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Speaker: Honourable P.J. McNicholas

Friday

3 June 1988

The House met at 10:00 a.m.

MR. SPEAKER (McNicholas):
Order, please!

Statements by Ministers

MR. SPEAKER:
The hon. the Premier.

SOME HON. MEMBERS:
Hear, hear!

PREMIER PECKFORD:
Mr. Speaker, I can do this under Statements by Ministers or I can do it under some other provision of the Standing Orders.

I have just delivered to the Leader of the Opposition (Mr. Wells) a letter from me following up on the issue of conflict of interest which, over the last number of days, that has dominated this House.

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

MR. SPEAKER:
Order, please!

A point of order, the hon. the Leader of the Opposition.

MR. WELLS:
This letter just arrived on my desk, and if the Premier is sufficiently discourteous to stand and read it before I have even had a chance to read it myself. This, together with another Ministerial Statement, was just dropped on my desk. He says he can do it under other orders, and I would suggest he do so. This is not a Ministerial Statement.

MR. SPEAKER:
The hon. the President of the

Council.

MR. SIMMS:
Mr. Speaker, that is not a point of order. A decision as to what constitutes a Ministerial Statement, I guess, is up to the minister who delivers it. Then it is up to the Speaker to determine whether or not it is in order. But clearly any statement that a minister makes on this side, if he wishes to make it under Statements by Ministers, that is the most appropriate time to do it, and it is done every day in the House. So there is no point of order.

MR. SPEAKER:
I have heard sufficient on the matter. There is no point of order. The hon. the Premier is making a Ministerial Statement, and this is the time for it.

PREMIER PECKFORD:
I did not say it was not a Ministerial Statement. I would prefer to do it under Ministerial Statements, obviously, or I would not have stood in my place.

This is a letter written today to the Leader of the Opposition.

"I noted with interest your revelation yesterday in the House that at least two financial interests that you have were not disclosed in your Conflict of Interest Statement. Your reason for not disclosing this information you say is because you view these interests to be ones that would not pose a conflict of interest for you in your role as Leader of the Opposition. One of the financial interests you disclosed yesterday was involvement with a mechanism known as "Flow through Shares" dealing with the mining industry. Now, Mr. Wells, it is a fact that your

party during the Estimates Committee of the House of Assembly questioned the Minister of Mines on this matter. Additionally, in response to a Ministerial Statement by the Minister of Mines announcing that the federal government would replace the flow through share programme with another programme to help the mining industry, your party was quick to indicate that the original policy should remain. This surely puts you in a Conflict of Interest Situation. It was in your personal interest to have your party support the "Flow through Shares" policy. Because you didn't disclose this interest, the Government Members and I suspect the NDP Members were unaware of the Conflict of Interest in which you allowed yourself to be placed. An interesting question arises: Did the Members of your Caucus know your interests in this programme when they spoke out in favour of it?

"In a similar way your other interest in housing that you disclosed could pose Conflict of Interest problems for you and your party since you will from time to time have to comment upon and try to influence the direction of housing policy in the Province.

"I think it is critical that you now disclose all your interests that could conflict with public policy in this Province and the extent of those interests."

SOME HON. MEMBERS:
Hear, hear!

PREMIER PECKFORD:
May I just point out for hon. members that the verbatim report published on May 4 deals with one of the members, the member for

Fortune - Hermitage, getting up and saying to the Minister of Mines, 'I appeal to the minister to see if he can use his good offices to ensure that is the case.' And what was the case? 'I do so by perserving untampered...the mining exploration depletion allowance.' So the party that the leader of the Opposition represents, and no doubt he organizes the questions and knows the questions that are going to be asked in Question Period, was having his party and his members come out in full support of a policy in which he has a personal interest. Therefore, obviously that is a conflict of interest and I think the Leader of the Opposition should really come clean on this.

SOME HON. MEMBERS:
Resign! Resign!

MR. WELLS:
Mr. Speaker.

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

MR. WELLS:
Mr. Speaker, it is clear what the Premier and the members want to do. They want to divert attention away from the fact that the Premier has approved of a flagrant violation of his own Conflict of Interest Guidelines. It is disgusting.

SOME HON. MEMBERS:
Hear, hear!

MR. WELLS:
As the hon. the member for Mount Scio - Bell Island (Mr. Barry) said yesterday -

SOME HON. MEMBERS:
Oh, oh!

MR. WELLS:

Mr. Speaker, I would like to have order, please.

MR. SPEAKER:

Order, please!

MR. WELLS:

As the member for Mount Scio Bell Island said yesterday, they are shooting the messenger. It is totally untrue, a complete falsehood what the Premier said. It is an absolute fabrication to cover his own problems.

Now, Mr. Speaker, these things have nothing to do with it. It is a straightforward, simple investment, a very, very modest one.

SOME HON. MEMBERS:

Oh, oh!

MR. WELLS:

The members do not want the truth. You know they are afraid of the truth when they raise the noise level. They do not like the truth.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

Now, Mr. Speaker, it is a totally outrageous, totally untrue statement that the Premier just made. Because the simple fact is I did invest, like perhaps many other members of this House, at the inducement of the Government of Canada and this Province, and, Mr. Speaker, what happens in the future has nothing to do with what happened in the past. That is done and over with. And that was invested in before I ever came in this House.

PREMIER PECKFORD:

Why did you not disclose it?

MR. WELLS:

Because The Conflict of Interest Guidelines do not require it.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

I cannot say it would have a conflict with the government. It does no such thing.

PREMIER PECKFORD:

Everyone is coming clean. That is the whole point of it.

MR. WELLS:

We will see. The fact is, Mr. Speaker, my own Conflict of Interest Statetment disclosed more than any other member of the House. It disclosed it more fully because I am checking them.

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

Order, please!

PREMIER PECKFORD:

On a point of order, Mr. Speaker.

MR. SPEAKER:

A point of order, the hon. the Premier.

PREMIER PECKFORD:

The Leader of the Opposition has just made a statement. I can say to him that everything that I had disclosed. And so it is unfair and wrong for the Leader of the Opposition to say that there are members over here who did not disclose everything.

MR. SIMMS:

You are the only one that did not disclose.

PREMIER PECKFORD:

Do make the rules.

MR. WELLS:

Now, Mr. Speaker, I would like to address the Ministerial Statement.

MR. SPEAKER:

Order, please!

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

To that point of order, there is no point of order. There is a difference of opinion between two hon. gentlemen.

MR. WELLS:

Thank you, Mr. Speaker.

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. WELLS:

Mr. Speaker, this is an outrageous, silly attempt to cover the government's deficiency, and if the noise level of the House does not permit me to deal with it here, I will simply tell the media the truth about it and I will deal with it there.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

I will prepare a response and will file it with the media, but I will not do it in the same grandstanding silly way that the Premier has done with this.

SOME HON. MEMBERS:

Order, please!

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Mr. Speaker, I do not want to comment on the two initial reasons raised by the Premier to indicate that these holdings could be a conflict of interest, but I am surprised he did not go on to the other two. A Registered Retirement Savings Plan, I think, as all members know, can or cannot be in a position where the holdings would be in a conflict of interest. There is such a thing as a self-directed RRSP in which the Leader of the Opposition could invest, for example, in the helicopter companies, CHC, could invest in Newfoundland Light and Power, Fortis or any one of these, all of which in future might bring him into some degree of conflict, so I think the RRSP depends upon the content of it, and for that reason I think it should be listed.

SOME HON. MEMBERS:

Hear, hear!

MR. FENWICK:

At the same time, Mr. Speaker, an investment club could also buy into shares of companies operating in the Province, the same ones that we mentioned before. Since the Leader of the Opposition used to be the Chairman of the Newfoundland Light and Power there is a possibility there may be a connection there. There is a very important policy issue going on with Light and Power with regard to their parent company and the privatization of a lot of their operations and I would like to know if there are any connections still remaining between the Leader of the Opposition and these particular companies, which are listed on the stock exchanges and are quite legitimate stocks to own within these particular kinds of organizations that he has structured. So I think the possibility still exists. It may

not, but I think it should be listed and I think actually that the RRSP as a general rule should be listed by everybody. I certainly have one myself and I called the Auditor General at the time and said, "Would I have to list it", and he said "What kind is it?" I said, "It buys a fixed interest bearing bank account one," which is the kind of one that I had. And he said, "No, that would not be required." But I think, perhaps, the Conflict of Interest Guidelines should be changed so that all the RRSPs should be listed, because clearly they could be a source of conflict of interest as well.

AN HON. MEMBER:

Hear, hear!

MR. BRETT:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Municipal Affairs.

MR. BRETT:

Mr. Speaker, today I would like to take the opportunity to inform the House of Assembly and its members that my department has now completed its tabulation and approval of its capital works funding for the fiscal year 1988-89.

Mr. Speaker, for this fiscal year my department will expend in capital works funding alone in excess of \$42 million, and that is up approximately \$14 million from last year's capital works funding of approximately \$28 million.

Mr. Speaker, I am sure that all hon. members of the House of Assembly are aware of the magnitude of the Department of Municipal Affairs in this Province

with its 340 municipalities and in excess of 140 local service districts. Therefore, Mr. Speaker, because of the increased spending in capital works programmes this year of \$14 million, there were a certain amount of delays in preparing the final tabulation of figures.

Mr. Speaker, all hon. members of the House whose districts will receive capital works funding have now been notified with the individual project breakdown. I do not think that is entirely true. Yes, it is on the letters. I am sorry.

Therefore, I will table the overall amount of spending for each provincial district receiving capital works funding for the fiscal year 1988-89, and they are as follows:

Baie Verte - White Bay, \$840,000;
Bay of Islands, \$1,039,000;
Bellevue, \$929,000; Bonavista North, \$595,000; Bonavista South, \$693,000; Burgeo - Bay d'Espoir, \$250,000; Burin - Placentia West, \$1,150,000; Carbonear, \$1,270,000; Conception Bay South, \$3 million; Corner Brook, \$3,975,000; Eagle River, \$365,000; Exploits, \$890,000; Ferryland, \$853,500; Fogo, Mr. Speaker - my good friend for Fogo - \$750,000; Fortune - Hermitage, \$246,000; Gander, \$400,000 - I think he is going to carry that out to Benton - Grand Bank, \$938,000; Green Bay, \$1,363,000; Harbour Grace, \$1,108,000; Harbour Main, \$500,000; Happy Valley - Goose Bay, \$330,000; Humber Valley, \$982,000; Kilbride, \$690,000; Lapoile, \$830,000; Lewisporte, \$1,026,000; Menihek, \$836,000; Mount Pearl, \$1.5 million; Placentia, \$953,000; Pleasantville, \$380,000; Port au

Port \$131,000; Stephenville, \$300,000; St. Barbe, \$412,000; St. George's \$405,000; St. Mary's - The Capes, \$1,062,000; St. John's East Extern, \$3,681,000; St. John's South, \$720,000; St. John's overall, in addition to that, \$3,418,000; Strait of Belle Isle - I cannot believe what I am reading! I guess it must be true, because it is on the paper - \$1,283,000.

SOME HON. MEMBERS:

Hear, hear!

MR. BRETT:

Terra Nova, \$915,000; Torngat Mountains, \$100,000; Trinity - Bay de Verde, \$912,000; Twillingate, \$230,000; and the great and historic district of Trinity North - oh, my goodness gracious! - only \$778,000. I got done in on that one.

In addition, Mr. Speaker, my department will allocate an additional \$97 million in other special assistance grants.

SOME HON. MEMBERS:

Hear, hear!

MR. BRETT:

These grants are as follows: Street paving and reconstruction, \$12,328,300. These are conditional grants to pay 60 per cent of projects approved by the department for reconstruction and/or paving of municipal roads and streets for prior years. So we have to spend that much this year.

Firefighting grants: A total of \$775,000, and these are conditional grants to pay 75 per cent of the cost of purchasing firefighting equipment where it has been approved and recommended by the Fire Commissioner.

Recreational Grants: This is in addition to what Culture, Recreation and Youth spends - \$366,300. These are also conditional grants towards the cost of constructing municipal or regional stadiums. The maximum amount given to any individual project is \$200,000 on an equal cost-shared basis with the municipality. This figure is the principal and interest on existing recreation facilities across the Province.

The next one is Special Assistance Grants, Mr. Speaker, another \$1,663,400. These are grants made available to meet emergency situations which have necessitated expenditure beyond the immediate financial capability of the municipality.

Next is General Municipal Assistance Grants: \$17,100,000. These are grants based on population, social assistance and roads.

MR. BARRETT:

Say that again.

MR. BRETT:

I will explain it some other time.

Tax Incentive Grants: \$28,300,000.

SOME HON. MEMBERS:

Hear, hear!

MR. BRETT:

That is worth repeating - \$28,300,000. This is based on forty-five cents for every one dollar of real property tax, water and sewer tax and grants-in-lieu of taxes collected by the municipalities in the previous fiscal year. It is based on the previous year's collections.

Water and Sewer Subsidies: This

is the one I am preaching about all the time because everybody is saying you are only spending X number of dollars when, in addition to the \$42 million which is going out this year to continue projects and start some new ones, there is another \$35,350,000 in subsidies to municipalities.

SOME HON. MEMBERS:
Hear, hear!

MR. BRETT:
A minimum of 20 per cent of the current levy for fixed revenues must be allocated in the municipalities' budget towards debt charges for the water and sewer systems. This figure represents the balance paid by the department. In other words, the municipality pays 20 per cent of its fixed revenue and the government pays the remainder, and that is that \$35 million.

Unincorporated Community Water Services, Mr. Speaker, \$820,000. The explanation for that is grants are provided up to \$3,000 per family for the provision of water and \$1,000 per family for a sewage disposal system in local service districts. All that is required of the local LSD is to collect \$100 per family, and the government puts in this amount.

Additional Grants and Subsidies, another \$1,215,000. These are additional special assistance grants as designated by Minutes of Council, such as maintenance of Bowering Park, Corner Brook fire protection, etc.

In conclusion, Mr. Speaker, in addition to the \$42 million allocated for capital works in this fiscal year 1988 - 1989, another \$97 million in grants to municipalities will be made

available for a total funding allocation by my department in excess of \$140 million.

Thank you, Mr. Speaker.

SOME HON. MEMBERS:
Hear, hear!

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

MR. LUSII:
Mr. Speaker, my first reaction is that it is about time. It is almost two months behind the announcements of last year. Last year the announcements of capital works projects were made on April 15.

MR. SIMMS:
One month.

MR. LUSH:
It is over one month. It is approaching two months, Mr. Speaker.

My second comment, Mr. Speaker, is this: \$140 million is far too much money to be awarded in the method in which is awarded, without debate, without reference to this House, Mr. Speaker, just approved in blanket form, block funding. I have said on many occasions that these projects should be presented before this House and debated rather than the method in which it is now being done. So I hope that the administration will take note of this and in the future try to refine this system of allocating of capital works grants through municipalities throughout this Province and have it done in this House, have these projects approved in this House, rather than the blanket funding that they have been doing. One hundred and

forty million for blanket funding of the taxpayers' dollars of this Province, is far too much money, Mr. Speaker, to be allocated in that manner.

On the surface, this is quite a different document than we have been used to seeing in terms of the announcements by the minister. They are done in a block method for the districts. It is quite different, with a listing of all the other grants that will be granted throughout the year. There are a lot of grants that we do not know about yet, a lot of allocations that we do not know about. We do not know what will happen with the sixty/forty projects, which communities will get these. We do not know which areas will get the special assistance grants. We do not know which areas will get the fire-fighting grants. But, Mr. Speaker, on the surface of it it would give the appearance that the minister has changed substantially the pork barrelling which occurred in this department in years gone by.

But, Mr. Speaker, when one looks at the figures and that is what we have to look at, out a total of \$43 million, we on this side of the House we get 11 per cent of that \$43 million when we have approximately 30 per cent of the seats. Eleven per cent, Mr. Speaker, of the total of \$43 million, and we have approximately 30 per cent of the seats. Now, Mr. Speaker, if that does not look like awarding projects on a political basis then I do not know what does. Mr. Speaker, I am sure the minister would say that there are other factors, that there are areas represented by members on this side of the House that are fully serviced. Now, Mr. Speaker,

I do not have these figures. The only figures that I can look at this morning are the total figures and, as I have said, on this side of the House we get 11 per cent of the total monies, the \$43 million, when we represent approximately 30 per cent of the seats in this Province.

Mr. Speaker, the other thing is this: Even though the minister has given, I think, more projects on this side of the House than he gave last year - I believe there are more projects awarded, I believe there are more - what makes the difference, Mr. Speaker, is in the total amount. If you look at the figures you will see invariably that there is more money spent in government districts than what is awarded to Opposition districts, invariably more monies.

But, Mr. Speaker, having said that, I am grateful for the monies that are going to go to Bonavista North. And I know that the councils are going to be happy. I know they would like to get more, but I think, in fairness, these are basically the projects that I certainly emphasized to the minister over the last year. I would like to have seen a couple of more projects, but I am delighted for the people of Bonavista North for the projects that they got.

