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Speaker: Honourable P.J. McNicholas

Tuesday

3 May 1988

The House met at 3:00 p.m.

MR. SPEAKER (McNicholas):
Order, please!

Statements by Ministers

PREMIER PECKFORD:
Mr. Speaker.

MR. SPEAKER:
The hon. the Premier.

PREMIER PECKFORD:
Mr. Speaker, I want to provide some more information to hon. members of the House as it relates to the Super Puma Helicopter Flight Simulation Centre, just to clearly demonstrate the honesty and integrity of this government and me personally.

SOME HON. MEMBERS:
Hear, hear!

PREMIER PECKFORD:
It is very important to me personally and, I am sure, to the administration as a whole.

Government's offer of \$4.2 million in financial assistance from the Offshore Development Fund to Sealand Helicopters Limited (a subsidiary of CHC Helicopter Corporation) for the Super Puma Helicopter Flight Simulation Centre was made in a letter of May 8, 1987 from the hon. G. R. Ottenheimer, now Senator, to the President of the Company. This letter and the attached conditions relating to Government's support for the project was tabled in this House yesterday. That dealt with the \$4.2 million from the Offshore Development Fund.

The Provincial Government also

offered financial assistance of its own accord - the Province did, in addition to what was provided through the Offshore Development Fund - in the form of a loan guarantee of \$8.3 million, Mr. Speaker - the government did - and this was made in a letter of May 22, 1987. This loan guarantee was made May 22, 1987. The Offshore Development Fund offer was made on May 8, 1987, and the \$8.3 million loan guarantee was made on May 22, 1987.

I am going to table now a letter that went from the Department of Finance to the company, which outlined the terms and conditions of this loan guarantee, so that hon. members will have the opportunity to have that kind of documentation.

In August of 1987 CHC Helicopter Corporation advised the hon. the Minister of Finance that the Company was prepared to meet the terms and conditions as put forward by Government and would proceed with this project on that basis. The project was therefore announced on October 9, 1987. Yesterday, the Leader of the Opposition asked the question, 'Why was there so long a period in between?' It was announced on October 9, which represented the earliest time that all parties concerned could arrange for a press conference; the company, the federal government and ourselves. So the delay from August to October was just due to getting all three parties to agree to a press release and be able to announce it. That was the only reason.

Since October, then one could ask the question, I think, that was asked yesterday, also, 'How come the thing has not started and why

is it still delayed?'

Since October of 1987 CHC Helicopter Corporation has been working with Government and the other parties involved to put in place the legal documentation and formal agreements relating to the conditions as outlined in the two letters of offer from government. There was a number of conditions attached to the Offshore Development Fund Grant, and there was obviously, in the letter I am tabling today, a whole range of conditions attached to our loan guarantee, which I am now making public.

This has included documentation and formal agreements relating to conditions as outlined in the two letters of offer from Government. At the same time, CHC Helicopter Corporation has been finalizing agreements relating to its financing of the project -- they had to finalize legal documentations of agreements for the money that they were going to put in. But not only did they have to finalize legal documentation related to the financing that they were going to put in as a corporation, but perhaps even more importantly contractual arrangements had to be entered into with CAE Electronics Limited of Montreal, and the simulator's manufacturer, Aerospatiale of France, the manufacturer of the Super Puma Helicopter. All of the necessary documentation for the final legal agreements between Government and the CHC Helicopter Corporation are now in the hands of the Company for execution.

It is not unusual for a project of this nature and magnitude to take time to have all of the implementation details worked out

after the initial decision is made by all parties to proceed. This project, in particular, because of its highly technical nature and the involvement of other parties such as CAE Electronics and Aerospatiale, has taken considerable time to have all of the formal documentation finalized. However, this process is necessary to protect the interests of Government and the taxpayers of the Province.

At this time, however, Government is confident that the project is now ready to proceed to its physical implementation stage and that the simulator should be in place and operational within an 18-month period.

The letter attached is to the President of the company from the Department of Finance, which goes through the terms and conditions for the loan guarantee which attempts, if you read through them -- it is condition (1), and condition (2) has eleven parts to it -- to protect our interests for cross-guarantees and so on.

The provision of the \$8.3 million loan guarantee is subject to the terms and conditions listed below, which include the confirmation of the prior flow-through of Sealand Helicopters \$2.1 million equity contribution -- they have to put their money up front before we would. The approval of the federal government for their offshore development fund, \$4 million; finalization of a review by Atlantic Enterprise programme, which was done and they turned it down primarily because of its educational component and service component.

Once again, it is an area where the Province, and I am sure any

members here would have a great argument with the federal government, and not a day goes by but we are fighting this business - why the Atlantic Enterprise programme could not approve a certain level of funding for this kind of a project escapes me.

The educational component, apparently, was sort of the straw that broke the camel's back, because it then was looked upon as more of a service thing rather than a manufacturing thing, even service in the sense that it would be servicing the offshore, and is not therefore manufacturing. And that is the reason why the Atlantic Enterprise programme turned it down.

But this is one of a series of ongoing problems we have with some of the federal loan programmes and financing programmes. The announcements are great, but the fine print is very hard to get through.

The provision of a mortgage on offshore helicopter technology facilities; cross-guarantees from Sealand Helicopter's Limited and any other affiliates which may obtain spin-off benefits from the project. These are all conditions attached to our loan guarantee. Provision of an independent certified assessment of the value of the non-cash assets that Sealand Helicopter's Limited will contribute to OHT.

The provision of draft and signed contracts between Sealand Helicopters and CAE. The establishment of a suitable holdback from CAE with respect to the manufacture and installation of the simulator.

I will not read them all. They

are all there. The conditions are there. But I think the main point is just to clearly indicate, as a result of a legitimate question from the Opposition about it, the series of events that occurred to ensure that Government was not only doing what was right but was perceived to be doing things that are right, and that is the point, I guess.

So I table that for all hon. members in the House. I think the Leader of the Opposition and the Leader of the NDP have copies.

MR. WELLS:
Mr. Speaker.

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

MR. WELLS:
Mr. Speaker, I take it now from the statement that is tabled, that the comment the Premier made a couple of days ago about the conditions not yet being accepted was not really correct.

PREMIER PECKFORD:
It was more the legal documentation.

MR. WELLS:
The legal necessities had not been completed, but the conditions had been accepted and the proposal is going through pursuant to the terms and conditions set out in the letters of May 8 and May 22, and those things are now under way.

The announcement was made on 9 October, when all parties could get together. It was a joint announcement by the Government of Canada, the Government of Newfoundland and CHC. This whole matter arose of course in the context of the recent dispute that

has been going on between Mr. Dobbin, somebody outside this House, and the hon. the Premier as to what arrangements had been made between Mr. Dobbin on behalf of CAC helicopters and the hon. the Premier, with respect to the Premier proposing to go to work for a subsidiary of that company. That, of course, has been denied by the Premier. And this does clear up, I frankly say, a number of points that were raised. I cannot say to the House, Mr. Speaker, that it resolves all doubt whatsoever as to whether or not there is potential for a conflict of interest in the situation. I think that yet remains to be seen, and unless and untill we have an opportunity to speak fully with Mr. Dobbin, that cannot be fully cleared. But I do have to frankly say, Mr. Speaker -

SOME HON. MEMBERS:

Oh, oh!

MR. WELLS:

If the hon. gentlemen would listen, they might hear something.

AN HON. MEMBER:

I think you have already heard it.

MR. PATTERSON:

You will not say who is paying your cheque.

MR. WELLS:

I was about to say, Mr. Speaker, that the order of events set out in these documents do clearly indicate that a firm arrangement had been entered into - had been agreed upon, the documents had not been signed - the terms and conditions of the firm arrangement had been essentially agreed upon by about 22 May, as far as the government is concerned, and I presume sometime in August the company indicated its acceptance

of it. So clearly that arrangement was in place at that time. Now, Mr. Speaker, I do point out that the discussions which gave rise to these many questions of the last week or so occurred the very next month, in September, and it does behoove us to explore the thing fully and satisfy the public of this Province that there is, indeed, no conflict of interest.

SOME HON. MEMBERS:

Hear, hear!

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Thank you very much, Mr. Speaker.

The project is one that I still have a lot of trouble with, not as it concerns a direct conflict with the Premier in terms of talking about a job offer. He indicates that the press conference, I think, was on 9 October. I think the other thing he could have pointed out is that the CHC helicopter prospectus, which was published in June or July of last year, also had the loan guarantee in it and also the \$4.2 million from the offshore fund.

So, after we originally raised that question in November, when the Premier confirmed that he was talking to that individual about possible employment, no matter how firm, after looking at all the documentation and listening to it, that I do not think is the problem. I think the problem that still remains is why we are putting this much money into a project like this. I notice in the letter of 22 May, which sets

out the terms and conditions to CHC for the loan -- not the offshore money, but for the \$8.3 million loan guarantee -- in looking at all the conditions, I do not see anything in there about student training, and I understood from the Premier's comments he made to me about a month ago, I think, that that was one of the major considerations on it. I would suggest, if these are all the terms that have been outlined, then that was probably an afterthought to the whole thing that was brought in afterwards.

PREMIER PECKFORD:

That was done long before the conditions for the loan were done.

MR. FENWICK:

The other point to make, Mr. Speaker, is that we have checked with Canadian Aviation Electronics, CAE Electronics in Montreal, because we wanted to know what the direct job creation here was since we do have \$8 million on a loan guarantee and then money from the offshore fund. It is our understanding that if it is run one shift a day, we are talking about four or five jobs on the direct simulator itself. Now, the Premier in previous answers to questions has given some spin-off, and indirect, and all that sort of stuff, but basically the point here is that we are looking at maybe between five and ten jobs maximum on the simulator itself and it is highly questionable in my mind whether that is the kind of thing that \$8.3 million worth of the Province's credit should be backing. It does not seem to me to be an appropriate flow of jobs in return for the amount of security that is there and, indeed, in return for the 25 per cent of the \$4.2 million which is

a little over \$1 million of our money as well.

MR. SPEAKER:

Order, please!

MR. FENWICK:

On that basis, Mr. Speaker, I question the project, but I do not question the fact that there is any connection with the job offer.

MR. LONG:

Good question.

MR. BUTT:

Mr. Speaker.

MR. SPEAKER:

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

MR. BUTT:

Mr. Speaker, it is with a great deal of pleasure that I announce new initiatives with respect to our valued and highly regarded provincial park system in Newfoundland and Labrador. While our provincial parks receive a high rating from most who avail of the facilities, government feels more can and should be done to increase the attractiveness and boost the enjoyment level. It is with this in mind that I announce a private sector sector initiative.

The private sector initiative, which stems from a new park classification system, was developed with three specific purposes in mind: (1) To enhance visitor enjoyment of the park environment through the provision of better services; (2) To encourage a higher degree of usage of our provincial parks; and, (3) To increase opportunities for the private sector, thereby increasing employment.

Under the new parks policy, all

seventy-five provincial parks in Newfoundland and Labrador will be opened up to new initiatives. The applicant can be a company, non-profit organization, a group or person. In instances where more than one applicant wishes to operate the same concession in the same park, competitive tendering rules will apply. To give a few possibilities, someone may wish to offer a fast-food outlet at Butterpot Park, or arts and crafts sales at Grand Codroy, or provide facilities and equipment for boat rides in water oriented parks. The options are numerous, and the spin-off benefits wide-ranging in areas of tourism, employment, improved outdoor recreational experience, and enhanced visitor enjoyment.

Mr. Speaker, to ensure success of this new policy, successful applicants must follow strict guidelines set down by the Department of Health, Transport Canada and Provincial Parks. Also, any proposals which may have a significant amount of risk will require appropriate insurance and liability.

Obviously, there will be start-up costs associated with most of the proposals, however, government will not provide new funding to assist. If the applicant wishes to secure government funding, it will have to be done through accessing existing programmes, of which there are many, the Atlantic Canada Opportunities Agency, Federal Business Development Bank, Canada/Newfoundland Subsidiary Tourism Agreement and so on. Operators will also be expected to pay a fee for a permit to operate in parks, based on a percentage of gross revenue or a flat business rate determined by the nature of the business.

Advertisement of this initiative will call for proposals from the public on concession activity, and the deadline for submissions is May 23, 1988. So it is important that we get on with it now for this season. In this regard, information kits and standard application forms are available by contacting the Department of Culture, Recreation and Youth, some of which are being circulated here today. After it is received, the application will be reviewed by a committee which will eventually prepare recommendations for me.

I would like to take a moment to point out that no provincial park will be privatized. This is not privatization of provincial parks. I say that for the benefit of the hon. member for St. John's East (Mr. Long), who figures that 'privatization' is a dirty word. The Department of Culture, Recreation and Youth will maintain full control of the parks system. Only those concession activities which are compatible to the park in question will be awarded to the private sector.

The intent of the new policy is to diversify the parks system by offering a wider variety of outdoor recreational experiences for park users. The public will have a greater choice that may range from truly wilderness appreciation to structured camping areas and service.

In summation, then, Mr. Speaker, our provincial parks system is designed to please visitors and users. By providing better services and facilities, we help to encourage many return visits. The programme will have many direct and ancillary benefits for not only the parks system but for

the Province as a whole. Thank you very much.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. WELLS:

Mr. Speaker, I most sincerely commend the government on this initiative.

Our parks in this Province, I would have to say, are one of the real success stories of government activities in the Province for a long period of time, starting with the former government and continued with all of the governments. On the whole, they have done a very good job. Perhaps the saddest commentary on it is there has not been adequate funds to provide enough park facilities. Too many of our people still have to find a gravel pit or somewhere on the side of the road in which to park or pitch a tent.

MR. PATTERSON:

What is wrong with a gravel pit?

MR. WELLS:

That is all right. There is nothing wrong with a gravel pit for purposes of a gravel pit.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

Seriously, Mr. Speaker, it is obvious that not only the visitors but a large proportion of our population in this Province take advantage of and enjoy the park facilities that are available. In this regard, I think the initiative that the government is

taking in this particular circumstance is an extremely good initiative, a very sensible one. Not only will it provide additional facilities and additional basis for enjoyment of the park facilities, it will provide opportunity for small enterprises, whether it is groups or co-ops or individuals or whatever, to carry on and promote businesses. I sincerely commend the minister and the department, and the whole government for that matter, because I think it is a very good and a very sound initiative.

There are a couple of little things that I would raise, sincerely. I do not think the think is quite perfect. I think the twenty days notice that he has given to people to submit proposals is not adequate. This initiative ought to have been announced last January, perhaps, sometime, to give adequate opportunity. Anybody who did not have some kind of an inkling beforehand that this was going to happen would have little or no opportunity to present a reasoned and well-founded proposal. Twenty days is just really not adequate or fair to people who are interested. I think there ought to be more time involved, and the minister really ought to consider --

MR. BUTT:

I would be prepared to accept (inaudible) response, right!

MR. WELLS:

I think, in any event, the minister really ought to consider extending it to about the middle of June, to give people a reasonable opportunity to put forward a well-reasoned and well-supported proposal.

AN HON. MEMBER:
The parks open in May.

AN HON. MEMBER:
That does not matter.

MR. WELLS:
That does not matter, when the parks open. You can start the concession a little later. That does not make any difference.

SOME HON. MEMBERS:
Oh, oh!

MR. SPEAKER:
Order, please!

MR. WELLS:
The other thing that I raise a question about, and perhaps at some time the minister might address the question, is who constitutes the committee that makes the recommendation and who appoints that committee? I think that that may be important.

On the whole, Mr. Speaker, I emphasize again that it is a good initiative and I commend the government for it.

SOME HON. MEMBERS:
Hear, hear!

MR. LONG:
Mr. Speaker.

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

MR. LONG:
Thank you, Mr. Speaker.

