believe, Mr. Chairman, it would be a very worthwhile gesture on the part of the administration there opposite to invite at least the Leader of Her Majesty's Loyal Opposition. Her Majesty's Official Opposition, to that ceremony in Corner Brook on Thursday or Friday. The only reason why they would not be invited is because the government want to try to score a few political Brownie points, they want to try to turn it into a political event, they want to try to turn it into partisan politics, as the hon. the Premier does with everything that he puts his hand to, he likes playing political games. Let us be broad-minded for a change. We are all in this thing together, let us be a little broad-minded. Do not be so politically bigoted and narrow-minded and partisan, let us be big about these things.

And when these things arise and they get the unanimous consent of the House as this bill will get, then the Leader of Her Majesty's Loyal Opposition (Mr. Barry) should be recognized, recognized for his willingness to co-operate, to keep Corner Brook going, to keep that mill operating, because that is what we intend to do, Mr.

Chairman.

So I hope, Mr. Chairman, that we will see no more of this political bigotry and prejudice and discrimination, and that hon. gentlemen there opposite will open up their tiny, little minds, let a breath of fresh air come in and invite members from this side of the House. Because I am sure, Mr. Chairman, that the members for Humber East (Ms. Verge) and Humber West (Mr. Baird) will be there in all their glory. And I hope, also, that the unions in Corner Brook will not be forced to picket this signing ceremony because the government there opposite is dragging its heels on the MILAP programme and Mr. Wilson's budget is going to shaft those who were prepared to take early retirement to let the young people hang on to their jobs with Kruger. I hope they will not be forced to picket this signing because of any negligence on the part of the administration there opposite, because we heard reports on the radio the other day that the deal with the unions may fall through because Mr. Wilson is going to kick people when they are down. I am talking about Mr. Wilson, the Federal Finance Minister, who is going to police the Unemployment Insurance regulations, who is going to cut back and change the regulations and kick people in the teeth when they are down and that is going to affect the deal that was made for forty or fifty employees of Bowater to take early retirement. Now they will not be able to take early retirement if Mr. Wilson goes ahead with his plans. So I hope that will not materialize, that the Premier when he goes out will be able to announce that the MILAP programme is in effect, that the Provincial Government is prepared to put in

their share of the funding to help people retire early so that young men working with Bowater now can be transferred over to the Kruger Company. That is fair enough, Mr. Chairman. I hope there will be no reneging on the part of the parties who made that deal, because it would appear that way.

So, Mr. Chairman, again I have to say that we hope that the transfer of the operations in Corner Brook will be smooth, that they will go off without a hitch. And, Mr. Chairman, while I think of it, I hope that hon. gentlemen who attend that ceremony will level with the people. Because up to now the Premier has refused to acknowledge that there are going to be layoffs the January 1, that number 4 Machine will be closed down and 196 or 198 employees will be laid off for ten months, and another 196 or 198 casuals will be laid off. On January 1 over 400 people will lose their jobs permanently or temporary. Why is he so ashamed to admit that? Why does he not admit that man fashion? Why is he denying it and pretending he does not know about it?

DR. COLLINS:  
He has only said it a dozen times.

MR. NEARY:  
So far the Premier has refused to acknowledge that. And what will be done for the Western part of this Province? That is another thing he should do when he goes to Corner Brook Thursday or Friday. What will be done to bolster the economy as a result of the loss of some 1200 to 1500 jobs in that mill in the past year? These are the things the hon. gentleman should address himself to, forget the partisan politics. We all hope that Kruger will make a go of

it. We know they are coming in under a bit of a dark cloud, we know they are a hard-nosed crowd. I have been told that their lawyers are the toughest, hard-nosed individuals one could ever do business with.

DR. COLLINS:  
You are not in favour of them, are you?

MR. NEARY:  
Not in favour of what?

DR. COLLINS:  
The Corporation.

MR. NEARY:  
I wish the hon. gentleman could get his budget straightened out instead of being over there sniping and trying to put words in our mouths. Go out and buy a \$2 pocket size calculator and try to balance the budget.

MR. CHAIRMAN (Aylward):  
Order, please! The hon. gentleman's time has elapsed.

MR. NEARY:  
Thank you, Mr. Chairman.

MR. CHAIRMAN:  
The hon. Minister of Forest Resources and Lands.

MR. SIMMS:  
Mr. Chairman, I want to try to address some of the questions asked by the hon. member for LaPoile (Mr. Neary). I will try to take them in reverse order because they are the fresh in our minds. The last point he was making there, of course, was with respect to layoffs that are likely to occur. That is obvious and accurate, because it is very difficult to modernize equipment if the equipment is not shut down. We insist that the Kruger

people modernize the mill, they have agreed to do so, and that, unfortunately, will mean a temporary layoff. We have been able to negotiate through our discussions some increased emphasis and expenditure on silviculture programmes, for example, that will be able to employ some of the people who will be temporarily affected by the shutdown of the machines in order for the modernization programme to be carried out. But I would say here and now, Mr. Chairman, having had numerous opportunities to discuss various issues as they relate to the operation in Corner Brook with senior officials of Kruger Company, the likely new manager of the mill, Mr. Birch, and having seen a presentation that Kruger made to the citizens of Corner Brook during a recent visit I made there when I spoke to the Canadian Forestry Services Conference, it is Kruger's wish and hope, and it is certainly one that we are optimistic about, that in a reasonable period of time, with the modernization programme completed and hopefully Number Seven machine re-opened, which is also a part of their aspirations, Mr. Chairman, there will be increased production and, hopefully, the number of people presently employed at the mill will be greatly increased. That is what we all hope and pray for, and that is certainly what Kruger is striving for.

Now, Mr. Chairman, the member for LaPoile made some comments as he generally does, a bit of rhetoric thrown in with some reasonable and rational questions, and members on this side cannot be expected not to respond to the rhetoric and the charges that he makes. For example, the most glaring comment of all was that if we had not

attempted to keep this House open into the wee, wee hours of the morning over the last week or so we might have been able to proceed with the signing earlier. Well, now, if that is not hog wash nothing is. Because, Mr. Chairman, everybody knows that the Opposition were the ones who created the filibuster, the Opposition were the ones who kept the House sitting until four-thirty one morning, and two-thirty another morning. It was not the government, that was obvious to anybody. It was not the government. Now he is suggesting that perhaps the documents were not ready.

MR. NEARY:

They were not.

MR. SIMMS:

Well, Mr. Chairman, I can say here now that if that filibuster had not occurred, and if the signing had to go ahead last week as we had hoped it would, then I can give the member for LaPoile (Mr. Neary) the assurance that we would have been there and that everything would have been ready to sign.

MR. DINN:

Yes, everything.

MR. SIMMS:

Everything would have been ready to sign had the Opposition not, as I said, caused the delay by creating the filibuster.

MR. NEARY:

Well, why do you not sign tomorrow instead of Thursday or Friday?

MR. SIMMS:

Mr. Chairman, I will proceed now to the issue of the signing. If the hon. member will hold on to his hat there and not get too

excited, I will try to proceed, I will try to answer the questions as he put them. We had originally hoped to sign the agreement two weeks ago but we had to delay it because of filibuster tactics by members on the other side. We hoped to sign it last week, we were calling all the principals who were going to be involved in the signing ceremony and they must have gotten pretty tired of getting phone calls saying, 'We are hoping to do it on Wednesday, we are hoping to do it on Friday,' and then, 'maybe we will do it next week, because the Opposition are still filibustering on that other bill.' And it is not as easy to get the number of people involved together on the same day and everything of that nature, so there is a bit of planning that goes into it. But we have arrangements now finalized for the signing of this agreement assuming, and hopefully I can make this assumption, that the Opposition will co-operate with us in getting this bill through Committee and through third reading as quickly as possible. At this point in time it is our intention to sign the agreement in Corner Brook on Friday. With respect to those people who will be in attendance, Mr. Chairman, I think it is highly unlikely that a group of people who last week tried to scuttle this entire operation by filibustering, by debating a bill for nearly twenty-four hours and then turned around and tried to accuse the government of ramming the bill through - with the exception of the Flag Bill, twenty-four hours debate is the longest debate I can recall on any bill in recent years, so we can hardly be accused of trying to ram the bill through - it is highly unlikely that an invitation is going to be issued

to that group of people. Obviously they did not want to see this thing proceed in the first place, for whatever political reasons they might have had in their minds. That is all I can suggest.

MR. DINN:

We could not guarantee the security of the Leader of the Opposition (Mr. Barry) anyway.

MR. SIMMS:

As my colleague, the Minister of Labour (Mr. Dinn) points out, we would not dare invite you over there because we could not guarantee your security; the hon. member for LaPoile (Mr. Neary) would likely be strung up along with his colleagues if he went over there.

Mr. Chairman, the hon. member mentioned as well that the MHAs from the Humber area would be there in all their glory. I say yes and rightly so. They have fought tooth and nail for the last year and-a-half or longer. They have gone through some strenuous times, and members on this side of the House certainly recognize the efforts and the work of the members from the Corner Brook area and rightly so. They will be there front and centre, you can be sure of that. Now, Mr. Chairman, I want to address the question of the MILAP Programme that the member for LaPoile raised. I can tell the member for LaPoile, and he is no doubt aware by now, because we have mentioned it on a couple of occasions in this hon. House in response to questions, that we have made representations to the federal government with respect to that issue.

MR. NEARY:

A committee with Bill Brown as

Chairman.

MR. SIMMS:

That is another point. The committee which receives these applications had a new chairman put in place recently, I think in the last week or two.

MR. DINN:

William McDonald.

MR. SIMMS:

William McDonald Brown, is it?

MR. DINN:

That is right.

MR. SIMMS:

So that might be a positive sign as well.

In any event, we have made representations. My colleague, the Minister of Labour (Mr. Dinn), has made representations. That issue is not yet finalized or dead. As we understand it, it is still under active consideration and we will continue to make representations on behalf of the workers at Bowater.

I think he asked also about clause 21.1 with respect to (a) and (b), and I think (b), specifically, is what he was talking about.

MR. NEARY:

You are like myself, you cannot pronounce it right. Force majeure, is that right?

MR. SIMMS:

Horse manure I thought it was first when I looked at it. Force majeure, yes. Mr. Chairman, I am not a lawyer or anything but I did briefly ask one of my learned friends -

MR. NEARY:

How to pronounce it?

MR. SIMMS:

No, I did not ask him how to pronounce it, I asked him about your question, about the clause itself, and I am told that that is a normal clause to be included in an agreement of this magnitude and of this type.

MR. DINN:

Not as onerous as the Churchill Falls clause.

MR. SIMMS:

And I think the other question the member for LaPoile asked had to do with surplus power in the case of a shutdown.