But, Mr. Speaker, I again urge the minister in the future to make sure that he narrows the gaps in terms of the ratio of seats on this side, Mr. Speaker, to make sure that the monies are allocated fairly and justly. We are dealing with the money of the taxpayers of this Province, Mr. Speaker, and I do believe the minister is beginning to see through it by

virtue of the fact that there are more projects on this side than there were last year. And I believe the minister is beginning to see that the people of this Province are not going to accept this kind of political pork barrelling in the future.

MR. SPEAKER:
Order, please!

MR. LUSH:
I believe that the people are recognizing that, Mr. Speaker. And I want to conclude, Mr. Speaker, by saying to all hon. members, I believe as a result of the actions of the government in the past that it will not be long now.

SOME HON. MEMBERS:
Hear, hear!

MR. FENWICK:
Mr. Speaker.

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

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

MR. SPEAKER:
A point of order, the hon. the Minister of Municipal Affairs.

MR. BRETT:
Just to set the record straight, Mr. Speaker, my hon. friend, who is a very hon. member, as we have always recognized, has not misled the House but misinformed it, I guess, but not intentionally.

MR. SPEAKER:
Order, please!

That is not a point of order.

MR. MATTHEWS:
He wants to set the record

straight. That is a point of order.

MR. BRETT:
May I state my point of order, Mr. Speaker?

MR. SPEAKER:
A point of order, the hon. the Minister of Municipal Affairs.

MR. BRETT:
Mr. Speaker, the hon. member has suggested the \$97 million, which I announced this morning, is given out at the discretion -

MR. SPEAKER:
Order, please!

The hon. member is not making a point of order.

SOME HON. MEMBERS:
Oh, oh!

MR. SIMMS:
On clarification or something, Mr. Speaker.

SOME HON. MEMBERS:
Sit down! Sit down!

MR. SIMMS:
Alright, a point of order then.

MR. SPEAKER:
A point of order, the hon. the President of the Council.

MR. SIMMS:
Mr. Speaker, it has often been a practice in this House that members on that side, this side, and the group done in the corner have frequently risen on a point of order to explain a matter or to explain their position on a matter which may have been misinterpreted.

MR. TULK:
Mr. Speaker, a point of privilege.

MR. SPEAKER:

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

MR. SIMMS:

How silly!

MR. TULK:

What the hon. gentleman is doing now in rising again is abusing his position in the House to rise and address something which was done by the Minister of Municipal Affairs and ruled out of order by the Speaker.

I know the hon. member would like to run rough shodover this House. That is exactly what he would like to do but, in point of fact, Mr. Speaker, he is abusing the privileges of this House. by standing on a point of order and questioning a ruling Your Honor has just made. He should not be allowed to continue.

MR. SIMMS:

Mr. Speaker, to that point of privilege.

MR. SPEAKER:

To the point of privilege, the hon. the President of Council.

MR. SIMMS:

Mr. Speaker, his preamble was I rose on a point of order to do something which was not a point of order.

What did the hon. member just do? He did exactly the same thing. If that is the case, Your Honor obviously should have ruled him out of order in the same way as you ruled the Minister of Municipal Affairs out of order.

Mr. Speaker, my only point is there have been many, many occasions where members on both sides of the House have taken

advantage of the opportunity through a point of order to explain a position which may have been misinterpreted because of misinformation, Mr. Speaker.

Surely members of the House would not want misinformation, like the member for Bonavista North was putting forth, to continue without having the opportunity to clarify and explain. So, with respect to this point of order, I am not arguing it. I am talking generally. Your Honor should probably, I hope, consider that point for future.

Certainly that is no point of privilege. The member should be ruled out of order and kicked out of the House for abusing the rules.

MR. SPEAKER:

There is no point of privilege.

I recognize the hon. the member for Menihek.

SOME HON. MEMBERS:

Oh, oh!

MR. FENWICK:

In amongst the points of privilege and order and so on, I think maybe some of the people of the Province would like to hear a little bit about the water and sewage and road paving projects.

I have a couple of comments, Mr. Speaker. The first one is that the government in its budget last year announced a \$25 million freeze on capital expenditures to go for three years, and I understand that is the way we kept our credit rating up. It is now at \$42 million, and I do not disagree with raising it to \$42 million because we have consistently said that the freeze was clearly a very foolish way in

which to things. I think it should be recognized now that the government has backed down on one of its very important cost controlling policies.

It also, I would suggest, Mr. Speaker, is a harbinger, like the birds are of Spring, perhaps of an election later on in the year, because one of the ways in which the government can campaign is by spreading a bit of money around the Province.

But there is another thing. There are quite deceptive figures in this statement, Mr. Speaker, because a lot of people do not understand what is being allocated here. The \$42 million is really a borrowing programme. In some instances the municipalities themselves have to provide part of it. I use an example Menihek, which got \$836,000 this year, I think due primarily to the fact that I am running in another district. I probably should have announced that three years earlier, in which case the district would not have suffered over the last couple of years at the hands of this government.

But the \$836,000, Mr. Speaker, is a sixty/fifty cost-shared one, which means that the people of Menihek will pay about \$300,000 of it with the government supplying \$500,000. But it is not actually supplying the money: What it is doing is allocating the borrowing for it. When we look at the figures subsequent to this statement that is the place in which it is paid back. So when the minister, quite foolishly I think, at the back end of his statement indicates there is \$42 million in the allocation of borrowing and then \$97 million on total, what he does is he is

counting the money twice. He is counting the borrowing in this year and he is counting a lot of the money going back to it.

So what you are ending up with, Mr. Speaker, is a situation in which they are claiming credit for much more than in fact is being done. Because what happens is there is a lot of municipal borrowing that goes on that they have to address as well.

The fact is, Mr. Speaker, what we have is a situation in which the government has abandoned a major programme in terms of cost control, which we think is wise, and at the same time is introducing a tremendous amount of deception in the whole appearance of what is being done there. For example the \$800,000 in my district is not \$800,000 from the government but \$300,000 from the constituents and \$500,000 that is committed in guaranteeing money for the particular project. And I think that point should be made.

PREMIER PECKFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, I wish to inform this hon. House of the continued employment and economic growth being experienced in our Province.

The increases in employment of 2.8 percent enjoyed in 1987 - a gain of 10,000 jobs on a monthly average basis - is continuing into 1988. Already this year, employment, on both seasonally adjusted and unadjusted basis, is the highest ever recorded in Newfoundland and Labrador. In the first four months of 1988, monthly

employment averaged approximately 193,000 on a seasonally adjusted basis, or 176,000 on an unadjusted basis.

These unprecedented gains have dropped unemployment rates over the first four months of this year to their lowest levels since 1983, when the effects of the world wide economic recession set in. During this period the seasonally adjusted unemployment rate averaged 17.7 percent, compared to 19.5 percent during the first four months last year. The actual unemployment rate averaged 20.3 percent for this period, compared to 22.3 per cent last year - a drop of 2 full percentage points.

These significant decreases continue the dramatic improvement made in the Province's unemployment rate last year. The drop of 1.4 per cent in the rate in 1987 was the largest drop in the unemployment rate made by any province.

MR. SIMMS:

Any province in Canada.

SOME HON. MEMBERS:

Hear, hear!

PREMIER PECKFORD:

Mr. Speaker, we have further to go, but the progress we are achieving makes blatantly clear to any fair and objective observer that the programmes and policies of this government are delivering the goods. I have attached a graph of the provincial unemployment rate to ensure that the steady gains being made cannot be overlooked by those who would prefer to spread doom and gloom in the face of increasing prosperity.

Just to be sure that the source of these gains does not go

unmentioned let me list a few salient economic indicators:

Performance of the manufacturing industry is up on the strength of increased landings by middle distance vessels and the offshore trawler fleet.

The volume of fish landings was up by approximately 11.4 per cent during the first two months of 1988, and total value increased by about 13 per cent in these first few months of 1988.

The volume of newsprint shipments during the first three months of 1988 increased by 2.6 per cent compared to the same period last year, with the value of shipments up by 10.9 per cent over last year, and last year was a good year.

Iron ore shipments increased by 20 per cent during the first quarter of 1988. Mining exploration was at its highest level ever, with 51,553 claims in good standing at the end of March, compared to 33,081 in the first quarter of 1987, which was a record year.

Activity in the construction industry should approximate the strong levels sustained in 1987. Recent surveys of investment intentions indicate that expenditures should rise about 7.2 per cent this year.

This economic expansion, continuing the increase of 2.6 per cent in the Province's real domestic product last year, is reaping benefits for Newfoundlanders and Labradorians. During the first two months of 1988, total wages and salaries grew by 7.3 per cent compared to the same period in 1987. If you look at that 7.3 per cent figure

and realize that inflation is somewhere around 3.8 to 4 per cent in Newfoundland, then obviously the people and the consumers and the wage earners of the Province are gaining on inflation.

These gains resulted in growth of 16.7 per cent in the value of retail trade in the first two months of 1988, continuing the tremendous gains experienced last year. This was the highest growth rate recorded for this period in fourteen years. This is the highest growth rate in retail trade in fourteen years.

SOME HON. MEMBERS:

Hear, hear!

PREMIER PECKFORD:

Mr. Speaker, regardless of the pessimism and negativity characteristic of the hon. members opposite, this government will continue to work with Newfoundlanders and Labradorians for the continued betterment of all. I look forward to seeing the headlines and commentaries of all fair and objective observers as they report these concrete and unambiguous achievements.

Thank you, Mr. Speaker.

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. WELLS:

Mr. Speaker, it is difficult to believe that the hon. the Premier could actually make these statements in the reality which Newfoundland and the people of Newfoundland face today. The simple fact is yes, there have been some improvement in unemployment. But it is also a simple, straightforward fact that we have gotten worse than the rest

of Canada, not better. In April of 1987, Mr. Speaker, our unemployment rate was 2.15 times the national average. In April of this year it was 2.27 times the national average: While they improved we got worse. The Department of Labour's own statistics, filed in this statement -

MR. SIMMS:

They are not their statistics.

MR. WELLS:

It bears the symbol of this Province and it is said to be produced as a Labour bulletin.

MR. SIMMS:

It is not their statistics.

MR. SPEAKER:

Order, please!

MR. WELLS:

If it is not theirs we will hopefully hear it denounced in due course.

Now, Mr. Speaker, this is just an obfuscation to cover the reality people are facing in this Province, to divert attention away from the fact that this government has presided over the devastation of the economy of this Province.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

If you take into account the low participation rate in Newfoundland and Labrador, our real unemployment rate is between 35 per cent and 40 per cent. The figures the hon. the Premier is talking about are primarily derived from temporary, make-work projects, that are false jobs and not real jobs at all. Mr. Speaker, he invites opinion and

comment. I invite him to ask comment from the people of this Province who constitute the 4 per cent more of our people who are living below the poverty line than were living below it in 1981, when at the same time the number of people in the Maritimes living below the poverty line has decreased. Tell this nonsense to those people who have seen their income diminish to the point where more than 4 per cent more of our people, for a total of 21 per cent, are living below the poverty line. Tell, Mr. Speaker, this nonsense to the 18,500 people who had to leave this Province in the last three years to put bread on their table and to put clothes on their children with a modicum of dignity and self-respect. Tell that to those people and see if they believe that nonsense and tripe.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

Last year, Mr. Speaker, our unemployment recipients reached 100,000 for the first time. Tell that to those 100,000, Mr. Speaker.

MR. PATTERSON:

A point of order, Mr. Speaker.

MR. SPEAKER:

Order, please!

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

MR. PATTERSON:

Mr. Speaker, I wonder would the hon. the Leader of the Opposition tell us if his shares are going on auction, because I would be interested in buying some?

MR. SPEAKER:

Order, please!

There is no point of order. The hon. member's time has elapsed.

MR. WELLS:

Mr. Speaker, with respect, on a point of privilege. Mr. Speaker, this is supposed to be the democratic process in this Province, where both sides have an opportunity to state a position. The Premier was given an adequate amount of time. I stand up and I have to shout to shout down the volume of noise from the side opposite. The hon. the member for Placentia, as he has done on numerous occasions, stands up in this House and abuses the privileges of the House on frivolous points of order. Now, Mr. Speaker, I have not had an opportunity to properly respond to this. That is an abuse of my privilege, and it happens time and time again.

PREMIER PECKFORD:

To that point of privilege, Mr. Speaker. This is ridiculous! Once again the Leader of the Opposition is abusing the rules of the House. I had the opportunity to get up and give a statement, as is my right under the Standing Orders, and the hon. the Leader of the Opposition had an opportunity to get up and respond to the statement. If the hon. the Leader of the Opposition does not like the rules of this House, if he does not like the heat, get out of the kitchen.

MR. SIMMS:

Right on!

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

Order, please!

There is no point of privilege

here. All hon. members know that any hon. member can get up on a point of order any time, and I am quite prepared to recognize any member who will get up on a point of order.

MR. FENWICK:
Mr. Speaker,

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

MR. FENWICK:
Mr. Speaker, the statement the Premier has delivered seems to suggest that there is a series of government policies which have been followed since his mandate started in 1979 which has led to this great situation. I would remind him that a couple of years ago we had some pretty bleak statistics, even bleaker than we have today, and I really would not suggest that an unemployment rate over 17 per cent is anything to particularly crow about.

Having said that, Mr. Speaker, I think one of the important things to remember is the economic recovery which is occurring here is sort of the very delayed effect of a tremendous economic recovery in Central Canada, which has tended to put more and more demand on our iron ore and our paper and a number of other resources. So, to a large extent, this is an externally generated economic activity at this point.

The other thing I would like to suggest is that if you look back to the Economic Council of Canada study done in 1980, which did a major study of the Newfoundland economy, it clearly said that the provincial government does not have the financial levers to really do a heck of a lot about unemployment; it has to be done by

the major levers held by the Federal government. And when I see the Leader of the Opposition and the Premier debating whether the policies have been good or bad, it reminds me of the person who stood clapping all the time and when someone asked him why his was clapping, he said it was to keep the elephants away. And of course, when he said, 'But there are no elephants around here'. He said, 'Yes, you see, it works.'

I think that is the same level of debate that is going on here. Quite frankly, it is important to have the proper macroeconomics policies at the Ottawa level which will, hopefully, eventually provide the kind of economy in which we will prosper as a people. The one major thing we should be keeping on is to control our major industries. And having sold FPI last year, I suggest to you that we sold away one of the major economic levers we had to shape our economy. And since this year FPI has gone off to Central America and the Pacific in order to develop, I would say they are not doing much for us.

MR. SPEAKER:
At this stage, I would like to welcome to the galleries sixty Grade IV to V students from St. Joseph's Primary, Harbour Main, with their teachers, Gloria McDonald and Sister Elizabeth Ann Dalton.

SOME HON. MEMBERS:
Hear, hear!

MR. SPEAKER:
I would also like to welcome forty-seven Grade VI students with their two teachers, Norm Austin and Melvin Ball, and two chaperons, Olive Tetford and Jocelyn Tetford, from Ralph Laibe

Pentecostal Academy, Lewisporte.

SOME HON. MEMBERS:

Hear, hear!

Oral Questions

MR. WELLS:

Mr. Speaker.

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. WELLS:

Mr. Speaker, over the last two or three months we have on a number of occasions raised the issue in this House of an agreement with respect to the railway. On each of those occasion, we have been advised by either the hon. the Premier or the Minister of Transportation (Mr. Doyle) that no, there was no agreement reached and there was no discussion. We have accepted it, despite the fact that indications were to the contrary.

Last evening and again this morning there was a pretty detailed report on CBC that an agreement had, in fact, been reached some time ago, and that it was pending only decision by federal authorities as to which department was going to pay the cost of funding.

I ask the Premier, is the CBC correct, or are the statements that he gave to this House earlier correct?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

I think the majority of Newfoundlanders listening to the

latter part of that question would have an answer pretty fast. Is CBC correct or are the comments made by the Premier of the Province correct: I think the majority of Newfoundlanders would know the answer to that question. I think it is pretty easy.

In the Leader of the Opposition's preamble he mentioned that I had said, and other members of the government, that there was no agreement and there was no discussion. We never ever said there was no discussion. We did say there was no agreement. To this point in time, Mr. Speaker, that statement stands. There is no agreement between the federal government and the provincial government as it relates to the railway.

MR. TULK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Fogo.

MR. TULK:

Mr. Speaker, I have a question for the Minister of Labour (Mr. Blanchard). Some weeks ago, on April 19, the minister, and in fact the Premier promised to provide answers to certain questions concerning the leasing of space for the Workers' Compensation Appeal Tribunal, in particular, as to why they leased it for \$14.85 or \$14.95, when I think they could have gotten it for three dollars cheaper.

That has not yet been done. I would ask the Minister of Labour, who has given us assurances on a number of occasions - on April 19, May 9, and I think as late as a week ago - when can we finally expect those answers as to why he leased that particular space at a

higher price to the taxpayers of this Province than he could have gotten it for?

