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Speaker: Honourable P.J. McNicholas

Monday

21 March 1988

The House met at 3:00 p.m.

MR. SPEAKER (McNicholas):
Order, please!

MR. SPEAKER:

I would like now to deal with the question about the petition that was raised by the hon. the member for St. John's East (Mr. Long) on March 17.

The right to petition the legislature is an ancient and venerable one dating from two resolutions passed in the House of Commons in 1699. The practice has always been accorded great importance in Newfoundland where in modern times it is used more frequently perhaps than in any other jurisdiction. It is for this reason that I wanted to give the matter some thought.

With respect to the form the authorities state quite clearly that petitions should bear original signatures: "A petition must have original signatures or marks, and not copies from the original.... The signature must be written upon the petition itself..." Beauchesne Fifth Edition, Paragraph 676.

The document presented by the hon. the member for St. John's East on March 17th consisted of one sheet bearing the original signatures of two hon. members plus one other original signature and a number of photocopied signatures on succeeding pages.

It is my opinion that the latter, photocopied signatures are out of order and I must therefore so rule.

The purpose of the petition procedure is, in my opinion, to afford citizens, who would not otherwise have a means of making

their voices heard, to afford them a means of ensuring that their grievances are aired before their elected representatives.

I do not think that the petition itself is an opportunity for hon. members to petition the House. Hon. members can speak by right to the House, themselves.

It is clear from our Standing Orders and from the authorities that an individual has as much right as a group to petition the House. I therefore rule that the first page of the material presented by the hon. the member for St. John's East is a valid petition from M. E. Carter, signed as required by S.O. 90 by the Member presenting it.

I would also like to inform the hon. member that his time for that petition has elapsed.

Statements by Ministers

MR. SPEAKER:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, the House will recall that in 1987 government announced that steps were to be taken to interconnect the Islands of Fogo and Change Islands to Newfoundland and Labrador Hydro's main transmission grid. At present, communities on Fogo Island and Change Islands receive their electricity from diesel generated systems. Completion of the intertie, scheduled for September of this year, will result in lower electricity bills for the 1,600 residents of the area since they will be able to avail of the hydro rate and the diesel generators will be shut down.

I am pleased today to announce that the first major contract in this project valued at \$5.6 million has been awarded to Canamont Construction. The contract provides for the supply and installation of the 25 kv submarine cables. Work on the installation of the cables is scheduled to commence in June for completion in September.

The total project is valued at \$13 million and involves construction of 20 km of 69 kv transmission lines from Newfoundland Light and Power Company's sub-station near Boyd's Cove to Farewell Head. A 69 - 25 kv sub-station will be built at Farewell Head and the 25 kv submarine cable will extend from there to Change Islands. After crossing Change Islands overland, the cable will again dip into the sea and carry on to Fogo Island. The submarine cables will be protected by cast iron necklaces which are being manufactured by Labco Limited of Long Harbour. In total the project includes 20 km of 69 kv transmission line, 10 km of cable and 30 km of 25 kv distribution line as well as substations to be built at Farewell, Change Islands and Fogo.

The project is a continuation of Hydro's policy to interconnect communities in the province to the provincial grid whenever it is economical and feasible so to do.

SOME HON. MEMBERS:

Hear, hear!

MR. BARRY:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Mount Scio - Bell Island.

MR. BARRY:

Mr. Speaker, we on this side of the House are pleased to see a continuation of this programme and the addition of two further areas of the Province to the Island grid. It is unfortunate that we do not yet have a provincial grid because the submarine cable that we are all waiting for on this side of the House, and people throughout the Province are waiting for, is the submarine cable that will interconnect Labrador with the Island of Newfoundland. We hope that we will see some action on this within the next few months. We have seen some tidbits in the press, thrown out by the Premier, indicating that there is some behind-the-scenes activity. There are a lot of people in Labrador and on the Island, waiting for word that would indicate that this project, this interconnection between Labrador and the Island of Newfoundland is to go ahead, because this will have a great impact upon rates in this Province and ensure a stability of rates that otherwise we will not see.

It is too bad the minister did not indicate - maybe he would at a later date - the number of jobs that are likely to be expected on this project, because I am sure there are a lot of people in the area of Fogo Island and Change Islands who would like to know whether employment will be possible and whether local individuals will be hired for this project and how many jobs can be anticipated for them.

The other point we should make, Mr. Speaker, is that now that the number of communities on diesel generators has been significantly reduced around the Province, over the last couple of years, the time

has come to take another look at whether in fact the diesel rate itself might not be reduced, or at least be at the lower ends of the scale, because these rates are a very heavy burden on people who are living in diesel supplied communities; many of these communities will never realistically be able to expect interconnections.

But we are pleased to see that this interconnection is coming for Fogo Island and Change Islands, as has been the case with respect to other parts of the Province in recent years, in many cases, of course, as a result of industrial activity such as the Hopebrook gold mine, which saw areas on the South Coast for the first time being in a position to be viable as far as an interconnection with the Island grid is concerned.

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Thank you very much Mr. Speaker.

Just two or three comments with respect to the announcement. I am glad to see that construction is starting and that the people of Fogo Island and Change Islands will now have the same rate structure as currently exists on the rest of the Island part of the Province.

I would like to echo some of the comments made by the member for Mount Scio - Bell Island (Mr. Barry), who I think accurately pointed out that we are now getting fewer and fewer communities who are on the diesel generating systems. With the

elimination of Burgeo and some other communities on the South Coast and with Fogo Island and Change Islands gone, there are only a number of communities on the Northern Peninsula and a few along the coast of Labrador, primarily, I believe, that are left. I think that over the next two years we will see about three quarters of the diesel generated electricity areas actually connected up to the grid and then getting the lower rates. So, I would like to echo the request made by the critic for the Liberal Party, that it is now time, I think, to see what is necessary in order to bring all those diesel generated rates down to a reasonable one.

I recognize in saying that that there may be an increase in consumption by reducing the rates, and I think it will have to be a comprehensive programme in which efforts are made to ensure that we do not see a vast upswelling of electric heat put in. But I think a comprehensive programme to address their needs and bring their rates down is now clearly in order, since virtually, I think, 90 per cent to 95 per cent of the Province is now on the interconnect and it is that 5 per cent of the communities that really deserve a break now.

Thank you very much.

Oral Questions

MR. WELLS:

Mr. Speaker.

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. WELLS:

Mr. Speaker, in light of the information and allegations contained in the W5 program and The Sunday Express news report -

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

Order, please!

MR. WELLS:

- would the Premier now advise the House that the government has reconsidered the matter and is prepared to appoint a judicial inquiry to inquire into the Sprung matter?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Thank you, Mr. Speaker.

What the Leader of the Opposition should have asked was, Is there any information relative to some of the allegations - most of which we heard before - on the T.V. program last evening? And rather than just broadly sweep over, Now is time for a judicial inquiry, Is there any information that the government or the Sprung Group of Companies have to offer as a result of these allegations last night? Then, after getting the information from the other side, decide whether he would still want to call for a judicial inquiry. But you note, Mr. Speaker, it is not in the mentality of hon. members opposite to ask that, but to just go ahead and judge on the matter.

So the question that the hon. Leader of the Opposition asks demands a fairly comprehensive answer, and I want to say, therefore, to the Leader of the

Opposition, that I beg his indulgence so that I can set the record straight so that then, based upon the information that I am about to give, perhaps the Leader of the Opposition may be less inclined to be so enthusiastic to ask for a judicial inquiry.

The impression left last night on W5, Mr. Speaker, was that I guess the Sprung Group of Companies are not even producing any tomatoes at their facility in Calgary, and latterly now here in Newfoundland, because they had to buy five packages or something from a certain company. The company is Scott National. I have here for hon. members' attention copies of invoices. These are really, I guess, as the Leader of the Opposition would say, legal documents.

SOME HON. MEMBERS:

Hear, hear!

PREMIER PECKFORD:

These are legal documents. By the way, W5 was wrong last night. They said June 17 that the five packages were brought. It so happens that I have an invoice here showing it to be July 17. Just a little, tiny inaccuracy made by W5 last night. I have that invoice here to table, Mr. Speaker. But I also have invoices here of tomatoes that were produced and sold by the Sprung Group of Companies from their facility in Calgary to this Scott National Company on June 2, 4, 6, 8, 9, 12, 13, 16, 18, 19, 20, 23, 26 and 30 of June of 1986, the sale of tomatoes from their production facility, good, juicy tomatoes from their facility to this company, this wholesaling company, which then, of course, sold them to the marketplace. And

all of that happened during June.

For example, on June 16 there were 109 cases of silver tomatoes, 25 cases of gold and 33 cases of double gold. This was on one date, just to give you an example, of tomatoes produced in this facility. Of course, the impression left last night was that they had to buy, sneak by devious means tomatoes from somewhere else to try to demonstrate that they could produce tomatoes which they were not producing in the facility at all, that they were getting them under the table from somewhere else and pretending that these were being produced at the facility.

So here are a whole range of invoices, legal documents, showing the sale of tomatoes from the facility to Scott National and other wholesalers that they sold the tomatoes to in June.

Also, before I even come to July 17, I want to also release production figures, Mr. Speaker, for the facility in Calgary, tomatoes and cucumbers - this is another legal document, Mr. Speaker -

MR. WOODFORD:

Evidence No. 2, is it?

PREMIER PECKFORD:

Exhibit B.

- that were sold, and you will see, near the end of the period in question, that production fell off. Because this was the time of the gas leakage from the old refinery site, which the city council, and legal counsel for Calgary Council said in a public meeting was the responsibility of the Calgary City Council and the Province of Alberta, and in no way

was libel upon the Sprung Group of Companies because it was not their fault. That was said publicly, and it was in all of the Calgary papers and there was an editorial in a Calgary paper, but not one of the press down here covered it. But when there were negatives in the Calgary press, all the press down here covered it. But they never covered that the liability has now been admitted by the City Council of Calgary and admitted by the Province of Alberta, and even by Imperial Oil.

So here is the list of production figures, and they tend to wane off as you get into July because the crop started to fail because the gas leaks from the old refinery site started to enter into the facility. So here is that information.

Then, unknown to Mr. Sprung and his daughter, who were managing that project, a gentleman who then worked with the Sprung Group of Companies, Mr. Steve Verhorst, on behalf of the company - here you have all kinds of thirties and hundreds of cases that were sold to this company - went to the company that they had sold the tomatoes to asking for five cases to be bought back, unknown to Mr. Sprung and unknown to Ms Sprung, for one Mr. Michael Anselm, who at that time was a consultant for the Sprung Group of Companies. We and the Sprung Group of Companies do not know anything about that five cases of tomatoes. They paid for them. I have the receipt here, the company paid for them, because he worked for the company, ordered them on behalf of the company, and gave them to Mr. Anselm. What Mr. Anselm did with them we do not know. The Sprung Group of Companies do not know. They were paid for, a grand total of

\$102.35. That is what the cost of five cases was.

So the story that was on television last night, to come directly to the Leader of the Opposition's question, is that the allegations that were made, most of them were the same as we have heard over and over again and they are false. The documentation that I just produced demonstrates that what was said on W5 last night holds no water. We can give you the production figures out there, and the sale of the tomatoes from the production facility. Five boxes were bought, b-o-u-g-h-t, back from one of the companies that they had sold tens and tens and tens and tens of boxes to the month before.

MR. BARRY:

The same cases of tomatoes?

PREMIER PECKFORD:

We do not know. Mr. Sprung does not know, Ms Sprung does not know, because they never saw the tomatoes. They were bought by somebody in the company for Mr. Anselm, who wanted them to demonstrate to somebody or other. They are not aware of them. All they know is that going through their accounting division they have found the invoice of five boxes that were bought by one of their employees for Mr. Anselm. They did not see them, so they do not know. They honestly do not know. But they admit that they paid for them, \$102 for five boxes. That is the story on that. That is the great expose of W5 as it has been the great expose by everybody else who does not want to see some research and development go on in this Province, to which I say, 'Pooh! Pooh! Pooh!', we are going to have it.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the Leader of the Opposition.

MR. WELLS:

I would ask the hon. the Premier, Mr. Speaker, if he would deal with some of the real issues that are of significance that came out of those programmes and not create these straw men to knock down -

AN HON. MEMBER:

There is only one man (inaudible).

MR. SPEAKER:

Order, please!

MR. WELLS:

- the opinions of the experts, as disclosed in that programme and in the newspaper articles, that the fabric was defective and could not be reused here, but in fact that is the fabric that is being reused here; the fact that a year earlier BRO Resources had agreed to purchase that facility for \$11.4 million, and when it comes to be dealt with -

PREMIER PECKFORD:

Three million, not \$11 million, because it is only worth \$3 million. Remember what you said last week?

MR. WELLS:

The hon. the Premier is trying to create another straw man that he can easily knock down.

MR. MATTHEWS:

A \$150,000 straw man!

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:
Order, please!

MR. WELLS:
Mr. Speaker, if you would maintain order in the House I will try and ask the question.

The questions that I want the hon. the Premier to deal with, Mr. Speaker, are the issues raised concerning the incompetence of the fabric that was used and the fact that it had deteriorated and was no longer suitable for use in a facility of that nature; and, secondly, the fact that BRO Resources had agreed, shortly before the arrangement was made with this Province, to buy the facility or to invest in the facility for \$11.4 million and when it came to dealing with it by this Province its value suddenly got to be \$18.4 million. Would the Premier, in the light of that, appoint a judicial inquiry?

MR. SPEAKER:
The hon. the Premier.

PREMIER PECKFORD:
Mr. Speaker, this is absolutely ridiculous. Now, the Leader of the Opposition has gone to \$18 million. He knows that the contract that has been signed between Newfoundland Enviroponics Limited and the Sprung Group of Companies is for \$14.5, and the rest is the lights that were not there in Calgary. So, why suddenly come up then and go from \$11 million to \$18 million? The Leader of the Opposition knows better than that. He is misleading. He knows the contract. He himself said last week that the contract was for \$14.5 million and now he puts out, to the press and so on, \$18 million when he knows the difference is on the lights, and

that the contract is \$14.5 million. If the Leader of the Opposition is really honest and wants to get to the bottom of this, tell the truth and ask the question based upon the facts and not on inflating some figure now. Last week the Leader of the Opposition was talking about the value of the facility being \$3.5 million. Now he has suddenly jumped to \$11 million, and does recognize, obviously, that the concrete here in this facility was three times the cost of the concrete out in Calgary. So \$14.5 million is the price that Newfoundland Enviroponics is paying to the Sprung Group of Companies for the project in its totality, Mr. Speaker, which is reasonable when one looks at the time frame between when the cost was \$11 million and the labour cost. Nobody has talked yet about the labour costs. How much did labour cost out here with the various subcontractors to build this? The facility itself was \$11 million. How about putting up the facility and doing all of the other things that had to be done? I mean, this is just foolishness and crazy. And all of the allegations that have been made against this project, when the facts came out as they did last week about \$3 million versus now \$11 million, which the Leader of the Opposition now has admitted, he has gone up \$8 million. Now we are on to the fabric. Every day there is a new issue. Now it is the fabric. Last week it was the cost. You know, what is it going to be next week?

MR. SIMMS:
The tomatoes.

PREMIER PECKFORD:
The tomatoes. Right. Is there something wrong with the

cucumbers? Is the reason why there are no seeds in the cucumbers because there is some kind of weird and wonderful chemical injected in the cucumber to make sure that it does not have seeds, which will cause cancer to all the people in the world? What next are we going to have?

The bottom line is that right now, Mr. Speaker - the proof of the pudding is in the eating! - the fabric is okay. There is nothing wrong with the fabric! We are producing 8,000 to 10,000 cucumbers a week out of less than half of one production zone, Mr. Speaker. That is the proof. It is not the fabric. It is not the technology. It is not the cost of the facility. Is the facility producing? Yes, the facility is producing. Are we going to have a couple of more zones come on in the next few weeks and produce more? Yes, we are. I mean, that is the whole point of it.

I want to table for the hon. Leader of the Opposition, if he does not believe what I said, an editorial from The Calgary Sun of January 27: 'Imperial Oil, which formerly use the site for a refinery' -

Remember last year? We are on fabric now but last year it was that it was Sprung's fault because of the gas leak. The gas leak was caused by Sprung, not by Imperial Oil. 'Imperial Oil, which formerly used the site for a refinery, has agreed to pay one-third of the cost of the study and the province has said it will chip in' - because it is their problem.

Obviously, it was a case of aldermen not being fully prepared for the meeting. The city

solicitor, Del' - whatever his name is - 'had warned that the city would be vulnerable for damages if people got sick as a result of the lead contamination.'

Another article from the same paper is a news story and not an editorial.

'In a rare display of frustration, Kvemshagen gave council a tongue-lashing and warned that potential lawsuits over the contamination are the most serious legal problems the city had ever faced.

'God help us if anything happens to anyone or anything in this city as a result of lead contamination. You are sitting ducks', the legal counsel for the City of Calgary told council.' If anybody ever sues us, we are going to be libel - this is the legal counsel for the Calgary City Council - 'for millions and millions of dollars.'

Now last year we heard the same allegations about the gas as we are now hearing about the fabric. And every allegation that has been brought against this project has been, through factual information provided, proven to be wrong. And they are wrong on the fabric now, Mr. Speaker.

And it is from people who are no longer with the company who have certain axes to grind, Mr. Speaker. That is the long and short of it.

MR. SIMMS:
Crazy Clyde strikes again.

MR. J. CARTER:
Mr. Speaker.

MR. SPEAKER:

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

MR. J. CARTER:

Mr. Speaker, I have a question I would like to address to the Leader of the Opposition. I would like to quote the authority. It is in Chapter V of the fourth Edition of Beauchesne.

MR. FENWICK:

A point of order, Mr. Speaker.

MR. SPEAKER:

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

MR. FENWICK:

My point of order is I cannot see how an individual can ask a question of a person who is not a minister in the House. It is my understanding that it is only ministers of the Crown who can be asked questions in terms of their responsibility.

MR. SPEAKER:

There is no point of order.

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

MR. J. CARTER:

Quoting the authority, Section 39 of Chapter V of the Fourth Edition of Beauchesne states that, "Questions may be placed on the order paper seeking information from Minister of the Crown relating to public affairs; and from other members, relating to any bill, motion, or other public matter connected with the business of the House, in which such members may be concerned," etc., etc., and it goes on and extends the argument to some extent.

Now, I would argue, Mr. Speaker, that what holds for written questions also holds for oral

questions. Therefore, I request that I am address my question.

MR. SPEAKER:

I did not quite get the hon. member's question.

MR. J. CARTER:

The question is I would like to address a question to the Leader of the Opposition, and the authority I am quoting is from Beauchesne which suggests that I may do so.

MR. BAIRD:

What part of Beauchesne?

MR. J. CARTER:

Chapter V, Section 39, Fourth Edition. May I address my question?

I would like to ask the Leader of the Opposition: Since either he has indicated or it has been indicated by the press that he is not satisfied with a number of his caucus members, if he would indicate which ones are the lame ducks so that we may disregard them in the upcoming debates in the House.

MR. WELLS:

Mr. Speaker.

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. WELLS:

Mr. Speaker, the question is not worthy of a dignified member of this House. It is not worthy of answer. It is insulting.

MR. J. CARTER:

A supplementary question, Mr. Speaker. Since the Leader of the Opposition will not indicate -

MR. SPEAKER:

Order, please!

I have allowed a question from the hon. member for St. John's North. I am now going to recognize another member.

The hon. the member for Fortune - Hermitage.

MR. SIMMONS:

Mr. Speaker, I have a question for the Minister of Justice (Ms Verge). I gave her some notice, because I wanted her to have an opportunity to be prepared for the response. The minister will be aware that Section 6 of the Environmental Assessment Act requires that every proponent of an undertaking in the Province causes the undertaking to be registered.

The minister will also be aware that the Minister of the Environment and his immediate predecessor both undertook in this House, in the last week, to inform the House that the Sprung project had not been registered as required under Section 6. I believe the minister will agree that the failure to register the project constitutes a breach of Section 6 of the Statute which she has before her.

Will the minister then indicate to the House whether it is her department's intention to take steps to ensure that the law is upheld in this instance, and will she indicate to the House what specific action she has taken, as Minister of Justice, or she proposes to take in view of the non-compliance with the act in the Sprung instance?