MR. NEARY:

Or in the case of curtailment of operations.

MR. SIMMS:

Yes, in the case of curtailment of operations, what would happen to the electricity that would be generated? It would be available on the normal taker pay basis, as he put it, at rates that would be established.

MR. NEARY:

Newfoundland Hydro would have to take it.

MR. SIMMS:

Yes, but it would be available at rates established by the Public Utilities Board, in any event.

Now, Mr. Chairman, I think the hon. member for LaPoile (Mr. Neary) has a better memory than I have, but I think those were the points that he raised during his first fifteen minutes. There is not much else I want to say at this point, because obviously there might be questions from the member for Menihek (Mr. Fenwick).

MR. CHAIRMAN (Aylward):

The hon. the member for Menihek.

MR. FENWICK:

Mr. Chairman, I have quite a few points to raise, actually. I hope not to delay the proceedings unnecessarily, but in reading over the particular document there were a number of questions that arose. As a matter of fact, I had about twenty or thirty questions that I wanted to ask, but I was fortunate enough to get to talk to some of the officials in several ministers' departments - the Minister of Development (Mr. Windsor), the Minister of Forest Resources and Lands (Mr. Simms), the Minister of Finance (Dr. Collins) - and they were very helpful in getting me some of the information, so I have eliminated a lot of questions that would not be particularly helpful. But there are some left and I would like to concentrate on some of them because I think it is important that we look at them closely. The first one I would like to address is the biggest one. I would like a reply from the minister after I have given it, so that we can sort of concentrate on that for a few minutes and then I can go through the other ten or twelve questions that I have.

We have this book here, about 170 pages, Documents relating to the Government-Kruger Agreements Act (Bill 52), and it includes a number of agreements. I think the most relevant one is probably the September 18 agreement - would you say? - the rest seem to be just sort of bank jargon in order to protect their interest, I guess. I was going to say their 'bum', but I do not know if that is parliamentary.

Anyway, the document that is not here, and the document that I

would argue should be here, is the agreement between Kruger and Bowater. Now I say that because when I asked the civil servants, who were very helpful, they informed me that they did not feel that this was their area to be involved with, that this was a private dealing between two companies and so on and so forth.

Then I started to think about it. I thought that was a sort of reasonable answer to it, but then I started to realize that in this bill we are committing probably \$45 million to \$50 million from the Federal and Provincial Governments, that we really have a pretty substantial stake in the ongoing future of that mill, and I would argue that knowing the sale price, for example, of the mill is a very relevant factor. Did it cost \$5 million? Did it cost \$50 million? Did it cost \$100 million? We do not have that information, it is totally kept from us, and the indication I have from the civil servants is that there is an intention to continue to keep it from us. I would suggest that there may be a way of getting it, that when Bowater puts out its financial statements, since it is a publicly traded company we could look at their statements and find from them, perhaps, some accounting for it, although I understand from the Finance people I was talking to that Bowater has been very crafty with its financial statements in the past and that we are very likely to see a statement in which that is not revealed. That, to me, is a major concern, because not only do we not know how much was paid for the operation, the holdings, we do not know what level of liability that operation still has.

In other words, the information that we need at this point to find out how viable this operation really is is not in front of us. We do know how much we are putting in, we do know how much our guarantees will be in the future, we do know how much the mill modernization programme will take and so on, but we still do not have a bottom line of how viable is this particular operation, is it on a solid footing or is it on a flimsy footing? And until we know what has been spent and what liabilities exist, I argue with you we do not have it.

I would ask the minister to indicate when he gets up to speak if he will be able to get us that information. I am not entirely sure he has it, but if he does, I think that it is a worthwhile piece of information for us to have if we are going to make some intelligent decisions on the future of this operation. That is the first question.

Even if we do not have the whole agreement, I would at least like to sort of have some handle on how much was paid for the mill and how much the outstanding liabilities are, which is, of course, considerably less than we would get if we found out what the whole operation was.

That is one of the points.

The second one is, as I understand the document, and I will refer to the book here for those of you who are following along, on page 10 there is an article, 17.1, Governing Statute: 'It is acknowledged by Government that notwithstanding the purchase of the Shares by Corner Brook Holdings, the Bowater's Newfoundland Act, 1938 ("Act") including the terms of the

Statutory Agreement forming part thereof shall remain in full force and effect.'

Well, the Bowater's Newfoundland Act which is, as is indicated in the next couple of clauses, a particularly archaic piece of work, has in it one of the things which I think is particularly -

MR. SIMMS:

What was the clause?.

MR. FENWICK:

Well, 17.1 on page 10 refers to the 1938 Bowater's Act, which is the act I am looking at now, and I refer to the Bowater's Act, which I have a copy of here, that is Section 24. By the way, the interesting thing about this Bowater Act is that it was passed in 1938 under the authority of the Commission of Government and Governor Walwyn. I just mention that because we have been hearing that the Liberals were culpable from the Tories, and we were hearing that the Liberals put the hum on the Humber from the Liberals, and I just wanted to indicate that it was neither, that it was British civil servants who got us into this particular fix, or whatever.

But getting back to it, Article 24 says, 'All property of the Company within the area of any towns or settlements established by the Company shall be exempt from municipal taxation.' Now I know from talking to the people in Corner Brook that that has been a thorn of contention for decades, and I think the members for Corner Brook and vicinity will know the legal efforts and so on that have been exhausted by the Town of Corner Brook and others to try and get out of that particular article. I think that most of



their efforts have pretty well come to naught and, as a result, they have received a grant in lieu of taxes and they have not been able to tax properly this particular place.

Now in further reading the Bowater's Act of 1938 there is another clause, it is not in the act itself but in the agreement which is an appendix to it, which says, 'AND it is hereby further declared and agreed upon that in case the Licencee' - I believe that is Bowater - 'shall make default in performance of any of the conditions herein contained, then and in that case this licence shall be null and void, and the timber hereby licenced shall revert to US, Our Heirs and Successors,' which I read to mean that if Bowater defaults in its undertakings, in both the agreement and in the legislation itself, it essentially gives up a lot of its rights, including its woodlands and so on. I would argue that their desire to leave the Province could have been worked into the point where they would have been in default of their particular agreement or undertakings back in 1938, and that being the case, then the agreement and the act itself would no longer be valid and we would be in a position where Kruger, or whatever company was coming in to take over, should then be in a position where it would be liable to taxation and so on.

But as I read it now, since the act still seems to be in effect and it still exempts them, we have given Corner Brook a pretty cruel trick here in keeping them from taxing. Now, it may not be the case. I hope the minister can point to something that I have not read that indicates that indeed

Corner Brook is now in a position to tax all real property in its domain. But I did not see it reading through it, and I must apologize if that is the case.

But those are the first two points that I would like him to answer and then I can get on to a number of others that I wish to raise as well. So if the minister would care to reply to those two questions, then I can get on with the rest.

MR. CHAIRMAN (Aylward):

The hon. the Minister of Forest Resources and Lands.

MR. SIMMS:

Mr. Chairman, I am trying to understand what the hon. member was saying at the end. In terms of forest management practices, the taxation capabilities that exist now, that the Department of Forest Resources and Lands -

MR. FENWICK:

No, I meant the town, the town of Corner Brook.

MR. SIMMS:

Oh, you mean their grant?

MR. WARREN:

Their grant in lieu, yes.

MR. SIMMS:

All right.

Well, the best way is to address the whole question the hon. member is talking about. First of all, he knows we are not debating the 1938 legislation here today. I recognize the point he is trying to make, and the only thing I can do in response, I suppose, is quote for him - he mentioned Clause 17.1, but I am sure he is also well aware of Clause 17.2 which says, and I quote, 'Kruger

agrees', that is with us, the Provincial Government, because we raised it with them because of concerns expressed by the Corner Brook City Council and others, 'to cause Bowater Newfoundland Limited', which it still will be, I guess, at least the company name will remain, 'to complete', not to undertake, but to complete, 'negotiations with government over the next two years to remove provisions of the Act which have fallen out of use or are redundant, spent or unnecessary for the proper operation of the Corner Brook Mill.'

Mr. Chairman, I can only say to the member for Menihek (Mr. Fenwick) that we are well aware of the concerns that he raises here today, and that will be one of the very first things that will get off the table, as soon as the signing and the completion of this agreement is out of the way, because we have a commitment from them and we intend to pursue vigorously changes which are needed in that 1938 legislation, because many of the items are old and redundant and not necessary.

MR. NEARY:

You answer last week was you could not do it while (inaudible).

MR. SIMMS:

We were talking then about the resources and how much the company owns, the land and that sort of thing, because obviously if you are going to try to sell the assets, it would not be very wise to try to get rid of some of them immediately before trying to put the thing through a divestiture process.

So we will be undertaking a complete review of that legislation with Kruger. They

have agreed with us to do it and we will be undertaking both the discussions and the negotiations with these kinds of concerns in mind. We are well aware of them, they have been made public before, and that is the kind of thing we will be pursuing.

May I say that I appreciate the hon. member's very kind comments toward officials in the various departments. I am well aware that he was making some enquiries, and I am very pleased to see that he got a fair number of answers that were satisfactory to him. The hon. member is obviously doing his homework and working very hard to understand what this very complex agreement and arrangement is all about, and I know that the officials in the various departments appreciate those comments. I remind him that what happened on September 18 was government's indication that it was going to accept the bid of Kruger. That is essentially what came out of the September 18 agreement, then the agreement was signed based on the number of items in that agreement.

MR. NEARY:

The agreement between Kruger and Bowater (inaudible)?

MR. SIMMS:

I realize that. If the hon. member will be patient and hold on to his trousers. I have never seen him so anxious. He is as excited as I am in responding to the questions of the member for Menihek (Mr. Fenwick) because, as I say, the member for Menihek has done his homework and asked a lot of questions.

He was asking about what has actually gone on since September 18. I think he was asking for

clarification of that and trying to get a better understanding of it. What I was trying to tell him was that since September 18 there have been detailed negotiations. As he and the House will remember, I am sure, the negotiations between the new company and the unions involved, that was the number one item to get resolved and that went on for a period of time. Since then there have been detailed discussions, a lot of, as he put it, legal jargon, or a lot of crossing of 'T's and dotting of 'I's. There were accountants galore involved in this, lawyers for the banks and for the company and for the Province, so I am sure the hon. gentleman can appreciate just how complex these things become when you get those people involved in negotiating. In any event, that is what has transpired.