MR. SPEAKER:

The hon. the Minister of Labour.

MR. BLANCHARD:

Mr. Speaker, the simple short answer is it will be done Monday. The Premier gave an undertaking to the House that he was going to provide the information earlier. But, Mr. Speaker, I do want to say that the hon. gentleman is not stating the facts. I did explain to him why this space was taken at higher than the lowest tendered rate. And I explained to him that we in the Department, not the Tribunal but departmentally, we looked at all of the space and thought that this was most accessible and had the best parking arrangements. We looked at the kinds of people who were going to be utilizing the space and going there for hearings, and it was done on that basis.

MR. TULK:

Mr. Speaker, a supplementary.

MR. SPEAKER:

The hon. member for Fogo, a supplementary.

MR. TULK:

I say to the minister, that also on the same date, April 19, he promised to tell me whether the Chairman of the Workers' Compensation Appeal Tribunal was in conflict.

MR. SPEAKER:

Order, please!

MR. TULK:

I ask the minister - that was five weeks ago - when is he going to tell us whether the Chairman of the Workers' Compensation Appeal

Tribunal is in a conflict of interest position?

PREMIER PECKFORD:

He has already said Monday.

MR. TULK:

Would you keep the Premier quiet, Mr. Speaker?

PREMIER PECKFORD:

Ask your supplementary, boy!

MR. TULK:

Would the minister tell us what effect that is having on hearings going on in this Province with the Workers' Compensation Appeal Tribunal?

MR. SPEAKER:

The hon. the Minister of Labour.

MR. BLANCHARD:

Mr. Speaker, I have already said detailed information will be provided on it on Monday.

The second answer is: It is having no effect on hearings, Mr. Speaker.

MR. TULK:

Mr. Speaker.

MR. SPEAKER:

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

MR. TULK:

Mr. Speaker, in relation to the space that was rented, I ask the minister: Is he now saying it was only for parking accessibility, or indeed is he still saying it was because of accessibility for the handicapped?

MR. SPEAKER:

The hon. the Minister of Labour.

MR. BLANCHARD:

I have already told the hon.

member, Mr. Speaker, that the detailed information will be given on it Monday morning. And that is the third time that I have said it.

MR. EFFORD:
Mr. Speaker.

MR. SPEAKER:
The hon. the member for Port de Grave.

MR. EFFORD:
Mr. Speaker, my question is to the Minister of Municipal Affairs concerning this disgusting statement that he gave out this morning on municipal grants. I would like to ask the minister, in the fair and political way he gave out those grants, would he explain to the House why four communities in Conception Bay surrounding the district of Port de Grave got \$7 million and the district of Port de Grave never got \$1?

SOME HON. MEMBERS:
Poor member!

MR. SPEAKER:
The hon. the Minister of Municipal Affairs.

MR. BRETT:
For the same reason I guess, Mr. Speaker, that several communities in the district of Trinity North are not going to receive any money this year. I am going to have to explain it the same as the hon. member is. There is not enough money to go around.

MR. EFFORD:
Mr. Speaker.

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

MR. EFFORD:
Mr. Speaker, the district of

Trinity North got \$700,000.

MR. SPEAKER:
Order, please!

MR. EFFORD:
I ask the minister, Mr. Speaker: Since four communities with town councils in the district have absolutely no water or sewer services whatsoever, and sewage is flowing on the ground, did the minister not see it necessary to give those communities at least some money to start their projects?

MR. SPEAKER:
The hon. the Minister of Municipal Affairs.

MR. BRETT:
Much the same answer, Mr. Speaker. Sewage is flowing on the ground in many communities in this Province between Port aux Basques and St. John's, and the department is doing the best it can with the resources it has to address these problems.

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

MR. SPEAKER:
A final supplementary, the hon. the member for Port de Grave.

MR. EFFORD:
I ask the Minister of Municipal Affairs, is this not done on a political basis? Is it not because the member for Port de Grave has his nomination over with and the minister knows full well that his government cannot put a candidate in that district who will be able to win that district? Is it not done on a political basis, when the communities of Harbour Grace and Carbonear have 70 per cent service and the district of Port de Grave has only 30 per cent service?

MR. PEACH:

Poor John! Go back to selling stoves.

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

The hon. the Minister of Municipal Affairs.

MR. BRETT:

Mr. Speaker, I could not hear all the hon. member said, but I did hear enough of it to know that most of what he said was rather foolish and ludicrous. He is asking me questions with a statement in his hand, and one of the first things that I see in the statement is \$1.2 million for the Strait of Belle Isle. He is asking me if this is done on a political basis. No, Mr. Speaker, it is not done on a political basis. As I look across there, I can see one, maybe two of the total members of the Opposition who did not get funding this year. Everybody else in the Opposition, both parties, got funding from this programme, so how can he say it is done on a political basis?

MR. WELLS:

Three.

MR. BRETT:

Okay, three. I am sorry. The Leader of the Opposition says three. But the Leader of the Opposition knows that Windsor is a very special case with some very, very serious problems, and the government is dealing with that. There have to be long-term solutions there. It is being dealt with by the government.

MR. W. CARTER:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Twillingate.

MR. W. CARTER:

Mr. Speaker, my question is for the Minister of Fisheries.

On behalf of the almost 1,500 people whose livelihood is affected by the shut-down of the plants in St. Lawrence, Lawn, Rose Blance and Port aux Basques, can the minister give the House an update, Mr. Speaker, as to what the situation is in that regard?

MR. SPEAKER:

The hon. the Minister of Fisheries.

MR. RIDEOUT:

Mr. Speaker, I think I have said to the House that practically every day of this week, up into the late hours of the night, the member for Grand Bank and myself and others in the government have been in constant dialogue with Mrs. Ting. I can say to the hon. gentleman, as a result of discussions held last night, we think some progress has been made. We expect Mrs. Ting will be coming to the Province the first part of next week, hopefully to sit down with the Cabinet committee that is working on this matter. With her co-operation, we are going to do what we can to, hopefully, put something together. Of course, I would not give detail while we are negotiating, anyway, but I can say, in honesty, that we think some progress has been made and we are continuing to work on it.

SOME HON. MEMBERS:

Hear, hear!

MR. W. CARTER:

A supplementary, Mr. Speaker.

MR. SPEAKER:

The hon. the member for Twillingate, a supplementary.

MR. W. CARTER:

Mr. Speaker, I ask the minister, in light of the comments made during the adjournment debate last evening by the member for Grand Bank (Mr. Matthews) to the effect that Mrs. Ting does not appear to be too co-operative or too willing to co-operate, does the minister have a fall-back position, given the fact, Mr. Speaker, that time is running out? If that plant does not open soon we have lost the season. Does the minister have a fall-back position in the event that the member's predictions are correct and Mrs. Ting will not co-operate in allowing the government to take over that plant, or a new operator to move in there and take over?

MR. SPEAKER:

The hon. the Minister of Fisheries.

MR. RIDEOUT:

Mr. Speaker, the hon. gentleman knows, and I think everybody in this House and everybody in this Province knows, that Mrs. Ting, if she wishes to be difficult to deal with, can make life pretty unbearable for a lot of us. She does not owe the government any money. She is not mortgaged in any way to the government. We do not have any levers to pull that can cause the company such difficulty that she would have to come to deal with us. We are trying to deal with her in a straightforward, businesslike manner.

It is true that up until a few hours ago there has been some difficulty. I am not saying there may not be difficulty in the days to come, but what I have said to

the hon. gentleman is we believe that some progress has been made and we will follow up on that progress, hopefully, in the first part of next week.

In terms of fall-back positions, Mr. Speaker, there are all kinds of fall-back positions, but I do not propose to speculate on any of those publicly at the moment.

MR. W. CARTER:

A supplementary, Mr. Speaker.

MR. SPEAKER:

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

MR. W. CARTER:

Mr. Speaker, the fact that the government is in this position, the fault lies with the minister and his government.

MR. SPEAKER:

Order, please!

MR. W. CARTER:

The conditions under which that plant was given over -

MR. SPEAKER:

Order, please!

MR. W. CARTER:

Mr. Speaker, my question: Given the importance of that plant to the residents in question, will the minister not now undertake - he does have levers that he can use in this House - that if an agreement is not obtained with Mrs. Ting within the next few days, that he will consider the possibility of expropriating the use of that plant on a short-term basis, and, if necessary, introduce the legislation required in this House in order for him to be able to do that?

MR. SPEAKER:

The hon. the Minister of Fisheries.

MR. RIDEOUT:

Mr. Speaker, let me say to the hon. gentleman that Mrs. Ting was in St. Lawrence and in Lawn and in Rose Blanche and in Port aux Basques with the town councils, community councils, local fishermen's committees, development associations, and had them beating down every door in the West Block of Confederation Building giving her their support. That is a fact, Mr. Speaker, with one exception. The town council of St. Lawrence unanimously, with the exception of the mayor, supported the application of Mrs. Ting for that particular plant. So get your facts straight, Mr. Speaker. I will not tolerate that kind of preamble, and that is a fact, Mr. Speaker. Now that things have gone sour this government, Mr. Speaker, is doing all it can, will continue to do all it can, to work with the town councils, the fishermen's committees, and Mrs. Ting, and will do what we have to do. This government will not turn away from what it has to do, from the people of St. Lawrence, despite the objections of the hon. gentlemen.

SOME HON. MEMBERS:

Hear, hear!

MR. CALLAN:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Bellevue.

SOME HON. MEMBERS:

Hear, hear!

MR. CALLAN:

Mr. Speaker, in the absence of good, sensible, reasonable, positive questions from the

Liberal Opposition, I want to ask the Premier a couple of questions regarding the Newfoundland Railway. Now the Premier is well aware, Mr. Speaker, that the Town of Whitbourne, the first inland town to be settled in this Province, was built, of course, on the railway. The Premier knows that because he was born there.

Now the future viability of the town of Whitbourne, built on the railway, Mr. Speaker, has been reassured by the \$8 million correctional centre.

But let me ask the Premier what about the future of the present employees of the railway in other parts of the Province? Will these present employees be retrained for other jobs? Will the older employees be given a good retirement package? Is the Premier in a position to say that?

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

I thank the hon. member for Bellevue for his question, Mr. Speaker. Obviously, as I indicated several weeks ago in this House and outside, if there is to be any resolution to the question of whether the railway closes or stays open, and in this case closes, we had said over and over again there are a number of critical areas for the Province.

A number of years ago the Federal government approached us and we said no, because there was not going to be any new money, it was all going to come out of the Regional Economic Development Agreements and so on. So,

obviously, we are insisting on a number of things to be met before we could consider signing any agreement for the phase-out of the railway.

And I am pleased to tell the hon. member that I agree with him, that perhaps a lot of Whitbourne's concerns might be taken care of, but there a lot of other communities in the Province that are still highly dependent upon the railway. And, therefore, this government will not stand by or sign anything that would not protect both the communities involved and the workers, especially some of the young workers who would need to be retrained, and the older workers who, at this point in time, deserve a very, very healthy compensation package. So I can assure the hon. member that those things will be met before this government signs anything.

SOME HON. MEMBERS:

Hear, hear!

MR. KELLAND:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Naskaupi.

MR. KELLAND:

Thank you, Mr. Speaker.

I would have directed the question to the Minister of Development and Tourism (Mr. Barrett), but I direct it now to the Premier in the absence of the minister. The Premier is obviously aware that a consortium of aluminum companies have signed a deal with the Province of Quebec to look into the feasibility of establishing an aluminum smelter, possibly in the Sept Isle area, a billion dollar project. Also, in view of the

fact that in the early 1980s there was quite a press to have a similar type industry established in the Lake Melville area, making use of the Lower Churchill power they had hoped to develop at that time, I wonder would the Premier give some indication of what current initiatives or recent initiatives government has undertaken to stimulate interest in an aluminum smelter in this Province, specifically perhaps in the Lake Melville area of Labrador?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, I am aware of activities that are going on in Quebec, in Venezuela, Australia, Iceland, I think even in Peru as it relates to an expansion in the aluminum industry, as well as some in Canada, some interest in Manitoba, as well as in Quebec and Newfoundland. We explored extensively years ago trying to attract various industry, and we are still doing it as it relates to the woods industry of Labrador, and we are still doing it as it relates to an aluminum industry for Labrador, or to use some of the power in Labrador for an aluminum industry, quite likely and probably in Labrador.

The Minister responsible for Hydro (Mr. Windsor), the Minister of Development and Tourism and myself have personally been involved in initiatives which this government has been talking over the last six months, some of which have led to meetings we had as late as yesterday, but we wish not to say anything more about it at this point in time until those matters are further explored and are further along with the companies involved.

MR. KELLAND:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for Naskaupi.

MR. KELLAND:

I realize when negotiations of a certain type are underway things are perhaps not made public until deals are signed or agreements reached.

I ask the Premier do any of the negotiations, meetings and so on, relate to the fairly imminent development of Lower Churchill hydro power, which would then generate some interest in high energy using industries, such as aluminum smelting or something similar?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Obviously, the hon. member, to his credit, has been watching what has been going on in the Province and sitting back and being a fairly keen observer of the scene, because he has noticed over the last number of months the minister responsible for Hydro has been on the road a fair bit, as it relates to hydro talks and so on, with the Province of Quebec. He, the Minister of Development and Tourism and myself have been paralleling that initiative with attracting industry to use some of the power which would then, therefore, be developed. I think the hon. member can take it as a given we are moving ahead on both fronts.

It is one thing to get some power, but it is another thing to be able to use it all. Obviously, you have to move ahead on both fronts

at the same time, which is exactly what we are doing.

MR. KELLAND:

A final supplementary, Mr. Speaker.

MR. SPEAKER:

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

MR. KELLAND:

I know back in the early 1980s we missed the window of opportunity - I believe it is the term used - because of soft world aluminum markets and stock piling at Anaconda in Henderson, Kentucky, and places like this.

I wonder would the Premier give some indication of what we might expect as a reasonable time frame for the development of the Lower Churchill and therefore provide the attraction for heavy hydro using industries?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

That is very hard to say. I would not like to put a time frame on it, Mr. Speaker. There are some possibilities, of course, for other developments in Labrador, even without a two or three month release on the Lower Churchill, because there is recall power available of 175 megawatts which can be used and which could stimulate a fair amount of employment.

I guess it is fair to say that government, at the present moment, are working on a number of fronts as it relates to Labrador, both the woods industry and other industries, to take advantage of either that 175 megawatts of recall power which we now have, or additional power with the 175. As

well, we are working on other matters for the Province generally, as it relates to both Hibernia and Terra Nova, and a number of other developments which we will be quite likely announcing before the Summer is out.

So I can only say to the hon. member that I would not want to give a time frame. There are a number of members over there who are shouting election. Because of statements made in the next while, I assure hon. members there will be an election, and it will be as soon as these various initiatives are off the ground, and it could be sooner than later.

MR. FENWICK:
Mr. Speaker.

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

MR. FENWICK:
Mr. Speaker, my question is to the minister responsible for Hydro, and it has to do with the situation regarding Newfoundland and Labrador Hydro. As the minister knows, this Spring \$1.7 million of excess revenue had to be returned to their retail customers. Since Hydro has just indicated that they are in much better shape this year and will not have to use nearly as much oil to generate electricity - they have more water in their reservoirs - and since Hydro can continue on with these higher rates even though they are beyond the limits, will the minister give us a commitment that this government will direct Hydro to go back before the Public Utilities Board and have their entire rate structure reviewed to see whether or not those rates should be brought down?

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

MR. WINDSOR:
Mr. Speaker, the hon. gentleman should know, and I am sure he does, that just a year or so ago we instituted a new programme whereby Hydro can average over a three year period any losses or any gains in relation to the cost of providing electricity. It was as a result of that that we were able to indicate earlier this year that some \$1.6 or \$1.7 million will, in fact, be returned to consumers in this Province through the retailing arm of that utility, and, in fact, that will reflect itself in hydro bills, beginning, I think, in July.

Similarly, if gains are made over the coming year, which we hope they will, then, obviously, that will be reflected as well in future billings. But obviously it has to be done on a three year average so that Hydro is always in a sound financial position and are providing top-level service to consumers.

MR. FENWICK:
A supplementary, Mr. Speaker.

MR. SPEAKER:
A supplementary, the hon. the member for Menihek.

MR. FENWICK:
My supplementary to the minister is this: There are only two ways that the Public Utilities Board could be allowed to review the rates. One, if they ask for an increase, which they are not asking for, and, secondly, if the government directs the Public Utilities Board on a utility.

MR. SPEAKER:
Order, please!

MR. FENWICK:

My question to the minister is this: Since the Cabinet is the only agency that can direct Hydro to go before the Public Utilities Board, is this government going to ask them to go there and review their rates which are clearly way out of line with anything that is required to cover their costs, and the legitimate profit that they are allowed to make?