MR. SPEAKER:

The hon. the Minister of Justice.

MS VERGE:

Mr. Speaker, just three or four minutes ago the member opposite had delivered to me a copy of an excerpt from The Environmental Assessment Act with a note indicating he would be asking me a question on the yellow sections. Mr. Speaker, as members opposite should appreciate, Beauchesne clearly states that a question must not seek of a minister a legal opinion, an opinion on a Statute or any other legal matter.

Mr. Speaker, I have to refute the statement contained in the lead up to the hon. member's question. I cannot associate myself with that. I had no knowledge of the events which he outlined in his question until he actually put the question. It is a matter that I can take under advisement, but that is really as much as I can say now.

MR. SIMMONS:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for Fortune - Hermitage.

MR. SIMMONS:

I thank the minister, and I say to her that not only is she right in saying that it is not proper to seek a legal opinion, I say to her also that no legal opinion was sought. In case she misunderstood my question, what I asked her is: Is she carrying out her administrative responsibilities as minister in respect of this legislation? That was my question. It had nothing to do with her legal opinion, which I am sure I would respect if I heard it. I ask her specifically, in case she was not aware the first time, what she is doing in her capacity as minister to ensure

there is compliance in this particular case.

Further, Mr. Speaker, in my supplementary -

MR. SIMMS:

A point of order, Mr. Speaker.

MR. SIMMONS:

Mr. Speaker, I am putting a supplementary.

AN HON. MEMBER:

A point of order.

MR. SIMMONS:

Sorry, I did not hear him.

MR. SPEAKER:

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

MR. SIMMS:

Mr. Speaker, it is clearly referenced in Beuchesne that supplementary questions should not require a great deal of preamble. In the case of the hon. member for Fortune - Hermitage, he seems to have been making a habit of it, in fact, all during last week and now again this week. I hope he does not continue that kind of trend. He has now spent about a minute of so talking about or explaining what his first question was. That is totally irrelevant to what his supplementary question should be. So Your Honour, I suspect, will probably want to bring him to order and suggest that he ask his supplementary question without further preamble.

MR. SPEAKER:

To that point of order, there is not a point of order.

I would, however, like to say a few words on question time but I do not want to take up the half hour that is available. But just

at the end of that period, I will.

The hon. the member for Fortune - Hermitage.

MR. SIMMONS:

Mr. Speaker, my supplementary to the minister is: Will she ensure the House that she -

MR. MORGAN:

Not 'she': The hon. minister will. Learn the rules of the House.

MR. SPEAKER:

Order, please!

MR. SIMMONS:

- will pursue her responsibility as minister to ensure that there is compliance with Section 6 of the Environmental Assessment Act? Will she assure the House that she will ensure that compliance?

MS VERGE:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Justice.

MS VERGE:

Mr. Speaker, earlier in this same Act, the member opposite will see if he reads it in its entirety, that another minister of the Crown, the Minister of Environment (Mr. Russell), is responsible for the administration of The Environment Assessment Act, and he is discharging that responsibility very well.

If the member opposite, or for that matter if any citizen of the Province, has reason to believe that there has been a violation of the Act then it is the responsibility of that person to make a complaint to the proper authorities and it will be investigated in the usual way.

MR. SIMMONS:
Mr. Speaker.

MR. SPEAKER:
A final supplementary.

MR. SIMMONS:
Mr. Speaker, I can think of no authority more proper than the Minister of Justice, no time more appropriate than now, and no place more appropriate than here, so I am now making the complaint.

SOME HON. MEMBERS:
Hear, hear!

MR. SIMMONS:
Mr. Speaker, I am aware -

MR. SIMMS:
What is the question?

MR. SIMMONS:
Here it comes. I am aware, Mr. Speaker, that the Minister of the Environment is responsible. He has told the House, I say to the Minister of Justice, that he has neglected his responsibility.

SOME HON. MEMBERS:
Oh, oh!

MR. SPEAKER:
Order, please!

MR. SIMMONS:
So my question is in view of the failure of the minister to exercise his responsibility under the Act, what action does the Minister of Justice propose to take as the chief law enforcement officer of the Crown? What action does she propose to take?

MR. SIMMS:
On a point of order, Mr. Speaker.

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

MR. SIMMS:
Mr. Speaker, I hate to get up and interrupt the hon. member, but he asking for it himself by continuously continuing to have long, lengthy preambles, and to enter into debate and argument in supplementary questions. And clearly the question that he is asking now is the same as the question he asked in his first supplementary which was the same as the original question, and it is clearly out of order. Because Beauchesne Fifth Edition, Paragraph 357 - Subsection 171, items (c) and (d) both refer to it. A member 'must confine himself to the narrowest limits...The purpose of a question is to obtain information and not to supply it to the House.' It must not 'multiply, with slight variations, a similar question on the same point,' which obviously he has done. And (d): It must not 'repeat in substance a question already answered, or even a question to which an answer has been refused.'

And clearly, Mr. Speaker, the hon. the member for Fortune - Hermitage is out of order on both of those scores. I submit to you, Your Honour, you should order the hon. member to ask proper questions and not waste the time of Question Period.

SOME HON. MEMBERS:
Hear, hear!

MR. SPEAKER:
To that point of order, it is very difficult for the Chair to assess slight variations, if there are slight variations, between one question and the other. I rule the hon. member is in order.

The hon. the Minister of Justice.

MS VERGE:

Mr. Speaker, I have already indicated, in my answer to the second question, if the member opposite or any citizen of the Province has reason to believe or suspect that an offence has been committed under The Environmental Assessment Act, or any other statute, then the complaint should be directed to the proper authorities and will be investigated in the usual way and a professional assessment made as to whether there is any basis for legal action.

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

My question, Mr. Speaker, is for the minister responsible for Energy, who I believe is the Premier now, and it has to do with the study that the minister released several weeks ago having to do with gas and oil prices. My question for the minister is this. Since the former Minister of Energy and the former Minister of Consumer Affairs held several press conferences over the last few years indicating there was something drastically wrong with the pricing of gas and oil in the Province, and since they indicated that they would bring forth some sort of procedures to deal with it, how does the present Minister of Energy square those commitments on the part of his predecessors with the fact that the report was released but virtually nothing is being done in order to address the very high cost of gas and oil in comparison to other provinces in this country?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, this administration is not in favour philosophically with what the hon. member is in favour of which is to regulate everybody into the ground. We do not believe in that approach from a philosophical point of view. In various circumstances over the years, from time to time various governments, who do not share the hon. member's view of how society should be run, have made certain exceptions for short periods of time. As it relates to the fuel oil or gas situation in the Province, we have studied it and we have monitored the situation. As the statement said a couple of weeks ago, we wish to wait before taking any action, if in fact we would at some point in the future take action, which has not been decided upon at this point in time, to see what happens in the marketplace over the next year or so relative to Newfoundland Energy coming into the marketplace and selling some of its product, and local and various independent service station owners and so on buying it and seeing whether in fact that will put some competition into the marketplace. So philosophically, number one, we are against intrusions into the marketplace, as the hon. member would like us to do, in the way that his cohort in Manitoba did as it relates to auto insurance, and ran up a debt of \$63 million, and then had to increase prices 50, 80, and 150 per cent, and suddenly found that he had to resign. That was one of the contributing factors to the resignation of the Premier of Manitoba. We view these things very cautiously and do not want to get into the marketplace and to create distortions there, but to allow

small business and medium size business to operate in the normal fashion without putting extra regulations in place.

So we want to move very cautiously on this, and over the next while we will monitor the situation and see what happens in the marketplace, given that there is a new player now there.

MR. SPEAKER:
Order, please!

The time for Oral Questions has elapsed.

0 0 0

MR. SPEAKER (McNicholas):
Before going on to the next item, there are a few comments I would like to make on Oral Questions, and they are off the cuff.

I have figured out the average length of time a question and answer takes, and it is about five minutes. So that just allows for six questions every day. If we cut down on the length of a preamble and cut out preambles, which we ought to do on supplementaries and on final supplementaries, that will allow more time. Or we could just have each member asking maybe one or two questions.

Another way that we can allow many more questions is that the ministers, in answering a question, would have short answers, and if the question required a lengthy answer, it could be made in another form, as a report or otherwise.

Another problem I have is that there are sixteen Opposition

members. I recognize the right of members from the government side to ask questions, but really the time is for the Opposition.

SOME HON. MEMBERS:
Oh, oh!

PREMIER PECKFORD:
It is for private members.

MR. SPEAKER:
For private members. I do recognize the right, but it is mainly the Opposition who are asking questions of the government on their policy.

MR. MORGAN:
That is not always the case.

SOME HON. MEMBERS:
Oh, oh!

MR. SPEAKER:
Order, please!

With fourteen members here and two members to my far right, if we allow five minutes for a question, it means that each individual member can only ask one every third day. What I have done is I have recognized the hon. the Leader of the Opposition, who I think by tradition is entitled to more questions. I have difficulty with the leader of the other party. There are only two members, so they should only have two questions for every fourteen that the main Opposition ask, if one is to be completely impartial. I have recognized the hon. the member for Menihek more frequently than that because he is a leader of a group or party here. It is his right to ask a question before the hon. member for St. John's East, if he wishes to do so, or if they agree among themselves. But if I do recognize the hon. the member for Menihek, I

do not think it would be fair to have two questions in one day from these two members when the official Opposition have fourteen members waiting to ask questions.

PREMIER PECKFORD:

Mr. Speaker, on a point of order.

MR. SPEAKER:

A point of order, the hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, fully respecting your comments as it relates to this, I feel compelled to say, as just an hon. member of the House, that in the conduct of the business of this House we have to be extremely careful that the Standing Orders and Beauchesne are adhered to as much as is humanly possible, even though from time to time we all, as hon. members, breach some of the finer tuned rules as elaborated by Beauchesne from the Standing Orders. But if, in fact, the hon. member for Menihek wants to ask fifteen questions a day, and if, in fact, he is up on his feet before anybody else, then I guess, even though there are only two of them, he should have the right to ask those fifteen questions.

I think we have got to be very careful in trying to be fair generally that we do not, at the same time, violate any of the Standing Orders and the elaboration by Beauchesne which are supposed to guide this Legislature.

MR. WELLS:

To that point of order, Mr. Speaker.

MR. SPEAKER:

To that point of order, the hon. the Leader of the Opposition.

MR. WELLS:

I have no quarrel with Your Honour's ruling. It seems to me to be eminently fair and sensible. Your Honour has recognized the right of all hon. members of the House to ask questions, members on the government side as well. But Your Honour has quite correctly pointed out that primarily the Oral Question Period is to allow the members of the Opposition, on the Opposition side of the House, to question ministers. Now, we should not depart from that without being any more rigid than is necessary in applying it. We should basically follow that. I accept quite fully Your Honour's comments. I think they are very fair.

PREMIER PECKFORD:

Further to that point of order.

MR. SPEAKER:

Further to that point of order, the hon. the Premier.

PREMIER PECKFORD:

If the Leader of the Opposition is in some way implying that this side of the House is saying that the Question Period is somehow not for Opposition members, let it be clear that we obviously recognize that. It is only very infrequently, two or three times in a few years, that members on this side of the House have even gotten in their places to ask questions of a minister or of the Opposition. There is no question on that. I mean, it is a lot different from the time the Leader of the Opposition was here in the House before when there was no Question Period allowed. We have no problems with that.

SOME HON. MEMBERS:

Hear, hear!

PREMIER PECKFORD:

But let us not be cunning about this now, Mr. Speaker. Nobody argues with the Leader of the Opposition on it being the Opposition who are here to ask questions, and Question Period is mainly for the Opposition. Nobody argues with that. The point is not that at all, as the Leader of the Opposition well knows, as he gets up to try to camouflage the point I was making earlier. It is this: We have to be guided by, the Speaker has to be guided by, and this House has to be guided by, the Standing Orders and Beauchesne. Everything flows from there. It does not flow from the Leader of the Opposition; it does not flow from the Speaker or anybody else; it flows from the rules and Beauchesne and how they are interpreted.

MR. MORGAN:

To that point of order, Mr. Speaker.

MR. SPEAKER:

To that point of order, the hon. the member for Bonavista South.

MR. MORGAN:

I think it is important that this be clarified, because surely, as mentioned, under the rules of the House, the Standing Orders, and Beauchesne, a member of the House of Assembly, whether he be on the Opposition side, on the semi-Opposition side or on the government side, has every right to ask questions of ministers in the House. Surely, Mr. Speaker, you are not saying that because I am sitting over here and not over there that I am not going to be recognized to ask questions of the ministers of the government or of the Premier when I want to. If that is so, Mr. Speaker, you are taking away some of my rights, and

I strongly disagree with that. So far in this session I have seen no very major, intelligent questions asked on issues in this Province. There has not been one question yet on the fisheries, not one question on the hydro development and other matters.

Mr. Speaker, when it comes to a time when I am sitting here and I see no intelligent questions asked of the government on issues and policies, I am going to stand and ask questions of the ministers.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

Order, please!

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER:

I recognize the hon. the member for Menihek.

MR. FENWICK:

To the point of order, I recognize the difficulty the Speaker has in terms of recognizing when there are 16 Opposition members, and I realize that we will certainly get a much smaller proportion of it. I would just ask the Speaker to bear in mind that it is helpful to ask the supplementaries as well so it would, from our prospective, be much more worthwhile for us to be recognized slightly more not at the end of the Question Period each time, which has happened at several occasions since the House has re-opened.

The real reason I rose on the Point of Order is Rule 366 on Page 134 of the 5th Edition of Beauchesne, which I believe is the operative one. It says, "Questions may be asked of private

Members only under strict limitations." Virtually the only question will be in their capacity as Chairman of a committee and it is for this reason that I rose when the member for St. John's North (Mr. J. Carter) wished to ask a question of the Leader of the official Opposition, which I believe was totally out of order since he was not being asked anything in terms of being a Chairman of a committee. As I understand it, the only people who can be asked questions normally are Ministers of the Crown for the responsibilities that they are currently engaged in. As for everybody else, they are not to be asked questions unless they happen to be Chairman of a committee that is in the process of deliberating.

MR. SIMMS:

Mr. Speaker.

MR. SPEAKER:

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

MR. SIMMS:

I am getting a little bit confused now. This is a different point of order, I gather.

With respect to the first issue raised by Your Honour, I must be perfectly frank with Your Honour and say that I did not quite understand what Your Honour was trying to say, so I will reserve comment on it perhaps until I get a chance to read Hansard.

With respect to the Point of Order the member for Menihek raises, the fact of the matter is the member from St. John's North stood in his place, asked permission to ask a question of the Leader of Opposition and in fact, gave a reference from Beauchesne as to why he should be allowed to do

so. Your Honour clearly heard that and understood it and Your Honour clearly allowed the question to be asked. Therefore, regardless of what the hon. member from Menihek thinks of what transpired, the fact of the matter is we have a precedent here in the House set now where private members here or over there may ask at least a question of the Leader of the Opposition, and that is the way we view the matter that transpired a little earlier today.

MR. SPEAKER:

Order, please!

The point of order is well taken, I think I made it clear that hon. members on my left, the government House members, have a perfect right to ask questions, in fact, it was a right that I exercised myself when I was in the back bench.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

Before I sit down there is just one of our Standing Orders I would like to read. It is Standing Order No. 31, Paragraph (f), "The Speaker's rulings relating to oral questions are not debatable or subject to appeal."

Answers to Questions
for which Notice has been Given

PREMIER PECKFORD:

Mr. Speaker, before all the press leave and scatter about to their various duties, I want to table this for honourable members. As a matter of fact, I have another document here in response to answers to questions that were given last week on the Sprung

Project. I have a document here which quotes, and this was in July, 1986, a price for the facility of \$13 million. It is gone up since a half hour ago from \$11 to \$13 million. I have a document here now which quotes \$13 million.

I also want to table, as a result of questions asked last week, Mr. Speaker, the summary of progress payments from Newfoundland Enviroponics to the Sprung Group of Companies. I have had all of that taken off for the honourable members opposite.

I also have copies to be distributed to all honourable members of the complete construction contract, "Construction Agreement dated June 25, 1987 Between Sprung Environmental Space Enclosures Limited And the Sprung Instant Structures Limited And Sprung Sales Limited And Newfoundland Enviroponics Limited." I am sure the press now will scrutinize this in all its detail since they are so eager to make simplistic comments and inflate it into something which it is not. This is another legal document, Mr. Speaker. This is the thirty-page construction contract and I commend it to the honourable members opposite and to the press to read over and to report on comprehensively.

There are three things here: One is a complete summary of all progress payments on the project; two, at thirty pages, the complete document on the construction contract, and also I have a two page thing which, no doubt, will interest the press, because now, I imagine, they will carry the two pages more than the thirty pages, of a \$825,000 loan guarantee from

the Government to Sprung that was done in December. Because, under normal circumstances, under the Mechanics Lien Act, there is a ten percent hold back, but in this case, because of the structure of the arrangements, the ten percent were held back from the \$14.5 million which meant that the Company would be out close to \$1.4 million in the delivery of the project, which was done and which will expire in June. There is a full explanation on that.

So there are three things here: There are the progress payments; there is the complete construction agreement between the parties; and there is an \$825,000 loan guarantee to cover \$1.4 million which was held back from the Sprung Group of Companies which would have reduced the project cost from \$14.5 million minus \$1.4 million.

I table that for honourable members. The project cost has gone up to \$13 million. I hope the press really read all of this information.

Petitions

MR. KELLAND:
Mr. Speaker.

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

MR. KELLAND:
Thank you, Mr. Speaker.

I have a petition, Mr. Speaker, which is worded identically to the one presented last Tuesday on the 15th and it deals with the road between the Upper Lake Melville area and Churchill Falls, and specifically that part of the road.

There were some references, I guess, in the discussion on the last petition about the Trans-Labrador Highway. While the portion that I am concerned with, commonly called the Freedom Road, may very well become part of the total road network in Labrador, I am specifically referring to, and I was then, to the portion between Happy Valley-Goose Bay and Churchill Falls.

I will not read the prayer of the petition, in this case, Mr. Speaker, but just to indicate that this particular petition was placed on the counter in the Town Office of Happy Valley-Goose Bay and sixty-seven people affixed their signatures during the period of time it was there.

I would like to make some comments though with respect to what was said in the House last Tuesday in connection with the petition that was presented at that time.

In my comments on the petition, I made some comments dealing with the inadequacy of the annual maintenance, but over and above the annual maintenance, there is a need for some capital dollars to go into the road as well.

There was a response from the Minister Responsible for Northern Development and some of that information is not, perhaps, as clear as it might have been, Mr. Speaker. I will make reference to some of the comments of the member for Torngat Mountains, the Minister Responsible for Northern Development (Mr. Warren) where he said, in the context of correcting some comments that I made, that indeed there was some brush cutting done along the road.

He perhaps did not hear what I

said in my comments, that there was indeed some brush cutting along the sides of the road, but it had been done too late in the year and was far from adequate.

He also made some comments about the Joint Councils in Labrador having taken the unanimous position that the road would start on the West end, and he meant the Trans Labrador Highway, which goes out to the Quebec/Labrador border, and not the portion of the road that I was even referring to in the petition, and that the Joint Councils of Labrador, not to be confused with the Combined Councils of Labrador, had taken a unanimous decision to start on the Westward end and work towards Happy Valley-Goose Bay.

That is not entirely correct, Mr. Speaker, and he should check his chronological sequence to make sure when he and I were both on the council, when I got off the council, and when any particular decisions were taken.

I can assure this House now that there was never a resolution passed, to my knowledge, in my presence, in the Happy Valley-Goose Bay town council chambers, while I was presiding as mayor, saying that we will start on the West end and come towards Happy Valley-Goose Bay. Now, I want to make that point.

However, having criticized me in what he believed was my wish to see the road start on both ends, he then went on to say himself, "I believe too that we should start at both ends." I find that somewhat confusing, that he would criticize me for what he believed was my wish to start on both ends and then, a few minutes later, Mr. Speaker, say he also believes the

road should start on both ends.

It is unfortunate that the minister is not here at the moment. He is up in Naskaupi district to experience the hospitality of the heart of Labrador. He is not here to hear my comments, but perhaps he will read them.

MR. SPEAKER:
Order, please!

The hon. member's time has elapsed.

