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

*Speaker: Honourable Thomas Lush*

U N E D I T E D

R O U G H C O P Y

The House met at 2:00 p.m.

Mr. Speaker (Lush): Order, please!

### Statements by Ministers

Mr. Speaker: The hon. the Premier.

Some Hon. Members: Hear, hear!

Premier Wells: Mr. Speaker, as this matter now stands the existing resolution provides for a referendum if the Meech Lake Accord is to be passed as is. However, Mr. Speaker, through no fault of our own, we have been placed in a position where the time necessary to conduct such a referendum on a proper basis has been taken from us. For the past six months I have repeatedly called for a First Ministers' Conference to deal with concerns expressed by Canadians from coast to coast about the Meech Lake Accord. It is an issue of vital importance to our future and to the future of Canada. At the 11th hour, Mr. Speaker, the Prime Minister called the First Ministers together for a dinner meeting with some suggestion that it may evolve into a First Ministers' Conference. There was, however, no assurance that such a conference would take place. Well, Mr. Speaker, I think I can honestly say I have attended the longest private dinner meeting in history. Seven days later the formal meeting of the First Ministers was both opened and closed within a couple of hours. Everything else took place in the

secrecy of that private meeting.

Those seven days took us to June 10, just thirteen days away from the deadline for ratifying the Meech Lake Accord. This approach, Mr. Speaker, has effectively ruled out any possibility of conducting a referendum in Newfoundland and Labrador before the June 23rd deadline. I have asked that the deadline be extended to accommodate the referendum. This would only require all of the provincial legislatures to pass a simple resolution to that effect. I have been advised that certain provincial Legislatures have indicated an unwillingness to take such action thereby insisting on the June 23rd deadline. It is unfortunate indeed, Mr. Speaker, that certain other provincial Legislatures have refused to give any consideration to the people of Newfoundland and Labrador who are in a position, through no fault of their own, where they cannot now have the referendum that was provided for in March.

Mr. Speaker, this Government and the entire Liberal Caucus in this House will put Canada first. I am today, Mr. Speaker, announcing that a free vote on the acceptability of the Meech Lake Accord will take place in this House of Assembly with the understanding that all Members of the House will take whatever steps are necessary to consult with their constituents in ensuring the maximum possible level of public participation in this circumstance.

Mr. Speaker, Government will provide for reasonable expenses which will have to be incurred by MHAs in this process, the objective being to ensure the people of this Province have some say in their future and in the

future of their country.

Mr. Speaker, given the circumstances in which we find ourselves, having been denied the right of a referendum, I am confident that the people of Newfoundland and Labrador will understand that the free vote option we are exercising is the next best possible option available to us. This, however, is not an acceptable substitute for a proper referendum.

I encourage each and every person in Newfoundland and Labrador to make their views known to their Members and to participate in public discussions on this issue so that when the vote is taken it will, without a doubt, reflect the decision of the people of our Province.

I am confident, Mr. Speaker, that the Members of this hon. House, and indeed all Newfoundlanders and Labradorians, will express their views on the basis of their own sincere convictions and with the future of Canada foremost in their minds and in their hearts. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the Leader of the Opposition.

Some Hon. Members: Hear, hear!

Mr. Rideout: Thank you, Mr. Speaker. First of all, let me thank the Premier for some advance notice of his statement today and for the opportunity to meet with him for some short period of time a little while ago to have a discussion about the contents of his statement, which he just read to the House. In a brief response, Mr. Speaker, let me say

that Members of this House of Assembly have been asked to make the most important decision we have ever made in our lives and are ever likely to be called upon to make again in the foreseeable future.

The issue before the House of Assembly transcends the specific details of the Meech Lake Accord itself. We have, in a very real sense, been asked to make a decision which will affect the lives and the future, not just of Newfoundlanders and Labradorians but of Canadians, in every city, in every town and every village and every region of Canada.

The Premier has said that there will be a free vote for the Members of his caucus, Mr. Speaker, I, too, extend the same right to the Members of our caucus.

Some Hon. Members: Hear, hear!

Mr. Rideout: This vote, Mr. Speaker, transcends loyalty to the leaders of the political parties represented in the House of Assembly. It transcends personal loyalties and it transcends personal friendships. What each and every one of us has been asked to do, is, to make a decision, a decision about the future of our country.

Some Members of the House of Assembly may find themselves in a most difficult situation. Others Members may have less difficulty, but all Members will have to struggle with a number of things. They will have to struggle with the perceptions that they presently hold on the Meech Lake Accord itself. They will have to struggle with the significance their decision will carry for people from coast to coast in

Canada. And they will have to struggle with their own conscience. All of these issues must be considered because this is a decision like no other decision we have taken in Newfoundland and Labrador perhaps since 1949.

The decision that we make here in this House of Assembly will affect the future of Canada. Perhaps the very survival of Canada as a Nation as we know it. And it will affect very dramatically the future of Newfoundland and Labrador. Mr. Speaker, it is no secret that when we were in Government we as a Party supported the Meech Lake Accord. We believed with honesty and integrity that the Meech Lake Accord was good for the people of Canada and for the people of Newfoundland and Labrador. And, Mr. Speaker, as a Party in Opposition we continue to support the Meech Lake Accord for the very same reasons, because we believe the Accord is good for the people of Canada and for the people of our Province.