It is an interesting statement the minister has brought in today, but the Leader of the Opposition says it is not adequate to give twenty days notice. I would say, to anybody out there who might be considering developing an idea for

a concession, it is a bit of a joke the way the minister has brought forward what he calls an innovative and important programme. People are looking forward to the May 24 weekend, and we are already into the month of May, and you are giving them twenty days notice to put together a proposal to the department.

The minister says that he, himself, will be the last arbiter behind the committee to decide where programmes are going to go. I would assume the minister is expecting to be working twenty-five hour days over the next couple of weeks to -

SOME HON. MEMBERS:
Oh, oh!

MR. LONG:
There is going to be an administrative nightmare with this programme, Mr. Speaker. I would think that the minister responsible for our parks as well as culture, recreation and youth activities, looking forward to recreation programmes in the Summer, would have many other things to do dealing with the cultural community and the preservation of Heritage sites and so on, than to be spending all his time trying to make sense of a programme that, from what we see in the minister's statement today, has been very poorly prepared, and is very unclear in the definitions of the kinds of concessions.

SOME HON. MEMBERS:
Oh, oh!

MR. SPEAKER:
Order, please!

MR. LONG:
We could see a fast concession at Butterpot. I do not know if we

are expecting to see golden arches go up at Butterpot Park, and some of these bigger operators seize the opportunity to come in and take over some of the provision of services in which the government should be taking a more active role as we move into the Summer season. I mean, you have given us a list of parks in the Province, most of which are without any kind of electrical hookups for the users.

And the Leader of the Opposition talked about people going to gravel pits because the fees in our parks are too expensive. There are a lot of concerns about the provision of basic services in our parks that are completely unaddressed. The government is abandoning its responsibility for the development of the parks system and turning it over to the private sector.

I would say finally, Mr. Speaker, that there is a misnomer on the programme. If it is a private sector initiative, then why is the minister including the possibility for non-profit organizations? And I would ask further if the minister had any consultation with any of the wildlife groups, the salmon people, individuals who are out there who might indeed be interested in developing recreation activities, before he brought in such a poorly prepared programme. Thank you, Mr. Speaker.

MR. PEACH:
Mr. Speaker.

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

MR. PEACH:
Mr. Speaker, as Minister responsible for Newfoundland and Labrador Housing Corporation, I am

pleased to announce that the Corporation has successfully negotiated an agreement with Torngat Regional Housing Authority that will see, for the first time in Labrador, the direct delivery of federal/provincial funding for housing programmes by a native organization to native families and senior citizens.

SOME HON. MEMBERS:
Hear, hear!

MR. PEACH:
Under this agreement, Mr. Speaker, Torngat Regional Housing Authority will be responsible for the delivery of close to one half million dollars (\$445,000) this year in federal/provincial funding that will be made available under the Residential Rehabilitation Assistance Programme (RRAP) and the Emergency Repair Programme. In Newfoundland and Labrador, Mr. Speaker, the RRAP and Emergency Repair Programmes are cost-shared by Canada Mortgage and Housing Corporation (CMHC) and NLHC. The basic intent of these programmes, Mr. Speaker, is to assist low-income families undertake the necessary repairs that will make their homes safe and suitable to live in.

Mr. Speaker, this agreement is significant in that it allows a native group to identify critical housing needs of native families and of seniors in coastal Labrador. Close to 50 native families and seniors living in Hopedale, Makkovik, Nain, Postville and Rigolet will benefit from this agreement.

My hon. colleagues would be interested to know, Mr. Speaker, that the Torngat Regional Housing Authority has been actively pursuing better housing for the

native people of Labrador for the past five years. Since the 1986 signing of the Global Agreement between the Federal and Provincial Governments which gave the Province an exclusive role in administering housing programmes, NLHC has worked closely with Torngat Regional Housing Authority to address native housing needs in coastal Labrador.

I would also like to point out, Mr. Speaker, that the Government has been working very closely with other native groups such as the Davis Inlet and Sheshatshit Band Councils to identify local housing needs and to encourage local housing committees to become actively involved in targeting housing development for native people.

Mr. Speaker, the signing of this Agency Agreement with Torngat Regional Housing Authority serves to illustrate the Government's determination to work with native groups across Newfoundland and Labrador to better serve our native people. At every turn, Mr. Speaker, we will continue to encourage the participation of native organizations in planning and implementing programmes and services for our native people.

I might add, Mr. Speaker, that my colleague, the Minister for Northern Development, is delivering this statement in Goose Bay this afternoon. Thank you.

SOME HON. MEMBERS:
Hear, hear!

MR. K. AYLWARD:
Mr. Speaker,

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

MR. K. AYLWARD:
Thank you, Mr. Speaker.

I would like to thank the minister for a copy of his statement. I speak on behalf of my colleague, the member of Waterford-Kenmount, who is away today. We welcome the announcement, Mr. Speaker, that there has been an agreement signed with the Torngat Regional Housing Authority, and we commend that group for its efforts in trying to improve the housing needs of the people in that area.

We welcome, also, the amount of money for repairs under the RRAP Programme, and also the Emergency Repair Programme, which I think is a programme which should be emphasized much more. We would hope to see more monies for new housing for native peoples in the area, because there is a great need up there for new housing. While we welcome the monies for improvements, we would also like to see new housing units built. There is a very critical shortage up in that area of Labrador. In speaking to my colleague for Naskaupi (Mr. Kelland), he tells me there is a very great need for housing in the Melville area, where there is an increasing need and a crisis is starting to occur. So I would hope that we can see similar agreements signed by the hon. minister's department and the Newfoundland and Labrador Housing Corporation to take care of that need.

Another matter, Mr. Speaker, that we would hope to see in the next little while is the minister's department looking at the allocation of monies for senior citizens' housing. There is a great need in this Province for housing for senior citizens who would like to stay in a home that

does not require a large mortgage. There is a problem there, in that many senior citizens are very afraid of mortgages at the age of seventy, or older. We would hope that the minister's officials will be able to deal with that situation over the next few months as they undertake to spread around the benefits to all people in the Province.

Mr. Speaker, we welcome the announcement today, but we are hoping to see much, much more in the future. Thank you very much.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Mr. Speaker, we are quite pleased to see this initiative. The RAPP programme is just one of our housing programmes, and I think the fact that the Torngat Housing Co-op is now delivering it to their area should be the first of a number of housing programmes delivered both by the Torngat Housing Co-op and also by the people in Sheshatshit, the Band Council there and other groups like that.

Just as a contribution to the general discussion of it, Mr. Speaker, the native people in Conne River, the Band down there, has for a number of years been delivering the housing programmes to their own area and have done an extremely successful job with it, in that they have set the standards for it, they have decided on the kinds of houses they want to build, and so on. I think by doing that, by evolving a lot of this authority down to the lowest level that it can be exercised at, we avoid the error that has been made in other native

programmes whereby the design of the houses has been unsuited to the particular community and the lifestyle of the Native people themselves. As a result, the communities often have rejected the housing by just not continuing on with in the future.

So I commend the minister on this. I tell him that any other initiatives in this direction will be very much supported by our side. We think that that is what we mean by aboriginal self-government. That is one aspect of it, that they should be able to decide themselves the priority in housing and be able to design and deliver the programmes so they meet their needs rather than our perceptions of what we think they want. Thank you very much, Mr. Speaker.

MR. R. AYLWARD:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of Forest Resources.

MR. R. AYLWARD:

Mr. Speaker, I am very pleased to inform hon. members that the week of May 1, 1988 has been officially proclaimed National Forest Week.

Activities have been planned across the Province to promote our forest industry and emphasize this year's theme which is, "A Forest a Shared Resource."

National Forest Week 1988 coincides with the second annual forest resource exhibition taking place at the 1988 forestry capital of Canada - Grand Falls.

It gives me pleasure to inform you, Mr. Speaker, that the hon. Gerald S. Merrithew, Minister of

State for Forestry, will partake in the official opening of the Forest Resource Exhibition and National Forest Week 1988 on the evening of Thursday, May 5, 1988.

Mr. Speaker, I would like to take this opportunity to invite all members of the House and all members of the public to visit Grand Falls, particularly during the Forestry Exhibition, but anytime throughout this Summer when celebrations will be going ahead, from time to time, to promote the National Forestry Capital of Canada.

With your permission, Mr. Speaker, I would like to distribute to all my colleagues a National Forest Week button which I ask them to wear for the duration of the week to assist in promoting National Forest Week in Canada. Thank you, Sir.

SOME HON. MEMBERS:
Hear, hear!

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

MR. TULK:
Mr. Speaker, in the unavoidable absence of my friend from Fortune - Hermitage (Mr. Simmons) who is our spokesman on forestry, I want to say, on behalf of this side, that we welcome the announcement of National Forest Week, beginning May 1, 1988. It just goes to show, Mr. Speaker - we have had four Ministerial Statements which have been welcome announcements to this side - what can happen when you have co-operation and the government doing the right thing.

Mr. Speaker, promotion of our forest industry, as the minister says, is always important, very important. We are also pleased,

on this side, of course, to see Grand Falls declared forestry capital of Canada for 1988. As everybody knows in this Legislature, Grand Falls has a long and unique history in the forest industry in this Province and, indeed, in this country, and it is only fitting.

PREMIER PECKFORD:
And a great member.

MR. TULK:
Well, now, do not ask me to waltz around the center of the aisles here. I cannot go that far. Grand Falls has a unique and honourable history in our forest industry.

Mr. Speaker, I think we would be remiss if I closed without saying that the forest industry in this Province perhaps deserves a great deal more attention than it sometimes gets. Because there is a feeling among many of our people that the number of trees that are being left for our use is vastly declining, quickly declining, and, perhaps, in years to come, young people growing up in this Province may not be able to enjoy the forests as we have.

On the whole, I say to the minister, we welcome the statement, we welcome the promotion of Grand Falls as the forestry capital of Canada, it is good to see the ministers making the right kinds of statements, and I will wear the badge.

SOME HON. MEMBERS:
Hear, hear!

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

MR. LONG:

Mr. Speaker, when most people look at forests, they see trees. Reading the newspapers and seeing the advance publicity from forest companies, from the industry promoting the national week, you would swear that all the companies see is dollar bills.

And I do not think there advertising campaign is necessarily in the spirit of helping our people appreciate the natural resource that the forest represents, so I would caution the minister to not always be promoting the agenda of the forest companies as minister responsible for our very valuable resource.

Finally, Mr. Speaker, it was a very short statement and I will make a very brief response, in that I would say to the minister that I would be glad to take his button, and in the spirit of congratulating Grand Falls in being named the national town this year, I will wear the button during the week if the minister will promise to stop spraying fenitrothion, in light of the report released by his department yesterday.

Oral Questions

MR. K. AYLRWARD:

Mr. Speaker,

MR. SPEAKER:

The hon. the member for Stephenville.

MR. K. AYLRWARD:

Thank you, Mr. Speaker.

I would like to direct my question to the Minister of Housing (Mr. Peach), with reference to a matter that I brought to his attention

already. I would like for him to tell us what the policy is of Newfoundland and Labrador Housing as to the eviction of tenants who are in social housing units. Does the Corporation attempt to evict tenants even though their rent has been paid but they have not paid legal fees that were incurred in trying to evict them?

MR. SPEAKER:

The hon. the Minister of Housing.

MR. PEACH:

Mr. Speaker, first of all I want to clarify something, because I think the member is somewhat confused with regard to evictions. Newfoundland and Labrador Housing, Mr. Speaker, does not evict. We give notice to some of our residents for various reasons to vacate, but it is through the legal and the justice system that an eviction notice is issued. I am familiar, Mr. Speaker, with the particular case that the hon. gentleman is referring to, and myself and our officials have been dealing with that matter for the past several weeks. I can assure the member that I would not want to get involved in naming the people involved, and I appreciate the fact that he has not done so, but this particular client, I guess, of Newfoundland and Labrador Housing, Mr. Speaker, had had some arrears accumulate, has been assisted by the good officers of my colleague, the Minister of Social Services (Mr. Tobin), in seeing that the arrears matter was resolved, but there is still a quite substantial fee as it relates to legal matters. That matter was worked on and, as a matter of fact, Mr. Speaker, on Friday past I spoke with the member for Stephenville and asked him to follow up on it on the

weekend and report back to me today. And to date, until I heard him speak now in the House, I had not heard back from him.

MR. K. AYLWARD:
A supplementary.

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

MR. K. AYLWARD:
Mr. Speaker, this involves about nine days and about five meetings and telephone calls. I am still negotiating with the Department of Social Services to see if they will help pay the only thing that is outstanding, the legal fees, by this woman, who has four kids. Her rent is fully paid up. All I am asking is: Is this the policy of the Department? I say to the Minister of Housing, is it the policy of this government to seek legal fees from people who are living in social housing? That is my question to you, Mr. Speaker.

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

MR. PEACH:
Mr. Speaker, any fees, such as legal fees or others incurred by the client, are not the responsibility of Newfoundland and Labrador Housing. The Corporation is not responsible for paying those fees. It is the responsibility of the client to pay to Newfoundland and Labrador Housing whatever monies are owing to the Corporation. In that regard, Mr. Speaker, we have been very lenient. This has not gone on, for the past three months, with a regular ninety day notice going out, but it has gone on for quite a longer period of time than that. There has been quite a lot of difficulty, in this particular

case, in getting the arrears paid. And it was only through the good graces, I guess, of the Department of Social Services that that matter was resolved.

MR. TOBIN:
With no effort on his part, either.

MR. PEACH:
What is involved now is quite a number of hundreds of dollars, Mr. Speaker, and that is money that is owing to the Corporation. We have had quite a lot of problems with this particular case, and a notice to vacate had been issued, and, Mr. Speaker, I guess rightly so because of monies owing. I understand as well from what the member said, that he has been in contact with the regional office in Stephenville. I and our officials on Friday past followed up with them and asked them to ensure that the family was caused no great inconvenience over the past weekend, and that hopefully in a few days the matter somehow would be resolved.

MR. K. AYLWARD:
A supplementary, Mr. Speaker.

MR. SPEAKER:
A final supplementary.

MR. K. AYLWARD:
I have here a copy of an invoice from Newfoundland and Labrador Housing: 'Reimbursement of Lawyers Fee RE: Eviction, \$597.50.' This was sent April 18 to the woman who had already paid up her rent. Then a court order was issued to try to get rid of her. Is this the policy of Newfoundland and Labrador Housing for people who are living in social housing, people who can hardly afford to live anywhere? This is where they have to live. Is it the government's policy to

collect legal fees and to try to evict people if they cannot afford to live there?

MR. PEACH:
Mr. Speaker.

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

MR. PEACH:
Newfoundland and Labrador Housing Corporation has been very lenient and we have gone beyond what is required under The Landlord Tenancy Act to our people. As a matter of fact, people who live in Newfoundland and Labrador Housing units, the social housing units in the Province, are not under The Landlord Tenancy Act because of the fact that that would set the rates, and we feel that sometimes those rates would be probably more than clients would be able to afford. So we want to ensure that those people in greatest need are given every benefit.

If the member for Stephenville, Mr. Speaker, wants some advice on what the courts and on what the legalities are of evictions, I am sure he could find a few minutes to speak to the Leader of the Opposition (Mr. Wells), who would be very familiar with that.

MR. KELLAND:
Mr. Speaker.

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

MR. KELLAND:
Thank you, Mr. Speaker.

I intended to direct a question to the Minister of RAND (Mr. Power), or secondarily, I guess, the Minister of Intergovernmental Affairs (Mr. Dawe), but perhaps the Premier would take the

question. It deals with rural development subsidiary agreements.

My understanding now is that the RDSA No. 3 is about to be negotiated, or negotiations start. And I wonder could the Premier tell us what the major holdup has been in that, and what ACOA's role will be in the future of RDAs in the Province?

MR. SPEAKER:
The hon. the Premier.