MR. KELLAND:
May I have leave for just a couple of comments?

MR. SPEAKER:
Does the hon. member have leave?

SOME HON. MEMBERS:
By leave.

MR. KELLAND:
Thank you.

MR. SPEAKER:
By leave.

MR. KELLAND:
I want to say, I suppose, in wrapping up, Mr. Speaker, a sort of geographical comment to the Minister Responsible for Northern Development that he should be aware, of course, having lived in Labrador quite a few years and having represented one of the districts for quite a few years, that the Lake Melville area is certainly not on one end of what will eventually become, hopefully, the transportation network in Labrador, the Trans Labrador Highway.

Indeed, Naskaupi district is the center of Labrador, geographically, I guess, and virtually, and if the member for

Torngat Mountains (Mr. Warren) was really concerned about whether or not the road should start here or there, he should be concerned that if you want to start on one end, he could start in his own district, and perhaps start at Makkovik, which is only ninety miles from Northwest River, which rests in my district.

So, when he is talking about starting on both ends, I have never participated in a resolution which said that, and he should be fully aware when you start on both ends, that phrase does not talk about the middle.

To reiterate, Mr. Speaker, I was talking about what is called the Freedom Road from Happy Valley-Goose Bay to Churchill Falls, which is inadequately maintained and not nearly enough dollars are put into it to upgrade. I am looking for some support from the Minister of Transportation (Mr. Doyle).

Thank you, Mr. Speaker.

MR. GILBERT:
Mr. Speaker.

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

MR. GILBERT:
Mr. Speaker, I thought it was customary that the members opposite would address this, but in view of the fact that they are not, I would like to support my colleague as he presented this petition from the sixty-seven people of Happy Valley - Goose Bay. It is not surprising to me or any members opposite that there are problems with the Freedom Road, as there are with so many other roads in Newfoundland. I

guess it was pointed out in the Auditor General's Report when he said there was a lack of policies and procedures and guidelines for paving, any kind of maintenance or upgrading to highways in Newfoundland and Labrador.

I can understand why the minister would be a bit reluctant to get up and address this because of the fact that there is really not a policy in place by members opposite to do anything about the highway system in Newfoundland and Labrador.

We have heard of a study that was done for the construction industry of Canada. It says 80 per cent of the highways in Newfoundland and Labrador are defective. I would submit that the Freedom Road would possibly be more defective than 80 per cent. There does not seem to be any plan in place. This is an example again of a government that is tired and has outlived its usefulness. Everything we seem to point out when it comes to the operation and maintenance of a highway system in Newfoundland, the government members opposite do not seem to have a plan that is able to set a priority and follow it through with any kind of a follow-up for doing the proper maintenance or proper upgrading and construction on the roads in the Province of Newfoundland.

We have heard the Newfoundland construction industry say that \$180 million a year would be required to do proper maintenance on the highway system in Newfoundland. Yet about three years ago at this time we heard the hon. the Premier and his ministers out - there was an election on at that time - telling people they were just in the process of signing a highways

agreement that was going to be an agreement to end all agreements. Around the 27 or the 29 of March, 1985, I think, it was going to be signed and at that time they were talking about highways in Labrador; they were talking about highways in the Province of Newfoundland proper; they were talking about Trans-Canada Highways, and they were talking about a secondary roads agreement. We find out that when it was signed it was a five year agreement for \$180 million, when the construction industry has maintained that amount of \$180 million is needed on an annual basis for about ten years to bring our highways in Newfoundland anywhere near the standard that we have in the rest of Canada.

As I pointed out to the minister before or his predecessor, every year when the budget comes down I ask the question to the Minister of Transportation concerning the number of kilometers of gravel roads in this Province, I am told that there is 3,300 kilometers of gravel roads in this Province. Up until last year the answer was 'Yes, there was still 3,300 kilometers of gravel road.' So this would point out to me, to make a point my colleague made when he talked about the Happy Valley - Goose Bay petition, there has been no progress made by this government. It is a government that stands still and the Auditor General points out that it has no policy in place to deal with roads on a regular basis.

I think it is only fair that the Minister should respond to petitions when they are made to the Department of Transportation. The Premier made promises during that election, as did the members Opposite, about what they were

going to do to the highways and what they were going to do when the agreement was signed. Nothing was done and we still find ourselves in the position that the Freedom road is now the same as it was in 1985, as is the Burgeo road and as are many other roads in the province, or all the roads in the province.

There has not been any progress made and again, it is an example of a government who is tired and have outlived its usefulness. It has not got a policy in place for the maintenance of the Province's roads.

MR. DOYLE:

Mr. Speaker.

MR. SPEAKER:

The hon. the minister of transportation.

MR. DOYLE:

Mr. Speaker, I am pleased to stand for a moment or two and to speak generally to the petition presented by the hon. member for Naskaupi (Mr. Kelland).

As I indicated to the hon. gentlemen a couple of days ago, Mr. Speaker, when he presented a similar petition in the House, it is the intention of the Department of Transportation, and I think that intention is clear, to pave every road in the province that we can over time, but it has to be realized as well, Mr. Speaker, that there is not enough funding in any one particular year to address all the problems that we have in the province and all of the roads that need to be upgraded and paved.

With respect to the Trans-Labrador Highway, Mr. Speaker, I am amazed that the hon. member for Burgeo -

Bay d'Espoir (Mr. Gilbert) would say that absolutely no progress has been made since we started on the Trans-Labrador Highway since nothing could be further from the truth in that statement. On the Trans-Labrador Highway, Mr. Speaker, we have 138 km of road under tender to date.

I do not know if that can be construed as no progress or not, but I think that is a great deal of progress, Mr. Speaker, that we are making on the Trans-Labrador Highway - 138 km to date have gone under tender. Government recognizes the need to complete the Trans-Labrador Highway. It is a very, very important link and the people of Labrador are very, very anxious to see that road completed.

As I indicated the other day, such an undertaking is certainly beyond the province's financial capabilities to do alone. It does need extensive federal participation, and to date the province has extended approximately \$30 million on the Trans-Labrador Highway. ERDA, to date we have spent \$15 and \$9 will be spent in 1989-90, and this is in addition to the \$16 million in an earlier agreement to construct the section of the Tolt Road from Wabush to Ross Bay Junction.

Mr. Speaker, while \$24.5 million, \$25 million might fall far short of the required funding to complete the road, which will cost roughly about another \$19 million, while it falls far short, we are committed to acquiring or getting as much funding as we possible can for that particular road. As the hon. gentlemen is aware as well, already a construction contract has been awarded for a kilometer 112 to kilometer 138 to Western

Construction.

That is another indication, Mr. Speaker, of the government's commitment to this particular project and we will do all we can in the future to acquire as many dollars as we can for it.

MR. FUREY:

Mr. Speaker.

MR. SPEAKER:

A new petition?

MR. FUREY:

A new petition, Mr. Speaker, yes.

MR. SPEAKER:

The hon. the member for St. Barbe.

SOME HON. MEMBERS:

Hear, hear!

MR. FUREY:

Mr. Speaker, I rise in my place today to present a petition from four hundred and fifty people in the Northern section of the district of St. Barbe with respect to the conditions of the roads in that particular area of this district.

Mr. Speaker, the prayer of the petition says: "We, the undersigned, do hereby make a petition to the Government of Newfoundland and Labrador to request that the Branch Road leading from main Highway 430 to New Ferolle, a distance of roughly ten miles, be paved in the very near future.

"We feel we have every right to ask that funds be made available this present year for this purpose. Other areas of the Province have been getting their roads paved and we feel our turn has now come.

"Our children have to travel over this rough gravel road to attend high school. Fish trucks and other transport trucks travel over this road every day and the general public use it continuously for everyday work.

"We ask that careful consideration be given to this petition and that you do your utmost to grant our request.

"Also, we, the people Bartletts Harbour, Castor River North, Reefs Harbour, Shoal Cove West, and New Ferolle now call upon the Premier of this Province to live up to its 1985 campaign promise to upgrade and pave the branch roads to these communities.

"This promise was made nearly three years ago and we believe now is the time for the Premier to leave up to this promise."

Mr. Speaker, I asked the Premier about that very promise which he made in St. Barbe before 250 partisan supporters on April 1, 1985, the day before the last election. I asked it in this House last year in May. I said to the Premier, 'What happened to those promises that you made to those people to pave their road?' He promised to get back to me, Mr. Speaker. But then what did he do. He shut down the legislature for nearly ten months, still no response, still no answer, still no living up to the commitment made by this Premier to those people.

Mr. Speaker, it is not a Liberal member standing here voicing the concerns of those people alone. It was 250 partisan supporters, conservative supporters, who stood there, 250 witnesses who heard the Premier say, and let me quote, Mr.

Speaker, for the record from the press clippings from that day:

"Before a crowd of 250 partisan supporters at the St. Barbe Motel, Mr. Peckford announced a \$900,000 project which would pave the roads to the communities of New Ferolle, Shoal Cove West, Reefs Harbour, Bartletts Harbour and Castor North this summer," this summer meaning the summer of 1985.

Mr. Speaker, it is pretty sad when nearly three years later I, as a member, have to come before this legislature, before my peers, and tell the legislature, all 51 members, that the Premier did not live up his promise, did not live up to his commitment and did not live up to getting back to me with answers that I asked on this question ten months ago.

Mr. Speaker, he did not say I will try to pave the roads; he did not say I might pave the roads; he did not say I will try to find some money to pave the roads. He stated specifically, Mr. Speaker, he named the communities, the Premier did himself. He said, 'I will pave Bartletts Harbour; I will pave New Ferolle; I will pave Shoal Cove West; I will pave Reefs Harbour and I will pave Castor River North. Not only that, I will now commit nearly a million dollars,' nine hundred and some odd thousand dollars he committed, Mr. Speaker to paving it.

Mr. Speaker, that money was on the books of the budget of this Province prior to the election.

Now the real question is: Where did that \$1 million disappear to? We have the Minister of Transportation (Mr. Doyle) going to stand in his place in a minute and he is going to talk about this

petition.

MR. SPEAKER:
Order, please!

MR. FUREY:
Mr. Speaker, just to clue up, he is going to be asking, the Minister of Finance is, for \$125 million. He wants us to approve \$125 million in Interim Supply before March 31, over the next couple of weeks.

Now, I ask the minister to stand in his place and to tell this hon. House where did the \$1 million go that was promised on April 1, 1985 and when is he, as the Premier's emissary in that ministry, going to live up to that shocking negligence and broken promise that this Premier uttered in St. Barbe before his own supporters?

SOME HON. MEMBERS:
Hear, hear!

MR. SPEAKER:
Before recognizing the hon. member for the Strait of Belle Isle, I would like to welcome to the gallery, Mayor Sam Hoddinott and a delegation from Hawke's Bay.

SOME HON. MEMBERS:
Hear, hear!

MR. SPEAKER:
The hon. Minister of Transportation.

MR. DOYLE:
Mr. Speaker, I am pleased again to speak to the petition presented by the hon. member for St. Barbe, and to say, as well, I am familiar with the problems in that particular area, having travelled those roads personally over the last couple of years.

The comments that I made a few

minutes ago with respect to the previous petition are no less applicable to the hon. gentleman's petition in that it is the intention of the Department of Transportation to pave every single road in the Province of Newfoundland and Labrador. Mr. Speaker, I know I have said that before, but it bears repeating.

The hon. gentleman gives the impression that we are not concerned, as a government, about certain projects in his particular district, but I can assure the hon. member that we are very concerned. As I said a moment ago, the department just does not have enough money in any one given year to address all the problems that come along.

Mr. Speaker, it should be pointed out as well that since 1979 the department has built 2,200 kilometers of road costing the taxpayers of this Province \$234 million, and a lot of those projects have been undertaken in the districts of hon. members opposite.

Mr. Speaker, the hon. gentleman stands and he gives the impression that none of these projects have been undertaken in his district or in hon. members' districts opposite and nothing can be further from the truth.

Mr. Speaker, we will continue to do the very best we can with the limited resources available. Hopefully over time all the problems can be addressed.

MR. DECKER:
Mr. Speaker.

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

SOME HON. MEMBERS:
Hear, hear!

MR. DECKER:
Mr. Speaker, I am pleased to stand in support of this petition so ably presented by my colleague from St. Barbe. I suppose, Your Honour, it would be in order to praise the hon. the Premier for making that flying visit into Bartletts Harbour and Reefs Harbour and Castor River North and New Ferolle.

Quick as a flash, he recognized the problem that school children were having when they are bused - I should say trucked, it would probably be a more appropriate word, Mr. Speaker - over these roads in the Spring when the frost is coming out of the ground, in the Fall when the Fall rains make the roads practically impassable, and in the Winter when the few maintenance employees of the Department of Highways try to keep that road open. The Premier, in his wisdom, recognized that quick as a flash and he needs to be praised.

Mr. Speaker, unfortunately, as soon as the Premier left he forgot immediately what he had promised to the people of Reefs Harbour and the people of New Ferole and the people of Shoal Cove West. Therefore I cannot maintain my praise beyond a few fleeting minutes. Mr. Speaker, belief you me, he was slapping it out, as Alan Bock says here: "And," says the Premier, "if we have money left over," Peckford declared, "we will do the Loop Road as well," a reference to the gravel roads through the communities of Forresters Point and Black Duck Cove.

Not only, Mr. Speaker, did he see

the need of doing this road, but was slapping the money over. I am surprised with such vehemence on the part of the Premier that the whole Northern Peninsula, roads and non-roads, and bogs and ponds, that the whole thing is not buried in asphalt, synonymous with Pompei, Mr. Speaker, obviously.

MR. SIMMS:

That was the Liberal style.

MR. DECKER:

Obviously we know what the Premier was up to, political nonsense which he is so famous for, political foolishness which he had no intention whatsoever of delivering, Mr. Speaker. He is known for that.

SOME HON. MEMBERS:

Hear, hear!

MR. DECKER:

He can try every way to slither out from in under it, the fact to the matter is he made a promise of \$1 million.

The issue here is not what the Transportation Minister gets up and talks about, whether or not we have the money. That is not the issue. The money was committed, \$1 million by the Premier himself. No 'maybe' or 'if we have the money,' it was an absolute commitment. So it is silliness.

The Minister of Transportation is begging the issue when he tries to get up and say 'Oh, we do not have the money' or 'We have \$160 million requirement,' and all this silliness that is totally irrelevant. The fact is, as I heard my colleague so many times in this House get up and point out, there was \$1 million allocated to that particular road

network.

Where did it go, Mr. Speaker? Is that some of that money is gone to the Sprung project? Is that why the people on the Northern Peninsula must truck their children over the worst road in the country to get them to school, because the million dollars was wasted in the Sprung project? Was the money taken for the Round Pond Road, Mr. Speaker? Is that where it went? Was this the money that was used to send practically all of Cabinet over to China for a trip, Mr. Speaker, after which we were going to see great things? Is that where this money went? Is this money gone to pay for stretch limousines? Is this money gone to pay for \$1,000 a night motel rooms? Is this where the money is gone?

SOME HON. MEMBERS:

Oh, oh!

MR. YOUNG:

He is not speaking to this petition.

MR. DECKER:

Look, Mr. Speaker, we cannot put up with this foolishness any longer.

As for the people of New Ferole, my colleague refers to 250 partisan supporters. He could well have said 250 former -

SOME HON. MEMBERS:

Hear, hear!

MR. DECKER:

- former partisan supporters, because that is what is happening on the Northern Peninsula today. My friend and colleague for St. Barbe (Mr. Furey) barely squeaked in with fourteen votes.

MR. FUREY:
Sixteen.

MR. DECKER:
Sixteen votes. In the next election, Mr. Speaker, it will be more like 1,600 votes of a sweep. That is what is going to happen up there -

SOME HON. MEMBERS:
Hear, hear!

MR. DECKER:
- because those hon. gentlemen are making big, sweeping promises which they have no intention of keeping.

SOME HON. MEMBERS:
Oh, oh!

MR. SPEAKER:
Order, please!

MR. DECKER:
The jig is up, Mr. Speaker. They can talk out of both sides of their mouth all they like, the fact of the matter is they have let down the people of New Ferole, they have let down the people of Castor River North and they should be ashamed of themselves if they were capable of showing shame.

But I say to them, enough is enough, and I say to Castor River, hang in there a little bit longer because it is not going to be much longer.

Thank you, Mr. Speaker.

SOME HON. MEMBERS:
Hear, hear!

Orders of the Day

MR. SIMMS:
Mr. Speaker, we will be doing

Motion 1, Interim Supply.

MR. WINDSOR:
Mr. Speaker.

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

MR. WINDSOR:
Mr. Speaker, I have a message from His Honour, the Lieutenant Governor.

MR. SPEAKER:
This is to the hon. Minister of Finance, dated March 20, 1988.

"I, the Lieutenant Governor of the Province of Newfoundland, transmit estimates of sums required for the Public Service of the Province for the year ending the 31st. day of March, 1989, by way of Interim Supply and in accordance with the provisions of the Constitution Act, 1867, I recommend these estimates to the House of Assembly. Signed, J. McGrath, Lieutenant Governor."

The hon. the Minister of Finance.

SOME HON. MEMBERS:
Hear, hear!

MR. WINDSOR:
Mr. Speaker, I move that the message, together with the bill, be referred to the Committee of Supply.

MR. SPEAKER:
Order, please!

It is moved and seconded that the message, together with the bill, be referred to the Committee of Supply.

All those in favour, 'Aye'.
Those against, 'Nay'. Carried.

On motion, that the House resolve

itself into a Committee of the Whole on Supply, Mr. Speaker left the Chair.

Committee of the Whole on Supply

MR. CHAIRMAN (Greening):
Order, please!

MR. SIMMS:
Mr. Chairman.

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

MR. SIMMS:
Just for the edification of members, so everybody is aware of the practice we use in this particular debate, the general practice that has been accepted for some time now is that the Minister of Finance would lay down the resolution and speak for fifteen minutes, and the member opposite who will be speaking on behalf of the Opposition would have the same amount of time. From then on, the debate would go on ten minutes, alternating, or whichever way Your Honour decides to recognize then.

Perhaps the Opposition House Leader could confirm that is his understanding.

MR. TULK:
That is exactly the procedure, Mr. Chairman.

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

SOME HON. MEMBERS:
Hear, hear!

MR. WINDSOR:
Mr. Speaker, it is a great pleasure for me to introduce this

motion to grant Interim Supply to Her Majesty. The amount that is being requested is a paltry sum of \$787,892,900, which is just slightly above the Interim Supply request for the fiscal year 1987 - 1988.

Mr. Speaker, it is really quite a routine procedure, in that obviously funds are required to carry on the ongoing programmes of government for the first number of weeks or months of the year until the annual budget, which I have already indicated to the House I will be introducing on Tuesday, March 29, is introduced to the House and debated thoroughly and given final approval. Until that time, of course, the Province needs funds to pay salaries and pay ongoing costs of operating services to the people of our Province and other responsibilities of government.

The figure that you are seeing requested, of course, represents approximately one-quarter of the annual amount that is required to operate the Province. Basically it covers a three-month period, to take us up to July 1, 1988.

Again I indicate that it is primarily for ongoing programmes and does not normally provide any new funding for new programmes. There are some exceptions, primarily of capital projects that are required to begin, or at least to have funding allocated to them prior to 1 July, specifically, so that, in fact, construction projects can be tendered and awarded.

Under the Financial Administration Act, of course, government does not have authority to award contracts unless funding actually is in place. So unless we provide

funding now, if you assume that the budget was not to be approved until sometime in June or July, then we could not even award any tenders for a construction programme and, of course, that would be a serious difficulty for the construction industry in our Province which. Due to the very short construction season, that would very seriously set back the construction industry so this House has adopted in the past as a matter of course that Interim Supply does provide funding for certain capital programmes and certain programmes that are ongoing, committed, or carry-over projects, particularly capital projects from last year, those funds that are required to complete programmes that were committed last year and work that is carried over to this year. So we obviously have to have funding available so that work can continue.