MR. SPEAKER:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, the fact that we had some surplus last year does not mean that we are having a surplus this year. Obviously costs of salaries and benefits to employees, costs of purchasing equipment and materials required to operate the utility, are increasing each year. What we indicated was that even though we are having increases in costs we feel that we will not be needing to go to the Public Utilities Board this year in order to look for increases to cover those costs.

The hon. gentleman would like to have the world believe that everything carries on as it is and that there is no increase, there is no inflation. There is very low inflation in this Province, Mr. Speaker, but it is still there.

MR. FENWICK:

A final supplementary, Mr. Speaker.

MR. SPEAKER:

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

MR. FENWICK:

One simple straight question and that is it. Is Hydro now, under the circumstances it knows about, projecting increased revenue

beyond that when they are allowed to make according to rules laid down by the Public Utilities Board? I want a yes or no answer. Are they making more revenue now or are they making within the limits that they have?

MR. SPEAKER:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, the hon. gentleman can ask the questions and I will give the answers as I see fit. I do not need his direction on how to answer, thank you very much. The answer is that it is impossible for us to tell. It depends entirely on the amount of rainfall we get over the next twelve-month period. It depends entirely on the price of oil and the dependence on thermal generated electricity at Holyrood. The answer is impossible to give.

What we do predict is that we will not need to go for an increase during the next twelve months. That is the same answer I have given on the last two occasions.

MR. BAKER:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Gander.

MR. BAKER:

Thank you, Mr. Speaker.

Again to the Minister of Finance, who, up to this point, has indicated he feels ignored. It seems as if, Mr. Speaker, the central bank has undertaken a programme of increasing interest rates in the country. This happened yesterday, a big jump in the bank rate. The reason given was that they felt the economy

needed to be cooled off, that the economy was overheated. In spite of what the Premier said in his statement today, Mr. Speaker, our economy obviously does not need to be cooled off with a real unemployment rate of 38 per cent.

MR. SPEAKER:
Order, please!

MR. BAKER:
My question, Mr. Speaker, to the minister is: In light of all that, in light of our real 38 per cent unemployment rate, what plans does the minister have to avoid the effect of the central bank trying to cool off our overheated economy?

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

MR. WINDSOR:
Mr. Speaker, the Premier has already answered that question for the hon. gentleman, and that it is not just a simple matter, as the hon. member would like to have you believe. The question of interest rates and how they are established is a national problem that has to be dealt with on a national and an international level as it relates to the value of currencies and interest rates in the country, as it relates to inflation in the country. Obviously, the central bank is the main agency that deals with that and is trying to deal with what many economists and many of our advisors had predicted would be somewhat of a recessionary period during the second quarter of this calendar year. Fortunately, we do not seem to be seeing that. I think that is as a result of the policies of the Government of Canada and of the central bank in being able to control inflation in Canada, and that is what they are trying to

do. Unfortunately, it reflects itself somewhat in the cost of interest rates. But we are not seeing the massive jumps in interest rates that we saw a number of years ago, and we do not anticipate we will. The Governor of the Bank of Canada is clearly trying to control the economy from being overheated. We are not in any great concern about being overheated in Newfoundland. In fact, we would welcome a little bit of heat. And you never know, hon. gentlemen opposite might get some heat soon! I certainly hope so.

MR. BAKER:
Mr. Speaker.

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

MR. BAKER:
It may be a national policy, but it certainly has provincial effects, Mr. Minister, I say to you, and you, of all people, should realize that.

MR. SPEAKER:
Order, please!

MR. BAKER:
I ask the minister, am I correct in understanding that he is saying that these increases in the bank rate that are now starting, will have no detrimental effect on activity in this Province? Is that what he is saying? And, if it is so, then that explains his lack of interest in the problem.

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

MR. WINDSOR:
Mr. Speaker, the hon. gentleman should have such interest! Let me say, no, obviously I have not said that. Obviously, we are concerned

with any increase in interest rate. It impacts not only on consumers and individuals in the Province but on the Government of the Province. Since a great deal of our borrowing, of course, is in Canadian dollars, it impacts on the financial position of government. We saw the impact of that last year, of course, when actually, things improved quite nicely and we saw increased revenues to the Province, and decreased expenditures as a result of fluctuations in the currency exchanges and in interest rates. Obviously, we are concerned about it, Mr. Speaker. But I do not see, at this point in time, that it is a matter of major crisis. You always will have fluctuations in interest rates. Those things are a fact of life in the money markets of the world and of the country. Unfortunately, we cannot control all of them.

MR. W. CARTER:

A final supplementary, Mr. Speaker.

MR. SPEAKER:

The hon. the member - for Twillingate, a final supplementary.

MR. W. CARTER:

Is this, in fact, the beginning of a trend of higher interest rates?

Would the minister agree to look at some kind of provincial plan to allow a certain amount of tax deduction on interest with regards to house construction, or some similar programme like that, that would ensure that a central bank policy designed to slow down the economy will not have the same effect in Newfoundland. Is the minister willing to look at something like that?

MR. SPEAKER:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, this government is always willing to consider any measures that are necessary to deal with unusual circumstances. In fact, we proved that a number of years ago, when interests rates were up about 19 percent, this government reduced sales tax on building materials to 8 percent as a measure, which as I recall reduced the price of a house by over \$1,000, and that was done during the period when interest rates were incredibly high, and it went a long way to balancing the cost of a home and to reducing it. And we found, in fact, that we were able to keep the level of house construction in this Province at a level reasonably comparable to what it was before those high interest rates came in. Certainly we can look at it, but at this point in time we do not see any kind of a crisis situation that would require such action.

MR. SPEAKER:

Order, please!

The time for oral questions has elapsed.

At this stage I would like to welcome to the galleries thirty-nine Grade VI students with their two teachers, Eric Stephenson and Arch Barrett from the Holy Redeemer School in Spaniard's Bay.

SOME HON. MEMBERS:

Hear, hear!

Notices of Motion

MR. WINDSOR:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, I give notice that I will on tomorrow move that this House resolve itself into a Committee of the Whole to consider Certain Resolutions relating to the guaranteeing of certain loans under The Local Authority Guarantee Act, 1957.

MS VERGE:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Justice.

MS VERGE:

Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce the following four bills; "An Act Respecting The Enforcement Of Support Orders", "An Act Respecting The Reciprocal Enforcement Of Support Orders", "An Act Respecting The Law Of The Family", and "An Act Respecting The Law Of Children". (Bills No. 52, 51, 50 and 49.)

SOME HON. MEMBERS:

Hear, hear!

MR. YOUNG:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Consumer Affairs and Communications.

MR. YOUNG:

Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, "An Act To Incorporate The Association Of Professional Engineers And Geoscientists Of Newfoundland." (Bill No. 54)

Answers to Questions
for which Notice has been Given

MR. WINDSOR:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, I have a wealth of information today. In response to Question No. 166 from the hon. the member for Menihek (Mr. Fenwick) dealing with plans of the department to actually get involved in our Employment Equity Programmes, which I have had the great pleasure of announcing last year. There is a great long and detailed answer on that one.

The answer to Question 171 is here, from the hon. the member for Gander (Mr. Baker), dealing with an appropriation of \$70,000 for Printing Services. That was a pre-commitment. That, of course, was to deal with the purchases of materials for examinations for schools and all those great things which have to be done beforehand.

Again, from the hon. the member for Gander, Question No. 174, dealing with a pre-commitment of \$7.2 million for the purchase of school textbooks. Obviously we have to buy those well in advance, so there is a pre-commitment made there, which is done every year.

Question No. 175 is also from the hon. the member for Gander and deals with some overdrafts and interest charges on overdrafts. This is quite a standard thing. I have given all the details here of the overdrafts we had during the last year and the interest payments made on that.

Question No. 177 from the hon. the member for Gander dealing with statement on Treasury Bill issues, again, this deals with interest payments and the rolling over of Treasury Bills and so forth. All the information is there.

Question No. 182 is from the hon. the member for Fogo (Mr. Tulk), who has left the House, dealing with funding provided to ERCO. It is amazing we finally got a question on something other than Sprung. We had \$13.9 million, Mr. Speaker, into ERCO. It has all been repaid. We did it and there were no questions on that.

Orders of the Day

DR. COLLINS:

Mr. Speaker, some first readings first. Motion No. 10.

Motion, the hon. the President of the Council to introduce a bill, "An Act Respecting The Reorganization Of Certain Government Departments And Matters Related Or Incidental Thereto." (Bill No. 42)

On motion, Bill No. (42) read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Consumer Affairs and Communications to introduce a bill, "An Act To Revise And Consolidate The Law Respecting Tenancies Of Residential Premises." (Bill No. 44).

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

Motion, the hon. the Minister of Justice to introduce a bill, "An

Act Respecting Companies Validation." (Bill No. 43).

On motion, Bill No. (43) read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Justice to introduce a bill, "An Act To Remove Anomalies And Errors In The Statute Law." (Bill No. 47)

On motion, Bill No. (47) read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Social Services to introduce a bill, "An Act To Amend The Child Welfare Act, 1972." (Bill No. 46)

On motion, Bill No. (46) read a first time, ordered read a second time on tomorrow.

DR. COLLINS:

Mr. Speaker, Order 13, Bill No. 18.

MR. SPEAKER:

Order 13, "An Act To Amend The Nursing Assistants Act." The debate was adjourned by the hon. member for Stephenville.

AN HON. MEMBER:

He is not here.

MR. LONG:

Mr. Speaker.

MR. SPEAKER:

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

MR. LONG:

Thank you, Mr. Speaker.

I just wanted to add to some of the comments made by the member for Menihek to this proposed amendment brought in by the Minister of Health to The Nursing Assistants Act, and say we have

some very real and serious problems with what the minister is wanting to do with these amendments.

As the member for Menihek has said, we have had some consultation with people who will be affected by this, in particular members of the Newfoundland Association of Public Employees, NAPE, who are responsible for dealing with the concerns of nursing assistants.

There are at least two very critical concerns which we have. One has to do with the composition of the board in which the changes would provide that the Council of Nursing Assistants shall consist of up to 15 members, which is to say this Council of Nursing Assistants may become an agency which does not, in any true fashion, represent the basic interests of nursing assistants. In fact, it might be more representative of interests other than those of nursing assistants themselves.

We think this is a very serious change in the disposition of the association. It will be a council which perhaps would have as a primary interest not protecting the position of nursing assistants, but rather, protecting and advancing other interests, such as those of the hospital administrators, hospital associations and other agencies within the health care sector which, in fact, may have an interest detrimental to those of nursing assistants.

Mr. Speaker, we look forward to hearing the minister respond to some of the concerns we have brought forward on this matter. We are not sure whether we are

going to get an adequate accounting on this business of constituting the council with an open-ended clause which would allow the council to come to be representative of interests which are perhaps more owing to certain sectors of the health care community than nursing assistants. Of course, there would be a basic question then of the purpose and role of such a council, if it is not to protect and advance the interests of nursing assistants, then indeed, the supposed purpose of such a council would be thrown into question in a very fundamental way.

The other critical area of concern we have with this amendment is the issue of training and registration. Section 8 of the proposed amendment to the legislation would represent a dramatic change in as much as it would allow the council to register individuals who have not necessarily been fully and properly trained as nursing assistants.

I have just raised the questions about the composition of the council and what its own essential interests might be, and now we see the council may be given the authority to register people as nursing assistants who have perhaps received no real degree of basic training.

This would put in question the capacity, ability and the rights and privileges of all other nursing assistants who have done the necessary training and received the appropriate certification.

If we move into a new situation now where we could be bringing into the profession all kinds of

non-professionals, people who have not received the minimum kinds of standard training nursing assistants at present are required to undergo.

We understand from talking with people who would be effected by this, they have had some sense this indeed might be a direction hospitals might want to go in and others in the health sector.

They might make more and more room available so nursing assistants could be hired without the sometimes, from their point of view, unfortunate restrictions of required training.

Now, of course, Mr. Speaker, this raises the whole question of the place of nursing assistants in the provision and delivery of health care services. If we are going, through this amendment to the Nursing Assistants Act, to open up the position of nursing assistants to anybody who can come in off the street and be given certification without having done any training, then it raises a very important issue as to the position and responsibility and the protection of the positions and responsibilities of nursing assistants working in the hospitals and other institutions. Of course, the nursing assistants are very important people who represent one important aspect of the delivery of health care services.

We have had in the last couple of months a wide ranging consideration of the problems with health care services in this Province. We can only add to the concerns raised about the shortages of nurses, the shortages of specialists and the closing of beds, adequate funding for the

Acute Care Unit and all of the many concerns been brought forward in very urgent ways in the last couple of months. We would add to this concerns in general about the position of nursing assistants who, of course, are workers in the health care sector, and are also, like everyone else, feeling the effects of continued restraint over the years. They are now, in this case, going to be put in a position of a general kind of attack on their position amongst all the other health care workers as one professional group.

The nursing assistants who, like any other group, maintain a degree of pride and responsibility in their work, are now to be told they should welcome amongst their ranks individuals who have not gone through the required training and who can indeed be brought in off the street.

Well, these are the concerns we would like to raise at this point, in second reading of the Bill. I will not take a whole lot more time to debate this, but we do look forward to the minister's response to this issue. There are very serious concerns about what the effect of these amendments will be, to allow the registration of nursing assistants without any formal standards for training.

So that, combined with the composition of the Council of Nursing Assistants, are two very serious concerns we have with the proposed amendment, along with some of the other questions that the member for Menihek have raised with specific reference to these amendments.

Of course, the context for all of these concerns is general and ongoing state of deterioration in

the health care sector. It is that context and that backdrop which raises the level of importance, if you will, of our concerns about these specific amendments.

With that, Mr. Speaker, I will sit down and allow other members to continue the debate.

DR. COLLINS:
Mr. Speaker.

MR. SPEAKER:
If the hon. the minister speaks now, he will close the debate.

The hon. the Minister of Health.

DR. COLLINS:
Thank you, Mr. Speaker.

I want to thank all hon. members for their comments. They have raised some, I would call them, potential concerns, because they are really not legitimate concerns, as I hope to show.

Let me just deal with a few matters though - I think these were mainly brought up by the hon. member for Port de Grave (Mr. Eppard) - before I get into the specific areas.

I think there were two big areas. One was this business about the registration of other groups, and related to that, was the training aspect. Then the other area was the area which dealt with the makeup of the council itself. But, before I get to those two areas, just a brief word.

The hon. member for Port de Grave talked about the understaffing of the health care system. All I can say is I think he is aware we have a study being done by those in the nursing area, and that will

include nursing assistants' concerns. That study is anticipated sometime between now and the end of September, I think. It is not in our hands when it will come in. There is a group set up to deal with that and we have been in touch with them on a repeated basis, and we have said we are anxious to get the study. We have encouraged them to do it as quickly as possible, but we want it done thoroughly, obviously. We want to make sure that all the bases are touched before they bring in their study, but we are anxious to get it. So that will deal with the understaffing.

Just let me make one other comment. I think hon. members do understand the health care system has pressures put on it which vary almost on a daily basis. It is just not possible, and no jurisdiction, no health care system would find it possible, to gear up so you are always fully and, shall we say, over-adequately staffed to deal with the outside situation. You would need practically the whole provincial budget to do that. All any jurisdiction can do is to put in place sufficient resources, including staffing, to deal with the expected load, but you will know that every once in a while there will be such a load that you are stretched to the limit. Those instances do not carry on for very long fortunately, and then you get back into a handleable situation. I just wanted to say that.

The other thing that the hon. member for Port de Grave brought up was the DVA ward. I agree with him. I think people down on the DVA ward are there for extended periods of time. It is a very restricted type of atmosphere. I

think it should be improved. It is really a federal jurisdictional area. We cannot really do anything about it, but I will undertake to bring it to the attention of the federal Minister of Health and Welfare the next time I see him.

Now, Mr. Speaker, on the two large areas concerned, that is the change in the definition of a nursing assistant. I would like to recall, if I can put my hands on it quickly, what the present wording of the act says. It is quite restrictive. The definition presently says, 'Registered Nursing Assistant means a nursing assistant registered under this act' - no problem - "who undertakes the care of patients and residents of custodial, convalescent and other institutions under the direction of a registered nurse or a duly qualified medical practitioner." So there are two provisions there now. One, you have to be registered under the act; Two, you have to be taking direct care of patients or residents and you have to be directly under a qualified physician or a registered nurse.

What this change in definition will do is take care of a situation which was actually brought forward from two sources. One was the council itself and, two, was CUPE. CUPE themselves brought forward a concern there. They say this is too restricted. What about the nursing assistant with all that training and that sort of thing who is not directly taking care of patients but, say, is working in an OR or working down in the physiotherapy department or working in the respiratory technology department, or whatever? They are not taking direct care of patients.

What this change will do will be to allow those people, fully trained, fully nursing-assistant trained - that is a given - they have to be fully trained, but now they will not have to be directly under the supervision of a doctor and a nurse taking direct care of patients, they can be performing other functions and they will not lose their designation as nursing assistants because of that. Now, that is what the council wanted and that is what CUPE wanted.