Specifically, with respect to his question about the Kruger-Bowater agreement, I must say to him that the answer he received from officials is precisely the answer that I will have to give him. It is an agreement between two private companies, and I am not in a position to provide that information. Perhaps the companies involved would provide it to the hon. member if he would like to write them and ask them that sort of question, I do not know. I am certainly not in a position to give him the information nor do I think it would be proper for me at this stage, despite the arguments the hon. member makes. I will point out that it is clearly understood and has been throughout all the discussions and negotiations, that Kruger will be responsible for whatever liabilities - I think that was another point he raised in passing - whatever liabilities Bowater had. I can tell him that

that is clearly understood.

MR. ROBERTS:

Does the gentleman have the (Inaudible).

MR. SIMMS:

Not off hand. No, I could not tell the hon. member that.

MR. ROBERTS::

A ball park?

MR. SIMMS:

Not off hand. It would depend on a number of things I guess. One of the liabilities might have been the question that was raised through Bill 37, as the hon. member will recall. There were probably others.

I believe that covers the questions the hon. member has asked up to now?

MR. FENWICK:

Mr. Chairman.

MR. CHAIRMAN (Aylward):

The hon. the member for Menihek.

MR. FENWICK:

Mr. Chairman, there are a number of questions that I have. I apologize because I do not have this information. I really do not have a heck of a lot of staff to dig it up fast enough, but it is probably available and I am going to ask for it. It is a very simple question, who are the Krugers? I remember asking in the House last week why we had to go through FIRA - it seemed to me that since we were selling the mill to Kruger of Montreal it was rather ridiculous having to go through FIRA - and the answer I got was it was coming from Bowater which was a foreign company. I did not know that FIRA ruled on ones coming that way. Since then

I have had some indication that the Krugers may be Canadians but some of them do live outside the country and that this is probably one of the reasons that it had to be done. As a matter of fact, in discussing it with one of the officials he indicated that one of the chief Krugers lives in Panama and I said, 'Boy, what an unfortunate place to live', given the connotations that that brings forward. We have all known of developers who lived in Panama before, and I really do not want to cast any aspersions on them. I am sure that the vast majority of Panamanians and people living in Panama are fine, upstanding citizens. But I really would like something on that. Now I understand that there is a possibility that most of that information was released before and if this is a repetitive question, I apologize. I do not have the information and I would like to know who the chief partners are in this concern. Because it is a private company, we are not in a position to be able to see anything listed on the stock exchanges and so on. I am sort of funny that way, that people who are going to employ huge numbers of people in our Province, it is sort of nice to at least know who they are so that, just to use a previous example, if you were to meet them in a hotel in London you would not confuse them with someone else as, it has been alleged, happened before. Anyway, that is a very simple and small question. I am sure that the minister has the information at his fingertips and it will be no problem.

There are some other problems though that I think are more important. I refer him to page 10 of the major document, article no.

16, which is one that caused me a bit of concern when I read it. I am still concerned even though I understand why it is there, having been given some pretty good answers to it. It is the one on environmental requirements and what it says is: 'The parties hereto covenant and agree to exercise their best efforts to achieve a reasonable environmental compliance schedule which allows BNL,' which I understand is our company, 'to first improve the quality of newsprint produced at the Corner Brook mill and to carry out the essential capital improvement programme which is necessary for the long-term economic viability of the Corner Brook mill.' Now, as I understand it, what this says is that the priority for this company will be to make it more efficient, which we all agree it should be, and improve the quality of the newsprint, but that environmental considerations will take secondary importance to it. I must hasten to add I realize quite fully that this company does not intend to make any more sulphite pulp, and having at times sniffed the air at Corner Brook when the sulphite smell was there - I am sure that the members from the area are familiar with it - we are quite pleased to see that. Obviously that is an improvement to the environment, and I do not deny that it is, but it does seem that the requirements that any mill would normally have under environmental protection legislation is seemingly being relaxed here, that the schedule of improvements is being relaxed in the case of that. Now it may be absolutely necessary, I do not know if it is or not, but if you look at the schedule of capital cost incurred and so on and so forth, you will see that it does

go into the third, fourth and fifth year down the line and that is, to a degree, cause for concern. And I think that it is important for us to realize that we are, to an extent, going to be sacrificing some of our environment for what we are doing here, and I think we should be clear about that rather than trying to just pretend that we have not had to incur that cost. Because messing up our environment and continuing to put more pollutants into Humber Arm, where I believe some of the members opposite are used to sailing at times, is not a good idea and I think it is one thing that we should be very careful about putting into future agreements, that we do not sacrifice our environment in favour of whatever kinds of industrial development we may get, because there may be a point where we continue on and allow things to get really messy. So that is the second question, the environmental one, which is article 16. I would appreciate an answer from the minister about whether that is an indication of how we are going to develop in the future or if this is just a special circumstance here. I understand the problems and I appreciate the fact of the sulphite improvements, but I would still like some comments on that from the minister.

I might as well throw a third question in here on the local preference policy. The member from Humber West (Mr. Baird) and I have always had problems about local preference and one of the things that struck me, looking at the local preference policy, which I believe is on page 8, is that it is not much of a local preference policy. For example, we are going to be debating a local preference

policy here which says, 'If a local supplier is 15 per cent above or within 15 per cent of the actual amount, they will be given preference'. As I read this one, 9 (a), it says something about 'Full opportunity to contractors, subcontractors and persons normally resident in the Province of Newfoundland to compete for such work and give them preference' which sounds good, but then it says, 'subject to their being competitive in price, quality and delivery.' So what we have here is not really a local preference policy it is a tie breaker, we are saying that if both contractors can deliver exactly the same thing, then the local person will be the one involved.

I guess if you are splitting hairs you could call it local preference, but since the government has already accepted, I think, that local preference is up to 15 per cent higher, then this is really a local preference which is zero per cent higher. And I think we should appreciate that, because although my colleague from Humber West (Mr. Baird) is continuing to insist that it is a great idea, I would suggest that we would have to be awfully competitive in order to get the contract.

Continuing on, Article 9B talks about materials. 'To give preference to materials originating, manufactured, produced or distributed and serviced in the Province of Newfoundland subject there being competitive in price, quality and delivery', which again is the tie breaker.

Unfortunately, I think a lot of the capital that is being produced here are paper machines and parts

for paper machines, and unfortunately we do not have a very large industry with respect to producing paper machines and so on. But it seems to me that our local preference policy is less than the shining, magical formula that we were led to believe it is in some of the initial statements, it is actually a tie-breaker formula, and I hope that it does give a lot more work to our local people, but it seems to me that we should appreciate it for what it is.

So those three items, until I get to the other ones, are: Who are the Krugers? The local preference policy, any comment, and what about the environmental clause?

MR. SIMMS:  
Mr. Chairman.

MR. CHAIRMAN (McNicholas):  
The hon. Minister of Forest Resources and Lands.

MR. SIMMS:  
I think the member for Menihek (Mr. Fenwick) raised three questions there that I can recall. The first question I think dealt with, principally, who are the Krugers? I must tell him I think the information is public knowledge. It is not something that I personally have delved into, to be perfectly frank, all I can tell you is that it is a company that was chosen as a result of some very, very close scrutiny through the divestiture process, and a company that was recommended to us by a very, very respected and respectable consulting firm in Canada, Woods Gordon, and McCloud, Young, Weir. They recommended Kruger. Kruger was obviously, as a result of the divestiture process, the best possible bidder, the company that

submitted the best bid, no question about that. Kruger is a company that has the financial resources to be able to take on the capital investment that would be required for the modernization of the Corner Brook mill. Kruger is a company that has proven in the past that it has the capabilities and it knows how to turn older mills, or mills that have been, in fact, closed down into very profitable ventures. The hon. member, I am sure, is aware of a couple of examples, the Kruger mills at Trois-Rivieres and Bromptonville in Quebec. Incidentally, we expect the same performance and the same thing to happen in Corner Brook. We hope and pray that that is what will occur. It is a company that has given us the long-term commitment that we want and that is so important, and that everybody wants I guess, but we certainly sought it vigorously. And, as I say, it is a company that has a proven record of success. In terms of their principals, there is a father and a son, one lives somewhere and one lives somewhere else. The approval by FIRA, by the way, was really a routine approval, so there was no real problem or concern in that respect. Where they live and what they do with their private lives and those sorts of things are not questions that I personally am all that interested in, so there is not much I can add to what has already been made public.

The hon. member for Menihek (Mr. Fenwick) addresses Article 16 which I believe deals with the environmental concerns, and I think what he was asking is is it the intent of Kruger to circumvent the normal environmental practices that we have. I do not know, maybe circumvent is too harsh a

word. I am just wondering if the hon. member might be able to clarify for me what he was trying to say, but I understood him to ask if this clause was strong enough and effective enough to ensure that they carry out whatever activities they have to carry out under practices that are acceptable to us. If that is his question, then, yes, I think I can give him that assurance. I am not aware of any intent for Kruger to do otherwise. It is a clause that we wanted to have in the package for obvious reasons, because this government has prided itself, and rightly so I believe, on some of the environmental innovations in legislation that they have brought in during the last four or five years.

MR. TULK:

Sit down, you are making a fool of yourself.

MR. SIMMS:

Speaking of fools, Mr. Chairman, the hon. member for Fogo (Mr. Tulk) does not have much to offer to the debate, obviously, so he might as well pack up all his stuff and leave. He should pack up all his cares and woes.

The final question related to local preference, page 8, Section 9. Mr. Chairman, quite frankly I am a little bit amazed the hon member for Menihek (Mr. Fenwick) would even raise the question of local preference because there is, as he pointed out in his own preamble or opening remarks, some difference of opinion with respect to his position, or his party's position on this Province's local preference and some members on this side, the member for Humber West (Mr. Baird), I think, is the one he referred to. I tried to follow that argument a few days

ago or a few weeks ago when it was raised in the House, and I am still not quite sure I follow it. In any event, the articles and the clauses in the agreement related to local preference are there at our request for obvious reasons, and we think that they are specific enough and clear enough to ensure that our people who are locally involved in the contracting business, or whatever, would have some preference with respect to materials, manufacturing, equipment or whatever might be involved as Kruger proceeds to carry out its plans to modernize and upgrade that particular mill. And specifically we also have given a commitment, or asked for a commitment to employ any former employees of Bowater Newfoundland Limited who would have the skills, obviously, to help carry out the capital programme, and we think, too, that that is a necessary clause and one that is acceptable to us at this point in time.

I believe those were the last three questions. I do not think the hon. member asked any others.

MR. CHAIRMAN (McNicholas):

The hon. member for Menihek.

MR. FENWICK:

On the local preference policy I agree it is better than nothing. I commend the government for having it in there, but I think it is a long way from the kind of local preference policy that the government is willing to impose on itself in terms of its purchasing. I just wanted to point that out. That was really the only point I was making there.