I will just list some of the special items, Mr. Chairman, that we do not normally consider as simple ongoing programmes, including, of course, an amount for inflation and so forth. There will be a road construction programme. The total, Mr. Chairman, under capital account would be \$67,821,000: Improvement and Construction to Roads would be \$15,580,000. Again, these are programmes and construction projects that would be tendered and awarded prior to 1 July. Road and Bridge Rehabilitation would be \$12,890,000; Bridges and Causeways \$1,800,000; Highways under Transport Canada, this is the federal/provincial highway agreement, \$26 million; Forest Resource Roads \$2,181,600; Airstrips, which are 100 per cent federal, and these are primarily contracts which are being carried

over, \$3,419,400; Fisheries Initiatives under ERDA approximately \$5 million; Forestry Nursery Buildings, under the Forest Research Development Agreement \$588,000; Labrador Depot Buildings for Native peoples \$362,800, for a total of \$67,821,800. These are capital programmes.

There will be two items under current account, Mr. Chairman, which are new initiatives which cannot be considered as simply ongoing of existing programmes. First of all, the SERC committee, that is the Special Expenditure Review Committee, we advised when we set up that committee that we would be using efficiency experts in certain areas and recently it was advised, I think, that the Department of Public Works and the Department of Social Services, both, will be undergoing some programme evaluations using these committees, and we have allocated \$755,000 so that contracts can be entered into with a firm of efficiency experts to carry on with that necessary work. Then, with the Department of Fisheries, under ERDA there will be \$2,414,000, and that is primarily in the harvesting operations, aquaculture, processing operations, marketing and further planning required for 1988-89. Of course it is important to start those initiatives so that the results of them are in place prior to the fishing season.

Mr. Chairman, those are the bones of the Interim Supply Bill. As I have indicated, other than these items that I have just listed down, there is really nothing new in here other than the ongoing programmes, and these are programmes and expenditures merely relating to salaries and other

items of normal expenditure for government. There is really nothing in there other than the seven or eight items that I listed which are merely capital and which allows us to move ahead and do that necessary work.

So perhaps, I will stop there, Mr. Chairman. We can respond to questions from opposite. All ministers, no doubt, are prepared to deal with items on their particular departments as questions arise and we will try to provide as much information as we can, recognizing, of course, that without getting into details of what may be contained in the -

AN HON. MEMBER:

The member for Gander is not back.

MR. WINDSOR:

He is not back? And you want me to keep going until he gets back.

AN HON. MEMBER:

Give him time to get back.

MR. WINDSOR:

Time to get back!

Well, Mr. Chairman, I will say, recognizing that there is limitations obviously in the types of information that we can put forward, that I am sure the first question that will come up will be, Well, what is all this money for roads and where are you going to spend it? And the answer to that is very clear, Mr. Chairman, that those decisions have not been made yet. It is during the months of April and May, generally, that the Province goes through that process of deciding where road expenditures will be made for this coming year, so it is impossible for us to answer that type of question.

I am looking forward to bringing down my first budget next week. I guess it is eight days away before we come down with a budget, and we will see how the economy of the Province performed over the past year, what our predictions are for next year, and all the other exciting things that are normally contained in a budget speech. No doubt hon.gentlemen opposite are looking forward to that with great anticipation.

We can do away with all of this, of course, if the Opposition are prepared to accept my budget next week and pass it without debate on the 29th so that we can carry on with normal expenditure programmes. But I suspect, Mr. Chairman, that they are not going to want to do that. I know they have great confidence in me, but I would not go quite that far, to expect them to approve that amount of funding. So we will have to go through Interim Supply and have some funds voted to Her Majesty before the end of the fiscal year so that the ongoing requirements of government can be met. So I will leave it at that, Mr. Chairman, and allow my friends opposite to perhaps ask questions.

MR. BAKER:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member from Gander.

MR. BAKER:

Thank you, Mr. Chairman.

SOME HON. MEMBERS:

Hear, Hear!

MR. BAKER:

I also look forward to the minister's budget and I can assure him that we will do our best to see if he is being straightforward

and complete in his analysis of the situation in the province today.

What we are seeing here, Mr. Chairman, and I should explain this in some detail, is an exercise that shows the contempt with which this government holds the House of Assembly. That is what we are seeing here, nothing short of that. The government is trying to set the stage for a little game that they tend to go through every year at this time. The Minister of Finance is asking the House now to approve almost \$800 million of Interim Supply, which is one-quarter of his total budget, and he is asking us to do this in three sitting days. According to the programme for this House outlined previously, we have today and Tuesday for Interim Supply, Wednesday is Private Members' day, Thursday and Friday for the Meech Lake Accord, and when we come back the next Monday, Interim Supply, if it is not passed by that time, and then Tuesday the budget. By that time we are into Easter, and by that time we are at year's end. So you see what a position that puts us in. We have approximately six hours of debate on an Interim Supply Bill, and this is the key, Mr. Chairman, that is being put forward before we even know what the minister's budget is like. We are being asked to approve one-quarter of the expenditures for the whole year simply -

MR. J. CARTER:

A point of order, Mr. Chairman.

MR. CHAIRMAN:

Order, please!

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

MR. J. CARTER:

Mr. Chairman, the hon. the member for Gander is misleading this House. Now, I am sure it is not deliberate, so I am not accusing him of any wrongdoing, but he is misleading the House; he is suggesting that there is not enough time for proper scrutiny of the Interim Supply Bill. His side is guilty of wasting a great deal of the time of the House with repetitious petitions. Now, if they can keep the petitions down to a normal level, then there will be lots of time for the Interim Supply Bill.

MR. WELLS:

To that point of order, Mr. Chairman.

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

I have watched particularly that hon. gentleman and others abuse the rules flagrantly and rise on points of order when there is no point of order, knowing there is no point of order, to interrupt hon. members opposite, and that is wrong. We are going to be here forever if we continue on that way. Talk about delaying and time required! Unless there is a real point of order, hon. members should not do that. If there is a difference of opinion, then when it is his turn to speak he can address it. This is a waste of the time of the House.

MR. SIMMS:

Mr. Chairman, to that point of order.

MR. CHAIRMAN:

To that point of order, the hon. the President of the Council.

MR. SIMMS:

The hon. the Leader of the Opposition may think he is God, but I will guarantee you one thing, Mr. Chairman, he is not the Chairman, he is not the Speaker of the House. It is up to the Chairman to determine what is and what is not a point of order, not up to the Leader of the Opposition.

MR. CHAIRMAN:

To the point of order, there is no point of order.

The hon. the member for Gander.

MR. BAKER:

Good ruling, Mr. Chairman.

The Minister of Finance is asking this House to approve one-quarter of his total budget before we even see the budget and before we have ample time to debate that budget. Now, Mr. Chairman, members opposite have said it is a normal thing, it happens every year. 'It is routine procedure', I believe the Minister of Finance said. Well, it is about time, Mr. Chairman, we got away from this routine procedure. I referred in the beginning of my comments to a little game that they start to play at this time of year and I think this is much more serious than a game. Hon. members opposite are admitting that what they have been doing is steamrolling through the House huge sums of money without debate on the expenditures. Now, this is not just a small amount. This is not an amount of money to keep the government going for a couple of weeks, until we can finish a budget debate. That is not what it is. There are huge amounts of money involved here.

We are into this little game again, Mr. Chairman; we will give

the Opposition a little bit of time, we will put an Interim Supply Bill in and then, all of a sudden, we are going to be up against the end of the fiscal year. Meanwhile, the Opposition still has not had a chance to examine properly the expenditures that the minister is asking for. Members opposite are going to say, 'Well, you have got to pass the Interim Supply Bill, because if you do not pass the Interim Supply Bill we are not going to be able to pay our teachers; the social service recipients are not going to be able to get their money on time. The nasty Opposition is now preventing these people from getting their proper due. It is the Opposition that is doing this.' Mr. Chairman, I have played this game for two years and I am disappointed to see that we are into that same situation again.

This could have been very easily avoided. The House could have been called together a month earlier, very easily. We were out for eight months at that point. That is long enough. The minister could have had his budget ready. It could have been presented. We could have gone through a proper parliamentary procedure, Mr. Chairman, of examining the budget, suggesting changes, and then having the vote on the budget. We could have gone through that and everything could have been okay by the end of the fiscal year. That is what could have been done. But, no, once again we see this game being played out and it is about time, Mr. Chairman, that this changed.

I was hoping, with a new Minister of Finance, that it might. But, I suppose, the real reason, maybe, is a political one. As I pointed out in my speech on another

occasion in this House, this government is making decisions purely on the basis of party politics. One of the reasons they did not want the House open was because there was a by-election coming, the Waterford/Kenmount by-election, and they did not want to face the embarrassment of Question Period. They did not want to that while there was a by-election on, so they decided we will get the by-election over with, we will delay opening the House a month and then we will play our little game with the Interim Supply Bill.

Well, Mr. Chairman, I would like to point out that little trick obviously did not work in the case of the Waterford/Kenmount by-election. It did not work! They would have been much better calling the House together, getting the financial situation straight, presenting a budget, and then having a proper analysis of that budget. What the government is doing amounts to blackmail.-

SOME HON. MEMBERS:

Oh, oh!

MR. BAKER:

What the government is doing is saying to the Opposition, 'Pass this Supply Bill without adequate debate, pass this Supply Bill without adequate examination or we will go to the people of this Province and hang it over your heads.' That is what they are saying, and that is similar, Mr. Chairman, to blackmail.

MR. J. CARTER:

A point of order, Mr. Chairman.

MR. CHAIRMAN:

A point of order, the hon. the member for St. John's North.

MR. J. CARTER:

In keeping with what the Leader of the Opposition suggests as a raised level of debate, I think we should request either from the member that he take back that imputation of blackmail, or, I think, more importantly and more usefully, we request that the Leader of the Opposition request his minion to take back that statement.

MR. CHAIRMAN:

I would ask the hon. member for Gander to withdraw that remark, please. That is unparliamentary.

MR. BAKER:

Mr. Chairman, I think Hansard will show that I said it was similar to blackmail. However, under direction from the Chair, I will withdraw that remark.

Now, Mr. Chairman, what the government is doing is they are saying to the Opposition, 'Pass this or else.' And that is not proper. That is not the way to proceed. In a parliamentary democracy, you should not use the power you have as government to try to force huge expenditures through the House of Assembly without proper consideration.

Mr. Chairman, I mentioned proper consideration and maybe I am being a little harsh here. Maybe the questions that we have concerning this Interim Supply Bill can be handled satisfactorily by the Minister of Finance. Because, I suppose, in all fairness to the minister, if we have no great concerns over any of the amounts here, then there should be no reason why we should not pass the Interim Supply Bill. In fairness to the Minister of Finance, if we do have concerns about some of these headings and he can satisfy

these concerns, then there is no reason why the Interim Supply Bill cannot get through in three days' debate. And that may happen, Mr. Chairman. I do not know. But I say to the government, and I say to the Minister of Finance that if there are problems with any of these Headings, if there are questions that will not be resolved by the Minister of Finance within these three sitting days, then that presents a different situation, then we are at the point where we play out the final moves in the little game that I referred to. That is where we play it out; that is where we will see what the response of members opposite is going to be; then we will see things being held over the head of the official Opposition in this House. But, I am hoping, the Minister of Finance can very adequately deal with any questions that we might have concerning any of these Headings.

Now, there are, obviously, a lot of concerns that we have. We are talking about \$800 million and we have not yet seen the budget. We do not really know what the breakdown is. The minister was a little bit helpful in his opening comments and he gave a brief breakdown of one of the headings. I believe, Mr. Chairman, it was under Transportation.

MR. WINDSOR:
(Inaudible).

MR. BAKER:
Yes. So maybe this Minister of Finance will be a little bit more forthcoming than the previous Minister of Finance in terms of the Interim Supply debate.

The amount that is most striking, and the minister recognizes this because he referred to it as the

amount allocated for the Department of Transportation, \$124 million. I am sure that the Transportation critic from this side will have many questions about that amount of money, particularly as it deals with priorities. Obviously, if the minister wants \$124 million to spend in the Department of Transportation, and if it is in fact an emergency, then the minister must have the priorities outlined as to where the expenditures will go. I am sure that our Transportation critic will get into quite some detail on that and I am sure he has some questions about it.

We heard in this House today that all of a sudden there is another \$800,000 guaranteed to Sprung that nobody knew about before. On top of the other \$2 million guarantee and on top of everything else that went into it, there is what looks like another \$800,000 guaranteed loan. We do not know what is going on with regards to that project. There is money, \$14 million, I believe, if I remember correctly, allocated to the Department of Development in here. Are there any amounts that are related to that project? We would like to see them.

We would, I am sure, like to ask questions in terms of Development and Tourism - \$14 million of an emergency sum of money needed now. I can perhaps understand where the Department of Municipal Affairs needs its \$30 million. I can understand that fairly well. The Department of Municipal Affairs, maybe, should have another \$30 million or \$40 million added on there, because if they are going to do one tenth of the things that need to be done in this Province, they should get

started on them immediately. So in Municipal Affairs I can perhaps understand the \$30 million.

Social Services: If that is, in fact, one-tenth of their expenditure, and this is the difficulty, I say to the Finance Minister, in commenting on any of this, because we do not know at this point what percentage of the Head in that department it is. The \$124 million is obviously more than 25 per cent of the Department of Transportation's amount. What about the \$50 million in Social Services? Is that 20 per cent? If it is 20 per cent, it would seem to me to be reasonable - 10 per cent, 15 per cent, or 20 per cent - the budget will be through at some point in time. Enough money to allow the government to proceed until the budget gets passed is perhaps reasonable. But is \$53 million reasonable? Maybe it is. If it is, as I say, a satisfactory percentage of the total budget of the department, then fine. But if it is 75 per cent of the budget of the department, as I expect the Transportation amount is, then there is no need for it, it is totally unnecessary. We need to know these things. It would be nice.

In one previous year, anyway, I remember the budget was brought in first and we debated Interim Supply with the knowledge of what was in the budget. Now, that seems, to me, to be a much more sensible way to proceed. Because we can then, at least, discuss these Headings in a much more knowledgeable manner if we, in fact, know the budget ahead of time. That is what is so different about this year and what I find so abhorrent, that we are asked to approve \$800 million

before we even have the budget to have a look at, to compare the amounts with and see where the government stress is this year. Where is the stress on expenditure? What kind of expenditure is going to happen?

MR. CHAIRMAN:
Order, please!

The hon member's time is up.

MR. BAKER:
I would, in conclusion, Mr. Chairman, say to the government and to the Minister of Finance that I suppose there is a possibility that three days may be enough, providing the proper answers are forthcoming. But, I would say to him and to the government, that this is not a proper way to proceed, the proper way to proceed is as I outlined earlier. I was hoping that this year the government would proceed in a proper manner. Obviously, they have not.

Thank you, Mr. Chairman.

SOME HON. MEMBERS:
Hear, hear!

MR. WELLS:
Mr. Chairman.

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

MR. WELLS:
Mr. Chairman, I want to associate myself with the remarks of the hon. the member for Gander. I will not repeat them; he has adequately stated the position. But there are a few things that I do want to say. We are dismayed and surprised to see the kinds of amounts that he is talking about, when you relate it to last year's

Budget under some of the Headings, and we need an explanation. We are not prepared to just accept it on face value, and we will want some explanation of the detail. Not only is it our right to do so, it is our responsibility to require that, and to the extent that we vote on it and approve of it without requiring that, we fail, I believe, in our duty to do so.

Now, after what we heard today in the House, what I would consider to be a shameless attempt at cover-up, I am not sure that we will be able to support this motion for Interim Supply. I will detail what I refer to: I refer to the Premier's remarks about the necessity to give an additional \$825,000 guarantee in order to enable Newfoundland Enviroponics, the joint venture company, to pay out a portion or all of the holdback before it would otherwise be required.

Now, with respect, Mr. Chairman, that is totally wrong. It cannot be. If the government and the Sprung companies put into Newfoundland Enviroponics the money the Premier says they did, or the financial resources the Premier says they did, all you have to do is take a look at it. If, in fact, the government put in its equity, as I believe the government did, of \$3.5 million, if, in fact, the government put in its guarantee, as I believe they did, of \$7 million, and if, in fact, the Sprung Group put in their equity, as has been said has been done, of \$3.5 million and they put in their guarantee of \$500,000, then that totals \$14.5 million. If that is done, that totals \$14.5 million. Now, if they are holding back 10 per cent under the construction contract

and the construction contract was for \$14.325 million, that is \$1,432,500, which means of the \$14.5 million resources the company only needed \$12,892,500. That is all it needed, because \$1.432 million was held back.

Why then do they need the additional \$825,000 guarantee? They have a surplus amount of \$1.5 million nearly. The explanation is obviously a complete cover-up to cover the fact that the government gave this guarantee in December for \$825,000, for who knows what purpose, without explaining it, without advising the public, or without advising the House that it was done, and they come in today with this complete concoction of an explanation that it somehow related to \$825,000 being necessary to pay the mechanics lien holdback ahead of the time when it was required to be paid under the contract.

DR. COLLINS:
You have not read it.

MR. WELLS:
I have read it.

DR. COLLINS:
No, you have not.

MR. WELLS:
I have read it.

DR. COLLINS:
That is not what it says.

MR. WELLS:
That is exactly what it says.

DR. COLLINS:
Read it again.

MR. WELLS:
It says that 'The intent was that the construction contract was to

be a self-financing transaction.'

DR. COLLINS:
Holdback.

MR. WELLS:
Yes.

'However, because all of the contract was subject to a 10 per cent holdback under The Mechanics Lien Act, this intent was not being fulfilled.' Holdback by whom? Holdback by Newfoundland Enviroponics. Newfoundland Enviroponics had to holdback from the Sprung Companies \$1,432 million, which mean they should have had that in cash or cash resources available to them, surplus to their ordinary needs if they were holding it back.

Now, if they decided to pay out \$825,000 of that holdback, why did they need an additional guarantee if the equity and the loans were already in place? It cannot be justified, Mr. Chairman. Now, maybe there is some proper explanation of the \$825,000, I do not know. Maybe there is one. But what is put forward in this statement clearly cannot be proper if, as has been stated earlier, both the government and the Sprung Group of Companies put into Newfoundland Enviroponics the amount the government says was put there. That leads further to the belief that these funds have not been advanced in that way. Otherwise, the additional \$825,000 could not be required. And frankly, Mr. Chairman, until there is a fuller explanation of just what the government is doing with the taxpayers' money, the members on this side of the House are not going to be too pleased to vote in favour of the member's motion to provide Interim Supply.

In this Province we have hospital beds which have been closed, we have school children and school boards in difficulty, and we have people in need of help to provide access to fresh water because the government does not have the resources. I do not mind, Mr. Chairman, acknowledging -

SOME HON. MEMBERS:
Oh, oh!

MR. WELLS:
Mr. Chairman, I would ask you to order that I be heard in silence. I insist on it. Now would you please ask that?

SOME HON. MEMBERS:
Hear, hear!

MR. CHAIRMAN:
Order, please!

The hon. the Leader of the Opposition.

AN HON. MEMBER:
It may be Romper Room over there, but it is not over here.

MR. CHAIRMAN:
Order, please!

MR. WELLS:
Mr. Chairman, the affairs of the people of this Province and their interest in health and welfare and education and municipal and other services are too important to be joked and laughed about the way members opposite do.

SOME HON. MEMBERS:
Hear, hear!

MR. WELLS:
It is too important to make fun and laugh at. If I am wrong, deal with it in issue, deal with it on merit, do not deal with me. You may think I am a clown or a fool,

you are entitled to that opinion, but the affairs of the people of this Province are too important to be handled by entertainers or people who pretend to be entertainers.-

SOME HON. MEMBERS:

Oh, oh!

MR. CHAIRMAN:

Order, please!

MR. WELLS:

Mr. Chairman, I say again -

AN HON. MEMBER:

It is not Romper Room over here.

MR. WELLS:

Then do not behave like it.

MR. MATTHEWS:

You are not allowed to behave at all.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

Mr. Chairman, if the members do not remain quiet and allow me to be heard, I would ask that you name them, have them removed.

MR. YOUNG:

You might tell them what to do, but you are not telling me what to do.

MR. WELLS:

I am asking the Chairman to maintain order so that I can be properly heard in this House. The public of this Province do, and the hon. gentleman-

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

The people of Waterford/Kenmount do, and hon. members ought to

remember that, too.

SOME HON. MEMBERS:

Hear, hear!

MR. CHAIRMAN:

Order, please! Order, please!