All of us though, on both sides of the House, come to this issue having previously made a decision with respect to it. Notwithstanding this we are today faced with a difficult decision based on different circumstances, and we have each been asked to exercise our independent judgment in the context of the Constitutional Agreement reached on Sunday past should now be ratified. For myself I continue to support the Meech Lake Accord, particularly in the context of the agreement that was reached on Sunday. I continue in my resolve that Newfoundlanders and Labradorians have nothing to lose from the Meech Lake Accord, but have much to gain.

There has been a lot of talk about public opinion throughout this Meech Lake debate. However, as Members elected to exercise our independent judgment we cannot and must not be guided by the given poll tells us at a given point in time. Well it would be wrong not to consider the views expressed in such a medium. We in this country and this Province are elected to represent the people under British Parliamentary democracy. That is the sole reason that you and I are here today, and we have been charged with the responsibility of exercising our independent judgment for each of us. And the ultimate answer and the ultimate judgment on that will be made by our electors in our individual constituencies.

And this is our particular responsibility when constitutional matters are raised. The Constitution Act of 1982, charges legislators in all Provincial Legislatures and the Parliament of Canada with the responsibility to amend our Constitution. Because I am responding to a Ministerial Statement, Mr. Speaker, now is not the time to address the specific issues raised in and around the Meech Lake debate. I along with all the other Members of this House will have the opportunity to express our views on the Accord and on the communique issued by the First Ministers this past weekend, and we will express those views over the next couple of weeks as we pursue a resolution of the constitutional situation we presently find ourselves in.

Mr. Speaker, Members on both sides of this House hold strong, honest views on both sides of the Meech Lake issue. I welcome the Premier's decision to have a free vote by Members of this

Legislature and, as I told him in private today, we will, as an Official Opposition, co-operate with him and the Government in every way to ensure that the people of Newfoundland and Labrador are as involved in that process as they can be, and that Members of this House make the final ultimate judgement, ultimate decision, as we must, in time for ratification by June 23rd.

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, prior to opening, in discussion with the hon. the Opposition Leader, he indicated that if there were anything in his speech that I felt it was necessary for me to respond to, they would agree to my doing so. There is only one comment that it is necessary for me to make and that is in response to his comment about the responsibility of Members of the House in the British parliamentary system to make the decision without relying on polls and so on. I agree with him entirely with one qualification. We, as legislators, are elected and given not only the right to exercise legislative power, but, with that right goes the responsibility to take the political consequence of exercising the legislative power without running to get political approval or political support through polls or any other means. We have, not only the right to exercise the power, we have the responsibility to do so. And everything we do in our ordinary legislative work, we are answerable ultimately to the public, so if we make a mess of it, if the Government makes a mess of it, when it goes back to the electorate the next time around,

the electorate can reject that Government, install a new majority in the House and have legislation put through that will repeal that which was unacceptable. That is the proper way to do it.

In constitutional terms, it is totally different. What we are doing here, Mr. Speaker, is giving legislative approval that will bind us for decades and perhaps centuries, and the fifty-two people in this legislature, in my judgement, ought not to be doing that in the ordinary course of events without an acceptable level of public approval. That is why I suggest that a referendum is the most appropriate. However, in this circumstance, for the reasons I have explained, we have been foreclosed of that opportunity.

I welcome the comments of the Leader of the Opposition and thank him for his ready participation in it and assure all Members, Mr. Speaker, that the Government will do everything possible to facilitate the consultation with the public.

And while I am on my feet I might add one more thing. I spoke just a few moments ago with the Prime Minister to advise him of the decision that we had taken and I must express my appreciation to the Prime Minister for his assurance that the Government of Canada would assist us in any way that they possibly can in the conduct of this public consultation by our Members to facilitate it, and I express appreciation to him for that. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Speaker: Members previously agreed that we would recess for a

couple of minutes while the cameras were making their exit, because the cameras were only permitted to do this particular item - the Premier and the Leader of the Opposition. So, we could probably recess for about three minutes. The Speaker, will leave the Chair for about three minutes.

### Recess

Mr. Speaker: Order, please!

When we recessed we were on Ministerial Statements, so we will take up from there. Are there further Ministerial Statements? Before getting into Oral Questions I would like, on behalf of all hon. Members, to welcome to the galleries today a former Member of this House and a former Minister, Mr. John Butt.

Some Hon. Members: Hear, hear!

### Oral Questions

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Simms: No, Mr. Speaker.

Mr. Speaker: Oh, sorry!

The hon. the Opposition House Leader.

Mr. Simms: Thank you for the promotion, Mr. Speaker.

There are other issues current in the Province and important to the people of Newfoundland and Labrador other than the Meech Lake issue, and I am sure Members opposite would have to acknowledge that. One very important and

immediate one deals with a serious situation that is developing in our health care system, and I refer, of course, to the lab and X ray strike. This particular strike is now entering its second week. I have a question for the President of Treasury Board. I want to ask the Minister if he can advise this House what initiatives he personally has taken to try to get the talks back on the rails with respect to this dispute. If he has not taken any initiatives personally, can he tell us when he intends to do something, because, after all, Mr. Speaker, he is the Government's chief negotiator?