On the environmental one, I am not saying that the company will not live up to the environmental

restrictions or our environmental legislation, what I am saying is the agreement between government and Kruger has seemingly, if you read it, exempted them from doing the things that they normally would be required to do if they had just been any other company walking in off the street. I think it is important to point out that we paid something there, that we paid in terms of allowing more effluent out than perhaps the regulations and the laws of the land would allow. I am not sure of that because, as I said, when you are trying to research a 170 page document and you only have a day or two in which to do it, you have to let a few things slide. But I was just trying to mention that the article itself does put a priority on productivity and high quality paper, then says that the third priority would be the environment and it would have to be moved back. That was the only point I was trying to make on that.

I am assuming that the information on the Krugers is public so hopefully I will find them, even if we have to go to Panama with 'Steve', - with the member for LaPoile (Mr. Neary). My apologies, Mr. Chairman.

The next comments I have are more serious than the previous ones, they were somewhat trivial. I am trying to mix them through here. I looked through the agreement and I asked several of the civil servants who have been involved in it, 'What happens if Kruger does not go ahead and modernize the mill? What is going to happen? Is there any protection whatsoever there?' The answer I got was that if Kruger does not go ahead and modernize the mill essentially it is a violation of this contract. And it is a contract, you can go

to court and enforce the contract and so on, but of course in doing that you would probably pull the plug on the company in the sense that you would have to say, 'Well, the contract is violated, you are going to have to give us back the assets, or the assets we get back are going up for sale and so on.' In other words, it is like having an atom bomb as a guarantee that the person will comply with what you are doing. It is nice to have it there and you might scare somebody, but the destruction it would do in Corner Brook and the rest of the Province if you were to invoke a violation of contract seems to me exceptional. The reason I bring it up is that it seems to me that in the Abitibi-Price guarantee that was brought back into Stephenville we were much more creative. Maybe Abitibi-Price did not have as good a negotiating position, but there was, I believe, a security of some sort that was put forward to guarantee that they would go forward with the modernization. I understand we have legislation that is going to give them a loophole to get out of it later on, but the fact of the matter is, we did have some sort of a bond, a performance bond or something that was being put in place.

So one of the questions I would like to ask is was there any discussion about putting this bond in place, or something equivalent to it, so that we could have a less overwhelming instrument to try and encourage compliance with what was going on here? That is one thing. There are really no guarantees in it other than this is a contract and you hope that people will live up to the contract. I am not suggesting that they will not, I am just saying that since we were able to



do that with Abitibi-Price, it may have been the creative thing to do in this particular instances as well.

The next one is Clause 3 (d) on page 4. I have actually asked the question before, but I would like the minister to respond to it publicly since his officials were able to earlier. Clause 3 (d) says that the Government covenants and agrees to exercise its best efforts 'To assist Kruger in its application to Revenue Canada for permission to combine Kruger and BNL' - that is Bowater Newfoundland Limited - 'for capital cost allowance, investment tax credits and losses to be carried forward.'

I mention that one because that is the great article that really pulled through the Stephenville deal, in my opinion. The Stephenville mill, of course, when the government owned it, had accumulated massive losses, and I think we are looking at \$100 million or \$200 million in tax breaks that Abitibi-Price got as a result of buying the mill. Now I know that Bowater has not been as sloppily run as the government ran the Labrador Linerboard mill, so it probably does not have \$200 million in losses to apply to it. But it certainly has some losses, because we have had people insist over the last couple of years that it has been losing money.

The questions that I would like to get some answers to are, how much are we looking at here? How much money is going to be involved in terms of tax credits for Kruger? Since it has been profitable in the last number of years, it can use tax credits to cut down its taxable income to the federal and provincial governments when it

comes in here. How much are we talking about? Is it \$5 million, \$10 million, \$15 million, \$20 million? Is it \$50 million? In other words, here is a clause which will provide a considerable amount of equity money. Because if you look on the other side you will see that it does not go into capital equipment, it actually goes into equity. What I would like from the minister is some feeling as to how much money we are talking about here and what kind of efforts he has made up until now in order to make sure that these particular tax rulings, which I understand have to come from the federal level - how they have done in terms of getting these tax rulings. Do we know what is coming down the line? Is Kruger going to be the recipient of a considerable amount of money and so on? That is the second question of this particular set of questions.

The other one is a question about the \$167 million that is going in. The entire table on page 19, which is a very interesting thing, suggests, if you look at the spread of the figures and so on - in the fifth year you see paper machine No. 7 and TMP addition \$50 million - that in the fifth year after it is bought, \$50 million will be spent on paper machine No. 7. Now I understand there has been a considerable amount of debate about whether No. 7 machine will ever be able to be sort of risen from the dead and made to operate again. I commend Kruger for the intention of trying to go ahead with it, but I understand Bowater gave it up as just a bad lot, essentially, when the markets went soft and it was not able to do much with it. The chances of this \$50 million getting spent are really problematical, they may get

spent or they may not get spent, yet, when you look in another area of this particular agreement, you will find that even if No. 7 cannot be resuscitated the company is still obligated to spend \$167 million. I apologize, I cannot find the exact section on it, but what I have been told by the officials and by the clause that I found this morning when I was looking through it, is that there is a definite obligation on the part of Kruger to spend \$167 million over five years. They are obligated to do that. As a matter of fact, I understand they will be spending more on it and my question is on what, if it is not going to be on No. 7? Because they may decide, looking at No. 7, that it is like the Come By Chance Oil Refinery, for example, that it is not capable of being brought up and made to operate again. So are there some other hidden figures that we do not see here? Is there a second schedule that was not printed, like the agreement between Bowater and Kruger, which would tell us specifically where all this money is going? Because if the \$50 million cannot be spent on No. 7, I would hate to see them spend it on bringing in the QE II or something for the official re-opening. I am hoping these are much more responsible industrialists than the ones we have seen in the past. But at the same time, I would like to know if there are any modifications to that agenda that have already been made in the event that No. 7 does not come up again?

So those are the questions: the tax breaks, the \$167 million if No. 7 does not go ahead, and the guarantees. Was that in this set?

MR. SIMMS:

And what happens if they do not

modernize.

MR. FENWICK:

Oh, yes, if they do not modernize, what levers do we have other than atom bombs to throw at them?

MR. SIMMS:

The tax remissions.

MR. FENWICK:

Tax remissions and the \$167 million.

MR. CHAIRMAN (McNicholas):

The hon. the Minister of Development.

MR. WINDSOR:

Mr. Chairman, I just want to address one or two of the items. If I could just go back a little bit, the hon. gentleman was talking about local preference as it relates to this and I do not want him too confused. I do not think he is, but I want to be sure that the House is clear that local preference as it relates to this particular contract is in no way related to the local preference policy of the Government of Newfoundland and Labrador. That is a policy for government procurement. What we have put in this, and were successful in negotiating, is agreement by the company that they will give preference to local companies. Now to the degree that that can be enforced upon private enterprise without making them less competitive or even non-competitive with their competitors world-wide, obviously we have to be extremely careful. But I think it is significant that this company has indicated their good intentions in using local labour, materials and goods and services wherever possible when, as the contract says, 'competitive in quality, price and delivery'.

That is also a factor, Mr. Chairman, in local preference as it relates to other issues, such as the offshore. And government has never tried to impose on private enterprise unreasonable prices or quality which are not up to scratch with outside competitors with the exception, of course, that with our own procurement policy we are prepared to pay a premium because there is a return to government for any activity taking place within the Province whereas there is not necessarily a return to private enterprise.

Mr. Chairman, the hon. gentleman asked a question on what happens if Kruger does not modernize the mill. Well, first of all, I would suspect that if they do not modernize the mill's economic future will be somewhat in jeopardy, and I do not think we are kidding anybody. If modernization is not put in there, then that mill will not survive. The problems they are faced with now is that it is a very old mill, it is a very inefficient mill, it is out of the times, the quality of the product is less than up to par with other mills, it is far less competitive, in fact, than the paper that is produced at Stephenville, which is one of the most modern and efficient mills in the world and produces one of the top quality sheets of paper in the world. That is why we are having such success in the marketplace with the Stephenville paper.

So the Corner Brook mill does have to be modernized, Mr. Chairman, and that is precisely why we made it a condition precedent upon this whole agreement, that modernization money must be there and it must be committed. It is why both levels of government have

agreed through the pulp and paper modernization agreement to provide up to \$40 million towards the cost of the \$200 million modernization programme. We would not enter into any agreement for sale or otherwise, or provide any financing that did not have as one of its basic components a considerable modernization programme which does two things, number one, over the next five years it provides for \$200 million in construction activity at the mill, which should be of some direct economic benefit to the Province. It certainly provides a tremendous amount of employment in the construction activity and it guarantees, as we have already said, or at least improves, the economic viability of the mill simply by making it more efficient, more productive, hopefully, and by upgrading the sheet of paper to a much better quality sheet than has been produced at Corner Brook thus far. If it does not happen, Mr. Chairman, then, first of all, it does not cost government anything. What we are putting in is 20 per cent of modernization costs. And this is why we chose to do it that way rather than put grants up front which were conditional upon modernization taking place. What we are doing is funding the modernization. We are not actually putting any money in place for the purchase price of the mill, what we are putting up is money as an incentive to help with the capital cost of upgrading that mill. So if the upgrading does not go ahead, then government does not pay it, obviously. We pay 20 per cent, or a maximum of 20 per cent of whatever if it does take place. What happens to the mill? Well, obviously we cannot take the mill back because we are not selling the mill, Mr.

Chairman. Bowater is actually selling the mill to Kruger so it is not ours to take back, neither do we have any lien against it provided that the conditions of the agreement are fulfilled. But, I think, it is clear to anybody, Mr. Chairman, that if the modernization programme does not take place as is in this agreement, then we will be faced with these same difficulties again. But nevertheless we have delayed it, at least a few years, and I am quite convinced that that will not happen, Mr. Chairman. I think this company has invested a considerable amount of money, they have put a lot of money at risk in signing this agreement they will sign on Friday. I am convinced that the company has every intention of proceeding with that modernization programme and I am convinced that the assistance the two levels of government have made available to the pulp and paper modernization programme will indeed ensure that this activity takes place and that the end result of it will be that we will now have a paper mill in Corner Brook which will continue to be the mainstay of the economy of Corner Brook and a major contributor to the economy of that whole area, a major employer for Corner Brook, and that, indeed, as a result of the modernization programme, we will produce a sheet of paper in Corner Brook which will make us extremely competitive and that we can again start to look at the world markets. I might just mention that over the past couple of weeks a major decision has been made by a court of appeal, I think it is, or a court of arbitration of GATT which has basically reversed the decision of the European Economic Community to restrict the number of tons of paper that are imported

duty-free into those countries. So what it does is it gives us an opportunity to renegotiate. We are now renegotiating, or Canada will be renegotiating, and obviously the provinces involved in those GATT discussions in an advisory capacity with Canada now will be renegotiating with the European Economic Community from a position of greater strength in that the court of appeal has set aside the previous decision that was made.