PREMIER PECKFORD:
We are now into discussions with the federal government for a long term rural development agreement. We started that a couple of months ago. Because we were not able to do all of the components of it within the time frame we had to work with because the old one was expiring, we extended the old one for another year to give us more time to try to build in just where ACOA would fit in and where it would not fit in. We are still working through that now. We are going to need some assurances from the federal government that in signing a longer term rural development agreement there are certain components that still must be in it, with or without ACOA, that are very crucial for the rural development movement. But we do not want to look a gift horse in the mouth, if in fact we can work some deal out with the federal government in line with ACOA for there to be also some additional funds available to rural development associations through that fund.

So we are negotiating now as it relates to that for the various components of the rural development agreement, some that were the same as in the old

agreement, some that might be different. At this point in time I cannot indicate to the hon. member what components will be in and what components will be out because we are still negotiating, we are still trying to get a handle on any funds that may be available from ACOA to the rural development associations. So that is where we are. That is part of the negotiating process now for a long-term rural development agreement. We are insisting that there has to be, obviously, another rural development agreement, RDA agreement. It is absolutely vital and necessary. It is just a question of working out and negotiating what components will be a part of it and what role, if any, ACOA can play in it. That is where the negotiations are. We have not worked that out yet.

The hon. the Minister of Intergovernmental Affairs will be negotiating that out with Senator Murray and his people. Back in early March, I think, was the meeting with Senator Murray which I attended, as well as the Minister of Intergovernmental Affairs, the Minister of Rural, Agricultural and Northern Development (Mr. Power) and others. We could have signed, perhaps, at that point in time a longer term rural development agreement, but we were not willing to do it because we sensed at the time that in order to get the kind of agreement we want we might have to take chances on ACOA, and we did not want to take chances on what the federal government was saying would actually occur. So we would rather extend the existing one and have a greater amount of time to nail down any involvement of ACOA funds into the rural development movement, and

not have those funds, then, sacrificing other ones that we still need in the crafts area, or in other loan programmes that are still important. It is an negotiating process that we are into now to see whether in fact there is any role ACOA can play and what other components must be a part of an ongoing agreement.

MR. KELLAND:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for Naskaupi.

MR. KELLAND:

Sometimes the question arises, of course, why it took so long to do these things, and from the point of view of an extension to the RDSA No. 2 it is sort of an eleventh hour decision, a last minute decision, to grant an extension or arrange an extension. They are presently being funded by the extension to RDSA 2, and I understand that one of the benefits was the fact that administrative funding for associations has gone from I think \$26,500 to \$30,000 per unit.

PREMIER PECKFORD:

There had to be an increase written into the extension.

MR. KELLAND:

Yes. I am wondering if the aim of the RDAs is to reach self-sufficiency. I think some of them maybe even actually approaching that, may have approached it, and others are not in that kind of a position. What is government's intent with respect to that? I believe they are looking for something like \$40,000 per RDA, but are there other initiatives that the provincial government intends to

make sure is locked in for the benefit of the rural development movement in the Province?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

We still see an ongoing role. The view that we hold for the rural development movement is to, on the one hand, encourage and develop leadership and business in rural Newfoundland, and to also help kick-start some various development opportunities in rural Newfoundland that then can later go into the private sector, and then they can go on and get onto another opportunity that might be there. That is the kind of ongoing process that we would like to see, and we think there must continue to be a firm commitment for their administrative funds from the governments. For example, we should never take a chance that ACOA might or might not approve administrative funds for this or that development association. That should be automatic, should be a component of the agreement regardless. But the overall philosophy is to develop leadership in business opportunities, for individuals in rural Newfoundland to kick-start, for want of a better phrase, various opportunities that are there, to attract small business to come in and with some assistance, which the rural development associations got from us and the federal government, to get those industries going, whether it be a small fish plant, a sawmill, or some kind of a more sophisticated wood manufacturing operation, tourism, agriculture, and so on; then gradually get that at a stage whereby some individual or individuals, a small company, can take it over and run with it

as a private business, and then the RDA look at some other development opportunity that is still waiting for a kick-start. Rather than have thirty-five, forty-five, or however many development associations there are become forty-five or fifty-five businesses, development associations should be able to create five or ten businesses and keep engendering more opportunity and kick-starting things which can then go to the private sector.

MR. KELLAND:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A final supplementary.

MR. KELLAND:

I gather that at the annual general meeting of the Rural Development Council there was some hope that even though there is a twelve month extension on the RDSA No. 2, they may get the new agreement in place before the twelve months are up. Is there any indication of when RDSA No. 3 might actually happen?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

We would like to see it by the Fall. We think it is going to take another couple of months. Hopefully, by September or October, we can have that in place. We want to get this agricultural agreement, which has been outstanding and which is an embarrassment to the federal government. We are the only province in Canada which does not have an agricultural agreement with the federal government, yet we have a sizable agricultural industry now, \$47 million last year in gross receipts, and going

up. One of the largest sectors of growth, percentage-wise, in the Newfoundland economy last year was the agricultural industry, and it must be pushed. Everybody and his dog up there has said, yes, we have to sign it with the Province, so we have to get that one done, we have to get a coastal Labrador agreement done, and this rural development agreement has to be done. These are immediate priorities and they should be done by the Fall. That is our aim, to get this Rural Development one, for hopefully five years, done by October of this year.

MR. TULK:
Mr. Speaker.

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

MR. TULK:
Mr. Speaker, I have a question for the Minister of Transportation (Mr. Doyle). It concerns an announcement that was made in the budget this year whereby the government combined the Fogo Island - Change Islands ferry. Now, as the minister knows there has been a great deal of opposition coming from Fogo Island and, in latter days, from Change Islands as well.

I wonder is the minister still proposing to combine these systems in view of the opposition that has been expressed by these people, whom, as I said, I understand now includes the people of Change Islands, in the district of Lewisporte? Is he still prepared to carry out this combination?

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

MR. DOYLE:

Mr. Speaker, we do propose to combine the ferry operation of Fogo Island and Change Islands. I would like to point out that the combination of the two services will be for a nine-month period each year, and during the Summer months each of the islands will be served by separate vessels. But the fact of the matter is, Mr. Speaker, that government is continuing in a period of restraint and we have to be conscious of the need to control expenditures.

I would like to point out to the hon. gentleman, as well, that a review of the utilization statistics of the Beaumont Hamel shows that there is sufficient capacity on the Beaumont Hamel to serve Fogo Island and Change Islands. As a matter of fact, I am in the process of setting up meetings with both transportation committees to talk over the details of providing the two services, and that will be done shortly.

MR. TULK:
A supplementary, Mr. Speaker.

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

MR. TULK:
Mr. Speaker, I would ask the minister: Does he realize that the Co op on Fogo Island this year had \$16 million in fish sales? Does he realize that they had a payment of \$6.5 million to fishermen? Does he realize that they paid out \$3 million to plant workers? And does he not realize, in spite of the statistics, and we know what statistics are, that by cutting off this ferry service and by taking it and combining it with another one, by cutting the

schedules as he has done, that, in fact, he is cutting off the life blood to Fogo Island and, therefore, cutting off any hope of future development? Does he not realize that? And will he not, instead of trying to balance his budget on the backs of the people of Fogo Island, ask the Premier to take some of that \$22 million that he is spending in Mount Pearl and take it out to Fogo Island and provide them with a transportation system?

MR. SPEAKER:

The hon. the Minister of Transportation.

PREMIER PECKFORD:

We financed the Co-op on Fogo Island.

MR. DOYLE:

Mr. Speaker, we already know that the utilization of the **Beaumont Hamel** to provide the dedicated service to Change Islands and to Fogo Island is a workable solution to the transportation problem, given the fact that we have used the **Beaumont Hamel** on the two runs from September to December of 1987, while the Change Island ferry, the **Agnes and Anne**, was being refitted. That is number one. The **Agnes and Anne** was being refitted, so we did use the **Beaumont Hamel** between September and December of 1987. So we know that that is a workable solution to the problem that is being experienced by Change Islands and Fogo Island. Also that useage last year of the **Beaumont Hamel** was less than 50 per cent.

MR. TULK:

Nonsense.

MR. DOYLE:

It was 48 per cent, Mr. Speaker, which indicates that the

combination of the two systems may not be perfect right now but that is the reason why I have decided to meet with the transportation committee of both Fogo Island and Change Islands, to try and work out the details of the thing, to change around the scheduling if it needs to be done. We will change schedules and we will do anything we can to accommodate both the people of Fogo Island and Change Islands so that we can have a good transportation system for both. It is not going to be a three point service, Mr. Speaker, as some people seem to think it is going to be. It is going to be a dedicated system between Fogo Island and Farewell, and between Farewell and Change Islands. We certainly do not know if there are going to be any problems associated with that but we have made the decision, we are meeting with both transportation committees, and if we need to juggle around schedules, and what have you, we will be doing that.

MR. TULK:

Mr. Speaker, a supplementary.

MR. SPEAKER:

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

MR. TULK:

Mr. Speaker, the hon. gentleman obviously does not realize that what he is talking about here is a road to that Island - it is a road. And I say to him that if the traffic over certain parts of the roads in this Province is not up to par, he does not suddenly pull up the pavement. Why is he pulling up this boat and taking it away from those people?

Now I say to the minister if he would like to hear the true story, if he would like to hear how

important this ferry is and this service is to the people of Fogo Island, I ask the minister, if he would like to go to a real meeting, would he come to Fogo Island at two o'clock on Sunday of this week to hear the people of Fogo Island tell him how important it is to them to have that boat and that schedule maintained for Fogo Island? Will he come, or is he going to hide in the House and go to a few little transportation committee meetings probably with some of his own friends?

MR. SPEAKER:
Order, please!

The hon. the Minister of Transportation.

MR. DOYLE:
Mr. Speaker, the hon. gentleman talks about the real reason and what is government's hidden reason for combining the Fogo Island and Change Islands ferry service.

Well, the real reason, Mr. Speaker, is here on this piece of paper. It is costing the Government of Newfoundland \$2.16 million for the ferry service between Fogo and Farewell and the revenue that is taken in from that service is \$530,000. So it is costing \$2.16 million and the revenue associated with that is \$500,000. The ferry service between Change Islands and Farewell is costing \$386,000 and that takes in \$65,000 a year.

So, Mr. Speaker, we feel we can provide a good service for the people of Fogo and Change Islands and, as I said a moment ago, there probably will be some details that will have to be worked out, a few problems with scheduling and the like will have to be worked out, but we are willing to sit down

with the people of Fogo Island and Change Islands to work out these small problems. If some rescheduling of the boats have to occur, then we will be happy to do that. I believe one of the main problems associated with combining the two ferries is that Change Islands and Fogo Island were worried about where the boat would tie up at night. We do have a couple of swing vessels in the system and hopefully we will be able to provide both Change Islands and Fogo Island with a vessel to tie up at night, so that if any emergency should occur they will have a vessel available to them.

MR. FENWICK:
Mr. Speaker.

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

MR. FENWICK:
Mr. Speaker, my question is for the Premier. And my question is about the employment effects of the Mulroney-Reagan trade deal that we are in the midst of finalizing. I recall a speech made by the Premier about two months ago in which he indicated that there were, I think, between 4,000 or 5,000 jobs to be created in the Province. At that time I believe he based his estimates on a series of studies including one done by the Economic Council of Canada, which predicted somewhere up to 350,000 new jobs.

My question to the Premier is this: Since the Economic Council of Canada has now downgraded their estimates considerably in their latest report, since they actually have the details of the free trade agreement, and indicate somewhere between 70,000 and 250,000 jobs for the country as a whole, would

the Premier give us an upgraded estimate on what the effect would be on our Province of this particular trade deal?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

I have made a number of speeches around the Province, Mr. Speaker, on that matter. I do not have it right before me now, but there is still a significant number. I think somewhere around 4,000 jobs over the ten years that would be created directly as a result of the Free Trade Agreement, so we are still in a very positive situation. There are the Economic Council of Canada's figures, that our growth rate in Newfoundland would be higher than the national average - that is the first time that we have ever seen that - in other words, that the extremities of the country will grow at a faster rate than some of the more developed regions of the country. It is still extremely positive.

The degree of positiveness is not as great under the assessment after they have seen the deal than before they saw the deal and presumed certain things were in it, but it is still extremely positive from a job creation point of view both in Newfoundland and in Canada. And given that it is positive and that we are going to see coming out of that increased job opportunities and jobs for our people, then we support it.

MR. FENWICK:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for Menihek.

MR. FENWICK:

Mr. Speaker, before I start I should ask the Premier, if he does have any information, we would appreciate it being tabled or in Answers To Questions later on.

But in looking at the tables, Mr. Speaker, and looking at the sectors of our economy, the benefits that the Premier outlined in the past do not seem to be there. As a matter of fact, Mr. Speaker, my question to the Premier at this point is: Looking at the sectors, it seems that fishing would account for approximately forty to one hundred jobs, given the rate of increase they are talking about, mining about thirty extra jobs, forestry maybe twenty; pulp and paper, perhaps a negative impact, and the food industry which would include our fish plant processing being the most positive one, at between 130 to 400 jobs.

My question to the Premier is this: If our primary industries in total are going to result in an increase in employment perhaps of about 500 to 600 jobs between now and 1998, because the new projections are for a full ten year period, how can he possibly get 4,000 jobs out of it when our basic primary industries are only accounting for about 500 or 600 in total?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

I do not know where the hon. member got his figures.

MR. TOBIN:

Sister Lorraine Michael, I guess.

PREMIER PECKFORD:

I do not know where he got them. It might be some socialist report

from Outer Mongolia. I do not know. And I am not interested. All I know is there happens to be economists who work for the Government of Newfoundland, who are highly qualified economists and who are in contact with the Economic Council of Canada, with the Economic Council of Newfoundland, with the Conference Board of Canada and so on, and that the projections for job increases, as a result of free trade, come in at about 4,000 over that ten year period. Now I will get the statistics over the next twenty-four hours, as I have done over the last number of days on questions that have been asked, and we will concretely prove to the hon. gentleman, even though his socialist bent might not want to believe it, that there are positive job opportunities to be created as a result of the free trade agreement.

As it relates to the resource industries, as it relates to the service industries, as it relates to the freer flow of investment into the Province that we are already seeing at Come By Chance, we see now in most of our resource industries that most of the capital is coming from outside of Newfoundland. And if we can increase that amount of capital, without giving away ownership or anything like that of our resources, from the United States, well, then, that is positive as well.

So I will take the hon. member up on his challenge and respond to him in the next twenty-four hours or so on the figures that he is now quoting.

MR. FENWICK:

A final supplementary.

MR. SPEAKER:

A final supplementary.

MR. FENWICK:

The report which, by the way, is not a socialist document but a paper prepared for the Economic Council of Canada and dated April of this year, and it is the most recent one with the latest computer simulation.

My final supplementary question to the Premier is this: Since they do have a list of the losing industries, the ones which will definitely lose jobs, and since leather products, which includes footwear and includes the operation in Harbour Grace of Terra Nova Shoes, is listed as a losing industry, would not the Premier acknowledge that we do have a possibility of losing that industry or seeing it being crippled substantially by a free trade agreement?

PREMIER PECKFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, most of the leather industry, the shoe industry that will lose will be in Central Canada. The owner of the company at Harbour Grace has already indicated that they are positively disposed to the free trade agreement with the United States. They are expanding in Harbour Grace right now, and they have 15 per cent of the world safety footwear market and 10 per cent of the United States, or vice versa, and are increasing their market share and they are very competitive.

The problem you have in the

textiles industries and shoe industry relates mainly to Central Canada where they have had tariff protection over the years of \$35,000 or \$36,000 a year per job. No wonder Central Canada has been better off than the extremities because there has been this tariff wall put up around to protect them.