MR. FENWICK:
(Inaudible).

DR. COLLINS:
Well, if the hon. member is against unions, I cannot help it. I am for unions. I think unions perform an extremely valuable function in our society; they have the concerns of workers at heart and they work continuously on it the whole time. I am strongly in favour of unions, as is this government. If the hon. the member for Menihek has problems in supporting unions, I do not want to join him in that.

MR. SPEAKER:
The hon. the member for Port de Grave.

I understand what the minister is saying, but the two members down in the corner have been trying to put out the perception that possibly people without the proper qualifications, who have not taken the nursing assistants' exams, would be able to register. Now I do not see that in the bill. Probably I am not reading it right. Are they correct in saying that it is possible unqualified people could register as nursing assistants?

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

No, Mr. Speaker, that is not correct. The council themselves govern who will be registered. It is their responsibility to make sure that they do not register anyone who does not have full nursing assistant training. That part of it is unchanged by this. The only thing changed is that somehow or other a person can be unregistered because they are not working directly with patients, or, perhaps, when they come to renew their licence, their work experience could be looked at and it could be said, Look, we are sorry. We cannot re-register you. You have not been in touch with patients enough, you have been doing something of a mechanical nature, shall we say. That will rule them out from getting renewal of their licence. They necessarily have to have the nursing training.

Now the other point brought up was the makeup of the council. Some concerns were expressed that the council makeup could somehow or other work against the interests of the nursing assistant. I think we have to remember that this is not a union. There are unions taking care of the nursing assistants' welfare, NAPE and CUPE. They are quite able to do that, and we certainly support them in taking care of the nursing assistants' welfare.

So we are not talking of a union here, we are not talking about a professional association here. Unfortunately, perhaps, there is not such a thing as an association of nursing assistants. Perhaps there should be. It is not for us to say to nursing assistants you must have an association. If

nursing assistants want to have an association, great! If they approached us, we would certainly give it full consideration, as we have done for nurses who have an association, and for physiotherapists who have an association, and so on and so forth. So we are not talking of an association here, we are talking of a council, and the functions of the council are educational standards, programme evaluation, registration qualification, examination of candidates, complaints from the public against nursing assistants - that is their function - promotion of the status of nursing assistants, monitoring the need for nursing assistant services, and others in keeping with the act.

Those requirements have to reach beyond just purely membership of people who are nursing assistants, they have to reach to training institutions where suitable training is given so one can become a nursing assistant, and they have to involve government departments where the status and standards of nursing assistants are set. So that is the makeup of the council. But as the hon. the House leader on our side pointed out the other day, the largest single group on that council, which must be varied in composition, are nursing assistants.

MR. FENWICK:

Tell us about the composition? What is the entire membership?

DR. COLLINS:

The entire membership is in the Act. There are three nursing assistants. The composition will be changed somewhat. In terms of government departments there will be two from Health and one from

Career Development, instead of one from Health, one from Social Services and one from Education. There will be a representation from the Newfoundland and Labrador Hospital and Nursing Home Association - I cannot remember if there is one or two there. That is the nature of it. But the Act itself lays out who shall be represented on the council.

Mr. Speaker, with those words, I think this act is a progressive move. It is desired by the council themselves. It would give them desired flexibility in terms of registration. It would correct certain representations on the council which are no longer applicable because Social Services is not involved in this area now. Also, it will fit in with representations made to us by CUPE.

We have not had representations made to us by NAPE, but that was up to themselves.

MR. FENWICK:
You have my letter about it.

DR. COLLINS:
NAPE wrote to the hon. member for Menihek (Mr. Fenwick), but not to the Department of Health.

MR. FENWICK:
You did not even ask them.

DR. COLLINS:
The Department of Health has had no representations from NAPE on this in any direct fashion. They wrote to the hon. member for Menihek and he gave me the letter rather late in the day. But, in actual fact, the concerns they raised are similar to the ones I addressed here today.

So, with those words, I move

second reading.

On motion, a bill, "An Act To Amend The Nursing Assistants Act," read a second time, ordered referred to a Committee of the Whole House on tomorrow. (Bill No. 18)

Motion, second reading of a bill, "An Act To Amend The Hospitals Act, 1971." (Bill No. 19)

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

DR. COLLINS:
Mr. Speaker, this bill provides for the transfer of rights and obligations of a hospital acting under a special act. It is transferring those rights and obligations so that that hospital can operate under The Hospitals Act.

Before we had a Hospitals Act, there were certain special acts brought in to allow a hospital to operate according to the law. For instance, the Western Memorial Hospital in Corner Brook has its own special act. The Health Sciences Complex, the General Hospital as it is called in statutes, have their own special act.

Now, we have brought in a Hospitals Act which sets out any number of things as to how a hospital board is constituted, the functions of a hospital, responsibilities and so on and so forth. We now want to bring all the hospitals under special acts under that hospital act. I might say we have done this with agreement with the hospitals and the boards of hospitals who are under the special acts. They are fully in agreement, fully cognizant, fully supportive of

this approach.

They had one or two concerns which we have dealt with in this particular bill. Essentially, Mr. Speaker, the concerns were just two, and they are not of any great nature. For instance, a solicitor at the Health Sciences Complex wanted to make sure in the transitional period there could not somehow or other be a loss of legality of the obligations and responsibilities the hospital was under under the old special act. We have put in here, in Section 6, a provision there that there is no interference during this period, so that their transitional matters are fully covered.

The other point made, Mr. Speaker, was really another housekeeping one. It dealt with the appointments to the boards. Section 10 provides that members of the hospital boards shall be appointed for a period of three years. Section 12 provides that members may be reappointed but may not serve longer than nine years. That amendment will enable people appointed for a term of less than three years to carry on to the end of his term.

What happened under the old act, if a person happened to be reappointed, before he got to the end of his reappointment period, the nine-year gate came down, he might be only one year into his reappointment, but then he would be out, according to the Act. This now will give the flexibility so that he will be able to finish out his reappointment year, even though it oversteps the nine years somewhat. It is just a housekeeping flexibility.

The problem has arisen a number of times and it will serve no useful

purpose to bring the nine year gate down so sharply in that way. But it will mean that a person cannot be appointed for more than three three-year terms.

With those words, I move second reading.

MR. EFFORD:
Mr. Speaker.

MR. SPEAKER:
The hon. the member for Port de Grave.

MR. EFFORD:
Thank you, Mr. Speaker.

I think what the minister is saying is quite correct, and if I read it clearly, I understand it is just a general housekeeping bill. I think what he is saying is that the old General Hospital had its own Act and now they are just combining all the boards under the one Act. I mean, that is quite logical and sensible. I do not see anything we can debate for a period of time on this particular matter. While there are many, many problems in the hospitals, we can certainly discuss and debate them at a later date. There would be no point to waste the time of the House by just talking about it for five or ten minutes.

I would just like to make a quick comment on the matter that the appointment should not be made to exceed three years. While I agree, if an appointment is made at a particular time and the term of the other board members runs out, as the minister said, that one year appointment could be extended to cover the three-year term. That is quite sensible and natural.

I ask the minister, when he concludes, how are the appointments to the hospital board done? On what basis are the appointments to the board made? Who makes the appointments? Are they done in a fair way? I know they are done in a fair way, but I suppose what I am trying to get at is the politics of it. I would not suggest that by the minister or anybody those appointments are made on a political basis, but that would be my only question. While we agree the term on the hospital boards is quite normal, and nobody should be expected to be appointed for three years and serve only one year because, in fairness, they could not get into the responsibility of their duties.

They have a major responsibility to the hospitals and the health care system in general in the Province, and we commend them on the excellent job they have been doing.

The only question I have on this particular bill is how the appointments are made, how many people are usually on the board and if it is the responsibility of the Minister of Health or his department to make those appointments.

MR. FENWICK:
Mr. Speaker.

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

MR. FENWICK:
Mr. Speaker, I have just a couple of short comments on this particular piece of legislation. The first part of it, where the board would assume the liabilities of the previous board, I think it is very important. The Minister

of Health, I think, glossed over the actual case that led rise to this.

In Grand Falls there was a case of the hospital administrator being dismissed. I know he had to go to court in order to bring the hospital up on charges of unfair dismissal, and when he went there, the board said, 'We did not do it, it was the previous board, so we are not taking any responsibility.'

So it is not just a little bookkeeping entry here. This is a very important change. I know Brian Blackmore, who was the lawyer for that particular individual and, as you know, has been involved with us in the party and is a good friend of mine, had to spend a lot of time knocking down what was a clearly spurious argument. The judge finally did rule, of course, that the board was liable for any obligations of the board all the way back; but it is very nice to see it in the legislation so individuals who have a claim on a hospital do not have to go and establish that just because a board member changes they lose their claim.

The only other thing I would like to say, and I would like to say it to the Minister of Health, is that since there is discussion here about the appointing of board members, I would strongly suggest to the Minister of Health he look at in the future changing the legislation again to allow for the election of at least some of the board members, preferably all, in my opinion, in order to make sure that the board starts representing clearly more the interest of the communities, rather than representing the interest of the government which, of course, hand

picks the individuals it puts on the Board.

I can suggest there are a number of issues where elected boards may be more responsive. There is an issue coming up in the future on which I think is extremely important that the boards be representative of the community and be able to respond to the needs of the community. And, of course, the problem is that a lot of the boards of our hospitals are very selective in the kinds of procedures they allow to be performed in their hospitals.

For example, in my district, there is a hospital there run by the Salvation Army which normally does, I think, a very good job of running the particular hospital itself.

But as a matter of policy the Salvation Army is opposed to abortion, and on a constitutional basis, on a religious basis will not allow therapeutic abortions to be performed in their hospital. That is, of course, the same case at a number of the city hospitals here and a number of another hospitals have the same problem.

It seems to me if therapeutic abortions are needed and if they are legitimately needed and they are legal, which they are, of course, under the previous legislation, and we do not know what the new legislation would be like, but it will be curious to see what happens then, then it seems to me a board of a hospital should, if these procedures are legal, allow it to be performed in their hospital itself. If the government appoints the board members, then they are not responsive to the needs of the actual community itself. So that

if the Grand Falls Hospital, for example, since this is one where this other case arose, if there is a demand in the area for therapeutic abortions under whatever Criminal Code amendments or changes may come, then, if the board itself arbitrarily decides not to allow that procedure to occur, then there are a number of women who are pregnant in Grand Falls and other parts of the Province who will not have access to the closest local hospital with the proper procedures in order to perform the procedure. That is clearly unfair.

There is a whole debate that occurs about whether abortions should occur or not occur. That is a legal matter that has to be discussed in the Criminal Code at a federal level.

But we have a responsibility here as members of this House to ensure health services are available everywhere.

AN HON. MEMBER:
That is murder.

MR. FENWICK:
If we are in a situation whereby we are appointing board members of certain particular background and holding certain particular views, it means women this Province do not have access to the therapeutic abortions when, in fact, they have a right to them under whatever law will occur, then I think that is a mistake.

So in the future I would suggest to the Minister of Health (Dr. Collins) that it would be more appropriate, in my opinion, that boards of hospitals be reflective of the community itself. If the community wishes to see that procedure there, then clearly it

should occur there, rather than having appointed members which are not responsible to anybody but the provincial government itself.

Those are the only two comments I have. I was glad to see the change there. Maybe in the future anybody who wants to sue a hospital does not have the legal problems to through as did the individual in Grand Falls and hopefully he will take into account our views on having elected boards on these hospitals themselves.

DR. COLLINS:
Mr. Speaker:

MR. SPEAKER:
If the minister speaks now he will close the debate.

The hon. the Minister of Health.

DR. COLLINS:
Mr. Speaker, perhaps I can just respond in a reverse fashion, because I think one can dispose of the last point that the hon. the member for Menihek (Mr. Fenwick) brought up there fairly quickly, that is, in the therapeutic abortion area.

Clearly we are not going to make any move in any direction in regard to hospitals or anything of that order until Parliament decides what it is going to do. At the present time, we are in a period of uncertainty which all provinces are having to deal with because provincial governments are responsible for health care. We are in an almost hiatus of uncertainty.

What we have elected to do in this Province is to carry on with the arrangements in place before the Supreme Court decision with the

necessary change that Therapeutic Abortions Committees were unconstitutional and the hospitals in this Province which had them have now disbanded them. So with that change and leaving now the decision up to a duly qualified physician who has privileges on the medical staff of the hospital, leave the decision up to that individual, whether the procedure should be carried out.

Other than that, we have left everything alone until Parliament makes up its mind because we do not know what we will have to do when Parliament brings in the new law, if it does bring in one, and we will just have to await that. I really do not think it would help us try to discuss the matter further on a hypothetical basis. What if Parliament act this way? What if Parliament acts that way and so on and so forth? We will just have to wait and see.

The only other point on the issue is that therapeutic abortions relate to the responsibilities given to boards. They are not the only responsibility, obviously. The boards have the responsibilities to their institutions. We do not tell hospital boards how to run their institutions. That is government does not, or, indeed, the Department of Health does not.

It is left to the boards, who decide, in consultation with their management and with their staff, medical, nursing and other staff, how the hospital should be run, what services should be given there, and the form in which they are given.

I think it would be very dangerous if we, as a government and as a Department of Health, got in

saying, 'You shall do such and such in the hospital and you shall not do such and such a thing in the hospital.' I think that that would be an interference. I do not know if it would even be legal under our other acts, The Medical Act, for instance.

Now, on the point that the hon. member brought up about appointments, appointments are undoubtedly a difficult area. I mean, how far do you go? Do you say government does everything or do you say government does nothing?

What we have tried to do is to move a bit away from what was traditionally the case, where government did, indeed, have full and untrammelled authority and opportunity to appoint the boards. Government still retains the authority to ratify appointments, but we do consult quite widely on them. We consult with the hospital management and the existing board itself. We consult with any groups in the health field in the area.

For instance, in Grand Falls now, they will be responsible for the health care system in the Botwood area. The Botwood area will have an Advisory Committee and we will expect a person from the Advisory Committee will go on the board of the Grand Falls hospital. If there are groups like that, and there are other groups around the Province, we will consult with those arm's length health groups.

Secondly, we consult with, for instance, members in the area. It is open to any member to put in a name to government for consideration as an appointment. Whenever appointments are due to be made, we try to get the word

around so names can be submitted.

We also are cognizant that boards have particular responsibilities. For instance, a hospital is quite a sizeable financial institution. So quite often you need someone with some sort of financial background, an accountant or whatever, and we try to fill in on that. They have ticklish legal problems sometimes and whenever possible, whenever available, we try to get some form of legal beagle on boards.

So government still retains the authority and the right to ratify appointments, but we do the best we can to try to get as broad a representation as possible knowing it is a difficult institution to run and it is a very important institution to run for the community.

So, with those words, I move second reading.

On motion, a bill, "An Act To Amend The Hospitals Act, 1971," read a second time, ordered referred to a Committee of the Whole House on tomorrow. (Bill No. 19)

Motion, second reading of a bill, "An Act To Amend The Public Utilities Act."

MR. SPEAKER:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, this is an amendment to The Public Utilities Act which is necessary because we are now seeing, for the first time, the development of some small power sources by the private sector. These are small capacity generating stations being developed which would not be

practical for Hydro and its structure to become involved in. But private enterprise has found some methods, both of financing and some technology which seems to make it practical for them to develop small scale stations. We think it is a good way to go to deal with particular problems in isolated areas.

Where the difficulty arises is, strictly speaking, under The Public Utilities Act, these small generating stations would be required to go through the whole process of the Public Utilities Board, public hearings, and all the rest of it. We think that is unnecessary.

What this Act provides for are facilities of less than 1,000 kilowatts would be exempt from these provisions. I would point out the public is still, of course, being protected because Newfoundland and Labrador Hydro would be the sole customer of these small generating stations. Hydro, of course, having the mandate to develop and market the hydro electric energy of the Province. So they would be purchasing and, therefore, as a retailer, of course, all of their affairs are scrutinized by the Public Utilities Board.

Another point that I would note, as hon. members will, this is retroactive to March 1. We have asked for that because of the present development which is taking place in Mary's Harbour proceeded prior to completion of this Act, obviously. We had to give them so assurance that hopefully the House would approve this minor amendment. So they proceeded on the understanding and the hope the House would agree with this amendment and to comply

with that, we ask that this be retroactive to March 1.

MR. BAKER:
Mr. Speaker.

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

MR. BAKER:
Thank you, Mr. Speaker.

This is a minor change. I would like to make some comments on it. I have a couple of problems with it, I say to the minister.

I understand technology is becoming such it is possible to start small generating sources to provide electricity for confined areas of the Province. Mary's Harbour was an example where a diesel generating situation is being replaced by hydro, by water power. A small dam was tied in with the municipal water supply.

Other examples, of course, Mr. Speaker, could be wind powered generation. A few years ago there was quite a lot of talk about this and quite a lot of encouragement for municipalities to investigate wind power utilization.