I might also say, Mr. Chairman, that as we get into the area of free trade with the United States, at least to some degree, there is every indication that the tariff that is placed on paper, and some of the non-tariff barriers that are in place which are making it difficult for Canadian paper companies to compete with the US companies, may indeed be reduced. So one of the advantages of free trade, or even limited free trade, may well be a reopening of the US market to the product from Corner Brook. And if all of these things combined, Mr. Chairman, improve the markets of Corner Brook, then I can certainly see the future of Corner Brook improving very, very quickly. The greatest factor, obviously, will be a general strengthening of the economy which has been one of the factors which has seriously affected the paper market. Newspapers, are in fact a luxury, Mr. Chairman, and when the economy is weak one of the first things that some people, at least, tend to do without are newspapers. So as the economy starts to improve, and I think we are already starting to see some improvement in the markets for newsprint, as a result of that I think we will find that Corner Brook will have a better opportunity in the marketplace and

should be able to again re-establish a considerable share of the newsprint market both in the European Economic Community and in the United States. There are some other issues, perhaps, my colleague would like to address. I am sure there were one or two other questions.

Thank you.

MR. CHAIRMAN (Aylward):

The hon. the Minister of Forests Resources and Lands.

MR. SIMMS:

On the question of the tax remission let me just read the clause, which is clause 3 (d): "To assist Kruger in its application to Revenue Canada." Mr. Chairman, I can respond in the affirmative. We have made representations to the federal government on this matter. I believe that was his question. The magnitude of the amounts, or the amount of money involved I cannot say specifically, but I think it is somewhere in the area of \$10 to \$20 million, somewhere in that particular area, the key point being, of course, that the company, Kruger, is required to reinvest that money into the programme at the mill which, I think, is a crucial and critical point. I think that was the other question.

MR. CHAIRMAN (Aylward):

The hon. the member for Menihek.

MR. FENWICK:

What happens if number 7 does not go ahead? Is there another schedule besides the schedule on page 19 for working with it? Because Kruger is obligated to spend \$167 million. You can hold on to that question for a minute, I have a couple of more.

I want to comment on the Minister of Development's (Mr. Windsor) comments there. He was quite right. When you read this contract, when you read the whole agreement it is obvious that without modernization the mill is dead, it is just not going to survive much longer and that is really the bottom line. So the guarantee that Kruger will behave, will do the things it is covenant to do is because it is in its best interests to do it and it is probably the best kind of contract to have in the long run. I just wanted to point out that we really did not have a heck of a lot to go swinging with if they decided to completely ignore it. Of course, the fact of the matter is we would not really have much of a mill left either and there would not be much future for Corner Brook. And this leads me to another question: The banks have asked for the 'Put Option' in terms of security of some sort on the whole operation. I understand that the 'Put Option' would give them security up to something like \$30 million in terms of buying back the power plant in Deer Lake if, indeed, worse comes to worse and the whole thing has to be dismembered and sold off piece by piece. But there is one other part of it, and I ask this not as a criticism because I do not understand why Bowater was crazy enough to go ahead with it, it does not seem to make any sense, and that is the escrow clause on page 14, section (4). Now, admittedly this is not the government's doing. The escrow clause, as I understand it, is that for eighteen months Kruger will put the money with which they purchased the mill into an escrow account, which means that nobody gets it, and that Bowater will get that after eighteen months come

hell or high water. It seems sort of weird to me. The question I really had was, what happens if Kruger does not go ahead? Could Bowater, for example, take the money at an earlier time? Does the money go to somebody else? Does it go to the banks or whatever? The escrow clause does not make any sense - well, it does not make any sense with what we have about it, because we cannot figure out what the heck happens to the money that is in it. And, of course, since we do not know how much is being paid for the mill we do not know what is in the escrow clause. Although I tend to think that maybe a couple of the members opposite have a sneaking idea of what it is, I doubt if they are going to tell us at this time. The questions then on the escrow clause are, do you know anything about? Why was it put in there? What is it supposed to do? Because I cannot figure out how it is supposed to react, except that the banks must have been a little bit nervous. But I see no mechanism by which the banks have any access to it. Now maybe it is explained somewhere in this stuff that was too difficult to go through, if so, I would appreciate being told where to find it. But there is that escrow clause and, as far as I am concerned, it is like an appendix, it may have something to do at sometime or another, but it is very difficult to figure out if it has any function at all.

The other part I am interested in is on page 14, Section 5, Kruger commitments: 'Kruger's total initial commitment in terms of cash and pledged profits' - quite frankly, knowing the state of some companies, 'pledged profits' sounds to me like a very shaky thing - 'up front has increased

from \$22 million in the initial bid to \$30 million to provide extra security for the bank. When the maximum put price is attained, the banks requirements from Kruger will be reduced to \$25 million.' The question I have on this part of it is, cash and pledged profits, is that the money that is going to Bowater, that is going to be put in the escrow account, or is it the money that is going into some other area in terms of capital equipment and so on? Anyway, it is sort of confusing to me. If the minister has any information about how much is actually cash and how much is pledged profits, I would appreciate it. And who is it coming from? What is it for? Who is it going to? It is not clear to me exactly what is going on with that particular article, and if anyone can clear that up, I would appreciate it?

I might as well give you these last couple of questions I have here in order to get them in. The value of the power plant: It is a curious thing that when the Premier was telling us about this arrangement he was so proud of the fact that the only security we provided was that Hydro would buy the power plant if the whole thing fell apart and it would pay a maximum of \$30 million, depending on how much money had been invested to modernize the mill, and that the power plant itself was worth, perhaps, \$200 million or \$400 million in terms of its replacement cost, or in terms of putting Cat Arm up. I think that was the actual comparison he used, which is sort of curious, because if the power plant was worth \$200 million to \$400 million, why was the government involved in this at all? I mean, if it is worth \$200 million to \$400 million, it seems

like a pretty big asset to use in terms of revitalizing the mill and so on.

Really the question is is there a particular value on that power plant that we have now, and how are we looking at it from that point of view? I am just sort of amazed that we had to secure so much money for this operation if, indeed, the power plant was worth so much. And the other thing, of course, is, since we do not have a clue as to how much the whole operation was sold for we do not know whether Bowater actually did get an appreciable amount of the money back from the sale of the power plant. But I would just like some sort of clarification about what is going on there, because to me it is sort of curious that the power plant is worth so much and yet the operation is having difficulty putting money together and needs some sort of government security and so on and so forth.

The last thing I have to question at this point, although I will probably flip through the agreement and give you a few more if you really want them, is on the top of page sixteen: 'Note: With respect to the Public Utilities Board rates referred to in stage one, the Province will make available to the bank the Public Utilities Board criteria and if necessary after the legal documentation has been reviewed, specify a minimum rate.' Now, I am not sure what is going on here. Are we going to go and ask the Public Utilities Board how they calculate rates for power plants? I think that is probably what we are looking for here, what their criteria is, but, then, are we going to go and take what they calculate for the plant in Deer

Lake and say that is what is going to be the minimum rate for the power being sold back and forth under the clauses or are we going to go and use a different one if we have to? Because we are in a position where maybe we need more to secure something for the banks. I just want some sort of explanation on what that note means because it is difficult to get a clear idea of what is involved there?

MR. CHAIRMAN (Aylward):

The hon. the Minister of Forest Resources and Lands.

MR. SIMMS:

Mr. Chairman, I will try to take the questions in reverse order because they are most fresh in my mind. The answer to the last question he asked, I think, is whatever is established at the time by the Public Utilities Board as the rate.

The other question had to do with clause 5, 'Kruger's total initial commitment in terms of cash and pledged profits.' Well, first of all, a certain amount of the equity is clearly cash up front, cash at the front end, and the further infusion of equity was and is, obviously, conditional upon the profits being earned by Kruger Incorporated.

The other question, I think, was about the escrow account. Clearly that is a matter between Bowater and the bank. It is not something that we are specifically party to, so I cannot give him any more information with respect to that question.

I think the other question had to do with what would happen if Kruger did not proceed with the modernization of No. 7 paper

machine. Obviously, I suppose, government would have a number of sticks to wield, if you want to put it that way. We could withhold loans and grants and there obviously would be normal recourses through the courts if that did not take place. But essentially we have some security in the longer realm that I just described. We are confident that they are going to proceed, obviously, and that was the intent of including it in the agreement in the first place.

I do not know if I missed anything, I am trying to answer them quickly for the hon. member.

MR. FENWICK:  
Mr. Chairman.

MR. CHAIRMAN (Aylward):  
The hon. the member for Menihek.

MR. FENWICK:  
I just wanted to give the minister some information about that deal. I realize that he is reasonably new in the department and I am not casting aspersions because of that, but I have actually talked to the officials about that particular \$167 million, and maybe it was not fair because I was putting it as a question, but the fact is, as I understand it from the officials, the \$50 million that is allocated for machine No. 7 may go ahead if, indeed, that is the way No. 7 can go. But I have also been told, and I guess you could go ahead and check it out if you really wanted to, that if it is not possible to resuscitate No. 7, that additional money, to the tune of \$167 million, because that is the amount that they have to spend under this agreement, would be further put into the other machines, for example, making them capable of being speeded up a bit

and other innovations. In other words, there seems to be a whole galaxy of things.

The only point I was making was that this is really, then, a very tentative schedule based on some iffy things, and that perhaps we probably should have been given two schedules, one if No. 7 was to be able to get up again and go, and the second if No. 7 was dead, as we think it may be, so they could look at other alternatives. I am just mentioning it to the minister, I am not being critical about it. I know that he has provided all the information he can, but it does seem to me that they do have an alternate strategy and we really do not.

Pledged profits: According to some officials - not your officials this time, Mr. Minister, but other officials - my information at this point is that of the \$30 million that they are committed to, they are talking about \$14 million in cash. You might be able to check that. Maybe the Minister of Development (Mr. Windsor) will know if it is \$14 million in cash and \$16 million in pledged profits in the future. I think that that was the breakdown that was given to me this morning when I was checking out the details. I thought that we should have that information.

You see, I am having a hard time with it. What you seem to be inferring from your answer is that this is the money that is going to Bowater for the purchase of the mill, in which case we could say that the cost of mill looks like it is \$22 million, or \$30 million or something like that, judging from that particular clause. But it is very confusing, because it does not say how much was to be



paid to Bowater for the mill, how much to be in sort of working capital, although there is the other agreement, with the \$100 million, which does show you \$20 million in working capital and the \$80 million thing.