AN HON. MEMBER:

What is that?

PREMIER PECKFORD:

This is to do with the agreement. It is a book on the Free trade agreement which has the \$35,000 figure in here, prepared Donald Macdonald and the other economists.

And they have, therefore, become very non-competitive because they were protected. Economists worth their salt in this world today agree that that is not good economics, that is not good planning of the economy. Those are the industries that are going to lose. Harbour Grace are into a selective market. They are not into the general market for shoes and boots that we wear every day, they are into a selective market where they have been very, very competitive, and any further reduction in tariff into the United States, which is one of their main markets because they have a deal with Bata shoes in the safety footwear area only, will be advantageous to Harbour Grace. Now, when you make a broad statement that the leather industry is going to be affected, that is not to say that there are not particular industries in that umbrella which will benefit. Generally speaking most of the shoe and textile industries will be affected because many of them have been under that protective tariff wall and have not become

competitive. Harbour Grace is just the opposite. They are now modernizing and are in the selective part of the shoe market - or the footwear market, better said. Therefore, they can see that there are still some custom duties or tariffs ongoing into the United States which will be eliminated and, therefore, make their product more competitive in the United States of America. You have to make sure that you do not spread too broad with your brush.

MR. DECKER:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for the Strait of Belle Isle.

MR. DECKER:

Speaking of jobs, Mr. Speaker, my question is to the hon. the Premier. Mr. Dobbin is quoted in the press as saying that there were other people present at one of the meetings. The Premier will be aware of that. Will the Premier confirm whether or not there were other people or another person at one or two of those meetings Mr. Dobbin tells about?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

No, Mr. Speaker.

MR. DECKER:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for the Strait of Belle Isle.

MR. DECKER:

Mr. Speaker, there have been several suggestions as to how the hon. the Premier should deal with

these attacks. One suggestion is to call Mr. Dobbin before the Bar, or take him to court or see the minutes of the meeting. Now, the Premier has announced that he is not going to take him to court.

I want to ask the Premier how far is he prepared to allow Mr. Dobbin to go with those malicious attacks before he is prepared to take some definite action to stop it?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

That is up to me, Mr. Speaker, and I will make my decision in due course.

MR. EFFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Port de Grave.

MR. EFFORD:

Thank you, Mr. Speaker.

Mr. Speaker, my question is to the Minister of Culture, Recreation and Youth (Mr. Butt). Yesterday morning in the Estimates Committee I asked the minister if he was aware that the facilities at the Mount Pearl swimming pool were not accessible to the handicapped when it comes to preparing for the Summer Games. The minister has stated clearly that they were accessible.

I ask the minister now has he has done any checking into that since the Estimates Committee yesterday morning or does he still stand by that statement?

MR. SPEAKER:

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

MR. BUTT:

Mr. Speaker, during the Estimates yesterday morning I had the Deputy Minister check with city officials in Mount Pearl to check accessibility to the swimming pool there and they confirmed that Mount Pearl swimming pool was under major upgrading for accessibility of the physically disabled people and that all the integrated venues scheduled for the Summer Games in Mount Pearl would go ahead on schedule.

MR. SPEAKER:

Order, please!

The time for Oral Questions has elapsed.

Petitions

MR. TULK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Fogo.

MR. TULK:

The petition that I am about to present, strictly speaking is not in order according to the rulings that Your Honour has made, but I have spoken to the Government House Leader, and I think I have spoken to the Leader of the NDP, and they have agreed that even though it is not in order, by leave of the House, since the people are expressing an opinion that they want to have before the Government, we should present this petition. I think that that is correct, that by leave I should be allowed to present it.

Mr. Speaker, the prayer of the petition which is signed by some 600 residents of Musgrave Harbour reads: 'We, the undersigned,

hereby petition the Government of Newfoundland and Labrador not to sell the fish plant at Musgrave Harbour.'

Mr. Speaker, the fish plant in Musgrave Harbour was built in 1976 - 1977, and it represented a community effort and a commitment by a number of people in Musgrave Harbour to develop their own area, and it represented a community effort through what was then the Musgrave Harbour Development Association. The member for Twillingate will clearly remember the effort that those people put into getting a fish plant in their own area rather than having somebody else control their destiny, and somebody else control their fish products, as the member for Twillingate was then the Minister of Fisheries.

Mr. Speaker, this petition shows us that those people in Musgrave Harbour are generally in agreement that that fish plant should not be sold. Because if it is sold, and I am addressing my comments more to the Minister of Fisheries, and we have discussions on this, if that fish plant is sold, the feelings of those people is simply this, that somebody else controls the destiny of that community. And if the fish plant is sold to some other fish company, outside the place, then, indeed, in a matter of months if the stocks go down, if prices drop or if a company gets in trouble, they could find themselves in a position where they have no fish plant, where they have no fish plant open.

Musgrave Harbour is a place where a great deal of fish is brought in; some 6 million pounds to 9 million pounds of fish a year is brought into that community. If

the plant is sold, then the people of Musgrave Harbour feel that they have lost their bargaining power to have secondary processing in their community. Since it is a small feeder plant, anyway, they are likely to see fish brought into their community in a raw state, put aboard a truck and carried to some other community for secondary processing.

As I understand it from the people who are in the gallery, and there are five or six fishermen and one fisherwoman - as Flora MacDonald would say, fisherpersons - that plant now provides some 108 jobs. And I want to point out here, Mr. Speaker, to the Minister of Fisheries and to the House, that the people of Musgrave Harbour have nothing, at this point in time, but good to say about Beothic Fish Processors, the people who are now operating that fish plant. I say to the Minister of Fisheries and I say to this House, in this petition those people are not talking about a fight with Beothic Fish Processors, it is not a fight with Notre Dame Bay Fisheries, it is just the simple fact that those people believe that by keeping their fish plant in their community they are keeping their bargaining position in the trade that goes on in fish.

Mr. Speaker, I want to address one other issue, and I want to address this to the Minister of Fisheries. The minister knows that there were letters submitted to the government in 1984, actually, four years ago, which said that under certain conditions the community, the Fishermen's Committee and so on, would be prepared to sell the fish plant.

That was a misunderstanding. I am

told by some of those people who were on the committee at the time that the letter should have read, 'If in the final analysis government decides to sell this fish plant, then we would prefer that it be sold to Beothic Fish Processors rather than sold to someone else.'

Their preference would be that the fish plant not be sold, that it be owned by the government, that it be kept by the government, and working through the Fishermen's Committee in Musgrave's Harbour, see that that plant was leased to the people that the Fisherman's Committee would want it leased to.

Now, besides that, Mr. Speaker, that letter was written in 1984, and I say to the Minister and I say to this House, that conditions have changed in that area since then.

In 1984, Beothic Fish Processors owned one plant in Valleyfield, on the other side of Musgrave Harbour. Today they own a plant in Twillingate. In other words, they have extended their capacity. And if the Beothic Fish Processors find themselves in a position - they are good people, but they are businessmen - where the fish stocks are down, or where they do not have enough fish to supply all of their plants, then it is quite likely, being businessmen, it is quite possible that those people will again take fish in the raw state out of Musgrave Harbour.

It is no secret, Mr. Speaker, to anybody who knows the Northeast Coast of this Province, that Musgrave Harbour supplies the greater portion of the stock, the greater portion of fish to fish plants around that area of the

Coast.

So, I say to the House and I say to the Minister, and I understand the Minister is going to speak to this, that I would hope that we can hear that he is going to support this petition, and I would hope that in meetings that we have planned with him this afternoon that we can work out the kind of deal whereby we see the people of Musgrave Harbour keep something that they worked for in 1976 - 1977, and keep their future in their own hands rather than passing it off to some person outside their community. Thank you, Mr. Speaker.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

The hon. the member for Twillingate.

MR. W. CARTER:

Mr. Speaker, I am very, very happy and very proud to support the petition that my colleague and friend for Fogo has presented today on behalf of 600 residents of Musgrave Harbour. I see nothing at all wrong with the Fishermen's Committee of Musgrave Harbour retaining ownership of that plant, that building. It is a building that was put there through their proverbial blood, sweat and tears. I believe it was built in about 1976 by the provincial government. It was built on the advice, the insistence, I suppose, is a better word to use, of the Fishermen's Committee and the people of Musgrave Harbour at that time.

I recall, in 1975, the landings in Musgrave Harbour were about 3.3 million pounds of fish. The committee at the time felt that

that volume of landing, that quantity of fish would warrant a small fileting plant being built in their community. Because, like a lot of rural Newfoundlanders in fishing communities, they were a little sick and tired of seeing the results of their labour being used in other parts of the Province to provide employment, the people of Musgrave Harbour at the time, headed by the committee, wanted to make sure that they would get the maximum benefits from the fish that they were landing. And you cannot blame them for that. Thanks to their persistence and hard work, the economy of that community, from what I can understand, has just about turned around in the past four or five, or seven or eight years.

Now, there is nothing wrong with that, Mr. Speaker. Musgrave Harbour has been fortunate in that they did attract one of the best fish plant operators, I suppose, certainly on the Northeast Coast, and, I would go so far as to say, maybe the entire Province. There is nothing wrong with Beothic Fisheries, but I believe that the Fishermens' Committee and the people of Musgrave Harbour have a right to be the architects of their own destiny, and that can best be done by them retaining ownership of that plant. Because, while Beothic Fisheries is a first class fish processing company, there is nothing to say that five years down the road, or ten years, or maybe even two years or one year, that plant could change ownership. I hope it does not, but it could change ownership. Then, what would be the situation in Musgrave Harbour? As it is now, Beothic Fisheries is expanding its horizons; they have a very

substantial plant in Twillingate; they have a smaller plant in Bridgeport. Of course, they have the major facility, the parent plant, I suppose, the flagship of their company in Valleyfield.

So, Mr. Speaker, I do not blame the people of Musgrave Harbour, and the fishermen, for wanting to retain ownership. It is certainly something that they have a right to do; they worked hard enough for it. I believe that that is probably the surest way of guaranteeing that the plant will continue to operate for their benefit. That is why the plant was built in the first place, to help the people of Musgrave Harbour. It was built there for their benefit and that is the way it should remain.

I support the petition, Mr. Speaker, and I would ask the minister to give very serious consideration to this petition. As I said before, of course, Fogo district and Musgrave Harbour has an excellent member who is fighting for their welfare.

SOME HON. MEMBERS:
Hear, hear!

MR. W. CARTER:
He and I have often talked about the fish plant in Musgrave Harbour and what a blessing it has been to the people there. I am sure that he wants to make sure that it continues to be a blessing, and that is why he is in his place today presenting this petition.

Mr. Speaker, again, I support the petition. I see nothing wrong with it. I think the original concept of that plant was that it be put there for the benefit of the fishermen and that is the way it should remain. I support the

petition.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

The hon. the Minister of Fisheries.

MR. RIDEOUT:

Thank you, Mr. Speaker.

I am very pleased to have the opportunity this afternoon, with a delegation in the galleries from Musgrave Harbour, to speak to this petition signed by 600 residents of that community regarding the proposed divestiture of the departmental owned facility in Musgrave Harbour.

First of all, let me say to the House, Mr. Speaker, that, as the gentleman for Fogo knows, I did not offer the sale of that particular facility to anybody. I believe the sale of the facility was offered in 1984, certainly a year or so before I became minister of the department, and as I recall the correspondence that was exchanged at the time, the only reason why the sale was not consummated in 1984 was because there was some difficulty with the ownership of the land on which the plant is located. In fact, the land, as I recall, was owned by the federal government and it was only within the last few months that the land was formally transferred from the Government of Canada to the Government of Newfoundland. Of course, once that was made known to the present lessee, the present lessee wanted to take up the offer that had been extended to that company in 1984 to buy the facility. So that is the background as to why we are debating, or talking about the sale of the facility again today. It was not offered by me or by the

department recently, the offer was made, in fact, in 1984.

Now, having said that, Mr. Speaker, let me say clearly, as well, that we are not in the business of selling fish plants against the wishes of communities, against the wishes of fishermen, or against the wishes of plant workers. I do not know of any case in the Province where we have divested ourselves of fish plants, in the three and a half years that I have been Minister of Fisheries, without the implied and explicit consent of the people in the particular community. I can say without fear of contradiction, and I will be meeting with the delegation, along with their member, after the normal proceedings of today's start, Mr. Speaker, that if the people of Musgrave Harbour do not want the fish plant sold, then the fish plant will not be sold. Thank you, Mr. Speaker.

SOME HON. MEMBERS:

Hear, hear!

MR. GILBERT:

Mr. Speaker.

MR. SPEAKER:

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

MR. GILBERT:

Thank you, Mr. Speaker.

I have a petition from 145 people in the community of McCallum, in the district of Burgeo - Bay d'Espoir. It is in the proper form: 'To the hon. House of Assembly in parliament assembled, the petition of the undersigned residents of the district of Burgeo - Bay d'Espoir, in McCallum, humbly sheweth; whereas the McCallum road is in such a

deplorable condition; and whereas the community has not had enough funds to provide proper maintenance the road has deteriorated to the point that it is virtually impossible to walk on; whereas residents of the community cannot even use a wheelbarrow to bring freight from the government wharf and oil for the school must be carried in buckets; and whereas we the undersigned petitioners call upon the House of Assembly to instruct the Minister of Transportation (Mr. Doyle) to allocate money immediately to reconstruct this road to the level indicated in the report done by his department in the 1984-85 fiscal year, as in duty bound your petitioners will ever pray.'

Mr. Speaker, the minister is aware, I am sure, of the condition of the McCallum road, because many times during the three years that I have been the member for Burgeo - Bay d'Espoir I have pointed out to the former minister and to the current minister the condition that this road in this community is in and what needs to be done. The minister is aware of what needs to be done with it, as I have called upon him many times to make the special arrangements that were agreed to in 1984-1985 for the funding of the two kilometer footpath in McCallum before it erodes into the sea.

Now, I find it very difficult to understand, Mr. Speaker, how a government can justify spending \$68,000 to place pavement on a road leading to a minister's private property

MR. BAIRD:
Forty-eight. Do not add on.

MR. GILBERT:

- a road that goes nowhere, when the people of McCallum are forced to carry their supplies.

MR. SPEAKER:
Order, please!

A point of order, the hon. the Minister of Transportation.

MR. DOYLE:
Mr. Speaker, I wonder if you could clarify for me whether or not a member, in presenting a petition, can read from an **Evening Telegram** ad, which is what the hon. gentleman has been doing every since he has stood on his feet to present the petition. Coincidentally, I happened to have a copy of that in my file, and I am reading along with the hon. gentleman what he is saying here.

I do not know if you can do that, Mr. Speaker.

MR. GILBERT:
Mr. Speaker.

MR. SPEAKER:
To that point of order, the hon. the member for Burgeo - Bay d'Espoir.

MR. GILBERT:
There is no point of order. That is the representation that I have made to the minister time and time again concerning the road in McCallum. It is there, it is public record. I am saying now, in relation to the petition that I am presenting from the people of McCallum, that I am going to table in this House pictures of the road in McCallum before I finish.

MR. SPEAKER:
To that point of order, I would ask the hon. member to confine his remarks to the petition that he is presenting. I am not suggesting

that he has not been doing that, I am just asking him to confine his comments to that.

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

MR. GILBERT:

Mr. Speaker, to continue, McCallum is a community that has forty-six fishermen. They contribute 3 million pounds of fish to the provincial economy every year, which is processed in the fish plant in Hermitage. I find that it is extremely difficult for the people of McCallum to understand how come they cannot get a road when government can spend \$68,000 paving a road to a minister's Shangrila, or his summer home, or whatever you want. This is very serious to them.

For that reason they feel that something should be done to improve the condition of that road. All they have are potholes, sewage pipes protruding through the road, and it is not fit to walk over. Mr. Speaker, the people of McCallum feel that they make a big enough contribution to the economy of this Province to be treated to at least a footpath, a footpath that you are able to walk on to go around the community, to bring oil up to the school.