MR. WELLS:

Now, Mr. Chairman, I would still like to deal with the issue of financial responsibility. The government is responsible to answer to the taxpayers of this Province for what they do with their money and for the commitments they give, for the guarantees they give, and the government cannot come into this House and ask the House to vote \$787 million in Interim Supply -

SOME HON. MEMBERS:

Oh, oh!

MR. WELLS:

Mr. Speaker, would you please name the hon. members who will not be quiet.

MR. CHAIRMAN:

Order, please!

AN HON. MEMBER:

We will name the whole House. We will all be saints.

MR. CHAIRMAN:

Order, please!

The hon. member's time is up.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

Mr. Chairman, I remind hon. members that they have a responsibility to the taxpayers of this Province and we are going to see that they discharge it.

SOME HON. MEMBERS:

Hear, hear!

MR. DINN:
Mr. Chairman.

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

MR. DINN:
Mr. Chairman, what we just saw in the House of Assembly was an example of what we are going to see. This is a House of Assembly not a courtroom, I tell the hon. the Leader of the Opposition.

SOME HON. MEMBERS:
Hear, hear!

MR. DINN:
We can act in here like politicians should act. We do not get rapped on the knuckles over here because we say a 'Hear, hear!' here, or a 'Hear, hear!' there'. That is not what it is all about. This is a debate that we carry on in here. There is a cut and thrust of debate that we live and die for, freedom to speak, freedom to have an opinion. Not like we have over there. There is no freedom to have anything over there right now.

SOME HON. MEMBERS:
Hear, hear!

MR. DINN:
Last week, the hon. member for Naskaupi dared to say something in this House and he was nearly eaten by the Leader of the Opposition. Then he went out to the press and denied it when everybody in this House heard it, Mr. Chairman - the press gallery heard it, and he went out and denied it.

MR. DOYLE:
The member for St. Barbe, the same thing.

MR. DINN:
And the member for St. Barbe exactly the same thing. Mr. Chairman, this is a House of Assembly. There is nobody in this House going to be put down by the legalese from Duckworth Street -

SOME HON. MEMBERS:
Hear, hear!

MR. DINN:
- the man who was bought and paid for to come in here - \$126,000, bought and paid for, to come into this House. I have not been bought.

MR. SIMMS:
On the payroll.

MR. DINN:
On the payroll, that is right.

First of all, he talks about Auditor Generals' reports. This gentleman, this legalese, lawyer type over here, this learned gentleman, found a little loophole in the Conflict of Interest regulations so that he does not have to declare like I declare, like the hon. member for St. John's East Extern declares, like the hon. member for Mount Pearl declares. He does not have to declare. Why? Because he is different. He has decided that he does not have to declare. The hon. the member for Port de Grave declared what he had. I declared what I had - not much, but I had to declare it anyway - but he is different somehow.

MR. WINDSOR:
He is above everybody else.

MR. DINN:
That is right.

MR. WELLS:
A point of privilege, Mr. Chairman.

MR. CHAIRMAN:
Order, please!

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

MR. WELLS:
This is the first time I have
heard any suggestion that my
statement of Conflict of Interest
somehow does not fully disclose,
and it is utter nonsense!
Everything that is required is
disclosed, and anything that is
not disclosed will be disclosed if
it is required to be disclosed.

SOME HON. MEMBERS:
Yes? When?

MR. WELLS:
Now. Anytime, of course.

SOME HON. MEMBERS:
Hear, hear!

MR. WELLS:
Mr. Chairman, my privileges as a
member of this House are being
affected by these most improper
statements.

AN HON. MEMBER:
With your salary, they should be.

MR. CHAIRMAN:
Order, please!

MR. WELLS:
I want to make the point of
privilege, Mr. Chairman. I have
made clear to this House, and this
is the last time I will speak on
it, the last time I will address
it.

MR. MORGAN:
You will speak on it.

MR. WELLS:
The member speaks on everything,
but nobody pays any attention.

Mr. Chairman, my salary as Leader
of the Liberal Party, of \$50,000 a
year, is paid by the Liberal Party
and I have no qualms whatsoever
about accepting it and stating
clearly -

MR. MORGAN:
(Inaudible).

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

MR. WELLS:
Would you, Mr. Speaker, name the
hon. member for Bonavista South if
he does not cease so that I can be
heard.

MR. CHAIRMAN:
Could we have order, please?

MR. DINN:
There is no point of privilege.
What he is doing is wasting my
time.

MR. WELLS:
Mr. Chairman, these aspersions
cast on my character by these
improper remarks are unacceptable
and I would ask you to order the
hon. members to withdraw them.

MR. SIMMS:
To that point of privilege, Mr.
Chairman.

MR. CHAIRMAN:
To that point of privilege, the
hon. the President of the Council.

MR. SIMMS:
Just for a moment to the point of
privilege. I think I have seen it
all. I do not know if the Leader
of the Opposition is caught up in
what happened twenty-two years ago
when he was a member of this
Legislature, when there was very
little time for debate, very
little opportunity, when there was
no Question Period allowed, and

when nobody was allowed to speak. He is very touchy. What the hon. the Minister of Mines referred to in the debate is public knowledge, public information. He was certainly not casting aspersions on the hon. Leader of the Opposition. He, himself, has admitted to the charges and the comments that the Minister of Mines was making. He, himself, has admitted. He just got up a minute ago and said he was getting a \$50,000 salary subsidy from the Liberal Party. That is all the Minister of Mines was saying.

The Leader of the Opposition should not get too touchy. But above all else, Mr. Chairman, clearly, as Beauchesne says in the Fifth Edition, paragraph 19 (1), "A dispute arising between two hon. Members, as to allegations of facts, does not fulfill the conditions of parliamentary privilege." The Leader of the Opposition has by no means presented a case for privilege here in this House, on this particular occasion.

MR. MORGAN:

Mr. Chairman, to that point of privilege raised by the Leader of the Opposition.

MR. CHAIRMAN:

To that point of privilege, the hon. the member for Bonavista South.

MR. MORGAN:

Mr. Chairman, the fact is if the hon. gentleman feels that his rights as a member of the House of Assembly are being in any way stepped on or violated, he has brought it upon himself. Because the fact is, he is the only member of this House who is getting an extra salary from his own party to add to his salary as a member of

the House of Assembly, in the Opposition. So, if a member is willing to accept payment from an unknown source, and I am saying unknown source, Mr. Chairman, because he says the Liberal Party. The Liberal Party has to receive contributions from some sources, some more than others, and my information is that the Leader of the Opposition is receiving his salary from four, possibly six - there were six - prominent businessmen in this Province. Now, if that is the case, the Leader of the Opposition is leaving himself wide open to criticism from us in this House as well as from thousands of Newfoundlanders who are questioning it as well. How dare he stand in the House and ask questions about budget expenditures, or contracts and projects, when, at the same time, he will not disclose to us, his peers in the House of Assembly, who is paying the extra money he is receiving!

So, Mr. Chairman, if there is indeed any indication that the rights of this member are being stepped on in any way or form, it is because he brought about this violation on his own accord by agreeing to accept a special salary over and above the salary of his colleagues, on his own side, and any other member of this House.

MR. CHAIRMAN:

To that point of privilege, I will have to refer that to the Speaker because we cannot deal with a point of privilege while in Committee.

The hon. the Minister of Mines.

MR. DINN:

Mr. Chairman, now the hon. the

Leader of the Opposition gets up and violates, really, my privileges as a member of this House by taking away from my time to speak. He has everyone over on his side muzzled, and now he wants to muzzle everyone on this side with spurious points of privilege and points of order. When he gets up, nobody else is allowed to speak; he looks for protection from the Chairman or from the Speaker. When I get up to say my few words in this House, which is my right, which is what the people of Pleasantville sent me here for, he gets up and tries to take my rights away.

Now, Mr. Chairman, at least there was a point of clarification; there was not a point of privilege. The Leader of the Opposition at least said, 'Well, I get \$50,000 from the Liberal party.' I do not know if he gets \$50,000 from the Liberal Party or where he gets it. I do know he gets extra emoluments that are not entitlements as a member of the House of Assembly. I do not know what they are for. But I will tell you, Mr. Chairman, it would be worth our while to have a look at Standing Order 77 and see how that sits.

AN HON. MEMBER:
Read it.

MR. DINN:
Standing Order 77, the rules of order of this House, Mr. Chairman, say: "The offer of any money or other advantage to any member of this House, for the promoting of any matter whatsoever, depending or to be transacted in Parliament, is a high crime and misdemeanour." Mr. Chairman, that is Standing Order 77 of our House.

I do not have to worry about what

I declare or what I do not declare. Mr. Chairman, I do not have to worry about who speaks and who does not speak in this House, or whether they interject across the floor of the House, because I really have nothing to hide. I can stand here in this House and pretty well match wits or anything else with anyone in this House -

MR. CHAIRMAN:
Order, please!

The hon. member's time has elapsed.

MR. DINN:
- and I have nothing to worry about or be scared about.

SOME HON. MEMBERS:
By leave!

MR. CHAIRMAN:
By leave.

MR. DINN:
Obviously the Leader of the Opposition wants me to go on because he realizes that he broke into my time as a member. Mr. Chairman, obviously, by leave I can go on.

AN HON. MEMBER:
No leave.

MR. CHAIRMAN:
Order, please!

The hon. member's time is up.

MR. DINN:
Oh, well, I will get back to it. I will have lots of time.

MR. GILBERT:
Mr. Chairman.

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

MR. GILBERT:

Mr. Chairman, again we are being reminded of the level that members opposite want to put this debate in in Interim Supply.

We heard the Leader of the Opposition get up to ask the question concerning the \$825,000 more that was put in to the Sprung greenhouse affair without, we think, approval of the House or without notification. All of a sudden we are faced with the sort of debate that we have been used to in this House from members opposite. It must come as a sort of a surprise when they see that we have tried to change it. We intend to carry on with the business that we were elected for and that is to ask the questions and provide the information to the people of Newfoundland.

We do not have any reasons to have any smoke screens. Everytime we get up to ask some questions concerning the governing of the Province, all of a sudden there is a smoke screen brought up, so the honourable Minister, the last time I heard him make a speech, say that was six o'clock in the morning, one time a couple of years ago. I wonder if the same conditions prevail now or not.-

MR. BAKER:

We gave him leave that time.

MR. GILBERT:

Yes, we gave him leave that time.

But I assure you right now, Mr. Chairman,-

MR. MORGAN:

What is the real reason why you are in a front bench?

MR. PATTERSON:

All the rich men are in the front

bench.

MR. GILBERT:

Because I am good.

SOME HON. MEMBERS:

Hear, hear!

MR. GILBERT:

Anyhow, Mr. Chairman, when we heard the Minister of Finance today talk about the Interim Supply Bill, which he was introducing, he said it was routine and my colleague from Gander questioned why it would be routine when they are asking to spend about a quarter of the proposed budget or a quarter of last year's budget without any explanations for the expenditure. As I understood it the first time I was here to debate Interim Supply, it was to be to carry the Province - and I think the Minister of Finance said it today - to carry the Province for the first few weeks until the budget is approved.

It usually gets down to the point when we are talking about salaries, payments to social security recipients and the ordinary day to day running of the Province for a short period of time. We find that the Minister is going to bring out his budget on the 29th and he is going to then follow the normal course so by the middle of May the budget can be approved.

The interesting thing for me, as the Transportation critic, is that I found that 75 percent of the total yearly budget is being asked to be approved in Interim Supply. I know that the Minister of Finance alluded to the fact the roads contract had be given and let, if we wanted to get the work done early in the year and that

sort of stuff.

What we are suspicious of over here is we find that 75 percent of that budget is asked to be approved on a carte blanche basis without any chance to question the headings or see where it is being spent.

I notice we really do not know where this money is going. We know, as the Minister of Finance said, some of it is going to be spent on roads, and he gave some figures. I am going to ask the Minister if he would breakdown the \$124,958,300. We ask the Minister if he would give us a breakdown under the each of the headings showing where this is going to be spent.

The Minister said the reason that he must ask for Interium Supply for the highway bids is because the money has to be approved before he can accept bids. We are saying, Mr. Chairman, that there is lots of time to accept bids after the budget is presented on the 29th. As it is, we know there is going to be lots of time to accept bids.

The point that we are making here, Mr. Chairman, is are we going to get another repeat of the same way the minister and his department have acted before where the Auditor General said that there is no policy, or procedures, or guidelines relating to the upgrading or maintenance of roads in this province, through the Department of Highways?

What he is asking us to do is, again, to condone a lack of policy on the part of his department for the funding of paving and maintenance of highways in this province. Mr. Chairman, we are

going to have some difficulty in approving this under these conditions this year because we have discovered that the priority system is just not there. I guess in the glaring example this year is the Round Pond road development. It is the one that sticks out in everybody's mind as to why we should not be giving approval for block funding.

This is the reason that we on this side of the House are going to ask the minister if he would to break down the \$124 million that he is asking for into under the Headings of the Department of Transportation. He is going to tell me that there is some amounts for contracts, and that is the one that we are going to be asking some further questions on because we feel that the people of Newfoundland deserve to know that the money that we are being asked to approve here now is going to be spent in a proper way and that the voters of Newfoundland are not going to be held up to have money spent in relation to the way they vote. We feel that this has been shown.

The minister is getting to the point that I heard him last week talk about money that was spent in my district since 1972. They are gone back that far instead of talking about what was really spent and the questions as to what has been spent in the last three years in the Opposition districts. He has answered several of the members here that he goes back to what has been spent since 1972.

That seems to be a sort of a weak excuse when you talk about the distribution of highways money in this province because the question that we put to the previous

Minister of Transportation about the gravel roads in this province - the 3,300 km that we hear are still there, even though we heard the minister say that they have paved a lot in the last few years - but still, up to last year in the House, there was 3,300 km of gravel road in this province. The district that I represent has got a fair amount of that and in the three years since 1985, despite the fact that, as I said earlier today in this House, this time in 1985 the Department, the government, the Premier and his friends in Ottawa then, had signed, according to the Premier, the greatest highway's deal that we had ever had in this province.

Unfortunately for us, it was not a very good deal again because the road builders came out the next week and said it was not. The amount that was needed to do the upgrading on the highways was \$180 million a year, for every year for the next ten years, and not a \$180 million a year for eight years, cost shared. An eight-year agreement for \$180 million is not going to do much for the roads of Newfoundland.

MR. CHAIRMAN:
Order, please!

The hon. member's time is up.

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

MR. J. CARTER:
Mr. Chairman, thank you.

This is my first opportunity to speak in this Session, and since this Session has come in we have had a new Leader of the Opposition (Mr. Wells), so I would like to genuinely congratulate him and say that I hope he will be the Leader

of the Opposition for many years to come.

If I might be permitted to read his mind, I am quite sure that he says to himself when he looks at his own caucus, he says, 'I hope that the Premier trembles when he sees my caucus as I do.'

The Leader of the Opposition when he first spoke in this House recalled the time when he was a member here before. There was a particular memory of that time that I would like to jog his memory about and that is the Shaheen deal, and I certainly agree with him in his opposition to the Shaheen deal. I think he was one of the people who earlier realized that Shaheen's project was really only a scam, it was a device to transfer money from the public into his own private pockets, and he quite properly objected and objected very vociferously and very well. I think the public took his objections to heart.

But the Sprung deal is quite, quite different. I suggest to the hon. the Leader of the Opposition that if he were perhaps to tour the facilities, perhaps he might get permission.

MR. SIMMS:
The Premier invited him yesterday.

MR. J. CARTER:
Well, has he has toured the facilities?

AN HON. MEMBER:
No.

MR. J. CARTER:
He is about to tour them.

AN HON. MEMBER:
Tomorrow night.

MR. J. CARTER:

Well, I would suggest that he hold off any further criticism until he tours the facilities. Now, they are unfinished. They have only got one greenhouse in operation, production zone or whatever they call it. But there is no doubt that there has been a great deal of attention paid to detail and a great deal of care taken with this project, and if it were a scam, it would not be like that at all.

Now I toured the Shaheen complex, I toured Come By Chance when it was at its height. I think, it was 1974, and you could see with half an eye that that was not meant to work. It was a scam. It worked very well for Mr. Shaheen. I think he transferred \$60 million into his own pocket or into the pockets of his related companies. But it was not meant to work. It did not work. It was the biggest bankruptcy in the history of the Western World up to that time. I think Dome Petroleum is a bit bigger now, but at that time, it was the biggest bankruptcy. So Newfoundland, I think, is probably in The Guinness Book of Records. There is a number of reasons for Newfoundland to be in The Guinness Book of Records.

One thing that I think that is overlooked by the Opposition and by the public generally and I hope that the Leader of the Opposition, when he writes his memoirs, as I am sure he will and I am sure he will write them honestly and sensibly, I think it should be recorded, he perhaps should record it that, at the present time this is the best government that Newfoundland has ever had, and that is a fact.

SOME HON. MEMBERS:

Hear, hear!

MR. J. CARTER:

Just a plain fact. Certainly the best government since Confederation, possibly not as good as the Government of Sir Robert Bond between 1900 and 1908. But that is going back a long way. And, of course, I suppose members might say, 'Well, he was a Liberal, was he not?' I would say, 'Yes, he was, but he was not a Joey-suck and that is the difference.'

So I would suggest the Leader of the Opposition hold off his criticisms until he had had a chance to tour the Sprung Project. I think I would be very interested to hear his comments afterwards. I respect the fact that he is man enough to unsay some of the things that he has been saying if his mind has been changed. I am quite sure of that.

I asked a question of the Leader of the Opposition today and it was a serious question. I hope that because the precedent has now been set that there will be many questions directed towards the Leader of the Opposition in the future. In fact, according to this ruling in Beauchesne, any member may ask any other member a question at any time during Question Period. That is the way it should be.

The point is forgotten by a lot of people that questions do not have to be answered. A minister does not have to answer a question that is directed to him. Sometimes they do and sometimes they do not. Usually they do in our House, but they are not required to and a member opposite is not required to answer a question. I think the important thing is that certain questions be asked. They may never be answered. There may

not be a satisfactory answer to the questions, but I think certain questions should be raised.

I think the question I raised today was a very important one, "Who on the Opposition benches are lame ducks, who are either not going to run again or are not going to be allowed to run again?" We would like to know that. I think that is very important, because we can then take certain members seriously and dismiss what other members say. I think it would be very useful. If that question cannot be answered, perhaps we could turn it around and say, 'Which members are going to be taken seriously, which are not lame ducks?' Anyway, those are questions that should be asked.

Also I would like to know, since the Leader of the Opposition has, I think, said it from his own mouth - he has said that at least four members from this side have approached him about joining the Liberal caucus - I think that this should either be disavowed or else the members who have approached him, if this is true, should be brought out in public. I think it is tantamount to a smear to have this hanging over us. Now, there may be members on both sides that neither side wants, but that is another matter.

There have been some remarks made about the fact that there is not going to be time to discuss Interim Supply properly, and the budget generally. But since we are going to have double daylight savings shortly, I think perhaps we could have some night sessions. We will not mind those at all. We will find them all the more pleasant because it will still be daylight outside. I think hon. gentlemen should be

happy that I am not in the saddle, because if I had my way, I would give us three hours. It would be triple daylight savings time, not two. I would possibly settle for two and a half, put Newfoundland on Newfoundland time a full hour ahead of Nova Scotia and then go for double daylight saving. Although I am a farmer and farmers are reputed to get up early in the morning, I am not an early riser, but I am wakeful in the morning, and I notice that in the Summer it is sometimes daylight at four o'clock in the morning. I say, 'What on earth is the good of daylight at four o'clock in the morning to any man or beast? It is better to shift it to the other end of the day and use it sensibly.' The only people who get up at four o'clock in the morning are up to no good, I would think.

Now, it may well be that certain members opposite come home so late that they would like to have a bit of daylight to come home by. That is a possibility, I suppose.

I think the hon. gentlemen opposite have been very unfair in their criticism of this Sprung deal. I do not mind if somebody calls me down to the dirt. That is part and parcel of the cut and thrust of debate. But when we drag an outsider's name into this House, I think we should be extremely careful. I wonder myself if hon. members opposite are anxious for this Sprung deal to fail. Is that what they want? Do they really want it to fail? I think that they should have a sense of proportion.