Again the point is that it is sort of confusing. I really did want to understand it a little bit better than that, but unfortunately you only get little bits of information. We really would be in a much better position to make a judgment on this if we had at least the purchase price, how much was changing hands. It seems to me that if we are forking over \$40 million or \$50 million in loan guarantees and a whole bunch of woods rights and so on, and the rights to all sorts of stuff, that it would have been an appropriate thing to have that information so we could make some decisions on it. I am by no means an expert on the whole operation, but I find it hard to make a really informed judgment about what the future prospects of Kruger are. I have heard about their past performance and I agree that it seems that they have been successful at this before, but not knowing how much they owe, how much they have paid, what their liabilities are and so on, I do not think many businessmen in this country that I know of would go and invest - and, indeed, that is what we have done, this Province and the federal government, invest in this company - in a company if they would not show them their bottom line, they would not show them their assets and liabilities. And I just feel a little bit left in the dark as a result of this whole process. And I would appreciate it, should we have to go through this kind of thing again in the future, if, when it is being negotiated, the

officials involved make it a precondition that we have the information so that we can make some sort of a substantial judgment on it.

And those are the brief comments that I have on the legislation.

On motion, Clauses (1) through (9) carried.

MR. NEARY:

Mr. Chairman.

MR. CHAIRMAN (Aylward):

The hon. the member for LaPoile.

MR. NEARY:

Mr. Chairman, I want to ask the hon. gentleman who seems to be answering for the administration a simple question and I would like for him to give me a simple answer, if he can. Could the hon. gentleman tell the Committee what the total amount of financial assistance direct and indirect, hidden and otherwise, contributed to Kruger to come into Corner Brook will be? What will be the total? I am sure the hon. gentleman must have calculated the benefits that will accrue to Kruger as a result of this agreement, what is the total amount, direct, indirect, hidden and otherwise?

MR. CHAIRMAN (Aylward):

The hon. the Minister of Forest Resources and Lands.

MR. SIMMS:

Mr. Chairman, it is a very good question, obviously, but it is all contained in the agreement and I would ask the hon. member to address himself to the agreement.

However, I can tell him about the loan guarantees and the funding for access roads and all these

sorts of things, but if I am going to answer that question I would prefer to have the accurate information. If he will accept it, I will take the question as notice and get the information for him.

MR. NEARY:

That will be fine.

A bill, "An Act To Ratify, Confirm And Adopt Certain Agreements Entered Into Between The Government Of The Province, Kruger Inc. And Other Parties Respecting The Future Operation And Modernization Of The Corner Brook Newsprint Mill." (Bill No. 52).

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

MR. MARSHALL:

Order 4, Bill No. 59.

MR. TULK:

Mr. Chairman.

MR. CHAIRMAN (Aylward):

A point of order, the hon. the member for Fogo.

MR. TULK:

Before we get to calling the next bill I would like to point out to the Government House Leader (Mr. Marshall) that our side has no objections to this particular bill. As a matter of fact - and I know he requires leave to get third reading through this afternoon - we did object to Bill 37, we do object to the way Bill 37 was tied to the Kruger deal because we believe that the government were actually using the people of Corner Brook and the people of this Province to get through a piece of repugnant and repulsive legislation that they

did not know any other way to handle in this House, but we have no objection at all to this bill and, if the Government House Leader so requires, we will give leave at any point this afternoon, once we have moved out of Committee of the Whole, to give third reading to this bill.

MR. CHAIRMAN:

Order, please!

To that point of order, I rule that it was a point of information. It is noted that leave will be given for third reading of Bill No. 59.

A bill, "An Act To Amend The Newfoundland Human Rights Code." (Bill No. 59).

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

MR. MARSHALL:

Order 6, Bill No. 39.

A bill, "An Act Respecting The Establishment And Operation Of The Institute Of Fisheries And Marine Technology." (Bill No. 39).

MR. MARSHALL:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the President of the Council.

MR. MARSHALL:

I move that the long title of Bill No. 39 be amended by adding immediately after the words "Operation Of The" the words "Newfoundland And Labrador". Hon. gentlemen will see that that is not an earth-shattering amendment.

On motion, amendment carried.

On motion, clause 1 as amended, carried.

MR. CHAIRMAN:  
Shall Clause 2 carry?

MR. MARSHALL:  
Mr. Chairman.

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

MR. MARSHALL:  
Mr. Chairman, I move that clause 2 (b) be deleted and the following substituted therefore: "Institute" means the Institute of Newfoundland and Labrador Fisheries and Marine Technology established by this Act.'. This amendment is in concert with the decision to name the institute The Newfoundland and Labrador Institute of Fisheries and Marine Technology.

On motion, clause 2 as amended, carried.

MR. CHAIRMAN:  
Shall clause 3 carry?

MR. MARSHALL:  
Mr. Chairman.

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

MR. MARSHALL:  
Mr. Chairman, I move that clause 3 of the bill be amended by adding immediately after the words "to be known as the" the words "Newfoundland and Labrador". So it will be known as The Newfoundland and Labrador Institute of Fisheries and Marine Technology.

On motion, clause 3 as amended, carried.

On motion, clauses 4 through 7, carried.

MR. CHAIRMAN:  
Shall clause 8 carry?

MR. MARSHALL:  
Mr. Chairman.

MR. CHAIRMAN:  
Mr. Marshall.

MR. MARSHALL:  
Mr. Chairman, I move that subclause 1 of clause 8 be amended by adding immediately after the words "corporate body under the name of the" the words "Newfoundland and Labrador", and this is in concert with the naming of the institute.

On motion, clause 8 as amended, carried.

On motion, clauses 9 through 25, carried.

MR. MARSHALL:  
Mr. Chairman.

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

MR. MARSHALL:  
Before we get to clause 26 there are two amendments consequential on the naming of the institute. I move, first of all, that immediately before clause 26 the following be inserted as a new subparagraph 25 (1) which will read as follows: ""Subparagraph 8 of paragraph (c) of section 7 of The Department Of Career Development And Advanced Studies Act is repealed and the following substituted: "(8) subject to The Marine Institute Act Of The Fisheries And Labrador Institute Of Fisheries and Marine Technology."

Also that paragraph (c) as set forth in clause 26 of the bill be amendment by striking out the words "the Institute Of Fisheries and Marine Technology" and substituting the words "Newfoundland and Labrador Institute of Fisheries and Marine Technology and Bay St. George Community College." That is to give effect to the changes by reason of the fact that the institute has now been named.

On motion, clause 25 (1) carried.

On motion, clause 26 as amended, carried.

On motion clauses 27 through 29, carried.

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

MR. MARSHALL:  
Order 7, Bill No. 53.

A bill, "An Act To Amend The Companies Act." (Bill No. 53).

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

MR. MARSHALL:  
Order 8, Bill No. 38.

A bill, "An Act Respecting Collection Agencies And Collectors." (Bill No. 38).

On motion, clauses 1 and 2, carried.

MR. CHAIRMAN:  
Shall clause 3 carry?

MR. MARSHALL:

Mr. Chairman.

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

MR. MARSHALL:  
Mr. Chairman, I have an amendment to paragraph (f) of subclause (1) of clause 3. I move that as it is presently there it be deleted and the following substituted therefore: "any loan company, trust company or finance company licensed under The Loan Companies and Finance Companies (Licensing) Act or The Trust And Loan Companies (Licensing) Act, 1974, or employees of such company in the regular course of their employment;" end of amendment. The reason for this amendment is to have the correct references into the relevant acts under which a loan or finance company in this Province would be operating.

On motion, clause (3) as amended, carried.

On motion, clauses (4) through (33), carried.

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

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

MR. SPEAKER (Russell):  
The hon. member for Kilbride.

MR. AYLWARD:  
Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report the passing of Bill No. 39 and Bill No. 38 with amendment, and Bills Nos. 52, 59 and 53 without amendment, and ask

leave to sit again.

On motion, report received and adopted, amendments ordered read a first and second time, bills ordered read a third time, and Committee ordered to sit again, presently, by leave. Committee ordered to sit again presently.

On motion, amendments read a first and second time.

On motion, the following bills were read a third time, ordered passed and their titles be as on the Order Paper: A bill, "An Act To Ratify, Confirm And Adopt Certain Agreements Entered Into Between The Government Of The Province, Kruger Inc. And Other Parties Respecting The Future Operation And Modernization Of The Corner Brook Newsprint Mill". (Bill No. 52)

A bill, "An Act To Amend The Newfoundland Human Rights Code". (Bill No. 59)

A bill, "An Act Respecting The Establishment And Operation Of The Institute Of Fisheries And Marine Technology". (Bill No. 39)

A bill, "An Act To Amend The Companies Act". (Bill No. 53)

A bill, "An Act Respecting Collection Agencies And Collectors". (Bill No. 38)

Motion, second reading of a bill, "An Act Respecting the Department of Consumer Affairs and Communications." (Bill No. 43)

The hon. Minister of Communications.

MRS. NEWHOOK:

Thank you, Mr. Speaker.

Bill 43 provides for the constitution of the new Department of Consumer Affairs and Communications. The recent creation of this new Department of Consumer Affairs and Communications reflects, Mr. Speaker, the government's desire to place a higher degree of importance in the area of consumer protection. While the new bill does not contain any new provisions, government wishes to demonstrate the importance of consumer protection as it affects and impacts on the lives of our citizens.

Clause (3) sets forth the constitution of the department, clause (7) sets forth the powers and duties and functions of the minister, clauses (11) and (12) relate to the powers of the Registrar General, and clause (21) provides for the powers of investigation and the powers of inspection. I would like to point out, Mr. Speaker, that attached to the bill you will see Schedules A and B which list approximately sixty-six different pieces of legislation that fall under the regulatory responsibility of the new department. The department is responsible for the regulation of the insurance industry, the real estate industry, landlords and tenants, the duties and functions of the Registrar General, as well as the Registry of Bills of Sale. And, of course, the new department is responsible for the areas of communication for which the Province has jurisdiction, and this would include all matters relating to liaison with any government agency or corporation and involves the communication needs and interests of the Province, and to ensure that those interests are fully provided and protected. I move the concurrence

of my colleagues, Mr. speaker.

MR. SPEAKER:

The hon. member for LaPoile.

MR. NEARY:

Mr. Speaker, after such a dramatic introduction of second reading of a bill I was almost tempted not to get out of my seat. I did not have the heart to get up. All they are doing is making a job. They are making another job now. Mr. Speaker, they reshuffled the Cabinet there sometime ago, moved a few ministers around, and now we are seeing the first bill in a number of bills that will establish new departments of government. You would not know but this was the first time in the history of Newfoundland that we ever had a Department of Consumer Affairs. All they are doing is recycling the ministers in the departments. We had a Department of Consumer Affairs previously. But, Mr. Speaker, it seems to me that what is happening now is there are a number of ministers who have made a mess of their departments and there had to be some reshuffling done; the Premier was trying to portray a new image of the Cabinet, wanted to get the hon. minister out of Municipal Affairs because the municipalities throughout the Province were all up in arms, there was a rebellion taking place throughout the Province with regard to the municipalities, they were resigning right, left and centre.