The Integrated School Board for the Connaigre Peninsula published a report and one of the things they pointed out, Mr. Speaker, was that the road was so bad in McCallum that they could not use a wheelbarrow to bring oil to the school, they had to bring oil to the school in buckets.

Now, Mr. Speaker, this is serious enough that the minister should be able to listen and be able to do something to improve the suffering

that is being inflicted upon those people by a government that does not care. They recognized the problem three years ago. The people of McCallum have paid their taxes for the last three years, they have contributed their 3 million pounds of fish to the economy; they went outside McCallum and caught that fish, brought it in, sold it to Hermitage, where another 100 Newfoundlanders were employed for four months. So they have paid their debt. It seems to me that this government has forgotten everything about rural Newfoundland, or any sense of decency they had concerning people in the many communities like McCallum, but in McCallum in particular.

I would like for the minister, when he gets up to address this petition, to say that he is going to do something.

MR. SPEAKER:

Order, please!

The hon. member's time has elapsed.

MR. GILBERT:

In conclusion, Mr. Speaker, I notice that there is \$50,000 in the budget for all local roads in communities, like McCallum, throughout the Province. Mr. Speaker, that is not good enough, and I ask the minister to make a special effort to ensure that the road to McCallum is paved. I would now like to table this petition.

MR. FUREY:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for St. Barbe.

MR. FUREY:

Mr. Speaker, I am glad to be able to rise in my place and support the prayer of this petition so ably presented by my colleague, the hon. the member for Burgeo - Bay d'Espoir.

Mr. Speaker, what this House just witnessed moments ago, as my friend for the district of the Strait of Belle Isle pointed out to me, was democracy in action. We saw the member for Fogo come into this Assembly and present a petition asking that the government not sell the fish plant in a part of his district. What happened was the Minister of Fisheries rose in his place afterwards, Mr. Speaker, and immediately recognized the wisdom in the prayer of that petition and without playing politics or belabouring the point, he immediately acceded to the request so ably presented by my hon. colleague and friend from Fogo; he instantly showed democracy in action.

Now what we just saw was the member for Burgeo - Bay d'Espoir rise in his place to present, very capably, an honest request from the people of McCallum. The road they have down there, Mr. Speaker, is not even a road. My colleague referred to it as a footpath. He was being kind, Mr. Speaker, it is a sheep-path. That is all it is. It cannot be any more than that from the pictures that I saw, and I have no reason to believe that those pictures are not credible and honest.

But what happened was that the Minister of Transportation immediately rose in his place, and I thought, wow! we are going to see democracy in action again, right now, we are going to see him mimic the Minister of Fisheries

who showed that democracy is alive and well in the Province of Newfoundland, and that these petitions are not just presented and tossed in some wastepaper basket somewhere on the eighth floor or wherever else.

I thought the minister was going to stand up and immediately report to the member on a point of order, Look, hon. member for Burgeo - Bay d'Espoir, you are raising some terrific points. I still have 65 per cent of my \$40 million budget left for roads. Sit down, my son. Do not worry about it. It is going to be done. Democracy in action is alive and well and we believe in fairness and balance.

SOME HON. MEMBERS:

Hear, hear!

MR. FUREY:

BUT, Mr. Speaker, what did we see? We saw the minister responsible for the highroads in this Province, and the byways and the lowroads, get up and just refer to a newspaper article and say that my hon. colleague could not even refer to it. What he did was he stood in his place and admit that he was fully and comprehensively aware of the problem with this road in McCallum. But did he say I will do something about it? Did he say I will pave it? Did he say I honestly understand the genuineness in the hon. member for Burgeo - Bay d'Espoir's plea on behalf of these 145 people? No, he did not, Mr. Speaker. He got up and made a frivolous and nonsensical, infantile point of order. That is all it was.

Mr. Speaker, the truth of the matter is that a lot of these people in a lot of communities around this Province are hurting

because of the state of the roads that they are asked to operate on; they are asked to perform commerce on; they are asked to bus kids on. And my hon. colleague from Burgeo - Bay d'Espoir has brought forth yet another one. Many people, Mr. Speaker, and it is no coincidence that many of them are on this side, have brought numerous requests before this minister with respect to roads throughout their districts.

I have a personal case in Bartlett's Harbour. The hon. the member for the Strait of Belle Isle has cases where he can show that this is necessary, Mr. Speaker. When I heard the hon. member saying that they actually had to take buckets of oil in a wheelbarrow along this sheep-path,

MR. GILBERT:

You cannot even use a wheelbarrow.

MR. FUREY:

You cannot even use a wheelbarrow. He tells me now, Mr. Speaker, they could not even use a wheelbarrow the road is so bad, sewer pipes are jutting up everywhere. Now, just imagine! You cannot even use a wheelbarrow.

MR. SPEAKER:

Order, please!

The hon. member's time has elapsed.

MR. FUREY:

Mr. Speaker, may I conclude?

MR. TULK:

By leave.

SOME HON. MEMBERS:

By leave!

MR. FUREY:

So local residents, Mr. Speaker, are asked to carry buckets of oil

to the school because this footpath he refers to - I call it a sheep-path - is not even fit to put a wheelbarrow on.

Mr. Speaker, this Minister of Transportation cannot deny his responsibility nor neglect the people of McCallum nor the prayer of this petition so ably presented by the member for Burgeo - Bay d'Espoir. Let this minister rise in his place now and say that he has 65 per cent of the \$40 million left, that it is not allocated yet, and that he will make sure that the people of McCallum will get their tiny little morsel from that \$40 million to do what is right and proper and give them a decent road so that they can live properly in this Province.

SOME HON. MEMBERS:

Hear, hear!

MR. MITCHELL:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for LaPoile.

MR. MITCHELL:

Mr. Speaker, I would like to support the petition presented by the member for Burgeo - Bay d'Espoir. I know this will come as a shock, since I am a member on the government side of the House, but I certainly can sympathize with people living in small communities in Newfoundland that are not connected up with the road system in our Province and, therefore, do not have the same type of road network that we experience in communities that are connected with our road network that cars and vehicles travel on.

Mr. Speaker, in my own district I have three communities that are not connected with the

Newfoundland road network, and they are Petites, LaPoile and Grand Bruit. I must say that we would not be able to drive a car on any of those roads; they are designed primarily for people who walk. Certainly I would have to support the petition that has been presented here today to see that more money is put into that part of the budget. I understand that there is something like \$50,000 in the Transportation budget to look after roads in these rural communities, and I would like to see that budget increased so that we can have adequate roads.

The reason, Mr. Speaker, for my argument is that in a lot of those rural communities, they contribute heavily to the tax system. In most of these communities, Mr. Speaker, they have thriving industries, especially in the fishing industry, and this is why people live there, and they make a tremendous contribution to our tax structure.

I think that more money should be allocated in that roads agreement to make sure that the people who live in these rural areas have adequate roads to walk on and to be able to use certain pieces of equipment that they rely on in these communities, so that they are not just travelling in mud and on goat paths, as was mentioned. Certainly, Mr. Speaker, a lot can be done to improve this situation.

So, I support the petition and I also ask that any consideration that is going to be given to McCallum also be extended to the three communities that I mentioned in my own district. Thank you, Mr. Speaker.

MR. DOYLE:

I would like to have a word or two

on it, Mr. Speaker.

MR. SPEAKER:

Order, please!

I would like to draw hon. members' attention to our Standing Orders on petitions, and I will read 92.1 "In addition to the member presenting a petition only two other members, one each from both sides of the House, may speak to a petition and in so doing they shall not speak for more than five minutes each."

We can, of course, ignore our Standing Orders, by leave.

Does the hon. the minister have leave?

SOME HON. MEMBERS:

Yes.

MR. SPEAKER:

The hon. the Minister of Transportation.

MR. DOYLE:

Mr. Speaker, I am pleased to stand and speak to the petition presented by the member for Burgeo - Bay d'Espoir. In so doing, of course, I would like to point out that my hon. friend is quite correct when he says that much more money needs to be placed in that particular section of the budget, because roads in McCallum, contrary to what the member for St. Barbe may think, are under the jurisdiction of a local roads board. They do not come under the normal funding mechanism that the hon. member refers to, which is the \$35 million in capital funding which my department makes available every year for roads - \$40 million this year. They do not fall into that particular category, Mr. Speaker, they fall under the jurisdiction of the

local roads board which receives an annual grant based on ten dollars per capita. Incidentally, that has been increased this year. It was ten dollars per capita in 1986 - 1987, and that has been increased this year.

Ever since 1981, which is what I am aware of, from 1981 up until today's date, McCallum, like every other community that falls under the jurisdiction of a local roads board, has received funding every single year, but, of course, as I said again, Mr. Speaker, based upon a per capita.

I would point out to the hon. gentleman, as well, that officials of the Department of Transportation have visited the area and they have prepared an estimate of what needs to be done beyond the scope of that grant that they receive on an annual basis. Consequently, we have determined that approximately \$100,000 is needed, and the people of McCallum have requested about \$100,000 in the 1988 - 1989 capital budget.

Mr. Speaker, I want to point out again that, unlike what the hon. member says, the roads in McCallum have been funded every single year under the old local roads board system. In that particular section of the budget there was approximately \$52,000 last year to be increased this year. Last year, McCallum received 16 per cent of that entire allocation. Granted the allocation for the local road boards is not any big programme, but last year McCallum did receive 16 per cent of the entire grant that we make available to local roads boards.

Mr. Speaker, again this year McCallum will receive funding

based upon the per capita grant, and based upon the population. We have, as I said a moment ago, identified approximately \$100,000 worth of work that needs to be undertaken and hopefully, Mr. Speaker, that can be done; I am not in the position to say it will or it will not this year.

Orders of the Day

MR. SIMMS:

Order 2. Committee of Supply, Mr. Speaker.

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:

Mr. Chairman, we will be doing Consolidated Fund Services, Legislative and then Executive Council. So, if Your Honour wishes to proceed.

MR. CHAIRMAN:

Under Consolidated Funds we have one item to be voted on, Head 2.1.02.

MR. BAKER:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Gander.

MR. BAKER:

Thank you very much, Mr. Chairman.

I realize that most of the items are statutory and there is only one Heading here that we have to vote on, however, there are a couple of things that I would like to point out for the record concerning this section.

MR. SIMMS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the President of the Council.

MR. SIMMS:

I wish to clarify that the general procedure is ten and ten back and forth, I believe.

MR. CHAIRMAN:

Fifteen, fifteen, and then ten.

MR. SIMMS:

Fifteen at the outset, and then it is ten and ten, I understand. So long as everybody understands that.

MR. CHAIRMAN:

The hon. the member for Gander.

MR. BAKER:

Thank you, Mr. Chairman.

First of all, the Consolidated Fund Services involves servicing the public debt of the Province. In the introduction to the section in the Estimates for this year we find a description of the functions and so on, and one line, particularly, caught my eye. They talk in terms of the expenditures, and they say 'The expenditures are offset, in part, by interest earned on the temporary investment of surplus funds...' I want to say something about that

particular item, to begin.

First of all, the government is projecting, estimating, revenue of \$14,992,700, almost \$15 million revenue, from these temporary investments. There seems, to me, to be a little bit of convoluted logic in this.

In order to service the debt, we take the trouble to point out that our temporary investments could partially service that debt when, in reality, you see, what it says to me is that because of the large income from the temporary investments, perhaps we did not need to have that much money on hand in the first place, which means that we did not need to borrow as much in the first place, which means that there would not be as much of a debt to service.

It seems to me, that in a sense the admission that we are using this amount of money from our temporary investments to service our debt, this admission is an admission that perhaps our debt could be a little lower. And it is a losing proposition, because we pay more, Mr. Chairman, to get that money in the first place than we ever gained through the temporary investments that we put them into.

So it is, in fact, a losing proposition, and perhaps the \$14 million to \$15 million that we expect to earn in temporary investments are, themselves, perhaps costing us \$17 million or \$18 million, so that that is a kind of losing proposition.

I think the minister explained previously that last year there was an unusually large amount in temporary investments throughout the year. And I see that he is

also projecting a very large amount in this coming year.

Last year, he earned, in the revised budget, a little over \$18 million and he is still projecting \$15 million, so he is planning, then, to have still a large amount of money in temporary investments which seems to indicate to me, Mr. Chairman, that maybe some of the money he is projecting he needs to borrow he really need not borrow -- maybe up to \$120 million or \$130 million he need not borrow. That is the first point I would like to mention to the minister with regard to this section.

The second thing, Mr. Chairman, and this is a point of clarification, I suppose, more than anything else, there is a new item this year. Again, it comes under a statutory thing, item 1.1.09, that does not need to be passed in this Committee, and it has to do with Newfoundland Government Sinking Fund Surplus Earnings. I have a number of questions about it. Number one. It has never existed before, therefore, how did it become statutory when all of a sudden it suddenly appeared? What statute are we referring to? And another question about this particular amount. There is a figure there for the 1987 - 1988 revised and budgeted figure. According to what is here, the revenue from the Newfoundland Government Sinking Fund Surplus Earnings was budgeted last year for \$26,720,000, but revised to \$26,934,000. In actual fact there was no budgeted figure last year, none whatsoever, and sometime during the year the Finance Minister decided to make a change, and I assume it was well toward the end of the fiscal year. I am not absolutely certain about that. How can this, then,

appear in this particular document as a budgeted amount for 1987 - 1988 when it was not a budgeted amount? And it is statutory all of a sudden, indicating that last year it was statutory, as well, when, in fact, it did not exist.

It is a strange kind of situation. I have another question about that amount, too. It seems to me that the assets in our sinking fund, if I remember correctly, were in the vicinity of \$700 million to \$800 million, I am talking about total now, accumulated over the years, and I am at a loss to understand where the \$28 million comes from. Is this a figure that represents interest earned on that \$800 million in the sinking fund? Because if it is, it means that it is only earning about 3 per cent to 4 percent interest.

MR. BAKER:

Is this an amount that represents an amount of money that is in a sinking fund that is over and above the amount that it would take to pay it off? Is that what it represents? That is something that I would like the minister to explain.

The total servicing of the public debt including, well, the interest amount that is mentioned in the beginning of the section that it takes to service the debt, I believe, is somewhat in excess of \$453 million. Also, there is a debt redemption in this coming year of \$184 million which leaves a rather large amount in terms of our budget in terms of servicing and repaying debt of close to \$640 million. It seems to me a very large amount, although the minister might argue in percentage terms.

MR. WINDSOR:

Which one are you on now?

MR. BAKER:

I am getting towards the end of it and the total amount taken to service the debt, plus the debt redemption of \$184 million. I am pointing out there is a rather large chunk out of our budget. The minister might point out that this, percentage-wise, is probably acceptable under financing considerations. It still seems that \$640 million is a lot of money, no matter how you look at it, even if it is only around 20 per cent of our budget. So, Mr. Chairman, these two things are particularly of concern to me.

There is a final point I would like to make and that is the pension funds and the expense of the pension funds, which is included, and again, I can understand how that is statutory because it is agreed to. It is automatic.

However, there have been recent statements made, Mr. Chairman, concerning the government pension funds, I think, by the minister or the President of Treasury Board maybe, but by one of the hon. gentlemen. I believe it is the Minister of Finance. It had to do with the pension funds being underfunded. The fact that the percentage being paid in, combined by employee/employer, was not really enough to fund that particular liability as it is coming due, and very soon -- starting now, I am assuming -- the employees are going to have to take a greater responsibility in terms of making sure the pension plan is viable.

I think the minister did make the point, and I think everybody was

pleased to see that he made this point, that the unfunded liability that had occurred in the past government would have to cover, the government would cover and so on. What he was talking about was starting out fresh now and making sure that the pension fund was self-supporting.