I would remind the Leader of the Opposition again that approximately \$450 million of public money were spent on

Stephenville; \$200 and some odd million to bail out the mess that Doyle left, and then couple of hundred million more to convert the linerboard mill into a pulp and paper newsprint mill. There was not a peek out of the Opposition then. I think something like \$100 million went to the Corner Brook operation, and rightly so.

The West Coast has been saved and bailed out by this government's concern and generosity, but there is not a word about that. Yet relatively and I say 'relatively' \$13 million or \$14 million, it is not a small sum, but it is a relatively small sum and to go on and on and on about that at great length when it is possibly a successful project, I think probably a successful project. All of us on this side are certainly rooting for it. I will be sorry to say good bye to the plowed field, but I think it is possibly the garden of the future, and we are perhaps in the vanguard.

If our power is cheaper on the Island than any other place in Canada, and I believe it now is, in spite of all our problems - our power on the Island of Newfoundland, I think, is marginally cheaper than the power anywhere else in Canada, with the possible exception of Quebec and that is because of Churchill Falls.

MR. WELLS:
Ontario.

MR. J. CARTER:
No, I believe the Leader of the Opposition is wrong, I think the cost of Ontario power is higher. I am subject to correction.

MR. CHAIRMAN (Parsons):

Order, please!

The hon. gentleman's time is elapsed.

MR. J. CARTER:
To be continued.

Thank you, Mr. Chairman.

MR. DECKER:
Mr. Chairman.

MR. CHAIRMAN:
The hon. the member for the Strait of Bell Isle.

MR. DECKER:
Mr. Chairman, I sincerely wish to thank the hon. member for giving such an amusing, lovely speech totally irrelevant to what is going on in this House; totally irrelevant to what is going on in Newfoundland today, but nevertheless I would be unfair if I were not to admit that it was indeed a lovely speech.

To move to something which is relevant, Mr. Chairman, I would like to refer members to the \$125 million which the Minister of Finance (Mr. Windsor) is asking for under Transportation in this Interim Supply Bill - \$125 million. A figure which is extremely difficult for me to even get my mind around.

How much more difficult, Mr. Chairman, is it for the widow up in Pine Cove today who is trying to subsist on less than \$200 a month and she looks at \$125 million pork barrel because that is exactly what we are seeing. When this administration is trying to sneak three-quarters of its transportation agreement into an Interim Supply Bill, which we are not allowed to see the details of, we cannot know where each and

every dollar or each and every million is going to go, let alone each and every dollar. I can only come to the conclusion, Mr. Chairman, that what we have here is \$125 million pork barrel.

I suppose if I were satisfied that justice was going to be done and that fairness was going to be used, maybe I would have reason to be pleased with this amount. Because if I were to look at the gravel roads in this Province today I would find a figure of around 3,000 kilometers - that is the one they keep coming up with - and 12.2 per cent, Mr. Chairman, of all the gravel roads in this Province today are in the Strait of Belle Isle district. Mr. Chairman, that is what is in the Strait of Belle Isle district today.

So, if I were to believe that justice was going to be done I would, instead of standing here trying to fight for the people of the Strait of Belle Isle, I would be out announcing that 12.2 per cent of \$125 million will be allocated to get the people who live in Roddickton and Englee some semblance of a road which belongs to this latter part of the 20th century.

Mr. Chairman, it is utterly, totally, disgraceful to see the roads that exist in the Strait of Belle Isle district today. Not very long ago I watched some television programs which depicted the state the population of Ethiopia is in today. I saw those children on the verge of starvation. Mr. Chairman, the thing which caught me is that they were standing on paved roads, and yet the people of the district of the Strait of Belle Isle the whole year in the Strait of Belle Isle,

because of the pork-barreling of the present administration, the whole year are taken up with time worrying about the road conditions.

Right now, Mr. Chairman, we are approaching Spring, the time when people across this great Nation, right from Bonavista to Vancouver look forward to a change of season, but not so in many parts of the Strait of Belle Isle. Not so in Englee, Bide Arm and Roddickton today, Mr. Chairman, because they know that when Spring comes it means that the frost is coming out off the ground and that when the frost starts coming out off the ground, the roads become nothing only - the only thing I can compare it to, I suppose, is an old analogy - pea soup, pea soup full of pot holes, Mr. Chairman. It is a total, absolute disgrace, and what I would like to be able to ask the Minister of Transportation today is when he goes to spend this \$125 million, how much of that \$125 million is going to be allocated to the people of Englee, Bide Arm and Roddickton who dread for Spring to come because they know the mess it is going to bring? They know the hardship it is going to put on their children who have to be bused into central locations for schools. They know that. Can the Minister of Transportation tell them that this three quarters of his total budget will somehow help to alleviate the hardship of the people in Roddickton, Bide Arm and Englee today who dread for Spring to come?

Mr. Chairman, after Spring goes we come into Summer. Across this great land all our people are delighted with the warmer days of Summer, when they can get out in their shorts, get out and relax.

Mr. Chairman, in the Strait of Belle Isle district today there is just as much dread for Summer as there is for Spring because with Summer, Mr. Chairman, comes nothing only an air filled with dust, synonymous, Mr. Chairman, with the dust storms in the dirty thirties on the Prairie provinces of this great nation; dust which is going into their lungs. This is what is happening in Summer in the Strait of Belle Isle.

So can I tell the people up there, can I tell them that this \$125 million, that a portion of that, 12.2 per cent, to be exact, that 12.2 per cent of this money will be applied toward keeping the dust down in the Strait of Belle Isle, Mr. Chairman?

Then, Mr. Chairman, we roll around to the Fall of the year when people across this great nation and in our province look forward to, again, the time when Summer is over and preparing for Winter. But in the Strait of Belle Isle, it is again dread because with the Fall comes the October rain, and with the rain, Mr. Chairman, comes the mud all over again, and the potholes all over again. This is what happens.

Can I go to the people of the Strait of Belle Isle? Can I go to the people in St. Lunaire and Griquet, the people in Raleigh and Ship Cove, who only over the weekend, who only this past weekend, and the Minister of Transportation, I know he must be sick and tired of receiving letters from me because hardly a week passes but I pass along complaints that I am getting from my district. Can I go to the people of Ship Cove and Raleigh and say that 12.2 per cent of this \$125 million will be applied to

the misery that this patronizing government is asking for? Can I tell them that they will get their just share?

No, Mr. Chairman, past history has convinced me that if I were to do that I would be a total liar, because there would be basis for it whatsoever. If I wanted to tell the truth, I could go to them and say, 'My friends, you are not going to get a single solitary cent of this \$125 million because this \$125 million is nothing more than a pork-barreling fund. This is this administration living up to their history, living up to their record of the past, so there will be no 12.2 per cent of this \$125 million.'

MR. CHAIRMAN:

Order, please! The hon. member's time has elapsed.

MR. DECKER:

Thank you, Mr. Chairman, but I shall return.

MR. CALLAN:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Bellevue.

SOME HON. MEMBERS:

Hear, hear!

MR. CALLAN:

Thank you, Mr. Chairman.

Mr. Chairman, it is a pleasure to follow my friend and colleague from the Strait of Belle Isle. I know, I spent a dozen years experiencing the frustration of the gentleman just talked about. However, about a year ago, now, the present leader of the Opposition took issue with it. As a matter of fact, he said to me and he also said to me in front of

the Liberal executive for Bellevue that, given a choice, stand on your feet in the legislature, tear the guts out of the government, you have that choice, or you have a choice of staying relatively quiet, not condemning on every hand the Minister of Transportation, using honey instead of vinegar to get things for your district.

But the present Leader of the Opposition, Mr. Chairman, said that in a room in the Holiday Inn and he said it to me as well that given that choice, you condemn government. You do not try to get things for your district. Last year, Mr. Chairman, in the district of Bellevue, \$6 million was spent on the Trans-Canada Highway. There was another \$250,000 spent in the Hillview area. There was another \$250,000 spent in Hodge's Cove.

MR. MORGAN:

Wait until this year!

MR. CALLAN:

There was another \$250,000, Mr. Chairman, spent between in the area of Bellevue, Thornlea, Long Cove, and there was another \$250,000 spent on the Markland Road.

There is a section of highway which leaves the Trans-Canada and goes towards Fair Haven, in the district of Placentia. Now, the member for Placentia asked me if it was okay if they went from the Trans-Canada as far as the railway track - that section is in Bellevue district - was it okay to do that much last year, and perhaps they would get to Fair Haven next year. I told him, 'Yes. Even though it is in Bellevue district, sure, go ahead and put the pavement there.'

SOME HON. MEMBERS:

Hear, hear!

MR. MORGAN:

Imagine the co-operation this year. Look what he got last year as an Opposition member, and they charge porkbarrelling.

MR. CALLAN:

Mr. Chairman, in today's paper there is a headline which reads, "Callan's defection gives Bellevue district chance for fresh start."

SOME HON. MEMBERS:

Hear, hear!

MR. CALLAN:

I am very proud, Mr. Chairman, to stand in my place today and say, Yes, the caption is correct. What it says down underneath is all wrong, but the caption is correct, that Callan's defection gives Bellevue district a chance for a fresh start. That was the uppermost thing on my mind, Mr. Chairman, two weeks, when I made the decision to leave the Liberal Party. I could not wait another hour. It had to be done that morning, March 7. Now, I could have waited two weeks or a month before I decided what to do next, but I went to see the Premier and he said, 'Even though it may have a negative impact on the Waterford - Kenmount by-election' - which it did - 'we will do it within the hour.' So, Mr. Chairman, I am proud to stand here and say that I am confident - I got it last year, and now I am more confident - that I will get the sort of road work that I got in Bellevue district last year, and not just road work, but municipal affairs funding and all the other things that my district deserves.

If the Leader of the Opposition had his choice, he would say, 'Get

up in the House of Assembly and bawl and shout and criticize the Minister of Transportation and spend two or three weeks talking about the Sprung project; waste the time of the Legislature.' That is the idea of the Leader of the Opposition, wasting the time of the Legislature rather than doing positive things like, 'Let us approve these funds so that the people in the Strait of Belle Isle can get some calcium chloride on their dusty roads, and the people on welfare can get their cheques on time.'

Mr. Chairman, I wanted to do something else today in the few minutes that I have; I plan to do something very important before the week is out. The Leader of the Opposition was in my district on the weekend, by the way, and there was a nice crowd, 150 people, in the Lions Club in Arnold's Cove.

SOME HON. MEMBERS:
Hear, hear!

MR. MORGAN:
Is that all? My goodness! I had that many in Blake Cove.

MR. CALLAN:
By the way, 90 per cent of these tickets were sold a month ago, and that was two weeks before I crossed the House of Assembly floor.

Mr. Chairman, I should tell you that the message went out to the media about this event in Arnold's Cove through NIS under false pretenses. What the Leader of the Opposition sent down to NIS was, the Leader of the Opposition will be speaking to the Lions Club in Arnold's Cove - that is there on the record. Go and check NIS. It is there - not, of course, that he

was speaking in the Lions Club building to diehard Liberals.

MR. DINN:
Shameful!

MR. MORGAN:
Using NIS for his own political purposes.

MR. CALLAN:
The Leader of the Opposition, Mr. Chairman - by the way, I am not sure who it was, but I think it was the Government House Leader who referred to him as God just now. I was sitting on the chesterfield at home the day or the night after I crossed the House of Assembly, and as I sat there - my wife was there - I saw the gentleman on the late night news and he said 'It is a loss, but it is not a big loss'.

SOME HON. MEMBERS:
Hear, hear!

MR. CALLAN:
And I said to my wife, 'You know, if the entire Liberal Caucus had to resign he would have said the same thing, 'It is a loss, but it is not a big loss.' But I am going to get into that on another day, Mr. Chairman.

SOME HON. MEMBERS:
Hear, hear!

MR. MORGAN:
There is more to come, guaranteed.

MR. CALLAN:
Mr. Chairman, on Thursday night, and here is some free advertisements for the Leader of the Opposition. If anybody wonders why there was a big crowd in Arnold's Cove, as I said, 90 per cent of the tickets were sold a month ago, number one. One hundred and fifty people, a lot of

them seniors, liberals all their lives, people who remember the dirty thirties, they came from Woody Island, Merasheen, and all of these places -

AN HON. MEMBER:

(Inaudible) in the sixties.

MR. CALLAN:

Well, Mr. Chairman, I was hoping that the member of Council for St. John's would be here - he is not in the galleries today. This is the first time he has not been in the galleries - because I wanted to refer to a newspaper article, some comments he made on the day I crossed the floor of the legislature, but I will wait until the gentleman comes back into the legislature, Mr. Chairman.

Mr. Chairman, I want now to refer to some comments that were made by some of my former colleagues on the days after I left. It says, 'Newfoundland Liberals, dismayed and confused by Wilson Callan's sudden defection to the Tories last week, are referring to the Bellevue M.H.A. as a rat swimming toward a sinking ship.

Now, Mr. Chairman, implicit in that statement is that there were rats on the ship anyway. I do not consider the member for Bonavista North a rat, or the member for the Strait of Bell Island -

MR. MORGAN:

Hear, hear!

Two very good members.

MR. CALLAN:

- the member for Gander, or the member for Port de Grave.

SOME HON. MEMBERS:

Hear, hear!

MR. CALLAN:

I do not consider these gentlemen rats, or the member for Stephenville, but implicit in that statement is that there were rats on that ship. They were right, Mr. Chairman. It was a sinking ship that I left on March 7. It was a Titanic, actually, that I left on March 7th, and I left her, Mr. Chairman, off the Grand Banks. She is going to upon that iceberg any day. Before the last of June, the Leader of the Opposition will be dead in the water and, of course, so will the Titanic that I jumped off on March 7th.

MR. CHAIRMAN:

Order!

The hon. gentleman's time has elapsed.-

SOME HON. MEMBERS:

By leave! By leave!

MR. CALLAN:

I will continue Mr. Chairman.

MR. SIMMONS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Fortune - Hermitage.

MR. SIMMONS:

Mr. Chairman, I thank the gentleman from Bellevue for the promotion after the fact on the Bellevue dinner. What he said, of course, was that with his defection sales went up by 10 percent.

I listened also -

MR. CALLAN:

(Inaudible).

MR. SIMMONS:

I listened to you now, you listen to me.

MR. SIMMS:

Does the member wish to rise the Committee?

MR. SIMMONS:

In a moment. It is not six yet. Do not be impatient. Mr. Chairman, we will take our full time .

MR. SIMMS:

I did not want you to get lost (inaudible).

MR. SIMMONS:

I understand. The list of roads from the hon. gentleman for Bellevue, I found enlightening.

AN HON. MEMBER:

(Inaudible).

MR. SIMMONS:

I just heard the gentleman from Bellevue give a good list of roads that had been done. So, we now know that the frustration of twelve years was all contrived; he was getting work done all the time.

Mr. Chairman, we laughed on both sides of the House today. We were amused by the gentleman for Bellevue and we really ought not to be because, I suggest, Mr. Chairman, we are watching a fairly distraught man who deserves our pity, and he has my pity. I call it six o'clock.

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

MR. SPEAKER:

Order, please!

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

MR. PARSONS:

Mr. Speaker, the Committee of the Whole House has considered the matters to them referred and has directed me to report progress and ask leave to sit again.

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

MR. SIMMS:

Mr. Speaker, I neglected, by the way, and I guess we all neglected it as members of the House, to acknowledge the presence of the new Deputy Chairman of Committees. He has already been in the Chair two or three times, but I think we have all forgotten to acknowledge him.

SOME HON. MEMBERS:

Hear, hear!

MR. SIMMS:

I do that now on behalf of all hon. members and wish him well.

Mr. Speaker, I move that the House adjourn until tomorrow, Tuesday, at 3:00 p.m.

On motion, the House at its rising adjourn until tomorrow, Tuesday, at 3:00 p.m.

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Answers to Questions

tabled

March 21, 1988

INFORMATION TABLED BY PREMIER PECKFORD

WITH RESPECT TO THE

SPRUNG GREENHOUSE PROJECT

1988 03 21

NEWFOUNDLAND ENVIROPONICS LIMITED
SUMMARY OF PROGRESS PAYMENTS

	8 July '87	28 Aug. '87	21 Sept. '87	1 Oct. '87	15 Oct. '87	30 Oct. '87	12 Nov. '87
Lump-sum payments:							
Due on signing	1,500,000						
Due on delivery							
Progress payments:							
Phase I		650,600	161,200	178,500	332,000	381,600	379,900
Phase II		0	0	1,823,900	165,500	189,100	643,900
	<u>1,500,000</u>	<u>650,600</u>	<u>161,200</u>	<u>2,002,400</u>	<u>497,500</u>	<u>570,700</u>	<u>1,023,800</u>
Drawdowns under loan guarantee	1,500,000	650,600	161,200	178,500	332,000	381,600	379,900
Received from N.I.D.C.				911,950	82,750	94,550	321,950
Sprung's share of project costs				911,950	82,750	94,550	321,950
	<u>1,500,000</u>	<u>650,600</u>	<u>161,200</u>	<u>2,002,400</u>	<u>497,500</u>	<u>570,700</u>	<u>1,023,800</u>
Paid to Sprung	1,350,000	585,540	145,080	890,210	365,000	419,080	599,470
Transferred to holdback account	150,000	65,060	16,120	200,240	49,750	57,070	102,380
Credited to Sprung equity account				911,950	82,750	94,550	321,950
	<u>1,500,000</u>	<u>650,600</u>	<u>161,200</u>	<u>2,002,400</u>	<u>497,500</u>	<u>570,700</u>	<u>1,023,800</u>

	19 Nov. '87	26 Nov. '87	10 Dec. '87	21 Dec. '87	15 Jan. '88	29 Jan. '88	12 Feb. '88
Lump-sum payments:							
Due on signing							
Due on delivery	4,000,000						
Progress payments:							
Phase I		254,200	164,800	49,400	0	0	0
Phase II		751,300	550,700	229,300	173,500	239,000	256,900
	4,000,000	1,005,500	715,500	278,700	173,500	239,000	256,900
Drawdowns under loan guarantee	1,000,000	254,200	289,200	278,700	173,500	239,000	256,900
Received from N.I.D.C.	1,500,000	375,650	213,150				
Sprung's share of project costs	1,500,000	375,650	213,150				
	4,000,000	1,005,500	715,500	278,700	173,500	239,000	256,900
Paid to Sprung	2,100,000	529,300	430,800	250,830	156,150	215,100	231,210
Transferred to holdback account	400,000	100,550	71,550	27,870	17,350	23,900	25,690
Credited to Sprung equity account	1,500,000	375,650	213,150				
	4,000,000	1,005,500	715,500	278,700	173,500	239,000	256,900

	26 Feb. '88	9 Mar. '88	Total
Lump-sum payments:			
Due on signing			1,500,000
Due on delivery			4,000,000
Progress payments:			
Phase I	0	0	2,552,200
Phase II	346,300	121,000	5,490,400
	<u>346,300</u>	<u>121,000</u>	<u>13,542,600</u>
	=====	=====	=====
Drawdowns under loan guarantee	346,300	121,000	6,542,600
Received from N.I.D.C.			3,500,000
Sprung's share of project costs			3,500,000
	<u>346,300</u>	<u>121,000</u>	<u>13,542,600</u>
	=====	=====	=====
Paid to Sprung	311,670	108,900	9,689,340
Transferred to holdback account	34,630	12,100	1,354,250
Credited to Sprung equity account			3,500,000
	<u>346,300</u>	<u>121,000</u>	<u>13,542,600</u>
	=====	=====	=====

CONSTRUCTION AGREEMENT

DATED

JUNE 25, 1987

BETWEEN

SPRUNG ENVIRONMENTAL SPACE ENCLOSURES LTD.