I understand right now there is a project being considered which involves using the power of waves to generate electricity. So the wave generator is on the leading edge of technology, to use the phrase the government sometimes likes to use.

So there are those alternate sources which should and will be developed eventually.

The two problems I have with this, Mr. Speaker, is: Number one, the retroactivity. I have something against the idea of retroactive

legislation. I think, if it is used at all, and I am just trying to put together in my mind an instance where retroactive legislation should be used, but if it is to be used at all, it should be used very, very sparingly. It is a principle which seems to me goes against the whole idea of a democracy and it also encourages sloppy planning, because people who are making decisions, can go ahead and say, "Oh, we can go ahead and make these decisions, we will go ahead and do something that is not in accordance with some legislation that exists, because five years down the road, or two or three years down the road, when it becomes a problem, we can bring in retroactive legislation to cover it anyway. So I have a difficulty with retroactive legislation.

The second difficulty I have with it is the minister has said that these small projects, to sole customer for hydro in the Province of Newfoundland and Labrador is Newfoundland and Labrador Hydro. These projects will be providing electricity to Hydro who will then sell to the customer. Because hydro is selling to the customer, then hydro is responsible under the Public Utilities Act. Is that a correct interruption Mr. Minister? They are responsible to the Public Utilities Board for an awful of things in the Public Utilities Act.

It seems to me there are a few things covered by the PUB which would not, under this arrangement now, be covered. I am thinking of certain conditions regarding safety in the development and things like this, which I think the minister should address. He should go back - and I am sure his officials have fully investigated

The PUB Act - to see if there is anything now being left out. Is there anything the PUB controlled before, but now, does not control? Is there anything falling between the cracks here?

It seems to me, in reading The Public Utilities Act, there are a couple of things that might create a problem in this regard, and I will be bringing those up at the Committee stage.

I understand this Act finds favour with Newfoundland and Labrador Hydro, obviously, finds favour with the people who are developing Mary's Harbour, would find favour with anybody undertaking a small development and, I believe - I do not know if I am correct, Mr. Minister; if I am not, I am sure you will correct me - but I believe the Public Utilities Board also wants this amendment to go through. So I am, perhaps, a voice crying in the wilderness with regard to retroactive legislation and with regard to a couple of things in the Act that, it seems to me, are not now being covered or protected.

The principle of being able to develop a power source without going through all of the approval process of the PUB and so on, seems to be okay, if the other safeguards are there. I am supposed to be speaking on the principle of the bill now and that, essentially, is my comment. I will deal with the details, as I said a moment ago, Mr. Speaker, when we get to the Committee stage.

MR. WINDSOR:
Mr. Speaker.

MR. SPEAKER:
If the hon. Minister speaks now, he concludes debate.

The hon. the Minister of Finance.

MR. WINDSOR:

Thank you, Mr. Speaker.

I will just deal very quickly with the comments made by the hon. gentleman opposite. I do not disagree with him when he speaks about retroactivity in government as a whole. As a general policy, government does not like to introduce legislation which is retroactive. I would be more concerned if this dealt with a number of issues we are not aware of, or a number of instances that we could not be aware of, or something that was imposing something on someone or some organization or the people of the Province retroactively.

If we were imposing taxation retroactively, I could certainly agree with the hon. gentleman it is not in the spirit of a democracy. In this particular case, we are talking about permitting one development which has been begun by private enterprise to retroactively fall within the amendment being provided here. There are no others. This is the only one that has ever been undertaken by private enterprise, to my knowledge, since the old days of United Towns Electric. Certainly, there are no others being undertaken now.

We are fully aware of it. We are making the House fully aware of it. The people involved are fully aware and are expecting, obviously, to be included under the provisions of this amendment. So we are not trying to fool anyone. Everybody knew back on the first of March what we were proposing to do and, had it been possible to get a piece of

legislation before the House of Assembly and have it debated and approved by the House of Assembly prior to the first of March, we would have been only too happy to do so. So it is not as if we are trying to do something that everybody was unaware of or should have been notified of. They were fully notified and everybody is totally in agreement. While I agree entirely with the principle of what the hon. gentleman said entirely, in fact, in this case, I think we are talking about a different set of circumstances.

He mentioned also sloppy planning. Under normal circumstances, I would agree with that. But in this case it is not a matter of sloppy planning. We knew what we wanted to do. We wanted to get ahead with the construction at the earliest possible time in the construction season. So it is not a matter of sloppy planning. It is simply a matter again of the timing of the House of Assembly requiring, if we were to do, as the hon. gentleman suggest, requiring the development to be held up for a year or at least being held up until much later in the Spring and losing a significant portion of our all too short construction season.

As it relates to safety, Mr. Speaker, there are many mechanisms in place to provide safety. Just from a point of view of engineering standards, of design, there are mechanisms there which provide safety. Under the Department of Career Development and Advanced Education, the Labour Manpower Safety Division, of course, deals with safety in construction and so forth. So there are a whole range of standards applied for construction and standards for design, and all

provide for that.

I do not think there is any case here where safety is compromised by the fact of such a small development. It really is such a very small development it should not have any detrimental impact on safety provisions.

I move second reading, Mr. Speaker.

On motion, a bill, "An Act To Amend The Public Utilities Act", read a second time, ordered referred to a Committee of the Whole House on tomorrow. (Bill No. 25).

MR. WINDSOR:
Order 16, Bill No. 24.

Motion, second reading, "An Act To Amend The Newfoundland And Labrador Hydro Act, 1975." (Bill No. 24).

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

MR. WINDSOR:
Mr. Speaker, this is simply an act to increase the borrowing authority of the Newfoundland and Labrador Hydro. This is done by the House, of course, to provide the Hydro Corporation the power to raise funds for capital purposes. It is really quite straightforward. It just increased the amount from \$295 million to \$600 million. That is the amount that is required for particular capital projects over the next year.

I do not think there is much more I can say about it than that. I will answer any questions the hon. gentleman may have.

MR. BAKER:
Mr. Speaker.

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

MR. BAKER:
Thank you, Mr. Speaker.

The Minister of Finance is an amazing minister.

MR. WINDSOR:
It is only a few hundred million. What is your problem?

MR. BAKER:
Only \$600 million.

I think in his explanation unintentionally he may have left a wrong impression. Back in 1975 Hydro was given permission to borrow \$200 million. This is really not a borrowing limit, which is the kind of impression the minister gave. This is not a borrowing limit. They were given permission in 1975 to borrow \$200 million of new money. They went out and did that. It took them some time to reach that \$200 million.

Then in 1982, an amendment was made to the 1975 Hydro Act giving them permission to borrow \$295 million. Now that was \$295 million more dollars in new money. So it was not simply raising a \$200 million limit to \$295 million limit. As a matter of fact, if you look at it that way, it was raising \$200 million limit to \$495 million, giving them permission to add on an extra \$295 million.

Now, in 1988, we see another amendment permitting Newfoundland and Labrador Hydro to borrow another \$600 million which would raise really limit of new money since 1975 would then become over \$1 billion, \$1,300,0000.00. That is, in fact, what it is. It is

another \$600 million, Mr. Minister.

MR. WINDSOR:

No, no, the total is \$600 million.

MR. BAKER:

It is another \$600 million over and above everything else.

MR. WINDSOR:

It is another \$305 million.

MR. BAKER:

No, it is another \$600 million, Mr. Minister, and maybe you better go back and check because I can tell you, even though in 1975 the limit was set at \$200 million, and it was not amended until 1982, between 1975 and 1982, Hydro actually borrowed \$550 million. So it is not a limit on borrowing at all. Because during that period of time, they had to go out and find \$350 million to pay off bondholders they had to pay from previous borrowing. This is the way it works. So it is not really a limit on borrowing, it is a new \$600 million that Hydro wants to borrow. I see the Minister of Intergovernmental Affairs (Mr. Dawe) shaking his head. I can assure him that what I am saying is exactly right. There is no need for him to shake his head about it, it is exactly right.

MR. DAWE:

I was not shaking my head (inaudible).

MR. BAKER:

Hydro has asked for, and the minister is suggesting, we give blanket approval for another \$600 million. They have already borrowed \$800 or \$900 million and some of that will be coming due in the next few years, which means they will go to borrow to replace that \$800 or \$900 million, but they want \$600 million on top of

that. We are asked to give them a blank cheque for \$600 million.

As you might guess by now, Mr. Speaker, I have a problem with this. I have a minor problem with this. You may have guessed that. I am sure the Minister of Finance knows all about it.

First of all, the concept of passing over \$600 million to a Crown corporation, a branch of government, without any indication of where it is going to be spent or when it is going to be spent, we are giving them a blank cheque and saying, 'Look, you can spend \$600 million of new money on top of what you already owe, and if you want to pay off some bondholders and raise some more money, that is fine. That is not including the \$600 million; \$600 million of new borrowing, we give you permission to do that. You can do it in one year, you can spread it out over two years or you can spread it out over ten years.' Now, if this was a ten-year spending, you could say \$60 million a year is not very much for Hydro, but there is no time on it, so the \$600 million can be spent in one year, any time at all, just go out and borrow \$600 million.

I would like to know what the plans are. Obviously, there must be plans. I understand it is going to take \$200 million to carry out some extensions and repairs and normal maintenance work. They want to borrow the money to do this maintenance work.

I would like to know where these extensions are. Where are they planning to extend the lines? What communities are they planning to add, Sir, to provide service.

I would like to know and I am sure the Speaker would like to know, as well. What are the plans for this \$200 million of maintenance money? That leaves \$400 million.

Now, that \$400 million, obviously, is not money that they want to use to develop the Lower Churchill, or to build a transmission line from the Upper Churchill so that we can use and recall some of that power for our aluminum smelter in Happy Valley - Goose Bay. It is not for that, Mr. Speaker, because that would require a couple of billion dollars. The amount is too small for that.

So the \$400 million must be for specific developments now planned for. I can think of some specific developments. I think the Roddickton development may take \$25 million. Is that right? So they would probably need \$25 million there. If they get into a couple of other woodchip sources - again, you are talking about \$25 million each - Paradise River, another \$25 million. They seem to like to deal in these \$25 million amounts. I can see some areas where some smaller hydro projects might eat up \$100 million.

So, it is \$200 million for repairs and extensions; \$100 million for some small projects, some of which are in the works and some may or may not be. That leaves \$300 million that obviously there must be some plans for and that we in this House know nothing about.

Mr. Speaker, I cannot in all conscience do that. I do not understand how in 1975 this hon. House could give permission for the \$200 million without any planning or without any indication of where it is going to be spent. I cannot understand how

in 1982 this hon. House gave permission for \$295 million without planning.

I can only say that it must have been stream rolled through obviously by a government majority.

SOME HON. MEMBERS:
Hear, hear!

MR. BAKER:

That is the way they must have gotten it.

They are asking for \$600 million. I strongly suspect, Mr. Speaker, this government is going to force that through this House. They are actually going to do that, Mr. Speaker. They are going to force it through this House. They are going to give an agency of the government a blank cheque for \$600 million without informing this House as to what it is going to be used for.

Mr. Speaker, I do not know what words to use to describe something like that. I really do not. It is beyond belief.

We talk about the concept of block funding. The Auditor General has talked about the concept of block funding and so on. It brings up the whole idea of accountability. We are accountable for this money. But how can we be accountable? How do we know what it is proper to spend that money on? How do we know? We have to be accountable.

The only way I could assume any responsibility for this amount of money is if I knew where it was suppose to be spent and then I could analyze it and say, 'Yes, Hydro has a need for \$600 million.' Maybe they need \$800 million. Let us give them \$800

million. They have a need for a certain amount of money and I can see where it is going to be spent. Then after it is spent, I can go back and look at it and say, 'We gave them \$600 million or \$800 million. We gave them this money as a Legislature. Now let us look at it and see if, in fact, it was spent where we approved it be spent, where we intended it to be spent, and that it was not spent on some harebrained scheme.'

If we are to retain any control over the huge amounts of money we generate, if we are to retain any control over this money, then we cannot approve huge sums like this to be spent at the whim of some other agency. I think it is our responsibility, as elected members, it is certainly the responsibility of the elected members which form the majority party in this House, which form the government. It is our responsibility. That is what the people elected us for, to, number one, approve expenditures of money; number two, to guarantee the money is spent in the best manner possible for the welfare of the whole Province and, number three, that we do a final check to see if, in fact, our intention was actually carried out by that agency.

Mr. Speaker, the problem with this is a general problem in government and too often this government has refused to be accountable for the money spent. There is so much of our money that has doled out, hundreds of millions of dollars, \$1 billion or more each year, doled out to other agencies to spend and we have no control over how it is spent and the effectiveness and the efficiency of these expenditures. We have no control over that and yet we are

the people who are suppose to certify the expenditures and to see that they are done properly.

Mr. Speaker, it is a problem with this bill and it is a problem with government spending generally.

Mr. Speaker, do you know something else? The Public Accounts Committee wanted to question Newfoundland and Labrador Hydro. Newfoundland and Labrador Hydro, borrowing all this money we are guaranteeing, and if this passes, we will give them permission to borrow another \$600 million; 'Go ahead, do it, spend it.' We will have guaranteed that money and yet, if the Public Accounts Committee of this hon. House wants to examine the expenditure of that agency, we are told, 'No, they are not responsible to us.' They are not responsible to this Legislature, Mr. Speaker!

If I take my responsibilities in this House seriously, how can I, in all honesty, vote for \$600 million going to an agency when we do not know what it is being spent on, with this agency saying, 'We are also not accountable to the Committee of this Legislature that is supposed to examine government accounts, the Public Accounts Committee'?

So, Mr. Speaker, I have a problem. I say to the minister, it is a serious problem. It is a problem with the idea and the principle of this bill. I do not want to turn over, with no strings attached, the ability to borrow \$600 million and put the people of this Province on the hook for another \$600 million with no control, not knowing where it is going, and to an agency which refuses to answer to a Committee of this Legislature. Mr. Speaker,

it cannot be done.

I intend to vote against this bill.

SOME HON. MEMBERS:

Hear, hear!

MR. FENWICK:

Mr. Speaker,

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Mr. Speaker, it is very rarely we agree with the comments made for the critics on the Liberal side, the Official Opposition, but we fully support much of what he said.

The lack of accountability for Newfoundland and Labrador Hydro is a situation I find dispicable. The fact is, we guarantee their loans. They are our company; they produce electricity for us. Unfortunately, they sell it to Newfoundland Light and Power before we get it back, and they allow that private company to make a profit, and it is something that should not have been allowed, quite frankly. But the fact of the matter is that Newfoundland and Labrador Hydro is our electric utility and should be answerable to the Public Accounts Committee, to this Legislature, for its actions.

It is clear government policy has been to allow Newfoundland and Labrador Hydro to become a fattened calf in the sense that it becomes quite prosperous and starts achieving dubious corporate ends which do not seem to have any relationship whatsoever to its primary responsibility, which is to generate electricity and make it available to the people of this Province at the most reasonable

rate possible.

So, in looking at this particular legislation, I strongly suggest one of the things which should be done with it, and one of the criticisms we have with it, is allowing Newfoundland and Labrador Hydro to dabble in foreign currencies.

Hydro is a utility. Its responsibility is to produce electricity and sell it to us, not to become a merchant bank or some sort of speculator. If you look at the list of loans Hydro currently has, you will find we rather remarkably borrowed some Japanese yen a number of years ago, I think back in 1984 or 1985, although I am not sure if it was ours or the provincial government's one, or Hydro's. There were also borrowings of Deutsche marks back in the 1960s, if I remember correctly, and I think Swiss francs are one of the favoured currencies being borrowed latterly.

Mr. Speaker, if you look at those loans and the exchange rates on them, you will see invariably Hydro has guessed the wrong way. We have received slightly lower interest rates on some of those loans, but in the exchange rates that followed, we ended up losing hundreds of millions of dollars, all of which you and I, as consumers, eventually had to carry. So, on that basis -

MR. BAKER:

(Inaudible) guessed the wrong way.

MR. FENWICK:

The Department of Finance is even worse, quite frankly, but Hydro itself was. I understand they work in tandem, by the way. They go to the money markets by

themselves, and one may go Canadian, one may go American, another may go European, and so on.

So, one of the things I would strongly suggest to the minister now responsible for Hydro is we tell Hydro to keep their hands out of the European market, out of the Japanese market, and quite frankly, out of the American market as well, although that currency tends to march in tandem with ours much more closely than do these European and Japanese currencies. On that basis, what I suggest we do is we tell Hydro, do not borrow foreign currencies, borrow Canadian currencies.

DR. COLLINS:

Would the hon. member permit a question?

MR. FENWICK:

No, you can make your comments afterwards. There is a place for debate by government members, although you do not often exercise it.

Quite frankly, the case is we are not subsidizing a company that speculates in foreign currencies. We have had some very, very tragic experiences with them, both for the government's account and also for Hydro's account. It may be in the last six months we have actually recouped some of that and it may be a year from now we may actually make money on it. I am not disputing the fact you sort of pays your money and takes your chances. The question I often ask is; why are we paying our money and taking chances when the function of this organization is not to speculate but to provide electricity?