What I would like to ask the minister, in terms of this, is that as soon as the minister makes that statement, because we have all known about the government's unfunded liability -- it is always included as a note to the financial statement -- but as soon as the minister makes the statement that 'We starting over. We want to make the pension fund viable and standing on its own feet, and we are taking over the past responsibility of paying this money back,' then, it seems to me, that becomes a real liability that perhaps should be mentioned, not only in a note to the financial statement, but actually be put in the financial statement somewhere. I am not a person who is well trained in accounting methods, but it seems to me that once that admission is made publicly that that is, in fact, a debt now that the government is going to handle, perhaps the government should physically start making arrangements to handle that debt even to the extent of setting up a sinking fund to make sure that over the next ten or fifteen years there is money that is there to handle this unfunded liability.

So these are my few comments, Mr. Chairman, on the Consolidated Funds Services. I am anxious to hear the minister respond.

MR. WINDSOR:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Chairman, just very briefly to address a few things. First of all, on Temporary Investments, which I think was the hon. gentleman's first point, that is basically what it says. These are temporary, short-term investments at any point in time we have a cash surplus.

At various times during the year, because of the way in which revenues are received and particular cash flow requirements at the time, there may be some funds which are put into short-term investments, which is the logical thing to do. We raise money like that.

That is not to say that we are borrowing too much. For instance, right now, at this point in this fiscal year, we have some surplus cash on hand, probably a couple of hundred million dollars, that we have now invested on a short-term basis, and it will be drawn down as we need it. We have not borrowed any money. We will be undertaking to borrow some money, perhaps, over the next month or two because we will find ourselves in a situation over the next couple of months where we start to pay out large amounts of money.

For instance, as we discussed during Interim Supply, large numbers of commitments are made in the beginning of the year, bulk purchases of supplies are bought which are going to last us for the whole year. So there are some large expenditures of money that will be paid out in lump sums that will serve throughout the whole year. That tends to draw down in short order any surpluses that you

might have in place. So that fund goes up and down on a regular basis. There is a committee of people responsible for investing that amount of money, and they have done extremely well by it, and we have made some money.

Last year, as the hon. gentleman points out, we actually made more than we had predicted. That was for two reasons: (a) Because our cash flows were better than anticipated, simply because business and retail sales were up, and so we received more retail sales tax than we had anticipated, and, as a result of that, therefore our cash flows were more favourable. It also allowed us to defer, by the way, our borrowing programme until later in the year. In fact, we were able to put off altogether a U.S. borrowing. The hon. gentleman may know that when you borrow in the U.S. you make a payment at six months, whereas in Canadian you are making it all at the end of the year. So there were benefits there. That is why that amount was up over and above what was predicted.

Plus interest rates were good and exchange rates were very favourable. All of these things impact in one way or another on the kind of revenues that we earn on that there. That simply goes to eliminate or reduce the amount we have to get from other sources.

So I do not see any inconsistency, Mr. Chairman, in those estimates and amounts that were there. It is a good, normal sort of thing. In fact, we sometimes get into a deficit position. So, as the hon. gentleman knows, we have a \$10 million short-term borrowing programme, a sort of revolving account, which allows us to deal

with that, sort of an overdraft position which gives us basically some working capital to actually go on overdraft for short period of time, but we try to avoid that as much as possible. So I think that explains that, Mr. Chairman.

As it relates to the second item the hon. gentleman mentioned, which is on the sinking fund, the \$27 million, the hon. gentleman had two or three questions there. First of all, how come, since it was not in the budget last year, now we have an amount shown there? Well, actually it was in the budget but it was in another place. It was actually in capital account. As a result of discussions with the Auditor General, in fact, at his suggestion, we looked at it and decided that it really was a current account item and so we transferred. It was not new money coming in. It was not money that we did not anticipate. It was money that was there. It was just an accounting treatment. Simply, all that represents is that the sinking fund, as the hon. gentleman knows when we establish or take out a capital borrowing, then a sinking fund has to be established.

The other question he asked me was: What makes that statutory? Every time we do a borrowing, there is a bill introduced in the House of Assembly. So it is statute in that that particular piece of legislation that established that capital borrowing programme, each one of those items has, as a statutory provision, that we must establish a sinking fund. So that is what makes it statutory. It was there in that it was in another part of the budget but not in this particular subhead. It was a new subhead

created.

What it amounts to is simply that when we put in principal amounts to look after the amortization of that capital borrowing programme, it earns interest and we normally try to estimate how much we would have to put in so that principal and interest will be sufficient to retire the loan at the end of the period. Sometimes, obviously, if we are going to err, we try to be conservative, and we have been over the past year \$27 million conservative. So that comes in a reflects as current account for this year. It does not change the bottom line. It does not change the amount of money in the bank. I think I pointed that out very clearly in the budget speech, but it does impact on the current account deficit for last year in the favourable manner of \$27 million. I think, if I am not mistaken, the impact will be about \$25 million estimated for the current fiscal year.

On the matter of pensions, Mr. Chairman, as I pointed out and as the hon. gentleman said, it is not that there is not sufficient funding in the pension plan at the moment, it is just that our liabilities are increasing faster than the amount that is being contributed so we can see a point in time when the funding that is in that fund will not be sufficient to pay the pension benefits that are required and as earned by employees of government, so we have to deal with that. Government recognizes that for many years we did not contribute to that pension fund so there is an unfunded liability that has been building up and it is just that, it is a liability.

We recognize that and we will

certainly be meeting our obligations for that unfunded liability. What we have not put in, we will certainly put in. There is certainly no question at all that we would ask our employees to cover our share of that unfunded liability. Cost of service is what I am talking about. The cost of service today is greater than the amount of contributions that are being put in. In other words, we are building up more liabilities than we are putting in contributions.

Go ahead, you wanted to ask a question.

MR. WELLS:

I am not quite sure what you are saying. I had a different impression the other day when the hon. minister spoke on it. Are you saying that we are paying out more now, out of the fund, than in fact is going in, or we are building up a greater liability to pay out in the future than we are properly providing for in actuarial terms? That is what I thought you had said.

MR. WINDSOR:

That is right. That is what I said and that is a fact. There is in fact a surplus on some plans. Actually, the MHA Plan and the Uniform Services Plan is in a deficit position, so we are actually picking up the deficit on those two, a reasonably small amount. The larger plans, the Public Service Plan and the NTA Plan, those are the big ones which have the big financial implications. Those are still positive. We are taking in more money than we are paying out, so there is a surplus there.

But there is a point in the future when the benefits that will be

paid out will certainly exceed that and the fund will be depleted, perhaps in twenty or twenty-five years time, based on the actuarial studies. We have to deal with that. That is a problem and it is a joint problem. It is not a government problem. This is an employees pension plan and it is one that we share jointly with our employees.

We want to insure that they have some financial security in the future after working twenty-five or thirty years with government and paying into a pension plan. That is why the plan is in place in the first place, to benefit our employees in the future in their retirement, so it is in their interest and ours to work together jointly with them to resolve that issue and insure that there will be sufficient funding in place.

Otherwise, somewhere in the future some government is going to have an incredibly horrendous current account liability to pay out on an annual basis.

Another question? Sure. Go right ahead.

MR. BAKER:

I was interested in the mechanism. I suggested that to make up for the past deficit the government has not been paying in for a number of years and so on, is the government actually going to now put that money in on paper? I am interested in that mechanism because if they are not going to put that money in on paper, then how do we know if the contributors are not going to be picking up the back tab?

MR. WINDSOR:

They are not. Again, it is on paper. What we are saying is we

accept that and what we will ask our employees to do is bear a fair portion of the cost that will be required to meet the liabilities that are built up from here on in.

We will accept the fact that somewhere in the future, whenever we have to pay out that amount, we will be paying out of current account some subsidy which is in fact to amortize the unfunded liability we have built up. We do not have a question about that. We will not be asking our employees to bear any portion of that, but we will not be putting \$800 or \$900 million into an account tomorrow to cover that liability.

The actuarial study tells us what our liability is, if we had been contributing and had been building up interest and everything else, how much money should be in the account. But we are not going to put that amount of money in the bank tomorrow. It is a liability we will hold and we will meet that liability when it becomes due and payable.

You have to be careful not to confuse the cash flow situation with your actuarial liability, and that is what I am talking about, actuarial liability. At the moment, the cost of present service, the benefits that are accruing, the liability for the future, the cost of those liabilities are greater than the amount that we are contributing. So we will have to get our contributions up to the point where they match.

MR. WELLS:

So, it is not what we are paying out, it is the liability that we are giving up. When the minister

uses the words 'the cost of what we are paying out is greater than what we are paying in', that confuses it and it makes it look like it is current.

MR. WINDSOR:

Cost of present services. The benefits that people are building up now and the liability we have for the future.

Mr. Speaker, I think that that adequately explains that. If there are any other questions I will certainly try to deal with them?

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Mr. Speaker, I am glad to hear that the Minister of Finance has finally cleared up the confusion that he is spreading throughout the land on the pension fund there.

MR. WINDSOR:

(Inaudible) confuse you.

MR. FENWICK:

No, you were not. In the speech you made down at Murray's Pond you said that there was more cash going out than cash coming in. You did not say about the accrual of obligations. I got exactly what the quote was so there was no problem with it. I am glad to hear the minister make the same mistake again today, but finally clear it up because, quite frankly, he did say exactly the same thing. If he wants to check Hansard, he will see he said the same thing again. But that is beside the point, Mr. Chairman.

There are a number of other things

with the Pooled Pension Fund I think we should be talking about here. Because, in fact, as the minister indicates, there is the various performances with all four of the funds. As he has indicated, the MHA plan is the most badly underfunded of the bunch, if you look at it as a proportion of the amount that goes in each year and the amount that goes out. There is something in the range of about 175 percent going out of what is coming in in terms of premiums, if you look at it on that particular basis.

If you look at the uniformed service one, which, of course, is a service plan and is designed to be subsidized by the government, you are talking about firemen, policemen, and warders who only work a twenty year span and then are put on early retirement because of the physical challenges of their job, I do not think anybody objects to that. That one I believe, if you look at the last figures on it, you will see about 160 percent is going out versus what is actually going in.

But the public service plan and the teachers plan is actually performing reasonably well on a year to year basis. For example, the amount coming into the public service plan, which, by the way, has something in excess of 28,000 people in that plan. That plan itself is only paying out about 38 percent of what comes in on the last figures that we have.

Although, if the minister were to table the Pooled Pension Fund information which I think is due for 1986-1987, we would have a better idea of what is going on. But since we do not have them, the most recent stuff we do have indicates that the public service

pension plan is in remarkably good shape. Even the teachers plan is only paying out about 50 percent of what it is bringing in.

So, I think we should understand that the major plans that are badly underfunded in terms of getting money are the MHA plan and the uniformed services one. The only one with, quite frankly, an excuse is the uniformed services one, so I suggest if we are really talking about cleaning up the act on the way that these plans work, then the MHA plan is the one we have to look at because that is the one that is badly underfunded.

Since the minister refuses to eliminate double dipping, which, of course, is the practice of having two salaries - one a pension and another salary from a government authority - on that basis, we really have a very difficult situation. As we know, if you become a Supreme Court Judge and get is it \$126,000 a year?

MR. LONG:

Yes, something like that.

MR. FENWICK:

Yes, \$126,000 a year, we have two Supreme Court Justices in this Province, both of which are receiving a pension on top of their regular pay.

DR. COLLINS:

It is a different employer.

MR. FENWICK:

Oh, I know it is a different employer. It is the federal government, but it is still coming from government funds and I would suggest to the Minister of Finance that may be in an appropriate way to start attacking this deficit is by making it a lesson to every

member of this House that we cannot go on double salaries like that, but this is a suggestion I have on it.

The other suggestion I wanted to make to the minister is this: Our Pooled Pension Fund has about \$330 million the last time I heard, I think it was somewhere towards the end of last year. This is \$330 million which is invested in a variety of mutual funds, of particular common stocks, of debentures, of foreign earnings and so on. There are a whole variety of things that it is involved with. The thing I find quite alarming is, as far I know, there is not one red cent in the Pooled Pension Fund of \$300 million—plus that is in a single operation that exists here in this Province, is domiciled here. That is, none of the companies here in this Province have any equity funding coming from this particular Pooled Pension Fund.

It seems to me if one of the problems we are having is getting the money we need in order to operate our economy, the Pooled Pension Fund should not be so rigidly structured so that it cannot help develop our own Province. After all, if we do not have confidence in our own ability to create industrial activity and to create employment, then I cannot see how we can go and start asking other people to do it if we will not invest our own money in it.

Mr. Chairman, I should indicate there is some money from the Pooled Pension Fund in some of our companies here in terms of bonds, in terms of loans essentially, but that is not really the same thing. I suggest to you that it is more appropriate to do it that

way.

Now, before the minister gets up and starts telling me that this is not possible to do, he should recognize that, in fact, it is possible to do. The legislation under which our pension fund is administered is the Pension Standards Act, I believe, of the federal government, which is one that provides that up to 90 per cent must be in certain kinds of investments, and a lot of those investments are what is commonly referred to Blue Chip funds and so on.

But Mr. Chairman, there are 10 per cent of the funds that can be invested in other opportunities, in other words, in less secure operations like we may have here in this Province.

So what I want to suggest to the Minister of Finance is if he could explain to us why we have not been directing what in this case would be in excess of \$30 million into investments within our own Province which are obviously quite excessible as a result of that pensions legislation, and are sitting there in a pension fund that we as members of the House of Assembly and as other public employees in this Province are donating into.

So I think those are some of the questions that I particularly have with respect to that particular aspect of the pension fund.

MR. CHAIRMAN:

Shall 2.1.02 carry?

MR. FENWICK:

Hold on now, are we getting answers to that?

SOME HON. MEMBERS:

Carried. Carried.

MR. WINDSOR:
Mr. Chairman.

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

MR. WINDSOR:
I certainly do not want to carry it, but I think I should respond to a couple of points made. First of all, the hon. gentleman talks about the MHA pension. The MHA plan is very similar to other MHA plans across Canada and for good and valid reasons, obviously.

It has never accrued enough money, in fact, to be able to meet its liability. It has been in a deficit position almost since the day it was instituted. I am not about to accept the hon. gentleman's socialist philosophy of taking away benefits that people have earned and paid for in their employment. This is not something that is gratefully given to those former employees, it is an insurance policy that is shared on a 50-50 basis with government that we purchased, an insurance policy or a pension plan is a similar sort of thing.

So these are benefits that are purchased by amounts contributed by those employees. We neither have the right or any intention of taking that away from those employees when they are legitimately entitled to receive them, regardless of what employment they wish to pursue after they finish with government. I am not about to accept the hon. gentleman's philosophies on that as I do not accept a lot of his philosophies in other areas.

The Public Service Pension Plan,

Mr. Chairman, is in a reasonably good condition. It is not in such a difficult position that it cannot be dealt with on a reasonable basis. It is still underfunded as it relates to the liability - I will not get into that again - but we do have to increase the amount of contributions there to insure the long-term stability, but it is not what I would consider as major a problem as a teacher's pension fund, for instance.

The teacher's plan, by far, is the most serious problem we have to face. It is a very, very generous pension plan, more generous, I think, than any other teacher's plan in Canada. The benefits are accruing at a very high rate and the amount being contributed is not proportionate to the amount of benefits that are being accrued.

That has to be dealt with, and it can only be dealt with, of course, in conjunction with the teachers, which is the way we intend to deal with it. We have the actuarial report now completed and we will be discussing that with the teachers over the next few weeks, in fact, the situation is we want to get into some discussions on that and try to deal with the problem, because it is a problem. It is a problem in future for the teachers, and it is one that we want to get on with and discuss.