AND

SPRUNG INSTANT STRUCTURES LIMITED

AND

SPRUNG SALES LIMITED

AND

NEWFOUNDLAND ENVIROPONICS LIMITED

THIS AGREEMENT made this day of June, 1987 :

BETWEEN:

SPRUNG ENVIRONMENTAL SPACE ENCLOSURES LTD., a body corporate, incorporated under the laws of Alberta, and

SPRUNG INSTANT STRUCTURES LIMITED, a body corporate incorporated under the laws of Alberta

(hereinafter collectively called the "Contractor")

AND:

NEWFOUNDLAND ENVIROPONICS LIMITED, a body corporate incorporated under the laws of Newfoundland

(hereinafter called the "Owner")

AND:

SPRUNG SALES LIMITED, a body corporate incorporated under the laws of Alberta,

(hereinafter called "Sprung")

WITNESSES THAT WHEREAS:

- A. The Owner owns the Lands or otherwise has the right to have the Production Facility constructed on the Lands; and
- B. The Owner wishes to have the Contractor construct the Production Facility on the Lands and the Contractor is prepared to do so for the Owner, all upon the terms and conditions hereinafter set forth:

NOW THEREFORE the parties agree as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions

In this Agreement and the recitals hereto, the following words and expressions have the following respective definitions:

- (a) "Applicable Laws" means all statutes, laws, regulations, by-laws, codes, ordinances, rules, orders and other requirements made, promulgated or imposed by any Regulatory Authority in respect of the subject matter in question and as at the time in question;
- (b) "Approvals" means all consents, licenses, authorizations, permits, approvals and certificates required from Regulatory Authorities in respect of the subject matter in question and as at the time in question;
- (c) "Change means any of the following:
 - (i) conditions or an obstruction encountered by the Contractor as set forth in section 7.1; and
 - (ii) an addition, deletion or other revision to the Work ordered under section 7.2 or section 7.3;
- (d) "Commencement Date" means the period of 30 days from the date by which this Agreement is executed by the Owner and delivered to the Contractor, subject to extensions as permitted in Article VI and Article VII;
- (e) "Completion" means the compliance with all requirements in section 8.8 for the transfer of care, custody and control of the Production Facility from the Contractor to the Owner;
- (f) "Completion Date" means the period of 180 days from the date by which this Agreement is executed by the Owner and delivered to the Contractor, subject to extensions as permitted in Article VI and Article VII;
- (g) "Contract Price" means the sum of \$14,325,000;
- (h) "Contractor" means Sprung Environmental Space Enclosures Ltd. and Sprung Instant Structures Limited;

- (i) "Contractor's Supervisor" means the supervisor appointed by the Contractor under subsection 2.6(g);
- (j) "Drawings" means draftsman's drawings, diagrams, illustrations, schedules, production schedules and other written data illustrating the Production Facility, as required for the construction thereof;
- (k) "Equipment" means the chattels listed in Schedule "A" annexed hereto;
- (l) "Existing Facility" means that certain Underlying Structure and all Materials as at the date of this Agreement situate upon the lands legally described as Parcel B, Plan 7854 D.C., Calgary, and used for or in connection with the growing of horticultural products in a controlled environment and related research and development in a controlled environment;
- (m) "Lands" means the lands set forth in a conveyance of even date between Newfoundland and Labrador Housing Corporation and the Owner;
- (n) "Materials" means machinery, materials, supplies, equipment, tools, fixtures, parts, facilities and structures;
- (o) "Owner" means Newfoundland Enviroponics Limited;
- (p) "Owner's Representative" means the representative of the Owner appointed under Section 2.5;
- (q) "Project Manager" means the manager appointed by the Contractor with the approval of the Owner, pursuant to Section 2.5.
- (r) "Prime" means the floating annual rate of interest established by The Royal Bank of Canada from time to time during the period in question as the base rate it will use to determine rates of interest on Canadian dollar loans to customers in Canada, and designated by The Royal Bank of Canada as its prime rate;
- (s) "Production Facility" means an improvement to be constructed upon the Lands to the same specifications, and generally of the same type,

standard and quality, as the Existing Facility, except to the extent that the parties may specifically agree otherwise;

- (t) "Regulatory Authority" means any federal, provincial or municipal government, governmental department, governmental agency, tribunal board, commission or other public or quasi-public authority having jurisdiction over the subject matter in question as at the time in question, and "Regulatory Authorities" is a plural reference thereto;
- (u) "Shareholders' Agreement" means an agreement of even date between Sprung Sales Limited, Sprung Environmental Space Enclosures Ltd, Newfoundland Industrial Development Corporation, and Her Majesty the Queen in Right of the Province of Newfoundland, respecting the operation of the Owner;
- (v) "Specifications" means the specifications, plans and related documents pertaining to the Production Facility to be delivered by the Contractor to the Owner pursuant to Section 4.2;
- (w) "Stoppage" means a stoppage in the work under Section 7.4;
- (x) "Underlying Structures" means the aluminum frame structures supplied by Sprung Instant Structures Ltd. and the fabric cover therefor, and "Underlying Structure" is a singular reference thereto; and
- (y) "Work" means the commencement, prosecution and Completion of construction of the Production Facility in accordance with the Specifications and includes the installation of the Equipment and preparation for start-up as set forth in Section 8.6.

1.2 Supercedes Prior Agreements

This Agreement fully supercedes and replaces all previous written and oral agreements between the parties respecting all or any of the matters of agreement set forth herein.

1.3 Headings

The headings to the Articles and Sections of this Agreement have been included solely for convenience of reference and shall not in any way affect or be used in interpreting any of the provisions of this Agreement.

1.4 Gender and Number

The provisions of this Agreement shall be read with all changes in gender and number as may be required by the context.

1.5 Currency

All monetary amounts specified in this Agreement and all monetary amounts required to be paid in this Agreement are in reference to the currency of Canada.

1.6 Waiver and Amendment

This Agreement may only be amended by further written agreement executed and delivered by both parties. No waiver or consent by a party of or to any breach or default by the other party shall be effective unless evidenced in writing, executed and delivered by the party so waiving or consenting. No waiver or consent effectively given as aforesaid shall operate as a waiver of or consent to any further or other breach or default in relation to the same or any other provision of this Agreement.

1.7 Entirety of Agreement

Subject to the provisions of the Shareholders Agreement, this Agreement contains the entire agreement between the parties with respect to the matters of agreement herein, and the parties acknowledge and agree that there are no statutory, expressed, implied, oral or other written agreements, guarantees, undertakings, promises, conditions, representations or warranties respecting any of the matters of agreement herein.

1.8 Severance

If any provision of this Agreement is judicially determined to be illegal or unenforceable, such provision shall be ineffective to the extent of such illegality or unenforceability, but without invalidating or affecting the

validity of enforceability of the remaining provisions of this Agreement.

1.9 Proper Law and Adjudicating Jurisdiction

Except to the extent that the laws of any other jurisdiction are required to apply to this Agreement, this Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of Newfoundland. Each of the parties irrevocably attorns to the jurisdiction of the Courts of Newfoundland and consents that any dispute between them may be litigated in and adjudicated upon by an otherwise appropriate Court located in Newfoundland.

1.10 Consents

If and whenever the consent of a party is required in this Agreement, that party shall be deemed to covenant and agree that the consent will not be unreasonably withheld. It will, however, be reasonable for that party to require assurances and undertakings from third parties, as a condition to giving the consent, for the purpose of preserving the protection intended by the consent requirement. All consents must be evidenced in writing, executed and delivered by the consenting party.

ARTICLE II THE WORK

2.1 Commencement

The Contractor shall commence the Work on or before the Commencement Date, subject to the following provisions:

- (a) the Contractor shall give the Owner at least five days' prior notice before commencing the Work;
- (b) the Owner shall, at its cost and not later than the Commencement Date:
 - (i) ensure that the Lands are available for commencement of the Work;
 - (ii) ensure that all requisite Approvals have been obtained for the commencement of the Work and for the location and subsequent operation of the Production Facility on the Lands.

Before commencing the Work the Contractor shall, if so requested by the Owner, provide the Owner with an estimated schedule for performance of the Work. The Contractor shall use its best efforts to adhere to the said schedules.

2.2 Completion

The Contractor shall effect Completion of the Work on or before the Completion Date.

2.3 Standard of Performance

The Contractor shall undertake the Work and carry the Work out to completion:

- (a) in a diligent, continuous and timely manner;
- (b) in a good and workmanlike manner; and
- (c) in accordance with all Applicable Laws and all provisions of this Agreement.

2.4 Contractor's Control of the Work

The Contractor shall have complete control of the Work and shall be solely responsible for:

- (a) construction means, methods, techniques, sequences and procedures; and
- (b) co-ordinating the various parts of the Work.

2.5 The Contractor shall be represented by the Contractor's Supervisor, and the Owner shall prior to the Commencement Date, and so often thereafter as may be required, appoint an Owner's Representative. The respective representatives of the parties shall be authorized in all respects to act on behalf of the parties they respectively represent and to make orders, decisions and commitments, and to receive notices, communications and instructions, on behalf of the parties they respectively represent, except to the extent that such authority is at any time limited by advance written notice given by the represented party to the other party.

2.6 Certain Obligations of Contractor

The Contractor shall, in the performance of the Work and at the Contractor's cost:

- (a) ensure that performance of the Work is in compliance with all Applicable Laws (subject to the Owner's obligations in this Agreement) and shall at its cost obtain all approvals necessary in connection therewith
- (b) give preference to subcontractors and workers normally residents in Newfoundland subject to their being competitive in price, quality and delivery;
- (c) give preference to materials originating, manufactured, produced or serviced in the Province of Newfoundland subject to their being competitive in price, quality and delivery;
- (d) obtain or provide all skilled and unskilled labour, Materials, services and supervisory and technical personnel required for the Work, and pay and discharge in a timely manner all proper cost and expense incurred in connection therewith;
- (e) maintain good order and discipline among labour and personnel engaged in performance of the Work and ensure that all labour and personnel so engaged are suitably trained and qualified for the respective tasks to be performed;
- (f) pay for all utilities used or consumed in performance of the Work;
- (g) engage a competent and suitably trained and qualified project supervisor and ensure that the supervisor is present at all reasonable times during, and in fact supervises and oversees, performance of the Work;
- (h) provide the Owner with periodic written work reports outlining the progress of the Work;
- (i) carry out the Work with all reasonable measures so as to avoid causing loss, injury or damage to any lands adjoining the Lands, or any improvements on such lands;

- (j) perform all cutting and remedial work that may be necessary to make the several parts of the Work come together properly; and
- (k) maintain the Lands in a tidy and sanitary condition, free from the undue accumulation of waste products and debris, and upon Completion remove all waste, debris, surplus materials and temporary facilities and generally leave the Lands in a clean, safe and tidy condition.

2.7 Materials

The Contractor shall construct the Production Facility from new and unused Materials and from Materials comprising the Existing Facility provided that such:

- (a) be and they are hereby warranted to be the property of the Contractor not subject to any liens or encumbrances;
- (b) are of good quality and function; and
- (c) do not materially adversely affect the operation of the Production Facility.

The title to all Materials and the Equipment to be incorporated in the Production Facility shall pass to the Owner from the Contractor as and when paid for by the Owner, but the title to all surplus stocks of Materials shall in any event remain in the Contractor.

2.8 Drawings

The Contractor shall, within a reasonable time from the Commencement Date, prepare the Drawings and:

- (a) provide a complete and reproducible set thereof to the Owner;
- (b) keep at least one complete set thereof on location at the Lands, available for examination by the Owner's Representative; and
- (c) promptly provide the Owner with a complete and reproducible set of Drawings reflecting any alteration in the Work from the Drawings previously submitted.

The Drawings supplied to the Owner may be retained by the Owner after Completion.

2.9 Other Documents

The Contractor shall, within one month from completion, provide the Owner with a job data book containing:

- (a) Materials specifications;
- (b) certified Drawings of the Production Facility "as built";
- (c) operating and maintenance instructions;
- (d) spare parts lists; and
- (e) copies of all manufacturers' and suppliers' guarantees and warranties.

2.10 Approvals

Subject to the provisions hereof, the Contractor shall at its cost and expense obtain and maintain in full force and effect, for so long as may be required under Applicable Laws, all Approvals from time to time required in respect of the Work or any part thereof.

ARTICLE III SUBCONTRACTORS

3.1 Right to Subcontract

The Contractor may, without the Owner's consent, subcontract parts of the Work to duly qualified, equipped and experienced subcontractors, but the subcontracting shall not operate to relieve the Contractor from its responsibility to undertake and complete the Work as provided in this Agreement.

3.2 Owner's Objection

The Owner may, for demonstrated just cause, object to the engagement or continued engagement of any subcontractor and require the Contractor, to the extent permitted by law, to engage a different subcontractor for the part of the Work

in question, and the Owner shall bear all cost and expense associated therewith.

3.3 Subcontractor's Compliance

The Contractor shall bind each subcontractor to the conditions and requirements of this Agreement as applicable to the part of the Work subcontracted, and the Contractor shall, at its expense, upon the request of the Owner's Representative, furnish the Owner's Representative with a copy of each subcontract or supply contract (with the prices therein deleted).

3.4 The Contractor shall require each subcontractor to provide and maintain in good standing until its fulfillment of its subcontract bonds covering the faithful performance of its work, all such bonds to be issued by a surety company authorized to carry on business in the Province.

3.5 No Privity

Nothing in this Agreement shall operate to create a contractual relationship between the Owner and a subcontractor.

ARTICLE IV PAYMENT

4.1 Contract Price

Except as specifically provided in this Agreement, the Contract Price shall be payable by the Owner to the Contractor as full and complete compensation for performance of the Work.

4.2 Payment Schedule

The Contract Price shall be payable by the Owner to the Contractor, by certified cheque or banker's draft, in accordance with the following schedule:

- (i) \$1,500,000 within two weeks from the date hereof or such later date as the parties may specify in writing;
- (ii) \$2,600,000 by instalments in accordance with a payment schedule to be agreed upon following receipt of site plans and designs duly stamped by a qualified engineer entitled to practice in

Newfoundland. In this paragraph, site plans and designs shall refer to all site preparation including cleaning, levelling, road construction, installation of water and sewer hook-ups, excavations and installations of concrete foundations. The payment schedule is to be based upon completion of specified portions of the Work. Failing agreement, the payment schedule shall be settled by arbitration pursuant to Article XI.

(iii) \$4,000,000 following:

(a) receipt of plans and designs for completion of the Work duly stamped by a qualified engineer entitled to practice in Newfoundland, and

(b) arrival of the Existing Facility and Equipment from Calgary.

(iv) \$6,325,000 by instalments in accordance with a payment schedule to be agreed upon following receipt of the said plans and designs referred to in sub-paragraph (iii) and to be based upon completion of specified portions of the Work. Failing agreement, the payment schedule shall be settled by arbitration pursuant to Article XI.

4.3 Lien Holdbacks

The payments referred to in section 4.2 shall be subject to the withholding of such sums for such minimum periods of time as are required under Applicable Laws in respect of builders' or mechanics' liens, and all sums so held back shall promptly be paid to the Contractor immediately upon becoming releasable to the Contractor under Applicable Laws.

4.4 Certification By Owner's Representative

A certificate signed by the Owner's Representative as to the existence of any circumstances giving rise to the Owner's obligation to make a payment of the Contract Price under section 4.2 shall be conclusive evidence as to the existence of such circumstances and of the crystallization and maturity of the Owner's liability to make the payment.

4.5 Taxes and Duties

Subject to paragraph 4.6, the Contractor shall be responsible for and shall pay and discharge all government sales taxes, social services taxes, custom duties and excise taxes with respect to the work.

4.6 The Owner shall be responsible for and shall pay and discharge all federal sales taxes except taxes paid, payable or currently being disputed by the Contractor or any associated company with respect to materials comprising the Existing Facility.

ARTICLE V INSURANCE

5.1 Workers' Compensation

Prior to commencing the Work, and at any subsequent time as may be reasonably required by the Owner, the Contractor shall provide the Owner with evidence of the Contractor's compliance with Workers' Compensation requirements under Applicable Laws.

5.2 Contractor's Insurance

Prior to commencing the Work, the Contractor shall at its cost obtain and thereafter until Completion maintain the following insurance:

- (a) Comprehensive general liability and property damage insurance against liability which may arise out of the operations of the Contractor, its subcontractors, agents or employees under this Agreement, such insurance to include those policy extensions commonly referred to as Products, Completed Operations, Blanket Contractual, Contractor's Protective, Personal Injury, Occurrence Property Damage, and Explosion, Collapse and Underground Damage, and to have a limit of \$1,000,000 for any one accident or occurrence;
- (b) Public liability and property damage insurance covering all automobile units engaged in the Work, including without limitation the Contractor's owned and non-owned vehicles, if any, used in connection with the Work by the Contractor, its

subcontractors or agents under this Agreement, such insurance to have a limit of \$1,000,000 inclusive for any one accident;

- (c) employer's contingent liability insurance for the Contractor's employees, with a limit of \$1,000,000 inclusive for any one occurrence; and

5.3 Conditions of Insurance

Insurance referred to in section 5.2 shall:

- (a) be with an insurer licensed to carry on business as such in the Province of Newfoundland and reasonably acceptable to the Owner;
- (b) be in form and substance to the Owner's reasonable satisfaction;
- (c) be endorsed so as to provide that the Owner will be given not less than 30 days' advance written notice of any cancellation or change;
- (d) include the Owner as an additional named insured;
- (e) include cross liability coverage;
- (f) preclude subrogated claims by the insurer against any named insured; and
- (g) not operate so as to limit the Contractor's liability under this Agreement.

5.4 Course of Construction Insurance

Prior to commencement of the Work, the Contractor shall at its cost obtain and thereafter until Completion maintain "All Risk Course of Construction" Insurance in the names of the Owner, the Contractor and (as unnamed insureds) all subcontractors, as their respective interests may appear, covering loss or damage to the Work in course of construction, including without limitation "all risks" of physical loss or damage to all Materials forming part of or intended for the Work or alterations thereto, while anywhere in Canada or the United States of America and while being transported anywhere in Canada or the United States of America, and at the Lands during or pending construction, erection and installation, such insurance to:

- (a) comply with the requirements of section 5.3.
- (b) have loss payable to or among the insureds as their respective interests may appear; and
- (c) be for the full completed value of the Work, including all Materials to be used for or in connection with the Work.

5.5 Proof of Insurance

The Contractor shall provide the Owner with proof of the insurance to be obtained and maintained by it under this Article, and shall upon request provide a certified copy of the insurance policy or policies.

5.6 Occurrence of Casualty

The Contractor shall promptly notify the Owner of the occurrence of any casualty insured against under any insurance required in this Article. In the event of loss or damage to the Work, the following provisions shall apply:

- (a) the proceeds payable to the Owner in respect thereof shall (less any holdback required under Applicable Laws) be paid to the Contractor;
- (b) the Contractor shall proceed to restore the Work in accordance with this Agreement;
- (c) any cost of restoration not recovered through insurance shall be paid by the Owner to the Contractor on completion of the restoration; and
- (d) the holdback, if any, shall be paid to the Contractor as soon as the same becomes releasable under Applicable Laws.

ARTICLE VI DELAYS

6.1 Force Majeure

If and to the extent that the Contractor is prevented from or delayed in observing or performing any provision of this Agreement, other than a provision for the payment of money, and if the same is occasioned by any cause beyond its reasonable control, excluding only lack of finances, then the time for such observance or performance shall be

extended for a period equivalent to the total period for which the cause of the prevention or delay persists or remains in effect, but the Owner shall not be obligated to make any payment in respect of the delay except as provided in section 6.2 or in Article VII. If the Contractor claims such an extension, the Contractors shall promptly notify the Owner in writing to that effect and shall take all reasonable steps to remove or remedy the cause and effect of the prevention or delay described in the said notice insofar as it is reasonably able to do so and as soon as reasonably possible, but the terms of settlement of any labour disturbance, dispute, strike or lockout shall be wholly in the Contractor's discretion and the Contractor shall not be required to accede to the demands of its opponents in any such labour disturbance, dispute, strike or lockout.

6.2 Owner's Delays

If and to the extent that a prevention or delay under section 6.1 was caused or contributed to by an improper act or omission on the Owner's part, the Owner shall indemnify the Contractor in respect thereof as set forth in Section 10.2.

6.3 Termination of Delay

Within 14 days from termination of the cause or causes of any prevention or delay under this Article, the Contractor shall give the Owner written notice specifying the Contractor's best estimate of the extension resulting therefrom in the time required for Completion. The Owner's Representative shall extend the time for Completion by a reasonable period which shall not be less than the time lost as a result of the event causing the delay.

ARTICLE VII CHANGES, EXTRAS AND STOPPAGES

7.1 Site Conditions

The Owner is fully responsible for extras approved by the Owner's Representative (which approval shall not be unreasonably withheld) which are sustained or incurred by the Contractor by reason of the physical condition of or obstructions on the Lands being at any time during performance of the Work materially different from those usually encountered and generally recognized as inherent in work such as the Work.