The other thing I would say by way of comment here, since we are

talking about Newfoundland and Labrador Hydro, is it strikes me as being quite odd why we have a Newfoundland and Labrador Hydro which generates electricity, sells it to a certain portion of the Province, including parts of my district and parts of Labrador and other parts around the Province, and then we have another entity called Newfoundland Light and Power, which is a privately owned corporation, which then takes the power from Hydro and resells it to us. We have never been able to figure out in our own minds what was particularly accomplished by this middleman in the whole operation.

What I would like to suggest to the Minister responsible for Hydro is that this government, if not the subsequent one, which we hope we will be a part of, look at nationalizing Newfoundland Light and Power, buying it up, making it a part of Newfoundland and Labrador Hydro. Let us think about what would be accomplished.

MR. LONG:

Hear, hear!

MR. FENWICK:

One of the major accomplishments would be a rationalization of the headquarter structures of both of these particular institutions. What do you have here?

You have Hydro which has corporate headquarters, it has a board of directors, it has a chairman, you have entire offices of personnel, corporate planning offices, and you have industrial relations offices. You have a whole infrastructure that exist in Newfoundland and Labrador Hydro.

Then you have Newfoundland Light and Power which has a duplicate

structure at the top. These duplicate structures mean a lot of those functions could be eliminated, could be merged with Hydro and we would end up with a more efficient, leaner operation which means, of course, in the long run, we would end up with lower cost electricity.

At the same time, Mr. Speaker, if you go and look out in the Province itself, and you look at various locations, you will actually see a Newfoundland and Labrador Hydro truck going this way and a Newfoundland Light and Power truck going this way. Obviously they are crossing themselves as they go, and yet if they are both operating, one maintaining the trunk lines and the other one doing the distribution lines, it seems to me appropriate under the circumstances we eliminate this level of duplication.

I know that the government has not looked on this favourably in the past. Unfortunately they did not because if they had done it in the past, then we could have eliminated the position of Chairman of Newfoundland Light and Power and obviously the revenue of whatever the Chairman of Newfoundland Light and Power may have been able to accrue. That is about as personal I am going to get on the whole thing because I think it is an important issue that should be discussed on the merits of eliminating an additional utility.

The other aspect of it I would like to suggest to the minister is Quebec Hydro, which is probably one of the largest corporations in the world in terms of assets or one of the very largest, never became a substantial utility in

the Province of Quebec until it took over Shawinigan Power and a whole bunch of the other private utilities and made itself the electrical utility of Quebec, not only for generating electricity but for distributing it as well.

I would argue with you Newfoundland and Labrador Hydro does not have the strength it should have because it does not own its own distribution system right down to the retail level. As a result, it does not have the ability to do many of the things which are going to be required in electrical generation and transmission in the future. That, of course, includes much of Labrador, where we have Gull Island and Muskrat Falls, all of which should be developed in the future, and all of which should be developed by Newfoundland and Labrador Hydro. I am assuming the extra hundreds of millions of dollars we are approving in this legislation are other things.

Mr. Speaker, I just raise those issues since this is one of the few pieces of legislation affecting Newfoundland and Labrador Hydro currently before us. It would be welcomed to hear the comments of the Minister Responsible for Hydro (Mr. Windsor) in terms of those initiatives in the future, so that we can have a Hydro that rivals Quebec Hydro in terms of its ability to develop our electrical resources and to distribute the resource, right down to the consumer's level.

Having said that, Mr. Speaker, I will sit down and allow other people to debate it.

DR. COLLINS:
Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

I just want to make one very brief comment. The hon. the member for Menihek, any number of times in this House, as you will read through Hansard, has thrown up to us Manitoba when there was a Socialist government there: 'Follow Manitoba! Do what Manitoba does!'

Today, he complains about Hydro borrowing in foreign markets. The Province which borrowed most in foreign markets was Manitoba, under the Socialists. This is an example of the consistency we get from that corner of the House there.

MR. J. CARTER:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for St. John's North.

MR. J. CARTER:

Mr. Speaker, the comments by the member for Menihek are one more illustration of why he should be locked up and taken out once a day and horsewhipped! I have never heard anything so perniciously dangerous.

I agree, we should have free speech in this House. I should not argue against free speech in this House. One may say anything except insult the Monarch, and I would defend that. But, on the other hand, when I hear such pernicious rubbish, I have to stand up and speak my piece against it.

Newfoundland Light and Power has assets worth about \$400 million. Now, I could be wrong by \$50

million one way or the other, but within that area. If Newfoundland Light and Power is to be expropriated, then a fair price must be paid. There is no question about that. Now, then, that money must be borrowed. The interest on \$400 million, even at 9 per cent or 10 per cent, you are talking \$35 million to \$40 million a year extra that someone would have to pay for. I suggest the NDP Party pay for it. That might be a start, except that they would never find that kind of money because no one would ever lend them that kind of money. This is the most absurd thing I have ever heard.

The other thing is Newfoundland Light and Power and Newfoundland Hydro co-operate. They co-operate better than most companies, even public utilities. Newfoundland Light and Power has a generating capacity of something like - I could be wrong here - but something of the order of fifty to sixty megawatts, because they have been reactivating all their small power stations built years ago and that have been paid for and it would be a waste not to reactivate. The total amount that they generate is quite considerable. They co-operate in every way possible.

There is as little duplication as you can possibly imagine, and the extra cost to the consumer is negligible because the profit they make on the power they buy is very reasonable.

The alternative, to expropriate them and to try to combine them, would mean at least between \$30 million and \$40 million thrown down the drain.

But, of course, the NDP do not

care about that because, as far as they are concerned, when you want to have money, you just crank up the printing press - it is only paper - just crank up the printing press, print out the money, and you will have all you want. They just do not understand the first rule of economics.

I would call upon other members in this Chamber who are much more knowledgeable than I am about this to enter this debate, however briefly.

MR. WINDSOR:
Mr. Speaker.

MR. SPEAKER:
If the hon. the minister speaks now he will close the debate.

The hon. the Minister of Finance.

MR. WINDSOR:
Thank you, Mr. Speaker.

Let me just briefly respond first of all to the hon. the gentleman for Gander (Mr. Baker). I appreciate his concerns when he says this bill does not list what the \$600 million is going to be spent on. I must confess I do not have a list with me at the moment. It gives all the complete details. I would suggest though the hon. gentleman is probably aware of most of the details.

I have been just listing down from my head some of the projects that are being undertaken which these monies will be spent on is, for instance, the headquarters building being built in St. John's, which is cost in total, both the headquarter building is about \$20 million; and the Energy Control Centre is about \$20 million; so there is about \$40 million there. There is the major

development at Paradise River and I do not recall the amount of that, but it is quite significant. There is an upgrading of the Thermal Generating Station at Holyrood. There is the Fogo - Change Island Interconnection which is around \$13 million, as I recall, or something of that order. There is the Roddickon chip operation. I recall that is about \$25 million.

AN HON. MEMBER:
Around \$26 million.

MR. WINDSOR:
Around \$26 million, yes. Something in that order.

There is an ongoing PDD districts, those are some of the diesel stations. I had a letter yesterday from the hon. gentleman for the Strait of Belle Isle (Mr. Decker) asking about one. I will get that answer back to him in due course, but that is the sort of thing obviously that this type of money would be used for.

There is an ongoing upgrading of transmission lines, which is almost a constant thing. I guess, we probably do not have an exact cost of that over the next twelve month period, say. So that is all part of it.

So these are the sorts of things, Mr. Speaker. I do not have like I said the exact details of all of them. But let me note that all of them have already been announced. The hon. gentlemen are aware of them. They all require Cabinet approval.

This is not blanket authority to Newfoundland and Labrador Hydro to go and expend any amount they want on any of these capital projects. This is simply increasing under

Statute their borrowing authority so they can then come to Cabinet and Cabinet can, within the statutory limitations of borrowing, allow Hydro to undertake these capital projects.

Everyone of them, as I said, are made public by ministerial statements, press releases and whatsoever. We do not make any attempt to hide great capital projects of Hydro. Everything is audited, of course, Mr. Speaker, every year. Annual reports, as the hon. gentleman has in his hand, are issued every year.

Finally, and perhaps most importantly, all of this has to be justified to the Public Utilities Board. Everything Hydro does is subject to scrutiny by the Public Utilities Board. So it is not a matter of them going off and spending hundreds of millions of dollars and not being accountable to anybody. It is obviously accountable to both the House, to Cabinet and to the public through the Public Utilities Board.

So I would submit there are very adequate controls on Newfoundland and Labrador Hydro, perhaps moreso than any other department of government. Departments of government do not answer to the Public Utilities Board. So that is an extra step that is done.

Mr. Speaker, I want to address some questions from our Socialists friends down in the corner. We are not obviously not going to agree, as a basic difference in philosophy, as to whether we use a free enterprise system or whether we attempt to own and to operate everything. God forbid that hon. gentlemen opposite would operate anything, let alone this Province.

He made references to losses on the exchange rate. I happen to know, because we are involved at the moment, we have done very well in many of our exchange rates. Obviously if you look at the exchange rate that applied when we borrowed and if you look at the final average exchange rate over the life of the bond, you may indeed find, Mr. Speaker, the average exchange rate is higher than the rate at which we borrowed. So hon. gentlemen would then conclude that therefore we lost a great deal of money.

What you have to compare is what was the exchange rate we could have borrowed in the Canadian market at the time. I happen to be aware of two issues done in Japan a number of years ago. The first one was borrowed at a rate of 5 3/4 per cent, at a time when the Canadian rate was around 11 per cent. I stand to be corrected in some small details. But the Canadian rate at the time was about 11 per cent. Over the life of that bond, the average actually came out to 8.5 per cent. So yes, we did pay more than the 5.5 per cent or the 5.75 per cent we borrowed at, but it was still quite a bit less than the 11 per cent we could have gotten for that same money at home.

MR. FENWICK:

(Inaudible) 15 and 20 per cent too.

MR. WINDSOR:

Oh, there may be have been a case. Yes, there may have been a case.

But I am aware of another one, Mr. Speaker, where we borrowed at about 5.8 per cent at a time when rates were 11 per cent and over the average life of that one it was actually 4.95 per cent. So

the average was actually less than the borrowing rate.

So the main thing to consider is whether or not the average over the life of the bond, in effect, is higher than the rates available in Canada at the time.

I suppose we could nationalize Newfoundland and Light Power. The New Democratic Party has been advocating that for many years. But then, of course, they are advocating nationalizing anything that walks, talks or breathes.

SOME HON. MEMBERS:
Oh, oh!

MR. WINDSOR:
Maybe the hon. member would like to nationalize a cucumber, I do not know.

MR. FENWICK:
We have! We do not have to nationalize Sprung!

MR. DINN:
Nationalize Shirley Carr.

MR. WINDSOR:
Mr. Speaker, now the hon. gentleman can say it would be more efficient, it will save all of the administrative costs, you know. In a strict theoretically sense, that is probably to some degree, a very miniscule degree, correct, very miniscule. But if you look all of the administrative costs of Newfoundland Hydro and Newfoundland Light and Power and eliminated them totally, they still would not impact on Hydro rates in this Province. The administrative costs are such a small component of the cost of running those utilities. Obviously, it is impractical, Mr. Speaker. So that is nonsense to put that forward as an argument

for doing that. It is a whole basic difference in philosophy of whether we have a free enterprise system in this Province, in this country or whether we are going to following some of the socialist ideals of hon. gentlemen opposite.

So with that, Mr. Speaker, I will move second reading.

SOME HON. MEMBERS:
Hear, hear!

On motion, a bill, "An Act To Amend The Newfoundland And Labrador Hydro Act, 1975," ordered referred to a Committee of the Whole House on tomorrow.

MR. DAWE:
Order 17, Bill 10.

Motion, second reading if a bill, "An Act To Amend The Retail Sales Tax Act, 1978." (Bill No. 10).

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

MR. WINDSOR:
Mr. Speaker, this is an amendment basically to put into effect what I announced in my Budget Speech. There were certain services taxable under The Retail Sales Tax Act, services being provided to oneself. Even though, if a person was in business providing a service such as a mechanic, providing services to the general public, and if that person did work on their own vehicle, technically speaking they were liable to pay tax on their own service to themselves.

This is neither reasonable, nor is it collectable, nor does it make an awful lot of sense, Mr. Speaker. So this great forward thinking piece of legislation simply repeals that provision,

which is totally uncollectable and unadministrable and I think, it makes all kinds of sense, and the hon. gentlemen opposite I am sure will agree.

SOME HON. MEMBERS:
Agreed! Agreed!

MR. BAKER:
Mr. Speaker.

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

MR. BAKER:
Thank you very much, Mr. Speaker.

I am glad the minister said what he said. I got a chuckle when I saw this.

I must say though, when I saw on the Order Paper, Mr. Speaker, a bill To Amend The Retail Sales Tax, my heart went right up in my throat, I must say. I thought perhaps the minister was going to adjust downward the retail sales tax in this Province to try to stimulate the economy. I really believed that.

I was willing to give the minister all kinds of credit and stand up here and say what a great fellow he was because he was going to take some of this burden off the backs of the people in the Province. When I read the bill it provided one of the lighter moments for me in this House.

In 1978 this bill said where a person does labour for himself in his chosen field he must tax himself at the same rate he charges to the public. Mr. Speaker, that is really ludicrous.

Somebody who works at labour work building houses or something and then he decides to build himself a

shed after hours on the back of his house has to pay himself tax on it, or a carpenter builds himself a house. A mechanic, unless he pays the tax, cannot even clean his own spark plugs and so on. It is a kind of ludicrous bill that is impossible to administer, that is for sure.

I have often wondered what was in the minds of the people who drafted that piece of legislation back in 1978 or 1977? Maybe it took three or four years for them to think up this particular clause, Mr. Speaker. They must have had something in mind. I do not know what it was.

MR. TULK:
What year was it?

MR. BAKER:
1978. I wonder who is responsible for that?

MR. TULK:
Who was the Minister of Finance then?

MR. BAKER:
Who was the Minister of Finance in 1978? That is interesting. I have not looked back to see.

Mr. Speaker, the minister is right, the Opposition sees no problem with this. There is one point I would like to make about the second part. I must say, Mr. Speaker, we agree with both parts, because anytime we see a reduction in sales tax, we are quite willing to go along with it, as I am sure the member for Terra Nova is, as well.

Supplying services to other people at a reduced cost is perhaps a little bit different. I know it is very difficult to administer, but I would just like to point out

to the minister that the barter system has become fairly well organized in some parts of North America; it is a method of income tax avoidance - I was going to say evasion - and also sales tax avoidance. Perhaps in terms of income tax, there would be an argument for keeping it in. With that caution I would like to say that in terms of the retail sales tax, Mr. Speaker, any kind of reduction of retail sales tax we will applaud heartily. It is only too bad that this is such an insignificant reduction in the retail sales tax burden to the people of this Province.

MR. FENWICK:
Mr. speaker.

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

MR. FENWICK:
Mr. Speaker, this is a tax bill, which is a financial bill, and I assume we have a bit of leeway on it. One of the things I find curious is not what was said in this very short debate on this particular change, but what was not said by the Liberal Party. In the past, whenever we have had a retail sales tax bill, they have harangued on how it was a wet blanket on the economy, how it was going to reduce expenditure, and it was discouraging entrepreneurs and so on, and that they would reduce it, and they would usually give us a number. I have not heard a number this time. I am assuming that that means that with their new leadership they have now abandoned the idea to reduce the sales tax from 12 per cent to 10 per cent, or 8 per cent, or whatever the number was.

MR. LONG:
No? No?

MR. FENWICK:
Is that a change that has occurred? I really have a query here.

MR. BAKER:
Would the hon. member permit?

MR. FENWICK:
If you wish to, yes. I will be glad to sit down for a second.

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

MR. BAKER:
As a point of information, Mr. Speaker, the hon. member heard me say at the beginning that I really wished this was a reduction in the retail sales tax, we were looking forward to it and so on. It is very difficult to pick a number. I know in the past the Finance critic has, I believe, said a 2 per cent reduction.

MR. FENWICK:
Two per cent, was it?

MR. BAKER:
How can you pick one magic figure out of the air? We would be happy with the 3 per cent reduction or 5 per cent reduction, whatever. It has to be tailored to the needs of the Province. I would like to see a study done: Would an eight cent reduction stimulate enough business in this Province to more than make up for it? Where is the point of no return? I would like to see a study done on that. But I do believe we are overtaxed in terms of retail sales tax, and this party does, and we would certainly support a reduction of more than 2 per cent.

MR. FENWICK:
Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Mr. Speaker, I appreciate hearing a clarification, if that could really be called a clarification. It is one of the things which has always annoyed me about the Liberal Party — well, it is not one, there is a whole bunch that annoy me — that they argue for something that is quite legitimate and quite sensible and we would almost support, but they use all the wrong reasons for it. If you look at it, I think the last numbers indicate the 12 per cent sales tax receives about \$40 million per click, per point. We are talking \$480 million in revenue here, and they argue we should reduce the sales tax in order to stimulate the economy.