As it relates to the Pooled Pension Fund, Mr. Chairman, the hon. gentleman makes some points that we could look at, and we will look at that. I could simply say, in defense of our pension assessment committee that they have done an extremely good job of investing our funds. We are very, very careful to ensure that we are not getting into riskier ventures,

and, in fact, I think history proves, when we went through the stock market crash there last Fall, that we fared very well. We had very little impact, very little loss, if any, on our pension funds. We were very well spread out and very well protected when that happened. I think that it is important when you are talking about the future of financial security of former employees of the Province that any risk involved with those investments be minimized.

That is not to say that we cannot invest in Newfoundland industry or Newfoundland business with a reasonable amount of security, but we are talking about other peoples money here and we want to be certainly sure that there is only a reasonable risk. In fact, we have done very well and that fund has grown as a result of the investment that we have made. So we are quite pleased with our record in the past and we will continue on in that regard, Mr. Chairman.

MR. FENWICK:
Mr. Chairman.

MR. CHAIRMAN:
The hon. the member for Menihek,

MR. FENWICK:
Just a short question, because actually you are missing the member for Stephenville. I think really he should have the floor in a second, but I just want to ask the minister a short question.

The last recorded statement we have, or last tabled statement, on the Pooled Pension Fund was for the year 1985. I believe that there is one due each year. Could you give us some indication of what has happened in 1986 and then

perhaps even 1987? I will yield then to the member for Stephenville.

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

MR. WINDSOR:
Mr. Speaker, I will undertake to check that out and I will get back to the hon. gentleman. If there is information that I can make available, I will do so at the earliest possible opportunity.

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

MR. K. AYLWARD:
Thank you, Mr. Chairman.

I just have a few questions with relation to the servicing of the public debt. In looking at the Estimates document, Mr. Chairman, it says, "In addition, debt payments on various Government buildings, inclusive of interest and principal payments on the debt of the Crown building corporations, are made."

I am very interested in what the cost is of the new buildings that the government is building, especially the new West Block, as they call, that we just saw built in the last couple of years. I am very interested in what the sum of money was that was spent on putting that building up. What is the debt on the building and the cost of that debt? As it has been pretty well completed or is still being completed, I am very concerned about the long-term debt incurred by the Province for this very large expenditure.

Also, I am very interested in some of the buildings that have been put up recently or are being put

up by the government. What types of expenditures are being incurred by any new building construction for government, and, again, what is the estimated cost of this debt on an annual basis?

I have questions about that, because I feel that we are using a great deal of our money to service much of this debt. I am very concerned that maybe some of these buildings, Mr. Chairman, could be best, maybe, put somewhere else. Either that or the monies spent in a different way, or not as much being spent on the service, especially this new secondary Confederation Building that we now have. While it is a nice structure, what is it going to cost us in the long run? That has to be a major concern and I hope that the minister can try to address that question.

Other than that, Mr. Chairman, I do not have any other questions, except for the pension plans. There always is a great deal of concern expressed when you look at the amount of debt that we have and people who down the road will be retiring are very concerned about the pension plan. They would like to make sure that those concerns are addressed.

Thank you, Mr. Chairman.

MR. WINDSOR:
Mr. Chairman.

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

MR. WINDSOR:
Mr. Chairman, thank you. I will very quickly, not to take up too much time of the Committee, try to respond to a couple of these things.

First of all, the hon. gentleman asked me several questions on buildings and what they were for and everything. Those are really questions that should be more properly addressed to the Minister of Public Works (Dr. Twomey). We are here talking about the debt of the Province and I do not have the detailed information to get into long-term debates on that other than what does it cost in the long run. Without going into details on each building, let me say that it was all very clear that when we considered putting that Extension or the West wing of Confederation Building on, the Department of Public Works carried out a very thorough analysis of what it was costing us to rent equivalent space in the City and what it would cost us to build a new building versus continuing to rent. The cost-benefit analysis clearly showed that we could save considerable monies over twenty or twenty-five year term by building a new building.

Not only that, there were efficiencies that you can hardly cost in there. I know when I spent five and a half years operating out of Atlantic Place, it was a tremendous place to do business from the point of view of the Department of Development, which I was in at the time, because I was downtown with financial institutions and oil companies and everybody else that I was dealing with on a daily basis. But it was very inefficient from the point of view of time, of being here for the House of Assembly, or for Cabinet meetings or anything else. There was a lot of time spent by people running back and forth from one building to the other, messengers running back and forth with mail and so forth. So there are very

major inherent efficiencies in having the new wing adjacent to Confederation Building, over and above the direct cost-benefit of building that building and paying for it over a period of time versus continuing rental accommodation. The study very clearly showed it. I think that information, if I am not mistaken, was provided here in the House at the time that we made that decision. It showed very clearly that there were benefits.

Such is the case with all buildings, Mr. Chairman, that we are involved in. The Department of Public Works does a thorough cost-benefit analysis. It is on the strength of that cost-benefit analysis that decisions are made whether or not to build a building or to rent. In some cases, there are cases where buildings are available, particularly older buildings, perhaps, that are quite satisfactory, but because they are older and because the debt has amortized on them, rental rates for various reasons may be low so that it is more economical to rent than to build or to purchase. In fact, I should say that we looked at a couple of buildings that were available for purchase at the time too. We found that out of all of the options that this was the most economically feasible route to take.

On the future of the pension plan, I do not want to leave a false impression, Mr. Chairman, in the public eye that nobody is going to get paid in the future; that people are not going to have pensions in ten or twenty years time. If that were the case, then we would not be taking the kind of action we are taking; we would not have shown, as we did a number of years ago, by initiating payments

into the pension fund which prior to, I think, eight or nine years ago, there was no contribution made at all to meet the cost of pensions. This government, this administration, brought in that concept and began to pay. Obviously we are still not putting in as much as we should, but within the limitations of our financial ability we are making major contributions to the pension fund.

If we were not doing that, our unfunded liability would be quite a bit larger than it now is. I think we are putting in something like \$27 million this particular fiscal year towards that fund. So I do not want to leave any false impressions that there will not be any funding there to pay pensions twenty-five or thirty or forty or fifty years down the road, because we intend to deal with it jointly with our employees, and I think that is a very fiscally responsible position to take. It is because of that type of position and because of our attitude on it that there will indeed be funds available because we intend to deal with the problem that is before us.

Thank you, Mr. Chairman.

MR. BAKER:
Mr. Chairman.

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

MR. BAKER:
I do not want to tie up anything. I just need about two or three minutes to reiterate one point.

In terms of the teachers' pension plan, I would like to point out to the minister that this was a pension plan that has been

negotiated through collective bargaining. The percentage of payment, whatever it happens to be, 4 per cent, was part of that negotiation. The benefits that accrued to the teachers was also an item of negotiation. So, in the past number of negotiations, these items have been dealt with by government.

Now, what the minister is saying is that there was a great deal of incompetence built into these negotiations in that government made a commitment that it knew actuarially could not stand up. The minister is now saying that he is going back to the teachers in their negotiations saying, 'Because of what happened in the past, we are now going to have to up by 2 or 3 or 4 per cent, or whatever it happens to be, your pension contributions.'

This is something that was agreed to in the past by the minister, in a different capacity, in his negotiations with the teachers, and he is going to have to be fairly careful about how he puts that, because it points out to me the incompetence of the negotiations and of the negotiators on the part of government, that would allow this thing to be negotiated, for the teachers to go ahead and believe that they were contributing to a pension fund that was actuarially sound and so on, and now for the minister to come back and say, 'I am sorry, we are going to have to take another 2 per cent.' It is not really good enough.

MR. CHAIRMAN:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Speaker, first of all, pensions are not something that

are negotiated in the collective bargaining process, although I admit that from time to time there are aspects of pension plans that are discussed. But really the main aspect of pensions that is involved in collective bargaining is that there is a clause in the collective agreement that says there shall be a pension plan. That is all.

The difference in the teachers' pension plan is that there is a clause that says, 'There shall be a pension plan and the terms and conditions of that pension plan will only be changed with the approval of the NTA.' That is the difference in the teachers' collective agreement and other collective agreements. So we cannot make any changes to the teachers' collective agreement without consultation and, in fact, without the agreement of the NTA, not that we make any changes to any agreement. But in the teachers' collective agreement, it is there.

So we cannot correct the problems of that pension fund without the agreement and concurrence of the NTA. That is precisely why we will be dealing with them. But it takes two to tango. It took two to negotiate a pension plan. It took two of us to put it in. We are jointly contributing to it. If we are guilty in any way or providing superior benefits at reduced rates, then we are both guilty. It is not something that was totally bargained away and certainly it has nothing to do with incompetence of the collective bargaining division or Treasury Board at all. In fact, there are some very, very capable people down there. But yes, we have given away benefits and probably a lot of it was done at a

time before actuarial studies were really advanced to the stage where they really gave us the kind of information as to what was going to take place twenty or fifty years time.

MR. BAKER:

This was not checked out, in other words.

MR. WINDSOR:

Well, this is not a new science, but it is has become much more accurate, of course. Actuarial studies are not, I do not want to say, relatively new, but at the point in time when many of these agreements were, I guess, entered into, they were not as sophisticated, by any means, as they are today. So we have much better information now.

Also, there are other things that are affecting pension plans, by the way. Such things as people are actually living longer. Health care is improving tremendously, and that is having an impact on pensions, a very real impact. Medical services have improved very significantly in this Province and across Canada, generally, and that is having a real impact on the ability of pension plans to meet their liabilities over the long term.

So it is not just something that is as a result of negotiations. There are many, many factors that are involved here, Mr. Chairman.

MR. J. CARTER:

Mr. Chairman.

MR. CHAIRMAN:

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

MR. J. CARTER:

Mr. Chairman, I gather from what

the minister is saying, and I am sure he can reconfirm it - I think he has confirmed it but I just want to say it again for the record - that however good an actuarial study is, it is a prediction of the future.

As he says, because of the increased health care people have in North America and Canada and Newfoundland, in particular, the actuarial predictions have turned out to be wrong. We are living longer and living to enjoy our pensions more. We are getting more out of our pensions. This is something that was quite unforeseen and, in fact, however good an actuarial study you put together today, if medical care increases or decreases because of the threats of certain diseases that may be worldwide epidemics that we have no control over, you could end up with a great surplus in a pension fund or you could end up with a severe deficit. But it is entirely beyond, not only our control, but our ability to predict. Is that not so?

MR. FENWICK:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Menihek.

MR. FENWICK:

Thank you, Mr. Chairman.

I was looking at some of the actuarial studies that were produced by the government. There is a Reed Stenhouse study, I believe, back in 1984, if I am not mistaken, and in it it gave some indication of what would be required to actually properly fund the clients themselves.

I heard the minister saying there that he had done some more recent

actuarial studies. Did I hear correctly there? Are you still referring to the Reed Stenhouse studies or do you have new studies done on the plans since the last ones were done back in 1984?

MR. CHAIRMAN:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Chairman, we have done actuarial studies. We have a new one done on the teachers' pension plan, and as we committed back in 1984, we will be doing them on a tri-annual basis, every three years. There are three main pension plans, the NTA, the Public Service and then a couple of smaller ones. So we will be doing the couple of smaller ones together. We will be every third year doing an actuarial study on each of these pension plans. So we will have much better information now and in future. The Public Service Pension Plan is one that will be coming up next year.

MR. CHAIRMAN:

The hon. the member for Menihek.

MR. FENWICK:

By the way, there were four studies done in 1984. At least I have four studies on each one of the plans. One of the things that the actuarial study back there did not do, though, was it did not indicate what the stability of the plan would be if the government had matched contributions since the plans have started, or at least since, say, 1967, I believe, when the plans were integrated. One was integrated with the Canada Pension Plan.

I was wondering if really the minister is going to be launching an initiative here to increase the

amount of funding for it. I think to increase his credibility with the 36,000 public servants who are covered by these four plans, including ourselves, that perhaps it should be appropriate that whatever actuarial study is done does at least give an indication of the liability of the Province for those times when there was no matching contributions, prior to, I think, July, 1980. That is the first suggestion.

Now, the other part of it is, of course, if he does have the study done on the teachers' pension plan, as he indicates there is a new one being done, what I would ask him at this point is if he can either table or get us a copy of that particular actuarial study? I think it is a matter of very great public interest, these plans and the funding, of them. Since the minister has referred to them in his comments here in the Committee, it would be, I think, helpful for us to at least see the same information he has, in terms of us getting an appreciation of what the problems are with that plan.

MR. CHAIRMAN:

The hon. the Minister of Finance.

MR. WINDSOR:

Yes, Mr. Chairman, I do have that study. I am not in a position to make it available to the hon. gentleman at the moment, but in very short order, in due course, we will make that information available. We will be making it available to the NTA, to discuss it with them, since they are, in fact, partners in that pension plan with us. We will certainly be making that information available to them and to our financial advisers and our credit rating agencies and all these

people who are impacted on and who need that information to do the services that they provide to government. So we certainly will be doing that.

There was another question before that. What was your first question?

MR. FENWICK:

The other one was, did you figure out what the liability would be.

MR. WINDSOR:

Yes, certainly. Obviously our actuarial studies will tell us what that liability is. Again you are getting back to the cash flow sort of situation. Yes, we will have that liability figure and that will be available.

MR. FENWICK:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Menihek.

MR. FENWICK:

Mr. Chairman, that is quite an improvement over the Reed Sterhouse studies of 1984, because none of them had any of that information whatsoever, they just assumed that everybody in the public service started working in the middle of July 1980, and only the contributions from then had to be worried about.

Finally, one last question on one of the particular provisions in here. It is my understanding that there is provision for awarding pensions to individuals outside the guidelines of the pension plans that we have. Is there any accountability to the Legislature here in terms of when that is done? The specific example I have is, it is my understanding that the Sheriff, not the current

Sheriff but the previous Sheriff, was on a particularly antiquated salary scale where he received a salary of, I think, \$40,000 a year, but then also received much more remuneration in the form of commissions, the cost of delivering certain bills and so on. I see the Minister of Justice (Ms Verge) is here. You may want her help. In the Minister of Justice's presentation before our Committee, she indicated that this was an antiquated way and we have eliminated it. But it sounds to me, at least what I have heard, that this individual is now receiving a pension based not on just the \$40,000 salary, but on that plus the commissions, so to speak. I am just wondering if the minister can give us an indication if this is true and what the pension, then, is, and if there are any other individuals we should know about who are now receiving these - what are they called, ex gratia? Is that the word? I am not sure of the pronunciation of it.

MR. WINDSOR:

Ex gratia.

MR. FENWICK:

Ex gratia.

I am not sure if that is the section they are receiving it under, or whether it is a special added payout under the public service pension plan. I wonder if the minister could me some information on that?

MR. CHAIRMAN:

The hon. the Minister of Finance.

MR. WINDSOR:

Mr. Chairman, there are probably a couple of hundred people, in fact, who are receiving those types of ex gratia payments. I think the

amount in the estimates for that is around \$2 million.

Most of those are people who, in fact, in many cases are survivors, widows of people who did not quite qualify for pensions, and for humanitarian reasons, on an individual basis, Cabinet does have the authority to authorize a pension for those persons, even though they did not strictly qualify under the pension guidelines. It is done on an individual basis, and I guess our accountability is here, in that it is not a statutory item, it is one that you have the right to do what you are doing, which is to question that amount.

But that is the explanation. I do not have a list of the individuals. I checked that item before I came here, because I suspected that there may well be that question; it is a legitimate question. And I am just advised that there are about two hundred persons who receive those types of benefits. And the Sheriff, that may well be a case. I understand it is. I do not have the details of it, but in negotiating out of that, as you said, very antiquated contract to which he was very legally entitled at the age of retirement, I think there was some ex gratia payment made over and above the pension benefits which would have accrued as a result of a \$40,000 salary, or whatever the amount was, I do not know exactly. That would be simply a negotiated thing to get out of here, but it was a fair and reasonable amount.