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. There is no doubt that there is a serious situation in the Province. The Lab and X ray workers are very essential to the providing of health care in this Province. I should say, before going any further, that I regret we have gotten to the stage we have without any serious negotiation. We have tried to go through the collective bargaining process and that has not yet worked. The lab and X ray workers are on strike, and we, hopefully, will get to negotiation in the very near future. The last step negotiation was a package we presented to the negotiators, containing changes to over forty items, and we expect a response in the near future.

Mr. Speaker: The hon. the Opposition House Leader.

Mr. Simms: A supplementary, Mr. Speaker. Mr. Speaker, my understanding of that particular situation is that indeed the union

did respond verbally to officials in Treasury Board, and their response was that the package and proposal put forth by Treasury Board was not acceptable. That is my understanding. We are now hearing about many other problems which are occurring in the hospitals as a result of this particular strike, and I want to ask the President of Treasury Board, first of all, does he recognize and understand that the lab and X ray workers are indeed the very heart of the diagnostic services system within the health care system. If they do not -

An Hon. Member: (Inaudible) already said it.

Mr. Simms: No, the hon. President of Treasury Board said he understood they were absolutely essential. I am asking him does he understand that they are absolutely the heart of the diagnostic services system. And if he does accept that, then isn't it about time that the President of Treasury Board himself took some initiative, showed some leadership and tried to do something to put this back on the rails?

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. I am glad the Opposition House Leader agrees with me in terms of the essential nature of the services. I would like to say to him that we do have a collective bargaining process which I believe works, and I trust to the collective bargaining process. I very firmly believe that if reasonable people sit down and discuss issues, the collective

bargaining process will work. I firmly believe that, and I do not intend to bargain in the House of Assembly with the Opposition House Leader.

Mr. Speaker: The hon. the Opposition House Leader.

Mr. Simms: A supplementary, Mr. Speaker. Well, I understand the Minister not wanting to bargain in the House of Assembly. What I want him to do is bargain outside the House of Assembly, with the workers who are on strike. That is what we are asking him to do.

Some Hon. Members: Hear, hear!

Mr. Simms: Let me take a different tack altogether, then. Let me ask the Minister if he thinks the kinds of public comments he made on the first day of this dispute, by saying that the President of NAPE was throwing a temper tantrum, by saying that the President of NAPE was on an ego trip, by saying that the President of NAPE was taking his workers out simply to make them suffer, does he think that will help get an agreement? And those kinds of comments, are they timely and will they help get the talks back on the trail?

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Mr. Speaker, we have negotiated an essential services agreement with the lab and X ray workers, with NAPE. That series of negotiations, in the two days, were very successful. I am very pleased there was goodwill shown on both sides, and that essential services are now being provided by the lab and X ray workers and by NAPE. I am very pleased with that. I will repeat to the hon.

House Leader that the process that is in place I believe will work. We have made a proposal. I expect a response in the very near future, and I expect talks will get underway in the very near future. That is all I can say to the hon. gentleman. I do not believe in standing in the House and trying to inflame the situation, as the Opposition House Leader is now trying to do.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

The hon. the Opposition House Leader.

Mr. Simms: Mr. Speaker. The President of Treasury Board hardly needs my help to inflame the situation, with the comments he made publicly the first day of the strike.

Let me ask him something else, then. Since he is trying to avoid answering any questions we ask, let me ask him this. Is this quote correct, when he said if talks were to get underway he felt very optimistic they would get an agreement? If those comments are correct, and they are attributed to the President of Treasury Board, then why doesn't the President of Treasury simply pick up the telephone, phone the President of NAPE or call in the chief negotiator, or something, and have a talk to him, see if he cannot work out some kind of an arrangement or way to get these talks back on the trail?

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Mr. Speaker, there are things happening day by day and I refuse to discuss the details of

these things in the House. There is a collective bargaining process in place. It is recognized by union and it is recognized by Government, and that collective bargaining process will be used. I am confident that when we sit down, and I hope that will happen in the very near future, we can reach a solution that is satisfactory to everybody.

Mr. Simms: A supplementary, Mr. Speaker.

Mr. Speaker: The hon. the Opposition House Leader.

Mr. Simms: A supplementary, Mr. Speaker. The President of Treasury Board is not going to get off that easy. We understand the collective bargaining process, and so does everybody else involved in it. We understand the collective bargaining process.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

Mr. Simms: The collective bargaining process does not prevent the President of Treasury Board, the Province's Chief Negotiator, from taking some initiative and showing some leadership to try to get something to happen. The collective bargaining process does not prevent that from occurring.

Let me ask him two simple questions. They are pretty straightforward. I will even make them easy for the President of Treasury Board. Is the Government prepared to go back to the table now? Will the Minister take an initiative, today, to bring them back, maybe telephoning the conciliator or the President of NAPE? Will he do either of those

things or both of those things?

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Mr. Speaker, I will not negotiate in public. I will tell the hon. Member one or two things we are not prepared to do: we are not prepared to drag people off to jail, and we are not prepared to bring in zero and zero.