MR. BARRY:

A policy of benign neglect.

MR. NEARY:

That is right. They were resigning all over the place. It would be very unlikely, if the minister had continued in the department, if we would get

anybody to seek re-election or election in the next municipal election which is going to take place next November.

Mr. Speaker, it is really hard to find anything to say about this bill. The minister will get up and say, Well, there they are now, we are setting up a Department of Consumer Affairs and here is the hon. gentleman complaining about it. Well, we did have a Department of Consumer Affairs, and we had a Department of Communications. When the Department of Communications was set up, by the way, we were told that it was going to be a separate department and that the hon. gentleman who occupied that portfolio, who did not have very much of a staff, was going to perform wonders. Mr. Speaker, all it did was give the hon. gentleman a position. That is about all it did.

Mr. Speaker, what we have to ask ourselves is this, when we had a Department of Consumer Affairs previously did it do anything about the high cost of living in this Province? That is the question. We recall the Premier telling us about how he shoved his grocery basket around the supermarkets, and that was supposed to be under the guise of research, and that we were going to see all kinds of developments take place from that. Then we have these spot checks that are made around the Province when we are told that - where is the place? There is one place in Newfoundland, is it Eastport?

MR. TULK:

Glovertown.

MR. NEARY:

Glovertown. Everytime the

Minister of Justice (Mr. Ottenheimer) makes a statement - I believe the report comes to the hon. gentleman's department, it used to be the Minister of Justice - they tell us that Glovertown headed the list, Glovertown is the best place in Newfoundland to go shopping because the cost of food in Glovertown has been the lowest in the Province for the last couple of years. Now they did not tell us why, they just advised the people in Labrador City and Wabush, in Port aux Basques and Bell Island to go and shop in Glovertown because everything in Glovertown cost less than it did in any other part of the Province.

The fact of the matter is, Mr. Speaker, the experience, the track record of the Department of Consumer Affairs in this Province is very dismal indeed, and the minister who just introduced this bill to set up this department gave us no idea at all in this world as to what we can expect in the way of performance, what the people in this Province can expect in the way of a reduction in the cost of living.

There are three main problems in Newfoundland and, I would say, unemployment is number one. The high cost of living is certainly number two. If the people of this Province were asked to indicate our number one problem, Mr. Speaker, I wonder what would it be? Would it be unemployment or would it be the high cost of living? Would it be the cost of electricity? Would it be the cost of heating fuel? Would it be the cost of gasoline? Would it be the cost of food and the like?

I would submit, Mr. Speaker, that the high cost of living is a matter of concern to every citizen

of this Province. People are finding it increasingly difficult to make ends meet. And, Mr. Speaker, the Public Utilities Board which is a creature of this House and which answers to the administration opposite, all it has done in the past ten years is rubber-stamp applications for increases from the two monopolies we have in this Province, the Newfoundland Light and Power Company and the Newfoundland Telephone Company. The Public Utilities Board has been more concerned about the shareholders of these companies getting a fair return on their investment than they are on protecting the consumers of electricity and the users of telephones in this Province. Do you realize that, Mr. Speaker? What bugs me to no end, and it must irritate an awful lot of people the same way as it galls hon. gentlemen on this side, is to hear the Chairman of the Public Utilities Board, and members of the Public Utilities Board say after they rubber-stamp every application, We are concerned that the shareholders get a fair return on their investment. Is that what they are set up for? Is that what the minister is going to say when the complaints start to roll in from the ordinary people in this Province, that the multinationals, the big supermarkets, the big department stores are entitled to a fair profit? Is that the answer they will get, the same as the consumers of electricity and the people who have telephones? The Public Utilities Board was not set up to see that the shareholders of various companies get a fair return on their investment, the Public Utilities Board was set up to protect the consumers in this Province. And, Mr. Speaker, in the process of rubber-stamping

these applications, does Your Honour know what has happened in this Province? The Newfoundland Light and Power Company collected money illegally from the consumers of electricity in this Province three years in a row.

MR. DOYLE:  
That is not true.

MR. NEARY:  
It is true. They have profits amounting to several millions of dollars belonging to the consumers of electricity and the users of telephones that was taken by the hon. gentleman's friends, the shareholders of the Light and Power Company and his pals in the Newfoundland Telephone. The Telephone Company boasts of record profits, the Newfoundland Light and Power Company collecting money illegally, money they were not authorized to collect from the consumers of electricity. And, Mr. Speaker, do you think that the hon. gentlemen there opposite directed the Newfoundland Light and Power Company to return this money? No. Not only did they not direct them to return the money, they gave them another couple of million dollars for storm damage, taxpayer money. How much was it the Newfoundland Light and Power Company got for storm damages, \$1.4 million?

MR. TULK:  
\$1.5 million.

MR. NEARY:  
\$1.5 million paid out to the Light and Power Company out of the taxpayers' money. And the Light and Power Company then were generous enough to say, We will take that money and we will return the storm damage money to the consumers of electricity. That is how they intend to reimburse the

consumers of electricity for the gouging that has taken place in the last four or five years.

The Light and Power Company is so generous now it is going to pass back to the consumers of electricity the storm damage money that they got from the hon. gentleman and that is it, they are going to let it go at that even though they have collected \$3 million, \$4 million, or \$5 million that they were not authorized to collect. Mr. Speaker, it is high time that we reviewed and revised and amended the Public Utilities Act in this Province. People are sick and tired of the two monopolies in this Province going before the Public Utilities Board and having the board merely rubber-stamp their applications, rubber-stamp them every time. The Newfoundland Federation of Mayors and Municipalities have made a valiant effort in the last couple of years to fight the rate increases, without success. I have to take my hat off to the Federation for at least trying. But, Mr. Speaker, God Almighty could not do anything with that crowd down there, the crowd on the Public Utilities Board, the political appointments.

MR. CARTER:  
Name names.

MR. NEARY:  
Mr. Fintan Aylward is one and the Chairman of the Public Utilities Board, Crosbie's man, Mr. Good. Mr. Speaker, these members have to be told in no uncertain terms that they are not there to protect the rights of the shareholders of these two companies, these two corporations. And while we have the Newfoundland Telephone Company boasting of record profits in this Province, gloating, they cannot



believe what is happening to them, the purses of the rich and the wealthy, the money bags, are getting larger all the time at the expense of the consumers, the customers of the Newfoundland Telephone Company. By the way, we are told, and this is a matter of public record, that when it comes to profits from this monopoly, in this Province, they are the third highest in Canada and yet they have the face and the audacity and the nerve to tell their employees that they cannot receive equal pay for equal work with their mainland counterparts. Of one hundred companies listed in Atlantic Canada, they are number eight. Mr. Speaker, it would make you wonder, it would almost make you throw up when you think about it, the way they have brutalized their employees who have been on strike for six months down there, fighting for their rights.

MR. CARTER:

They cannot settle it.

MR. NEARY:

They cannot settle it? The company is too greedy, that is why they cannot settle it. The Newfoundland Telephone Company and the Newfoundland Light and Power Company are too greedy, they want it all, and they are being aided and abetted by the Public Utilities Board, which is a creature of this House.

MR. CARTER:

You are too ignorant to talk about it sensibly?

MR. NEARY:

Well, I do not know what other way I can talk about it, Mr. Speaker, I do not really know. Perhaps the hon. gentleman can get up and make a contribution to this debate. If he did it would be his first

time. Mr. Speaker, I would gladly take my seat if I thought the hon. gentleman was going to say something intelligent.

MR. TULK:

No, you are not because he will not.

MR. NEARY:

That is what I am afraid of, then I would lose my turn and we would not hear anything intelligent. But, Mr. Speaker, when we nationalized the production of power in this Province, when we took over the production of power, and whether it is generated by Bowater, or Churchill Falls, or Newfoundland Hydro, or the Newfoundland Light and Power Company over here on the Southside, every kilowatt of electricity belongs to the people, but the problem is that when we did provincialize the production of electricity we left out one main thing, we left out distribution. Those of us who knew what was going to happen argued that it was in the distribution of power that the money was to be made, it was where the profits lay, and so what we did in our stupidity, I suppose, we nationalized the production of electricity and gave it to a middleman to distribute at tremendous profits. We gave a middleman the distribution so he could shaft and gouge the consumers of electricity in this Province. It was a mistake, in my opinion. We should have gone all the way, we should have taken over the distribution of electricity in this Province and the profits would then go to the people, the people would own it. Although I notice that in Great Britain they are now denationalizing the British Telephone system, Mr. Speaker, I believe that the

telephone system and the electricity should belong to the people. At least in Great Britain, when they are passing it back to private enterprise, so to speak, they are allowing the people to buy shares in the telephone company.

MR. CARTER:

Anyone can buy shares in the company here.

MR. NEARY:

No, only the money bags can buy shares in it, like the hon. gentleman. I would not be a bit surprised, Mr. Speaker, that my few words are falling on deaf ears. Because if hon. gentlemen there opposite do not have shares themselves certainly their pals do. If you wanted to make a killing in this Province years ago you were told the best investments were in the Light and Power Company and in the Newfoundland Telephone Company. So everybody went out and bought up shares in both of these companies because they had a monopoly and people felt they could not lose.

MR. MARSHALL:

The best deal was to buy BRINCO shares.

MR. NEARY:

The best deal was to buy BRINCO shares. Mr. Speaker, I think it is time that we took the bull by the horns in this Province and did something with these two monopolies, these two monsters that we have in this Province to whip them back into line. The Public Utilities Board is not going to do it. I think we are probably one of the few provinces in Canada where you have to pay twenty-five cents to use a pay phone. In most states in the United States and most parts of

Canada you pay a dime or you pay twenty cents. In Newfoundland, the poorest Province in Canada, if you want to use a pay phone you pay a quarter. Why, Mr. Speaker? Why Newfoundland, where the company has record profits?

MR. TULK:

Because government allows them to rip us off.

MR. NEARY:

Why should they be allowed to rip us off? Why should they get the approval of the Public Utilities Board to gouge their consumers and their customers? Why? Will this new department do anything about that or will the minister just throw up her arms and say, 'Well, that is a matter for the Public Utilities Board, they are the regulatory body'? Is that what the hon. minister will say, it is a regulatory body? What are they regulating? They are regulating gouging, excess and surplus profits for the owners of these companies.