It certainly would not be anything to give him a pension based on the total salary that he was earning, because he was receiving certain fees and licences or something,

that he was taking in as salary. It would not be, by any stretch of the imagination, anything of the magnitude, but there may well have been a negotiated amount, and I think there was.

But, basically, those are the types of people that are involved. They are primarily those who are not covered by the normal terms and conditions, and these are exceptional, unusual hardship cases in most instances.

MR. CHAIRMAN:

The hon. the member for Menehik.

MR. FENWICK:

If these particular payments, then, are not ones which are provided for under the general legislation, is there a provision in any of your legislation for reporting to the House which obviously has to approve them? I mean, that is what we will be doing now.

In order to get some idea of what has exactly been done here, because from what you said it sounds like there are quite legitimate, they are quite justified, but it also sounds to me like there is an opportunity for some pensions being awarded. It may indeed be questionable, at least in our own minds. Is it possible to get a list of the individuals who are receiving these ex gratia payments and who, therefore, are beyond the circumstances of the general plans themselves?

MR. CHAIRMAN:

The hon. the Minister of Finance.

MR. WINDSOR:

Sir, I do not have a list of them, but I will just looked in my notes here for the types of things and

it says, 'Payments include Waterford Hospital, widow benefits of deceased pensioners having no survival benefits, injury on duty awards, and some special awards granted by Cabinet', which could be the sort of one the hon. gentleman was talking about. Those are the sorts of classifications. I do not have the detailed list of the individuals. I will undertake to get the information if it is something that can be made available, keeping in mind the privacy of individuals. I will take it under advisement, and if I can, I will provide it.

MR. CHAIRMAN:

The hon. the member for Menihek.

MR. FENWICK:

I think there is an important point here. Under the legislation that we set up, under the Public Service Pension Plan, the Teachers' Pension Plan, the MHA Pension Plan and under the Uniformed Services Plan, there is a very clear criteria, you have to qualify under certain circumstances. So, what I hear the minister saying is that he will check and see if he can give me the information. I would suggest to him that since this legislature has to approve this, and has to prove that it is an exceptional case, he must give us the information if we request it. It is not, in my opinion, an optional thing at this point. Now, we will try to use our own discretion in terms of how we use it, but we would just like to have a look at it to satisfy ourselves that what the minister has said is legitimate, that there is no questionable cause in there, and we will endeavour to make sure that we do not embarrass anybody, as a result of it, who should not

be embarrassed.

MR. CHAIRMAN:

The hon. the Minister of Finance.

MR. WINDSOR:

As I said, I will take it under advisement because I do not know what information may be there. The legislation does give Cabinet the authority to approve it, so I would say to you that we certainly do have the authority to do it. The House obviously has to approve the amount in the budget. I suppose we can approve it or we can refuse to approve it, and we will answer to the widows who are receiving those pensions if we choose not to. But I prefer to approve it, Mr. Chairman. I will have a look at the information. I do not know of any reason why I would not make it available, but I reserve that judgement until I look at it and see what is there.

On motion, Consolidated Fund Services, carried.

MR. CHAIRMAN:

The hon. the President of the Council.

MR. SIMMS:

Mr. Chairman, we will move now to Executive Council.

MR. CHAIRMAN:

Executive Council, Heading of expenditure, 1.1.01.

MR. EFFORD:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Port de Grave.

MR. EFFORD:

Thank you, Mr. Chairman.

My question is directed to the

President of the Council.

Mr. Chairman, if you would, you can recognize the hon. member. I had a book here containing some notes and somebody has taken it.

MR. CHAIRMAN:

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

MR. GILBERT:

There is justice, Mr. Chairman. Thank you, very much.

When you look down through the budget, you will see in the Heading Minister's Office that there is a budget that we approved last year and then there is the revised one, which seems to be an increase over what was budgeted, and it goes right straight across to every minister's office that I checked on. There are certain exceptions, but normally they overran their budget by considerable amounts. Some of them lived within the guidelines they had, but in most cases there was an override.

For instance, last year what was spent on Minister's Offices right straight through was a little over \$4 million, and this year it has gone to \$4.7 million.

When I look at the Premier's Office, under Executive Council, I see that the budget last year was \$173,700 and it came in at \$206,300, and the increase seems to be in Purchased Services and Transportation and Communications. You estimated last year that you were going to spend \$7,500, yet you came in at \$15,500. What does this figure in Purchased Services cover?

In	Transportation	and
Communications	\$80,000	was

estimated and it came in at \$98,000. When the minister gets around to answering, maybe he will be able to tell me what this figure covers. I know in Purchased Services he is going to say advertising and entertainment. I think that was the answer I got when I asked this question before. I would like to know in the breakdown how much was advertising and how much was entertaining?

Now, when you come down to Administration, Head 2.1.03, under Purchased Services you will see they had estimated \$8,700 last year but spent \$14,000. This year they are estimating \$17,000, so I wonder if maybe the minister could tell us what is in Purchased Services under Administration. I do not know if it is entertaining and advertising. I do not think it is, but maybe he will be able to tell us for sure.

Then we come to President of the Executive Council. When we come to his office we find that last year there was very little, there was \$3,800. This year we are talking \$138,600. I guess this is because the office was not filled all of last year, or the minister who was there was more frugal than the previous one.

MR. SIMMS:

Where is that?

MR. GILBERT:

President of the Executive Council.

I said \$144,00 was budgeted last year but only \$3,800 was spent.

MR. SIMMS:

What Heading is that?

MR. GILBERT:

Head 2.2.01, President of the

Executive Council. You will just have to take note of it. I am sure you will be able to follow.

MR. SIMMS:

I cannot follow the hon. member now.

MR. GILBERT:

Page 15, President Of The Executive Council, 2.2.01, and the amount to be voted last year in the budget was \$144,400 and actually the Revised came in at \$3,800. This year you are asking for \$138,000. I guess it is because there is nobody there for a part of the year or maybe the minister was more frugal than the one who is there this year and was going to run a little tighter ship. I am sure the minister will give me an answer to this.

Under the Office Of The Executive Council, I guess, Treasury Board comes in here too. I have a concern there that under Purchased Services again, last year we budgeted \$5,400. We spent \$12,000. Now they are asking us to approve this year under Purchased Service \$3,900. So, is it a case again that the President of Treasury Board is going to live within the guidelines or is it just an exercise that we go through every year when we talk about the various people in the Cabinet and approve their budgets? Is it just an exercise and they really do not intend to live by it?

Then I come down to the Treasury Board Committee Of Cabinet and there is \$20,000 there in Purchased Services, maybe the minister can tell me what is in there. The Treasury Board Committee of Cabinet, page 18, 2.3.02 - under Purchased Services there, 06, there is \$20,000 in

there. Maybe the minister can tell me, there was \$4,000 put in last year. There was nothing spent in this department at all last year, so maybe it is a new one, so he will be able to tell us why the \$55,000 for the over all one, but there is \$20,000 in Purchased Services.

Is the minister ready?

MR. CHAIRMAN:

The hon. the President of the Council.

MR. SIMMS:

Mr. Chairman, I am trying to follow as closely as I can the questions of the hon. member. First of all, with respect to Transportation and Communications under The Premier's Office where \$80,000 - the Premier is here himself and will answer it - but \$80,000 was budgeted last year and \$98,000 was spent. Well, the obvious answer is, there was more call on that particular vote than had been estimated or anticipated, not a lot, but at the same time it should be pointed out the amount requested and estimated this year is back down to \$80,000. So, it is the same amount as requested last year for travel, and travel covers the obvious things, I guess. I do not need to explain that, I suppose.

With respect to Purchased Services, again, the amount is only an estimated amount. With respect to the Premier, of course, obviously, the calls on some of his funding required and needed for official entertainment on behalf of the government, and advertising, as the hon. member pointed out. One thing he did not point out and perhaps he was not aware of it is, that also covers, for example, in this year's

estimates of \$11,800, it covers a maintenance agreement on typewriters and a signature machine and so on that is used for various things that take place.

The next question he asks was with respect to Purchased Services, I believe, again, under Administration 2.1.03.06 - that is the one I just covered, is it? Under Administration, sorry.

Next one, then I think you moved over to was the President of the Executive Council.

MR. GILBERT:

Did you answer under Administration Purchase Services, it went from a budget in 1987 of where you spent \$14,000 and they budgeted \$17,000 this year. It is 2.1.03.06.

MR. SIMMS:

It covers a lease of a photocopier, repairs to office equipment and maintenance equipment on Olivetti Electronic typewriters.

MR. GILBERT:

That is why the increase.

MR. SIMMS:

That is why there was an increase. Then he moved on, I think, and asked about the President of The Executive Council, where salaries and transportation and all the rest were budgeted, but obviously were not spent, I guess. I think that was the question. He wondered why and how come it is budgeted again this year. I think that was his question.

The answer is clearly that the President of the Executive Council last year was also the Minister of Energy, as I recall, and I think

most of his salary came out of the Minister of Energy vote, his travel came out of the Minister of Energy vote and the same thing will probably apply this year.

However, it is standard to include the required vote for the position, the salaries that might be required and the travel that might be required and so on, for obvious reasons. The President of the Council also happens to be President of Treasury Board, so my salary will come out of that vote rather than out of this vote at this particular time. That could change at any time, and if it does, you would have a salary voted and provided for, and in the estimates you would not have to obviously have to come back for a Special Warrant or anything of that nature. That is normal, standard procedure.

Then he asked, I think, a question about the Treasury Board Secretariat, 2.3.01, with respect to Purchased Services, as I recall. Last year there were \$5,400 budgeted, \$12,00 spent, and this year \$3,900. A more frugal minister, was that the question?

MR. GILBERT:

I asked that in the case of the President of the Council?

MR. SIMMS:

As President of Treasury Board, then, I do not know if you have a more frugal President of Treasury Board then we had last year. I do not believe that is the case. I have never heard that charge being laid against my predecessor, I can tell you that. Perhaps, I can just quickly try to get the answer for the hon. member here.

MR. GILBERT:

How much was the breakdown on

advertising? How much was spent on entertaining? How are you going to operate this year?

MR. SIMMS:

The specific breakdown, in that Purchased Services?

MR. GILBERT:

How are you going to operate this year, on the \$3,900, when it took you \$12,000 last year?

MR. SIMMS:

I am going to attempt to operate on it as best I can, Mr. Chairman. Really it is a standard amount, basically, and there are occasions when it goes over the amount estimated and there are generally reasons for it. I do not have that specific detail for the hon. member. If he wants the specific breakdown, I assure him -

MR. GILBERT:

I would just like to know what the breakdown was, how much was in advertising and how much was in entertaining.

MR. SIMMS:

I assure him I will get that information for him.

The last one he mentioned was the Treasury Board Committee Of Cabinet. He said there was nothing spent last year. There was \$4,000 voted. It was actually the other way around. There was nothing budgeted but \$4,000 spent. This year we put \$20,000 in there because the Treasury Board Committee of Cabinet, as do all other committees of Cabinet, whenever they get the opportunity, travel around the Province, and have meeting in various areas throughout the Province to give the people an opportunity to make presentations or to speak with ministers involved with these

particular Cabinet committees. This basic amount of money is there to provide for the costs that might be associated with such meetings of the board travelling around the Province and that kind of thing.

I think those were the questions the hon. member asked.

MR. GILBERT:

Mr. Chairman.

MR. CHAIRMAN:

I think before recognizing the hon. the member for Burgeo - Bay d'Espoir, I would like to welcome to this hon. House, the former MHA for Naskaupi, Mr. Joe Goudie.

SOME HON. MEMBERS:

Hear, hear!

MR. CHAIRMAN:

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

MR. FENWICK:

A point of order, Mr. Chairman.

MR. CHAIRMAN:

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

MR. FENWICK:

Mr. Chairman, I thought in Committee you were supposed to rotate the individuals back and forth, but I stand corrected.

SOME HON. MEMBERS:

Oh, oh!

MR. FENWICK:

I know that, but I thought that in the previous committees or all the other Estimates Committees that we have been doing, it has been one person gets a chance to talk and then it would be moved over to another person and so on, so they have all had their shot and go

back again.

MR. CHAIRMAN:

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

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

MR. GILBERT:

Thank you, Mr. Chairman, a very judicious decision.

When the House Leader was giving his explanations as to the Office Of The Premier, the point that I made, when I was talking about the expenditures of the Office Of The Premier, was we budget a certain amount and then they exceeded it in about 80 per cent of the cases.

In about 80 per cent of the cases, the ministers exceeded their budgets. So I was wondering what was the point of going through this? It was not only last year that this happened. I went back for three years and three years ago the Premier lived within his budget, but that was the last time. Since that he has gone up. Now, the Cabinet Ministers that I did, for the three years the ones who spent, spent and it was a steady increase every year.

So this is why I am saying, if we are going to pass these Estimates, should we try and live within the budgets that we put there? I know you can find many reasons to say why you can spend it, but why, say a standard \$3900 for entertainment if you know you are not going to live within it? It makes a mockery out of the procedure that we go through here each year when we pass the Estimates.

SOME HON. MEMBERS:

Hear, hear!

MR. GILBERT:

Just to go back to page 15, under Resource And Policy Committees Of Cabinet, I see there is \$20,000 there in Purchased Services this year. They had estimated \$15,000 and they spent \$10,000. So I am sure that the House Leader will have a reason for that.

When we come again to the Minister for Intergovernmental Affairs, I notice that there was in the budget last year \$88,800 and there was only \$52,000 spent. Now, we have budgeted this year for \$218,100. So there is obviously a reason for that which I am sure the minister will give me. We know that the Minister for Intergovernmental Affairs last year had another --

MR. SIMMS:

What was that?

MR. GILBERT:

The Minister for Intergovernmental Affairs, 2.4.01 and the total vote was \$88,800 this year, \$52,000 spent, and this year you have asked for \$218,100.

But, as it is six o'clock, I guess, I will adjourn the debate.

PREMIER PECKFORD:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Chairman, on that travel one there, I just wanted to make a note. The hon. member was talking earlier on about the Transportation vote. It was budgeted at \$80,000, \$98,000 actually spent. 'Now you are \$80,000. Are you going to go above that this year?'

That additional money was primarily because of the First Minister's Conference, the Meech Lake Accord and the free trade meetings we had. That is where that extra Transportation cost came in. We think that this year there was not be as many of those meetings, because they were regular. There were five or six free trade meetings, two or three Meech Lake meetings, and more. That was the reason for it. So we think we can live within the \$80,000 this year.

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

MR. SPEAKER:
Order, please!

MR. GREENING:
Mr. Speaker.

MR. SPEAKER:
The hon. the member for Terra Nova.

MR. GREENING:
Mr. Speaker, the Committee of the Whole have considered the matters to them referred, have passed the Consolidated Fund Services, have 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.

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

MR. SIMMS:
Mr. Speaker, the hon. the Opposition House Leader was asking me about this week's business. I

thought I went through all that yesterday, but I will run through it quickly again, forgetting tomorrow. We know tomorrow.

Thursday is Meech Lake; Friday the intention is to deal with concurrence and, by agreement - the hon. House Leader and I have discussed it - instead of the normal thirty-minute debating time that is allowed, we will let the members use fifteen minutes so more people can participate and all that kind of thing. So we are very co-operative and open.

Mr. Speaker, I do want to also mention with respect to the Estimates Committees, and remind everybody once again, tonight is Transportation, I believe, and tomorrow, in the morning, it is Education, and in the evening it is Social Services. Thursday it is Rural Development at nine-thirty, as I understand it, and the reports will be presented to the House no later than Thursday afternoon.

Mr. Speaker, I move that the House adjourn until tomorrow, Wednesday, at three of the clock and that this House do now adjourn.

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

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