Some Hon. Members: Hear, hear!

Mr. Simms: Mr. Speaker, that is a neat way of trying -

Mr. Speaker: Order, please!

It is just that I have not recognized the hon. Opposition House Leader yet for the benefit of Hansard. Now we have done so.

Mr. Simms: Thank you, Mr. Speaker. That is a neat way of trying to avoid answering good questions and facing up to his own responsibility. I would remind him, or ask him if he is aware that the last time the lab and X ray group went to the table to bargain they got a collective agreement with the Administration, when I was President of Treasury Board.

Some Hon. Members: Hear, hear!

Mr. Simms: So don't try to play games. Answer the questions directly. Are you prepared to take an initiative? Are you prepared to go back to the table? Are you prepared to do something to get these talks back on the trail again? That is the question.

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: I will respond once

again, Mr. Speaker. This Government has been taking initiatives in this situation. As explained earlier, this Government will take initiatives; this Government will continue to do what is best to do; this Government will continue to follow through with the collective bargaining process.

Some Hon. Members: Hear, hear!

Mr. Baker: Our great regret is that the situation reached the strike stage without there being any negotiations on the package.

Mr. Simms: A supplementary, Mr. Speaker.

Mr. Speaker: The hon. the -

Premier Wells: A point of order, Mr. Speaker. Would the hon. Member just - it will not diminish Question Period. There is a little bit of a problem which has arisen.

Mr. Speaker: The hon. the Premier, with the agreement of the -

Premier Wells: A little bit of a problem has arisen, and we can extend Question Period by the few minutes I will take. There are one or two bus loads of students from Bellville District.

Mr. Speaker: Bellevue.

Premier Wells: Bellevue District, and there may be some Trinity - Bay de Verde District, too, who are down there waiting in a bus. They have driven all the way to have their turn to sit in the House of Assembly, and they cannot get in because the galleries are full.

Some Hon. Members: Oh, oh!

Premier Wells: Just hold a minute! All I am asking is if the people who are in the gallery behind me would be so kind as to let the students sit in for a moment, and then they can come back in.

Some Hon. Members: Oh, oh!

Premier Wells: I will extend Question Period. I have no quarrel with extending Question Period.

An Hon. Member: They are here to hear this debate.

Premier Wells: Well, they can hear the debate if they want to. But there is a group of students.

Some Hon. Members: Oh, oh!

Premier Wells: Okay, they will not agree.

Mr. Speaker: Order, please! Order, please!

The hon. the Opposition House Leader.

Mr. Simms: Mr. Speaker, to the point of order the Premier raises on the understanding that an additional couple of minutes will be added to Question Period, I mean, that situation occurs quite frequently. If the galleries are full, then more power to the people who are in the galleries. We have no objection to students being in the galleries, but the Question Period will be over in fifteen or seventeen minutes. The people who are in the galleries are particularly interested in certain topics that are going to be raised.

I am sure after Question Period is over - they are quite reasonable people - they will be quite prepared to let other groups come in. But I do not think it is appropriate or right to ask during the middle of Question Period that it occur.

Mr. Speaker: Okay. There is no consent.

I think it was the Opposition House Leader who stood on another question at the time the Premier stood.

The Opposition House Leader.

Mr. Simms: Yes, Mr. Speaker, one final supplementary from me to the President of Treasury Board. Can I ask the President of Treasury Board this: He talks about a lot of things happening in the background, things are moving and everything, which is his side of the story. I hear the other side of the story, which indicates that it is not accurate, but so be that. Can I ask him this question specifically? If so much is being done in this lab and X ray dispute, and so many things are happening behind the scenes, has Government made a salary offer?

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. The collective bargaining process is such that - and the hon. Member knows this and he has been through it many times - there are perhaps a couple hundred items that you deal with and so on, and as you go through the process, you get to the final stage, which is salary.

Now this is the normal collective bargaining process. We have not,

so far, done the normal collective bargaining process. I have indicated that there really has been no collective bargaining except on the essential services agreement, which was concluded quite successfully, to the satisfaction of both sides. I will say to the hon. Member that the process is in place, the process will happen. There are items on the table which involved money; it has involved expenditures of public money. They will all be dealt with. The salary issue will be dealt with as long as the collective bargaining process starts to work, and I believe it will shortly.

Mr. Speaker: The hon. the Member for Harbour Main.

Mr. Doyle: I have a question for the Government House Leader, as well, Mr. Speaker. In the whole process of attempting to negotiate an agreement with the lab and X ray, we are told that Government has shown bad faith by engaging in contract stripping.

Government placed on the table issues which the union had already reached agreement on in previous contracts, issues like maternity leave, seniority, a reduction in Workers' Compensation benefits and also sick leave. Would the Government House Leader confirm if that is indeed the case? And isn't he making it very difficult for the union to come back to the bargaining table in view of that?

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. I would like to point out to the hon. Member for Harbour Main that at the start of a bargaining process what happens is

there is an employer negotiating team and an employee negotiating team. Each prepares a package of items they want discussed - each prepares a package of items. They get together, they sit down and the packages are presented.

An Hon. Member: Come off it.