Now, the Minister of Finance is going to get up and he is going to say, quite rightly, that reducing the sales tax does very little to stimulate our economy, because the sales tax is almost totally on things which come from outside the Province. It might do a tiny bit of stimulation of the retail sector, and that is nebulous at best. However, having said that, the sales tax should become less onerous because of the fact it is a regressive tax and it is paid by the poorest in our society as well as the richest. If you pay the 12 per cent, you pay it if you make a million dollars a year or if you make one dollar a year, and that is the problem with it.

The thing that always amazes me with the Liberal Party is that they are more concerned with the businessmen than they are with the ordinary consumer, the people who have to bear the brunt of it.

We, quite frankly, hate the 12 per

cent sales tax and would love to see it instituted some other way. But we also recognize that there are a number of social services and other things we would like to offer the Province, and giving away \$40 million a point is a very, very difficult way, it puts you in something of a box.

Maybe the minister would say if we have ever collected one cent under that particular clause.

AN HON. MEMBER:

Never.

MR. FENWICK:

Never? In which case, of course, we probably could have left it there forever and never have to worry about it. But it is nice to see it being amended. This is an opportunity to clarify a few fundamental positions, and I am glad to sit down now.

MR. SPEAKER:

If the minister speaks now, he will close the debate.

The hon. the Minister of Finance.

MR. WINDSOR:

Thank you, Mr. Speaker.

On that last point from the hon. gentleman I do not know if anything was collected, but certainly it is a nuisance to our auditors and our tax collectors to have to be constantly looking for that and asking the questions, did you do any work for yourself? How much did you do? Why did you not report it? As I have already said, it really is uncollectable. I guess it was put there in case there was a circumstance whereby a considerable amount of work was done, or at least was said to be done for oneself, as a means of getting around it and, therefore,

it would not be taxable. People of every Province of Canada are very innovative when it comes to finding ways and means of getting around taxes, and we have had some specific examples of that, of course.

There is really not a great deal to be said about this, Mr. Speaker. I think it is fair to say that it is really straightforward.

Just to address the hon. gentleman opposite, let me say that I hate taxes. I would love to eliminate sales tax and every other taxes, but there are bills to be paid. If hon. gentlemen can tell me how we can eliminate all taxes and still have the revenues necessary to run the Province and provide the services people are demanding, then I would be amazed.

The hon. gentleman had better be careful. He should exercise regularly over the Summer to get his heart in good shape, because you never know, next year we might reduce taxes. I move second reading.

On motion, a bill, "An Act To Amend The Retail Sales Tax Act, 1978", read a second time, ordered referred to a Committee of the Whole House, on tomorrow. (Bill No. 10).

DR. COLLINS:
Order 18. Bill 11.

Motion, second reading of a bill, "An Act To Amend The Insurance Companies Tax Act". (Bill No. 11).

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

MR. WINDSOR:
Mr. Speaker, again this is a very

minor amendment. I am sure the hon. gentleman opposite is going to support this. This is a tremendous improvement to the insurance industry.

Apparently, when an assessment is done we have to send out a notice and, in most cases, there is no difference in the assessment and the amount filed by the insurance company. Apparently we are sending out thousands of notices of assessment which is an unnecessary cost and unnecessary administration. This amendment simply removes the necessity of sending an assessment if the amount filed is the same as the amount assessed. In other words, no news is good news. It is as simple as that, Mr. Speaker.

MR. BAKER:
Mr. Speaker.

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

MR. BAKER:
Thank you, Mr. Speaker.

I would like to thank the minister for bringing in such a monumental bill. I am sure the Western World will be safe tonight.

MR. WINDSOR:
It certainly will. Thank you.

I move second reading, Mr. Speaker.

On motion, a bill, "An Act To Amend The Insurance Companies Tax Act", read a second time, ordered referred to a Committee of the Whole House, on tomorrow. (Bill No. 11).

DR. COLLINS:
Order 19. Bill 12.

Motion, second reading of a bill,

"An Act To Amend The Mineral Holdings Impost Act". (Bill No. 12).

MR. WINDSOR:
Mr. Speaker.

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

MR. WINDSOR:
Mr. Speaker, again this is a minor amendment to clear up what is really an anomaly. The Mineral Holdings Impost Act, of course, is designed not as a tax or a revenue raising measure, but simply as a measure to discourage companies from holding on to mineral lands unnecessarily and without doing any exploration or any development of them.

In certain cases, because of these regulations, the land reverts to the Crown. There may well be outstanding taxes under this Act. Obviously, if the rights to this land have reverted, the company has nothing left and under current legislation the taxpayer is still liable for the tax. So it all amounts to double taxation; we have taken back the land and you still owe us the tax for which we have taken back the land. What we are saying is that that is hardly reasonable and we are simply eliminating the need to repay tax in the event that we have taken back the land. It is quite routine.

MR. BAKER:
Mr. Speaker.

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

MR. BAKER:
I move the adjournment of the debate, Mr. Speaker.

MR. SPEAKER:
The debate has been adjourned by the hon. the member for Gander.

DR. COLLINS:
Mr. Speaker.

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

DR. COLLINS:
Mr. Speaker, I understand the hon. member has moved the adjournment of the debate.

MR. SPEAKER:
Yes.

DR. COLLINS:
Just before we adjourn the House I would like to inform hon. members that this weekend there is the Janeway Telethon and members might like to keep an eye out for it.

SOME HON. MEMBERS:
Hear, hear!

DR. COLLINS:
I have also been instructed, under severe sanctions, to mention that the hon. the House Leader will be appearing on **View From The Hill** at one o'clock on Sunday, and I am sure all hon. members will want to listen to him, also. With that battery of information, I move that the House at its rising adjourn until tomorrow, Monday, June 6, at 2:00 p.m. and that this House do now adjourn.

MR. TULK:
Before we adjourn, Mr. Speaker, I wonder if the hon. gentleman could tell us what the order of business is for next week.

DR. COLLINS:
Legislation down the Order Paper.

MR. TULK:
All right.

On motion, the House at its rising
adjourned until tomorrow, Monday,
at 2:00 p.m.

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Answers to Questions

tabled

June 3, 1988

Answered

3 June, 1988

ORDERS OF THE DAY 19/88

Question No. 166 Mr. Fenwick to ask the Honourable the Minister of Finance to lay upon the Table of the House the following information:

1. What plans the department has to promote the hiring of handicapped people in their department over the next year?
2. What funds have been allocated to help in programs like this?
3. What funds have been allocated to make the department itself and their programs, more accessible to handicapped people?
4. Any other programs that the department itself might have to help the handicapped?

Answer

In September 1985, Government appointed a Task Force on Employment Equity to study the public service employment concerns of people with disabilities. M.C. 1089-'87 approved the recommendations of the Task Force, and I as President of Treasury Board at the time, announced the special initiatives that would be implemented to promote the representation of people with disabilities within the public service. Those initiatives included:

- development and implementation of a Training Placement Programme;
- recruitment of an Employment Equity Officer;
- efforts to improve building accessibility;
- management training to promote a better understanding of the abilities of the target group; and
- other special efforts to ensure work environments meet the needs of the target group.

Answer (Cont'd.)

I should point out that the planned initiatives are designed to be implemented on a service-wide basis and that individual government departments are not, at this time, responsible for developing and implementing their own programs. However, in accordance with the guidelines, my department has designated an employment equity co-ordinator who will assist with the implementation of the proposed initiatives in the department.

The following information outlines the specific efforts that my department will be undertaking during the coming year to promote the hiring of people with disabilities.

Training Program:

For the past four or five years my department has agreed to accept students from special education classes in some of the city schools. The purpose of this program is to provide the student(s) with on-the-job experience as well as an exposure to working conditions, working relations with other people etc., and an insight into how they might react in a work situation.

In the past we have hired students from the program on a full time basis and will continue to do so if the opportunity arises.

The department has designated areas that are suitable for the employment of handicapped people and a number of handicapped people are employed at the present time.

Building Accessibility:

Government recognizes that employment programs will only be effective if potential employees can have access to government buildings. In order to facilitate this, the Department of Public Works and Services has been directed to revise its inventory of Government properties to include their current level of accessibility. Once the inventory has

Answer (Cont'd.)

been completed, Treasury Board and the Department of Public Works and Services will be evaluating the level of accessibility improvements required. Efforts will be made to ensure that all Government owned and leased premises are made accessible by the end of Decade of Disabled Persons (1992).

To my knowledge, there are no barriers to accessibility in my department. In keeping with government's commitment my department will continue to support the concept of employment equity and will ensure that people with disabilities are given every opportunity where possible.

3 June, 1988

ORDERS OF THE DAY 20/88

Question No. 171

Mr. Baker (Gander) to ask the Honourable the Minister of Finance to lay upon the Table of the House the following information:

Re: Order-in-Council No. 1413-87
March 10, 1988

1. What was the \$70,000.00 against the 1988-89 appropriation 3.2.02.06 (Purchased Services - Printing Operations - Printing Services) spent for?
2. Why was this commitment necessary on December 17th, 1987 and when were the goods and services received?

Answer

Order-in-Council 1413-'87

1. This Order-in-Council authorizes the pre-commitment of \$70,000. against the 1988/89 appropriations for the Department of Public Works Printing Services and a further \$6,000. against the 1988/89 appropriations of the Department of Education for examination supplies.
2. These pre-commitments were required in order that necessary printing materials such as examinations for various high school subjects, answer books, transcripts and other materials be acquired for public exams to be held in June, 1988. Each year it is not possible to delay the order of materials for public exams until the new year because these materials would not be available at exam time in June.

3 June, 1988

ORDERS OF THE DAY 21/88

Question No. 174

Mr. Baker (Gander) to ask the Honourable the Minister of Finance to lay upon the Table of the House the following information:

Re: Order-in-Council No. 162-'88

1. Why was it necessary to pre-commit \$7,200,000.00 against the 1988/89 appropriation for school textbooks on February 11th, 1988?

Answer

Order-in-Council 162-'88

1. This Order-in-Council authorizes a pre-commitment of up to \$7.2 million against the 1988/89 appropriations of the Department of Education for the purchase of school textbooks.

Each year it is necessary to obtain authority to order textbooks in the current year for delivery in the following year. This is essential to ensure that textbooks are received in time for distribution to schools before they open in September. In order to avoid delays in the distribution of textbooks orders must be placed by mid February.

House

3 June, 1988

ORDERS OF THE DAY 21/88

Question No. 175 Mr. Baker (Gander) to ask the Honourable the Minister of Finance to lay upon the Table of the House the following information:

Re: Statement of Overdrafts, February 26, 1987 - March 10, 1988

1. What was the cost of these overdrafts to the Government? How much interest was paid?
2. Why were these overdrafts necessary when so much money is always on short term deposits?

Answer

1. The total cost of temporary borrowing via bank overdrafts for the fiscal year 1987/88 was \$166,411.

Similar figures for previous years are as follows:

Fiscal year 1986/87	\$173,755
Fiscal year 1985/86	160,021
Fiscal year 1984/85	168,731
Fiscal year 1983/84	165,417

The amounts represent the interest paid on overdrafts at the bank's prime lending rate.

2. The Province has lines of credit established with its principal banker. These may be activated in the form of overdrafts to cover temporary shortfalls in the overall net cash position of the Province. Such overdrafts occur for any of the following reasons:
 - (a) late arrival of federal transfer payments;
 - (b) difficulties encountered in forecasting departmental cash flows;
 - (c) release of large cheques by departments without notice to investment officer;
 - (d) deposits made by Central Cash later than anticipated;

Answer (cont'd.)

- (e) run-down of cash resources pending proceeds from capital markets financing;
- (f) it is difficult to forecast when portions of the large dollar amount of outstanding cheques will be processed through the bank accounts (average amount of outstanding cheques during 1987/88 was \$106.5 million: 1986/87 in excess of \$100 million).

In most instances, it is more advantageous to run temporary overdrafts than to unwind existing investments and incur an interest reduction penalty.

Answered

3 June, 1988

ORDERS OF THE DAY 21/88

Question No. 177

Mr. Baker (Gander) to ask the Honourable the Minister of Finance to lay upon the Table of the House the following information:

Re: Statement of Treasury Bill Issues

1. Why the unusually large amounts issued on December 15th, 1987?
2. Why were the two amounts of December 15th, 1987 at two different interest rates?

Answer

On December 15, 1987 the Province issued two special Treasury Bill Issues as follows:

<u>Face Value</u>	<u>Proceeds</u>	<u>Int. Rate Percent</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Price</u>
\$30,000,000	29,993,100	8.40(1)	Dec. 16/87	1 day	99.997
20,000,000	19,991,000	8.22(2)	Dec. 17/87	2 days	99.955

The special Treasury Bills were issued to cover the maturity of the Province bond issue - Series 5C \$50,000,000 borrowed from the Alberta Heritage Trust. The issue of the Treasury Bills prevent the incurrence of a large overdraft in the Province's net cash position at an interest rate cost of much less than the bank prime of 9.75%. Existing investments were at an average rate of 8.76% on December 15, 1987 and therefore it was more effective to use special treasury issues to cover the situation that existed. The different interest rates occurred because each series of Treasury Bills was issued at a different time during the day and one series had a term of 1 day while the other was for two days.

1. The price of 99.977 equates to an interest rate range of 8.25% to 8.41% for a one day instrument where the price is calculated to 3 decimal places only, as is the case here. The 8.40 shown could have been shown at 8.25%.
2. The price of \$99.955 equates to an interest rate range of 8.15% to 8.27% for a two day instrument where the price is calculated to 3 decimal places only, as is the case here. The 8.22% shown could have been shown at 8.15%.

3 June, 1988

ORDERS OF THE DAY 29/88

Question No. 182

Mr. Tulk (Fogo) to ask the Honourable the Minister of Finance to lay upon the Table of the House the following information:

1. The amount of money invested in ERCO (Electric Reduction Company) in grants, loans, loan guarantees or subsidies by the Provincial Government or by any Federal-Provincial agreement per fiscal year for the past ten (10) years.

Answer

1. In order to assist the Electric Reduction Company of Canada Ltd. (since re-named ERCO Industries Ltd.) in the construction of its Long Harbour phosphorus plant, on June 1967, the province guaranteed an issue of U.S. \$13.9 million debentures by the company. These debentures carried an interest rate of 7% and matured November 1, 1986.

In 1969 Government, through the Department of Municipal Affairs provided financing in the amount of \$852,887 on ERCO's behalf to construct a water system. This loan at 7.5% is administered by the Debt Management Division and is being repaid over a 30 year period.

HOUSE OF ASSEMBLY
FOURTH SESSION, FORTIETH GENERAL ASSEMBLY
PROVINCE OF NEWFOUNDLAND:

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 Mr. Glenn Greening.....Deputy Speaker
 Chairman of Committees
 Mr. Kevin Parsons.....Deputy Chairman of Committees

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Mr. R.Alyward.....	PC.....	Kilbride
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Mr. Power.....PC.....Ferryland
Mr. Reid.....PC.....Trinity-Bay de Verde
Mr. Rideout.....PC.....Baie Verte-White Bay
Mr. Russell.....PC.....Lewisporte
Hon. Mr. Simmons.....Lib.....Fortune-Hermitage
Mr. Simms.....PC.....Grand Falls
Mr. Tobin.....PC.....Burin-Placentia West
Mr. Tulk.....Lib.....Fogo
Dr. Twomey.....PC.....Exploits
Ms. Verge.....PC.....Humber East
Mr. Warren.....PC.....Torngat Mountains
Mr. Wells.....Lib.....Windsor-Buchans
Mr. Windsor.....PC.....Mount Pearl
Mr. Woodford.....PC.....Humber Valley
Mr. Young.....PC.....Harbour Grace

THE MINISTRY:

Premier A. Brian Peckford.....Energy
Mr. R. Alyward.....Forest Resources
Mr. Barrett.....Development and Tourism
Mr. Blanchard.....Labour
Mr. Brett.....Municipal Affairs
Mr. Butt.....Culture, Recreation and Youth
Dr. Collins.....Health and Deputy Premier
Mr. Dawe.....Intergovernmental Affairs
Mr. Dinn.....Mines
Mr. Doyle.....Transportation
Mr. Matthews.....Career Development and Advanced Studies
Mr. Peach.....Minister Responsible for Housing
Mr. Power.....Rural, Agricultural and Northern Development
Mr. Rideout.....Fisheries
Mr. Russell.....Environment and Lands
Mr. Simms.....President of the Executive Council
President of Treasury Board
Government House Leader
Mr. Tobin.....Social Services
Dr. Twomey.....Public Works and Services
Ms. Verge.....Justice
Mr. Warren....Minister Responsible for Northern Development
Mr. Windsor.....Finance
Minister Responsible for Newfoundland and Labrador Hydro
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