So, Mr. Speaker, what we need is a statement, a philosophy, an ideology. We need to know from the minister, who is now setting up a new department, what will be done to protect consumers in this Province, what will be done to protect people who cannot cope with the high cost of living in this Province. The biggest contributor, by the way, to the high cost of living is the provincial government, who, a couple of years ago, changed the gasoline tax so that instead of being forced to come to this House to ask the House if they could increase the gasoline tax made it automatic, it is built in. Every time the oil companies increase the price of heating fuel and gasoline, the administration there

opposite have a vested interest, they automatically get their pound of flesh. Recently the price of gasoline went up twelve or thirteen cents per gallon.

MR. TULK:

That is the crowd that brought in the floating taxation system.

MR. NEARY:

They brought in the floating taxation system. Now, how much did the Province get out of that? The Province got five or six cents. They do not have to answer to the House for it any more, it is automatic, it is built into the formula that they have.

MR. TULK:

How much is it, 22 per cent?

MR. NEARY:

It is much higher than 22 per cent. I think the provincial gasoline tax and the hidden tax on heating fuel is around 25 or 27 per cent now. The hon. gentleman just sit over there, the Minister of Finance (Dr. Collins), and rakes it in and they do not even have to answer to this House, they do not have to come to the House for a review.

Mr. Speaker, these are the real issues in this Province and that is what I was hoping the minister would have addressed herself to in the introduction of this bill instead of building up another little empire. The hon. minister will not be around in the next election, we understand the hon. minister is retiring.

MRS. NEWHOOK:

Why do you not run against me, Steve?

MR. NEARY:

I got one of these fortune cookies

from the Orient and the fortune cookie indicates that the minister will -

MR. WINDSOR:

That is about as reliable as the rest of your information, too.

MR. NEARY:

I wonder if the hon. gentleman brought me back any chopsticks, or swords, or bamboo curtains, mini tables or rickshaws?

MR. BARRETT:

We have something for you.

MR. NEARY:

That trip will produce as much as did the tour of Europe last year, or it will produce as much as the trips to California and Chicago on the aluminum smelter.

MR. BAIRD:

Or your trips to Panama.

MR. NEARY:

Any trips that I made were not at taxpayers' expense, and I did not travel first-class as the hon. gentleman travelled to the Far East. Any travelling that I do is at my own expense not at the taxpayers' expense.

MR. TULK:

Do they still have sleepers in first-class?

MR. NEARY:

No, they do not have sleepers in first class, I do not think, unless they have them on these big jumbos they have in the Orient.

Mr. Speaker, this is pretty serious business we are talking about here. We are talking about An Act Respecting The Department Of Consumer Affairs And Communications. Now, we have heard it all before. It seems to

us we have heard that song before. It has an old familiar ring. We had a Department of Consumer Affairs, they abolished it, now they are going to reintroduce it and the question we are asking is why? If it was so necessary and so important, why was it abolished in the first place? Could the hon. minister tell us why it was dismantled? Are they merely looking for a place to stow the hon. minister away while she is waiting for her retirement? Is that all they are doing? She had to step aside to let the former Minister of Communications (Mr. Doyle) get in to try to clean up the mess down in Municipal Affairs. The minister is going around the Province now and has visited seventy-five municipalities, he told us, and in each one he is hearing complaints, as he confirmed the other day, from municipalities that are struggling, that cannot balance their budgets because of the policies of the hon. minister. I do not want to make the hon. minister weep now before Christmas, but it is true. We get complaints in our office from municipalities that cannot make ends meet as a result of the policies that were introduced by the hon. minister, in cooperation with the Minister of Finance (Dr. Collins). We see town councillors resigning; we just had it happen in Jersey side, they resigned in protest. Windsor is complaining they cannot make ends meet, they cannot balance their budget. So the poor old minister has to move on. But they do not want to put the minister out in the cold, they want to find a little place to stow her away, so they set up this little cushy Department of Consumer Affairs and Communications. Now, Mr. Speaker,

let us look at communications for a few minutes.

Mr. Speaker, we were told by the former Minister of Communications that the administration there opposite was going to develop a programme and a policy of assisting communities in Newfoundland financially, especially communities on the Southwest Coast of Labrador, remote communities, to get satellite dishes so that they could get more than one channel on television. As hon. members know, there are an awful lot of communities in Newfoundland and Labrador where you can only get one channel. For instance, down in my district of LaPoile, people in communities other than Port aux Basques, Isle aux Morts, Burnt Islands and part of Rose Blanche are forced to watch CBC television whether they like it or not. In Grand Bruit and LaPoile and Petites, three isolated communities on the Southwest Coast, the people only get one channel on television and that is CBC. They are forced to watch that whether they like it or not. And, Mr. Speaker, the CBC reception in these communities is not the best. Now, the people themselves, through their own initiative, attracted an entrepreneur into these communities about a year ago who told them that for a \$100 down payment and so much a month he would provide a satellite dish whereby they could get an undetermined number of channels. They paid their money in LaPoile but there is no sign of the satellite dish yet, Mr. Speaker. Now, I do not know if the problem was with the licencing, because a controversy arose there last year, hon. members will recall, about whether or not these satellite

dishes were legal or illegal. I believe the CRTC ruled that they were legal for motels and hotels and so forth but they were not to be operated in communities unless they were operated by non-profit groups, such as town councils and the like. Anyway, after giving their money, their \$100, the people there have not seen or heard tell of the people who were going to install the satellite dishes since. Now, Mr. Speaker, that is shameful. That is shameful!

MR. CARTER:

What is shameful?

MR. NEARY:

It is shameful that the hon. gentleman should be allowed to have his satellite dish, to have an unlimited number of channels, to have access to cable, to have access to pay television, to have access to blue movies if he so desires, Mr. Speaker, while the people who live in remote communities in this Province - in some communities they do not get any television - get one channel, CBC. Now, Mr. Speaker, that is shameful in this day and age. When they established that portfolio, that department, the minister told us that one of the first things they were going to do was develop a communications policy in this Province that would see to it that people who lived in these remote communities would be assisted financially in establishing these satellite dishes that would give them more than one TV channel. What has happened to that policy? Does the new minister intend to pursue that matter and see that these people get the same privilege that other people in urban centres take so much for granted?

Now, Mr. Speaker, there is another matter I want to raise in connection with communications. We all saw the fuss and the furor about closing the Shoe Cove satellite station, when the administration there opposite demanded that the Liberal Government in Ottawa keep it open and give them the equipment. They were going to buy it, by the way. They said, 'We will buy it and operate it ourselves.' Now we have two VTS stations closing in this Province, one at Argentic and one at Port aux Basques. Do we now hear hon. ladies and gentlemen over there demanding that Ottawa keep these two vital, essential facilities open?

MR. POWER:

Yes. Yes.

MR. NEARY:

They are as meek as church mice over there now. Why the silence from the other side, Mr. Speaker, while the Tory government is axing these two essential stations? There is complete silence except for the one day the member for Placentia (Mr. Patterson) made a blurb, when I thought for sure that there was a ray of hope for the people of this Province. I thought for sure, Mr. Speaker, that he would start a trend from that side of the House but, obviously, the hon. gentleman was told to keep quite.

AN HON. MEMBER:

Every organization out in Placentia has protested that.

MR. NEARY:

Yes, because we motivated them. The Mayor of Dunville took the lead. Pius Murphy and the Mayor of Dunville came to see me about it and they were the first, they led the way, and then the hon.

gentleman tried to hook on to their coattails, tried to get aboard their bandwagon. But, Mr. Speaker, what has happened to all the demands? What has happened to the fighting Newfoundlander over there that we do not see or hear tell of him? They are all rebels without a cause. Mr. Speaker, I suppose if you had a suspicious mind, a dirty mind, you would say that all they were doing all along was playing political games, playing partisan politics.

Mr. Speaker, I just remembered something. I heard the hon. minister on the weekend, and I could hardly believe it; she said, 'I encouraged the groups in Gander to fight to keep the CBC Radio station open in Gander. I encouraged them to do whatever they could do.' How wonderful! What a magnificent contribution to make to that great crusade on the part of the mayor and the people in Gander to try to keep that radio station open. She said, 'You do everything you can, keep me posted and I will help you any way I can.'

MR. TULK:

It is the same kind of situation she was in with the senior citizens home.

MR. NEARY:

The senior citizens home.

MR. BARRY:

She was going to fight to the last drop of their blood.

MR. NEARY:

The hon. minister will fight to the last drop of their blood. How brave, how courageous, Mr. Speaker. You know, I do not want to make the hon. minister weep, but it is a great sign of weakness. Why does the hon.

minister not say, 'I will take the lead. We have a Tory government up in Ottawa, our pals, our friends we supported and helped put there, and, by God, I am going to go to Ottawa and if the Minister of Communications in Ottawa does not keep that station open in Gander he is going to have to contend with me.

MRS. NEWHOOK:

What makes you think I am not going there?

MR. NEARY:

I will turn in my badge, that is how strongly I feel about CBC in Gander. That is how strongly I feel about it. I am not going to let them get away with it.' Mr. Speaker, is that what we heard? No. What we heard was this: 'Keep on doing what you are doing, keep me posted and I will help you any way I can, of course I will.

On that note, Mr. Speaker, I would like to move the adjournment of the debate.

MR. SPEAKER (Russell):

It is noted that the hon. member for LaPoile has adjourned the debate.

Before we adjourn I would like to refer to the debate on Thursday past when during the Question Period the hon. the Leader of the Opposition (Mr. Barry) asked some questions of the Premier and there was a bit of noise and I did not hear certain comments. The Minister of Justice (Mr. Ottenheimer) rose at the time and when he called a point of privilege I subsequently ruled there was no point of privilege it was a point of order and I said that I would obtain a transcript of the tapes to see if any hon. member had referred to another

hon. member as a liar. I have obtained a transcript and I see here in the transcript that the hon. the Leader of the Opposition (Mr. Barry) said in reference to the Premier, 'You are a liar. You are a liar. You are lying.' I would obviously have to ask the hon. the Leader of the Opposition to withdraw those comments.

MR. BARRY:

Mr. Speaker, I thought I had that same day. Of course I withdraw that.

MR. NEARY:

You had an off day.

MR. BARRY:

It must have been an off day, yes.

MR. MARSHALL:

Mr. Speaker.

MR. SPEAKER (Russell):

The hon. the President of the Council.

MR. MARSHALL:

Mr. Speaker, before we adjourn I can tell hon. gentlemen that the first Order of Business tomorrow will be the Local Preference Bill which is Order 17 on today's Order Paper.

I move the House at its rising do adjourn until tomorrow, Tuesday, at 3:00 p.m.

On motion, the House at its rising adjourned until tomorrow, Tuesday, December 18, 1984, at 3:00 p.m.