Mr. Baker: Because of the question, I felt I had to tell him that, because, obviously, he doesn't understand the process.

Mr. Simms: (Inaudible) you understand the process?

Mr. Doyle: (Inaudible) answer the questions.

Mr. Speaker: Order, please!

Mr. Baker: In the Government package there are certain items, and in the employee package there are certain items. In both those packages these are initial positions. Then the collective bargaining process works and you discuss it and you come to an agreement somewhere in between. The original position brought in by the union negotiators, I am not going around saying that's their final position. Because if in fact it is, there is no collective bargaining. I would ask the hon. Gentleman to appreciate that fact, and the changes, the package with which we came in was an initial position. This is normal, and then you negotiate from that point. It is not a final position. No final positions have been stated, because we have not gone through the collective bargaining process. To answer the question no, there has not been any contract stripping.

Mr. Speaker: The hon. the Member for Harbour Main.

Mr. Doyle: A supplementary, Mr. Speaker. Let me say to the President of Treasury Board if there hasn't been any contract stripping, somebody is lying! Somebody is lying!

An Hon. Member: That is right.

Some Hon. Members: Hear, hear!

Mr. Doyle: I would ask him if this is any way to negotiate in good faith. Hasn't Government actually forced the lab and X ray people onto the street - again I will ask him - onto the street by attempting to strip previously hard-fought-for gains which they had, and will he immediately, today, show right here in the House of Assembly today, to the people who are gathered, that he is going to negotiate in good faith and remove these issues which are only serving to inflame an already sensitive issue?

Mr. Speaker: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. Once the initial packages are presented, no one party can then remove all its positions from the table - no one party can remove all its positions from the table. That is not collective bargaining. Mr. Speaker, no, we are not going to remove all our positions from the table. We have moved on forty-two positions, and will continue to move as the collective bargaining process goes on.

Mr. Speaker: The hon. the Member for Harbour Main.

Mr. Doyle: A supplementary to the Minister of Employment and Labour Relations.

Since the union and the Government appear to be unable to resolve what is essentially a crisis in the health care system, would the Labour Minister explain what her Department is doing to resolve this issue before it becomes too inflamed?

Mr. Speaker: The hon. the Minister of Employment and Labour Relations.

Ms Cowan: Mr. Speaker, my Department is doing what it should do, that is standing by awaiting calls from either side.

Mr. Speaker: The hon. the Member for St. John's East.

Some Hon. Members: Hear, hear!

Ms Duff: Thank you, Mr. Speaker.

I will direct this question to the Minister of Health. I would like to know if the Minister is aware that the lab and X ray strike is causing very serious problems in the hospitals across the Province and has already resulted in significant bed closures, up to 40 per cent in some hospitals, cancellation of out-patient services, cancellation of all elective surgery and all elective admissions, and I ask the Minister if, in fact, he has contingency plans in place to ensure an adequate level of patient care if the strike continues and what are those plans?

Mr. Speaker: The hon. the Minister of Health.

Mr. Decker: Mr. Speaker, as I told this House some time ago, the Department of Health is continually monitoring the situation in the hospitals. Of course there is disruption. When

there is a work interruption, there are bound to be disruptions.

We are satisfied that up to this time no one's health has been threatened and that the emergency services are being taken care of. I certainly thank the people who are on strike for their decency in this matter, that emergencies are being taken care of.

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: I think the Minister has every reason to thank the people who are on strike for their decency in this matter, but I am not entirely sure I am as sure as he is about the risk to patient care.

It is my understanding, based on fairly good information, that critical diagnostic services, including the mammography, ultrasound, CAT scan, Pap smear and other services have been virtually brought to a standstill, except for acute emergencies, and that this is already causing a very serious backlog of cases requiring these services and placing some patients at risk. Can the Minister confirm that in fact this is the case?

Mr. Speaker: The hon. the Minister of Health.

Mr. Decker: Mr. Speaker, there is bound to be a back-up of services being performed, and that is certainly understood. To say I am absolutely certain, Mr. Speaker, I am never absolutely certain; even when the lab and X ray people are on the job, no one is absolutely certain. But, as reasonably as is possible, I am satisfied that

under trying circumstances - both for the people who are providing the emergency services and for the management in the hospitals it is a very trying time. I am assured that health is not being threatened and emergencies are being taken care of. But it is logical to assume, Mr. Speaker, that there will be a build-up which will be felt in the system for some time to come.

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: Can the Minister confirm that classes for students in the lab and X ray technology programs have been seriously curtailed because their instructors are being involved in providing essential services in a supervisory capacity in the hospitals?

Mr. Speaker: The hon. the Minister of Health.

Mr. Decker: No, Mr. Speaker, I cannot confirm that. But I will certainly have it checked out and brought back, so will have to take it under advisement.

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: A final supplementary, Mr. Speaker.

Is the Minister aware that some of the new graduates who had anticipated employment in Newfoundland after their graduation have already left and others are actively seeking employment outside the Province because of the strike, and that this situation can lead to very serious problems in the retention and recruitment of trained personnel in laboratory and X ray

services?