7.2 Changes By Regulatory Authorities

If any addition, deletion or other revision to the Work is lawfully required by any Regulatory Authority, the Contractor shall give the Owner prompt written notice thereof.

7.3 Owner's Changes

The Owner may at any time, by the issuance to the Contractor of an appropriate written change order, make additions, deletions or other revisions to the Work, provided that in the Contractor's opinion the same will not adversely affect the general integrity and function of the Production Facility.

7.4 Emergencies

If emergency conditions exist which endanger life or property, the Contractor shall:

- (a) stop the Work;
- (b) promptly take such steps as are necessary to eliminate the emergency conditions; and
- (c) give the Owner prompt written notice of the stoppage and the reason therefor;

7.5 Owner's Responsibility

Except where caused by a negligent act or omission by the Contractor or by anyone for whose acts the Contractor may be liable, the Owner shall fully compensate the Contractor for all additional reasonable cost and expense sustained or incurred by the Contractor by reason of a Change or Stoppage.

7.6 Valuation and Extension

The Contractor shall promptly prepare and submit to the Owner a detailed and itemized account of:

- (a) any extension in the Completion Date required by reason of a Change or Stoppage; and
- (b) the compensation payable by the Owner under section 7.5 by reason of the Change or Stoppage.

The Owner shall (except in the case of a negligent act or omission by the Contractor or anyone for whose acts the Contractor may be liable) be bound by the extension in the Completion Date as stated in the account, and the Owner shall be deemed to have agreed with the compensation set forth in the account unless the Owner gives the Contractor a written objection to the compensation within fourteen days from receipt of the account. If the Owner and Contractor disagree as to the compensation, the Owner shall pay the amount not in dispute to the Contractor, the Contractor shall in accordance with this Agreement undertake the Change or, in the case of a Stoppage, resume the Work and the dispute shall be resolved as set forth in Article XI.

7.7 Additional Instructions

The Owner shall during the progress of the Work promptly provide the Contractor with such additional and further instructions, not inconsistent with this Agreement, as the Contractor may reasonably require for the proper and timely prosecution of the Work.

ARTICLE VIII INSPECTION AND START UP

8.1 Inspection

The Owner and its authorized representatives may inspect the Work at all reasonable times, and the Contractor shall:

- (a) co-operate with and assist the Owner as may be required to ensure that the inspection is productive and informative; and
- (b) generally provide the Owner with such information as the Owner may reasonably require in connection with any such inspection.

8.2 Tests

Whenever Applicable Laws require any part of the Work to be tested or inspected, the Contractor shall:

- (a) give the Owner advance notice thereof;
- (b) permit the Owner and its representatives to be present during the test or inspection; and

- (c) provide the Owner with copies of all reports concerning such tests and inspections.

8.3 Owner's Examination

The Owner may at any time require that any part of the Work be opened up for examination, but the Owner shall pay the Contractor for the cost of the opening, examination and closing if the Work is found to be in accordance with this Agreement.

8.4 Defective Work

All portions of the Work which are found to be defective by the Owner's Representative under this Agreement shall be promptly and fully repaired, remedied and, where necessary, replaced, by the Contractor at its cost and expense and without any extension in the Completion Date. The said findings by the Owner's Representative shall be subject to arbitration in accordance with the provisions of Article XI.

8.5 Risk

All inspections and attendances on the Lands by the Owner and its representatives shall be at the Owner's sole risk as regards hazards normal to the stage of construction then existing, with no liability to the Contractor in respect of any damage, injury or loss suffered by the Owner or its representatives and resulting from such hazards.

8.6 Preparation for Start Up

The Contractor shall, prior to the Completion Date, prepare the Production Facility for start up by performing the following functions:

- (a) connection of utilities;
- (b) installation of the Equipment;
- (c) preliminary running in of mechanical equipment;
- (d) calibration of instruments;
- (e) cleaning and washing of lines and equipment;
- (f) installation of necessary chemicals, nutrients and supplies;

- (g) setting and adjustment of all environmental factors and controls;
- (h) cleaning up of passageways, operating areas and production areas;
- (i) placement of either or both of tomato and cucumber plants as specified; and
- (j) making such alterations, repairs, adjustments, calibrations, completions and replacements as are necessary to put the Production Facility in condition to permit plant growth.

8.7 Start Up and Transfer

Upon completion of the matters specified in section 8.6 and once all tests and inspections required under Applicable Laws for operation of the Production Facility have been satisfactorily completed in accordance with Applicable Laws, the Contractor shall notify the Owner accordingly in writing and thereupon care, custody and control of the Production Facility shall pass from the Contractor to the Owner.

8.8 Post Transfer Assistance

Once care, custody and control of the Production Facility have passed to the Owner under section 8.7, the Contractor shall provide experienced start-up personnel, tools, equipment, supplies and small fittings as necessary to assist the Owner in assuming and becoming familiarized with the operation of the Production Facilities. Thereafter, the Contractor shall provide the Owner with technical support and familiarization.

ARTICLE IX WARRANTY

9.1 Contractor's Warranty

Subject to the limitations in sections 9.2 and 9.3 the Contractor warrants that the Production Facility shall:

- (a) be constructed and completed in accordance with this Agreement; and
- (b) for the period of one year from Completion remain free from the appearance of defects in workmanship, Materials and Equipment.

- (c) for the period of five years from completion, with respect to the fabric used in the Production Facility, be waterproof, mildew proof and insect resistant, and shall withstand climate variation and not be degraded by the sun's rays.
- (d) for the period of ten years with respect to the aluminum used in the Production Facility, be free from structural defect.
- (e) for the period of two years be capable of withstanding winds up to 100 m.p.h.

9.2 Wear and Tear

The warranty provided in section 9.1 shall not extend to corrosion, erosion, wear and tear from normal usage.

9.3 Other Materials

Subject to Section 2.7 and 9.1, the Contractor makes no statutory, expressed, implied, oral or written agreement, guarantee, undertaking, promise, condition, representation or warranty, of any nature whatsoever, in respect of Materials purchased from third party manufacturers or suppliers. The Contractor shall, however:

- (a) assign to the Owner, to the extent legally possible, all warranties and guarantees in fact provided by such third party manufacturers and suppliers, which warranties and guarantees shall, as fully as possible, be deemed to have been hereby assigned to the Owner, effective as of Completion; and
- (b) co-operate with the Owner in processing claims or adjustments under such warranties and guarantees with the Owner, to the extent necessary, having full right of substitution for and subrogation to the Contractor in and to all rights and obligations in connection therewith.

9.4 Remedial Work

If a warranty claim is validly and properly made by the Owner as set forth in this Article, the Contractor shall in accordance with this Agreement promptly proceed, at the Contractor's cost, to effect such repairs, replacements, adjustments and redesigns as may be necessary to effectively

resolve the claim. The provisions of this Article shall, with the necessary changes, apply for the purpose of creating a further warranty in respect of warranty work performed by the Contractor.

ARTICLE X
INDEMNIFICATION

10.1 Indemnity by Contractor

Subject to the provisions of section 10.2, the Contractor shall indemnify the Owner and its agents and employees from and against claims, demands, losses, costs, damages, actions, suits or proceedings arising out of or attributable to the Contractor's performance, purported performance or failure in performance of this Agreement, provided that such claims, damages, losses or expenses are:

- (a) attributable to bodily injury, sickness, disease, or death, or to damage to or destruction of property; and
- (b) caused by a negligent act or omission by the Contractor or by anyone for whose acts the Owner may be liable.

10.2 Indemnity by Owner

The Owner shall indemnify and hold harmless the Contractor and its agents, employees and subcontractors from and against claims, demands, losses, costs, damages, actions, suits, or proceedings (other than those concerning economic loss, consequential damages or loss of profit), which are attributable to:

- (a) a lack of or defect in title to the Lands;
- (b) any default by the Owner under this Agreement; or
- (c) a negligent act or omission by the Owner or by anyone for whose acts the Owner may be liable.

ARTICLE XI
DISPUTES

11.1 Eligibility For Arbitration

All disputes between the parties concerning the interpretation or performance of this Agreement may be

determined by arbitration in accordance with this Article, regardless of whether or not this Agreement expressly so provides.

11.2 Notice of Dispute

A party intending to refer a matter to arbitration shall give to the other party written notice setting forth the matter to be arbitrated.

11.3 Arbitration Procedure

Arbitrations shall be conducted in accordance with the following procedure:

- (a) within the period of 15 days from the date of the notice under section 11.2, the parties shall attempt to agree upon the appointment of a single arbitrator, but if the parties are not able to so agree within the 30 day period, then each of the parties shall, within the further period of 10 days from the date of expiration of the 15 day period, appoint an arbitrator and the two arbitrators so appointed shall thereafter appoint a third arbitrator;
- (b) if either party fails to appoint an arbitrator as provided in subsection (a), then the second arbitrator may be appointed on behalf of such party by a Judge of the Supreme Court of Newfoundland upon the petition of the party which has appointed its arbitrator;
- (c) if the two arbitrators appointed as aforesaid fail to appoint a third arbitrator within the period of 15 days from the date of the second arbitrator's appointment, then the third arbitrator may be appointed by a Judge of the Supreme Court of Newfoundland upon the application of either party;
- (d) upon being appointed the arbitrator(s) shall proceed immediately to hear and determine the matter in dispute or disagreement and shall render his or their decision within 45 days from the date of completion of argument;
- (e) the award of the arbitrator(s) shall be drawn up in writing and signed by the arbitrator(s) or a majority of them, and shall be final and binding

upon the parties, and the parties shall abide by the award and perform its terms and conditions;

- (f) if the arbitration is conducted before a single arbitrator, the fees and expenses of the arbitrator shall be shared equally by the parties, and if the arbitration is conducted before three arbitrators, each party shall be responsible for all fees and expenses of the arbitrator appointed by or on behalf of such party and one-half of the fees and expenses of the third arbitrator, with all other costs, fees and expenses of such arbitration being payable in accordance with the determination of the arbitrator(s); and
- (g) except where inconsistent with the foregoing provisions, The Arbitration Act (Newfoundland) shall apply to any and all references to arbitration under this Agreement.

ARTICLE XII TERMINATION

12.1 Termination By Owner

The Owner may, in addition to and without limitation upon such further and other rights, remedies and powers as may be available at law, in equity or under this Agreement in relation thereto, terminate this Agreement upon written notice given to the Contractor if:

- (a) the Contractor commits any material breach or default in respect of any provision of this Agreement to be observed or performed by the Contractor, which is not fully remedied within the period of 7 days after receipt by the Contractor of written notice specifying the breach or default, or within such longer period after such receipt as may be reasonable in the circumstances;
- (b) a resolution is passed or an order is made for the winding up, liquidation or dissolution of the Contractor;
- (c) a receiver, receiver and manager or other person with similar powers is appointed with respect to the Contractor or all or any part of its properties, assets and undertakings;

- (d) any seizure, execution, attachment, sequestration, distress, writ or other similar process of law becomes enforceable against the Contractor or is levied or otherwise enforced against all or any part of the properties, assets and undertakings of the Contractor, for recovery of an amount in excess of \$50,000;
- (e) the Contractor makes or purports to make any assignment for the benefit of its creditors generally;
- (f) the Contractor ceases or substantially ceases to carry on business;
- (g) the Contractor as debtor becomes the subject of a receiving order made under the Bankruptcy Act (Canada) or any similar order, adjudication or determination in any other jurisdiction or under any other legislation in Canada;
- (h) the Contractor as debtor makes any assignment or proposal under the Bankruptcy Act (Canada) or undertakes any similar action in any other jurisdiction or under any other legislation in Canada; or
- (i) the Contractor as debtor becomes the subject of any compromise or arrangement sanctioned by Court order under the Companies Creditors Arrangements Act (Canada) or any similar proceedings in any other jurisdiction or under any other legislation in Canada.

12.2 Termination By Contractor

The Contractor may, in addition to and without limitation upon such further and other rights, remedies and powers as may be available at law, in equity or under this Agreement in relation thereto, terminate this Agreement upon written notice given to the Owner if:

- (a) the Owner commits any material breach or default in respect of any provision of this Agreement to be observed or performed by the Owner, which is not fully remedied within the period of 7 days after receipt by the Owner of written notice specifying the breach or default, or, in the case of a default which is not a default in payment

within such longer period after such receipt as may be reasonable in the circumstances;

- (b) a resolution is passed or an order is made for the winding up, liquidation or dissolution of the Owner;
- (c) a receiver, receiver and manager or other person with similar powers is appointed with respect to the Owner or all or any part of its properties, assets and undertakings;
- (d) any seizure, execution, attachment, sequestration, distress, writ or other similar process of law becomes enforceable against the Owner or is levied or otherwise enforced against all or any part of the properties, assets and undertakings of the Owner, for recovery of an amount in excess of \$50,000;
- (e) the Owner makes or purports to make any assignment for the benefit of its creditors generally;
- (f) the Owner ceases or substantially ceases to carry on business;
- (g) the Owner as debtor becomes the subject of a receiving order made under the Bankruptcy Act (Canada) or any similar order, adjudication or determination in any other jurisdiction or under any other legislation in Canada;
- (h) the Owner as debtor makes any assignment or proposal under the Bankruptcy Act (Canada) or undertakes any similar action in any other jurisdiction or under any other legislation in Canada;
- (i) the Owner as debtor becomes the subject of any compromise or arrangement sanctioned by Court order under the Companies Creditors Arrangements Act (Canada) or any similar proceedings in any other jurisdiction or under any other legislation in Canada; or

12.3 Consequences of Termination

Termination of this Agreement shall have the following consequences:

- (a) Article X shall survive termination and Article IX, as regards the Work to stage completed at the time of termination, shall survive termination;
- (b) if termination is by the Owner under section 12.1, then:
 - (i) the Owner may take possession of the Work (and of all Materials on the Lands), complete the Work and withhold further payments from the Contractor in accordance with subsection (b) (ii); and
 - (ii) upon completion of the Work in accordance with this Agreement, if the Owner's entire cost of the Work exceeds the total which would have been payable by the Owner to the Contractor if the Work had been completed by the Contractor, then the Contractor shall be liable and shall pay such excess to the Owner, and if the total which would have been payable by the Owner to the Contractor if the Work had been completed by the Contractor exceeds or equals the Owner's said entire cost of the Work, then the Owner shall pay to the Contractor only the unpaid balance of the value of the Work actually carried out by the Contractor; and
- (c) if termination is by the Contractor under section 12.2, the Contractor shall upon termination be entitled to be paid that portion of the Contract Price, to the extent unpaid, necessary to compensate the Contractor for the cost and expense of all unpaid Work in fact completed at the time of termination.

ARTICLE XIII
INTERVENTION BY SPRUNG

13.1 Sprung acknowledges the covenants and agreements made between the Contractor and the Owner herein and agrees to take all such steps as are reasonably within its power to give effect to the provisions hereof and further agrees to refrain from taking any action inconsistent with the terms and content of this Agreement.

ARTICLE XIV
GENERAL PROVISIONS

14.1 Notices

All written notices and other written communications required or permitted pursuant to or in relation to this Agreement shall be:

- (a) personally served upon an officer or director of the addressee, or the Contractor's Supervisor or the Owner's Representative, as the case may be, in which case such notice or other communications shall conclusively be deemed to have been given to the addressee at the time of such service; or
- (b) sent by postage prepaid first class mail addressed to the addressee at the following respective addresses:

(i) For the Contractor:

Sprung Environmental Space Enclosures Ltd.
1001-10th. Avenue S.W.
Calgary, Alberta
T2R 0B7

Attention: President

Sprung Instant Structures Ltd.
1001-10th. Avenue S.W.
Calgary, Alberta
T2R 0B7

Attention: President

Sprung Sales Limited
100-10th. Avenue S. W.
Calgary, Alberta
T2R 0B7

Attention: President

(ii) For the Owner:

Newfoundland Enviroponics Limited
c/o P.O. Box 5038
8th. Floor

Royal Trust Building
St. John's, Newfoundland
AIC 5V3

Attention: President

in which case such notice or other communication shall conclusively be deemed to have been given to the addressee upon the expiration of the 14th day (excluding Saturdays, Sundays and statutory holidays), free from interruption in the postal service, from the date of mailing. If the postal service is interrupted due to a strike, lockout or other cause, whether at the time of such mailing or during the said period of 14 days, service of such notice or other communication shall not be effective unless given in accordance with the provisions of subsection (a). Either party may by notice in writing to the other party change its address for service.

14.2 Time of the Essence

Time shall be of the essence of this Agreement.

14.3 Performance

If the Contractor fails to observe or perform any obligation on its part to be observed or performed under this Agreement, the Owner may, but without in any way affecting its rights and liabilities if it does not, cause any such obligation to be observed or performed on behalf of the Contractor, and the full cost and expense thereof, including but not limited to legal fees and disbursements on a solicitor-client basis, shall be payable by the Contractor on demand.

14.4 Independent Contractor

The Contractor shall in all respects stand as an independent contractor in relation to the Owner.

14.5 Assignment

The Contractor shall not assign this Agreement, or any part thereof, without the written consent of the Owner.

14.6 Enurement


This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.

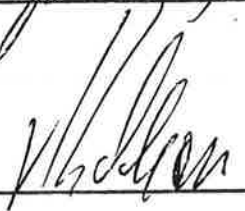
14.7 Effective Date

Notwithstanding the date or dates upon which this Agreement is executed by either party, this Agreement shall be in full force and effect between the parties effective as of and from the date first above written.

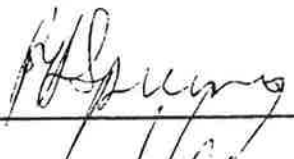
IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed and delivered.

SPRUNG ENVIRONMENTAL SPACE
ENCLOSURES LTD.

PER  _____

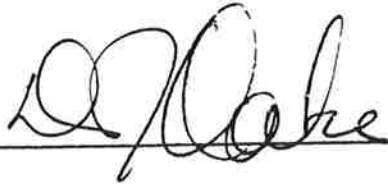
PER  _____

SPRUNG INSTANT STRUCTURES
LIMITED

PER  _____

PER  _____

NEWFOUNDLAND ENVIROPONICS
LIMITED

PER 

PER 

SPRUNG SALES LIMITED

PER 

PER 

Interim Construction Financing

Section 4.3 of the Construction Contract required that all payments made thereunder would be subject to the workings of the Mechanics Lien Act. The Mechanics Lien Act exists to ensure that a portion of contract payments are withheld in a fund for the protection of sub-contractors and workers, who might have a claim against the main contractor.

While the Construction Contract required that holdbacks be applied against the full \$14,325,000 value of the contract, clearly only a portion of this amount was attributable to work carried out by sub-contractors. A significant portion effectively represented the purchase price of the facility and related equipment directly from Sprung. No sub-contractors were involved with this process and thus no possibility for claims existed.

The intent was that the Construction Contract was to be a self-financing transaction, however, because all of the contract was subjected to a 10% holdback under the Mechanics Lien Act, this intent was not being fulfilled. In order to facilitate this objective, it was necessary to effectively access a portion of the funds held back.

It was not possible to do this directly without compromising the protection afforded workers and sub-contractors. For the same reason, it was deemed inappropriate to amend the contract to set up some sort of "purchase price" for the facility (which would not be subject to the holdback requirements), as distinct from payments attributable to dismantling, transporting and re-erecting the facility and all other site-related work (with respect to which sub-contractors and workers were involved).

After much consideration, it was felt that the best way to proceed was to obtain interim construction financing. To this end, Government in late December, pursuant to the Loan and Guarantee Act, provided a guarantee in the amount of \$825,000 to

Sprung Environmental Space Enclosures so that it could obtain this interim financing. The loan will be repaid from the holdback funds when same are released pursuant to the Act and, at that time, Government's guarantee will be released. It is expected that this will occur in early June.

The current balance in the holdback account is about \$1,375,000 and this will increase to about \$1,450,000 (including interest) by project completion. To date no claims have been filed against the account and nearly all sub-contractors have completed work.

It should be emphasized that this interim financing does not, in any way, represent an overrun in construction costs nor an increase in Government's long term commitment to this project. Government views this guarantee as carrying little, if any, exposure.

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