Mr. Speaker: The hon. the Minister of Health,

Mr. Decker: Mr. Speaker, that has not been brought to my attention. I will take what the hon. Member is saying. It could indeed be the case. But we are into a negotiation process and when that happens, that sets off other things which happen. As Minister of Health, I am concerned that health is not endangered; I am concerned that emergencies are being taken care off. And to the best of the ability of the Department and the people involved in the system, and with the co-operation of the essential workers, Mr. Speaker, the best that can be done under those trying circumstances is being done.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker. I have another very important issue that has been on the go for the last three or four weeks in the Province, and that is the grave loss of gear by fishermen. Lobster pots, lump nets, herring nets, and some cod traps have been lost all over the Province, on the south coast, the northeast coast, the southwest coast, the Northern Peninsula and so on. I know some of the Minister's officials have submitted reports. Can the Minister now inform the House just how extensive the damage was and how much gear was lost by fishermen around the Province?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, my field staff has been working for the

past week to ten days in various parts of the Province where gear losses were suffered. They are still in the process of putting together an inventory of what has been happening. I am told that on the northwest coast, for example, a serious problem developed last week when ice came in unexpectedly and caused considerable damage to lobster pots and other types of fishing gear in the area. My field staff have been checking that out and doing an assessment of exactly what has been happening. I expect we will be able to reveal all the details on the losses within a few days.

I should remind the House, Mr. Speaker, and the hon. Member, that there is no gear replacement program in place. We do have a lobster pot bank whereby fishermen who suffer losses of lobster traps are able to purchase, for a nominal fee, lobster pots. I am not suggesting that is the answer to all the problems, either. I know there are probably a lot more lobster pots lost than there are pots within that lobster pot bank to replace them. Mr. Speaker, in answer to his question, we are looking at it, and hopefully within a few days we will have a better idea of exactly to what extent damages have occurred.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker. I would just like to say to the Minister that in my own District alone there have been approximately 2,000 lump nets lost and approximately 1,500 lobster pots, and in the Boxey area, in the District of Fortune - Hermitage, there have been approximately 2,000 lobster pots lost. A number of these fishermen

have had earnings of approximately \$1,000 this year and they cannot afford to get back in the fishery. Is the Minister saying that the only assistance his Department will be offering to those fishermen who suffered such drastic losses is the lobster pot bank? Is that the only assistance these fishermen can look forward to, paying \$7.00 a pot?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, I made reference to the existence of a lobster pot bank, and I believe I made a point of saying that that would not be the end all, would not solve all the problems. I should point out to the hon. Member, Mr. Speaker, that I have written the Federal Minister, because this is not simply a matter of replacing lobster pots. For example, if tomorrow the Federal Government were to make available whatever money it takes to build twenty-five, thirty, or forty thousand lobster traps, these could not be made overnight and certainly would not solve the problem right now. So there is a loss of income, and that is the real problem. I have written the Federal Minister, and I am willing to table a copy of my letter, in which I pointed out to the Minister the problem and the severity of it, and the fact that there is considerable loss of income in the Province by virtue of the loss of fishing gear. I have asked the Minister to appoint people from the three regional offices in the affected areas to work with my field staff, to go out with the people and do a careful assessment of their losses and to then sit down, maybe with the fishermen and their union and others, and let us try to find a

solution to the problem.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you again, Mr. Speaker. This issue was raised in this Assembly for the first time on May 24. It is now June 11. Fishermen have lost all their gear and they cannot afford to get back in the fishery. By the Minister's officials contacting these fishermen and fishermen's committees, this has given hope to these fishermen that the Minister was seriously looking at some program, some form of compensation, or some gear replacement program for them. Can the Minister make a commitment in this House today that we cannot waste anymore time? If not, the fishing season is going to be over for a lot of those fishermen. Will the Minister make a commitment that he will take a submission to his colleagues in Cabinet to address this very serious issue and to do it immediately on behalf of the fishermen around the Province? We cannot wait for the Federal Government forever.

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, it is a very simple matter for the hon. gentleman to get up and suggest that the Province underwrite the full cost, for example, of correcting the problem over which we have no control whatever. The problem is there, we know it is there, and we are trying to find ways and means of coping with it. This kind of problem will require substantial involvement on the part of the Federal Government. Now, the hon. gentleman might not want to hear that, but it is

true. That is why I have written the Federal Minister pointing out the nature of the problem, the severity of it, and suggesting that he appoint a committee, made up of his senior officials, to work with my people, and we can start meetings right away, to sit down and do a thorough assessment of the problem and then try to find a solution to it. We are doing that, and I have a letter which I am quite prepared to table.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: A final supplementary, Mr. Speaker.

The Minister is trying to make fishermen around this Province believe he is sincere about doing something about this substantial, significant gear loss they have had around the Province, and he is not doing a thing except writing letters to the Federal Minister. Will the Minister make a commitment to this House today that the Provincial Government will get involved financially in a compensation program for fishermen to address this very serious problem?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, I should remind the hon. Member that I think fishermen in Newfoundland have a pretty fair idea as to exactly how concerned the Minister of Fisheries is about their problem. I have talked to many of them, I had my field staff working on the weekend contacting various people within the fishery and finding out the extent of the problem. I can certainly say to the House and to the Member and to the fishermen that every effort

will be made to find a solution to their problem. He served in a Cabinet and he understands the way the system works. For him to suggest that I stand in my place today and commit the Government to whatever it takes, \$5 million, \$10 million, \$20 million, or even \$1 million, in fact even \$100,000, without reference to Cabinet, he knows better than that and I cannot do it. I can only repeat what I said a moment ago, that every effort will be made to ensure that as little suffering as possible will be inflicted on the people affected. To that end I have written the Minister of Fisheries in Ottawa, and I shall table a copy of my letter, suggesting to him, Mr. Speaker -

An Hon. Member: (Inaudible).

Mr. Carter: Well, if he is not satisfied with that, maybe he can pick up the phone and call his friends in Ottawa, Mr. Speaker.

Mr. Speaker, it is a simple matter for the Member to get up and suggest that we are not doing anything. That is what you would expect him to say, isn't it. I can only say that all that can be done will be done.

Mr. Speaker: The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much, Mr. Speaker. My question is to the Minister of Fisheries, also, Mr. Speaker. Roughly two weeks ago, the Minister of Fisheries, in answer to a question I asked him about the collection system for this summer for the two new fish plants in Nain and Makkovik - I asked the Minister if he would consider using one of the middle distance boats to supply those two major fish plants with a supply of

fish to enable the people in Makkovik, Postville, Hopedale, Rigolet, Davis Inlet and Nain to be employed for at least four months during this year instead of the usual two. The Minister said he would be back with an answer in a few days. Now, Mr. Speaker, that is almost three weeks ago. I wonder if the Minister has the answer today.

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, first of all I should correct something the hon. gentleman said. I do not recall having said I would be back within two days with an answer.

Mr. Warren: Within a few days.

Mr. Carter: A few days. Well, a few days but certainly not two days, Mr. Speaker. I can tell him that again we have a plan of action pretty well finalized now within the Department. Hopefully that will address the problem to which he has referred.

Now, as to my being able to deploy one of our middle distance boats, for example, to act as a collector on the Labrador coast this year, of course I am not prepared to do that right now. I can only tell him that this summer these boats will be involved in the fishery, and I will be making a statement in the House, certainly before this week is out, advising the hon. gentleman and other Members exactly what we plan to do with the six middle distance boats we are now trying to divest ourselves of. That statement should be forthcoming, I am hoping, between now and Thursday.

Mr. Speaker: The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much, Mr. Speaker. My supplementary to the Minister. The Minister did say he would get back in a few days with an answer, and again I would say that was almost three weeks ago. Could the Minister advise if his Department has come up with a price structure for salmon and char, which his Department is responsible for, in the fish plants along the north coast for this year?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, I will take notice of that question and bring back an answer, hopefully, tomorrow on that one.

Mr. Speaker: Question Period has expired.

#### Answers to Questions for which Notice has been Given

Mr. Speaker: The hon. the Minister of Health.

Mr. Decker: Mr. Speaker, the hon. Leader of the Opposition asked that I table the Proposed LeMarchant Multiinstitutional Shared Site Long Range Plan. And with leave of the House I would be prepared to table that. I have talked with the St. John's Hospital Council and I have talked with my colleagues.

An Hon. Member: The report (inaudible).

Mr. Decker: The report is Option 7, which the hon. the Leader of the Opposition asked for. I want leave to table.

An Hon. Member: He does not need

leave.

Mr. Decker: I think I need leave.

An Hon. Member: Because it is not Answers to Questions.

Mr. Decker: It is not Answers to Questions.

I thank hon. gentlemen for their generosity.

### Orders of the Day

Mr. Baker: Motion 1, Mr. Speaker.

Mr. Speaker: Motion 1, the hon. the Minister of Finance to Move that the House resolve itself into a Committee of the Whole to consider Certain Resolutions relating to the Imposition of a Tax on Employers for the purpose of funding Health Care and Post-Secondary Education. (Bill No. 28).

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

### Committee of the Whole

MR. Chairman: Order, please!

The hon. the Leader of the Opposition.

Mr. Rideout: Thank you, Mr. Speaker.

I have a few minutes to speak to this particular bill, I believe just before closing time on Friday, and I would like to briefly take the opportunity to, I suppose, summarize and finalize my remarks on this particular bill in

the short while that is left to me this afternoon. And put quite simply, Mr. Chairman, this bill is the payroll tax that the Government brought in in their recent Budget. And as a result of this action now every employer in the Province that has a payroll in excess of \$300,000 a year will have to collect and pay to the Government a new 1.5 per cent tax, and we have had a number of difficulties, Mr. Chairman, with this piece of legislation. And over the last three months, I guess, pretty well three months now since the Minister brought in his Budget, around the middle of March, early March we have been attempting, as difficult as it is, Mr. Chairman, to get some answers from the Minister of Finance to the implications of this particular tax. And I must say, Mr. Chairman, it has been a real difficult job trying to get any information from the Minister as to the impact and the implications of this new tax. We have tried every way in the book through Question Period, through every other parliamentary means available to us for week on end, Mr. Chairman.

Weeks on end trying to get the Minister to tell the House what would be the implications of this tax on a number of groups in the Province.

We have been trying to get him to tell the House what would be the implication of this tax on consumers in Newfoundland and Labrador, we have been day after day in Question Period trying to get the Minister to tell the House what the implications were for school boards and hospital corporations and other community organizations around the Province. Day after day, Mr.

Chairman, without fail, the Minister of Finance has continued to sit in his seat and provide no answers or provide a minimum amount of information in attempting to provide no answers.

The Minister, Mr. Speaker, has refused to acknowledge that consumers in Newfoundland and Labrador will be negatively impacted by this Bill. The Minister has refused to acknowledge that the cost of doing business in Newfoundland and Labrador - he sits over there like the old Cheshire cat and smiles at it all, but the Minister has refused to acknowledge that consumers of Newfoundland and Labrador who consume electricity, for example, who utilize the telephone services around Newfoundland and Labrador will have this tax passed on to them. The Minister has refused to admit that, Mr. Chairman, he has refused to tell us what the cost of that will be to consumers. He says that it will come out of the profits of companies. But, Mr. Chairman, we know and everybody in this Province knows, that companies are going to pass this cost through, they are going to pass it through to the consumer in some form or another and the Minister of Finance may as well accept that, he may as well accept the fact that it is going to come out of the pockets of the ordinary Newfoundlanders and Labradorians, that's where it is going to come from! Another trip to the pockets by this Minister, Mr. Chairman. He took a tremendous trip to the pockets in his first Budget, taking out about a \$100 million in a massive tax grab from Newfoundlanders and Labradorians raising personal income tax by a couple of percentage points, raising corporate income tax by a

point or two, raising all kinds of fees, Mr. Chairman, that's what he did in his first Budget.

In this particular Budget, he came before the House and he tried to create the impression, the false impression, Mr. Chairman, that this Budget was a common person's Budget and it's not, Mr. Chairman! It hits the consumer again in the pocket. This savage grab by this Minister, Mr. Speaker, has continued. This payroll tax will be passed along. Not only that, Mr. Speaker, the haphazard way, the unplanned manner in which this particular tax was brought in, the Minister looked day after day like a complete fool not knowing the implications of the tax that he had proposed. We would ask him one day were school boards in? He did not know. We would ask him another day if the hospital corporations were in? He did not know.

An Hon. Member: (Inaudible).

Mr. Rideout: That is the truth, Mr. Speaker. It is the truth. The Minister would not answer. What he kept doing, Mr. Speaker, was stalling day after day after day, until the House closed for the Easter break. That is what the Minister did, Mr. Speaker. He never had the fortitude to stand in this House and defend his tax measure. He went out when the House was closed for the Easter break and put out a press release. He did not even have the fortitude to go before the media and the cameras and defend this tax measure, Mr. Speaker. This Minister has refused consistently to defend this new tax. This brand new tax that he has brought in, he has refused to defend. He has refused to give the details of

the impact of this tax, Mr. Speaker.

The very first day that there was a Question Period in this House, after the Budget came down, we began the process of asking the Minister had he figured out how this tax was going to be passed through to people, even on food, Mr. Speaker. He went into a fit of convulsions and said that could not possibly happen. Well, it can happen, Mr. Speaker. Food comes into this Province in one mode of transportation or another. It is warehoused. It is wholesaled. It is resaled. A lot of those companies have payrolls in excess of \$300,000. You only have to have fifteen or twenty employees to have a payroll in excess of \$300,000, and every one of those are going to be zapped with that tax, and they are going to pass it along to the consumer, that is where it is going to go.

If the Minister is naive enough to think that those companies are going to be such great corporate citizens, that they are going to dip into their own hip pocket and find the money for the Minister, then he is more naive than I ever thought he was, Mr. Speaker. They are going to take it as an expense of doing business, and they are going to pass that expense along to the consumer. It matters not whether it is food, whether it is gasoline, whether it is electricity, whether it is telephone service, whatever it is, it is going to be passed along to the consumer of that particular goods or service in Newfoundland and Labrador. Let the Minister at least have the conviction to get up and defend what the tax is all about, Mr. Speaker. He has not done that.

Now, Mr. Speaker, there is another aspect of this particular tax that we have been raising continuously from this side of the House, and that is, what is the impact of this tax for organizations in the Province, for example, school boards and hospital boards. The Minister has told us that it will not have any affect. It will not have any affect, Mr. Speaker, simply because the Minister is going to transfer additional funding to those organizations to cover off, to balance off, the amount of whatever the payroll tax might be. But now, Mr. Speaker, that is all very fine, but what are the implications for that?

The implications of that Mr. Speaker, is that the Minister's Budget which he brought into this House in March is a fraudulent document. It is a false document. It is not accurate, Mr. Speaker, if the Minister has to find several dollars, several hundred thousand dollars, or even several million dollars to pass along to those organizations so they will have extra funding to pay the payroll tax and Government supported agencies like hospitals and school boards. If the Minister has to do that, Mr. Speaker, then the revenue projections and the expenditure projections that he presented to this particular House in his Budget are off. They have to be off, Mr. Speaker. If the Minister has to transfer \$1 to school boards in this Province to pay for the school tax, or to hospital corporations to pay for the hospital tax, then his expenditure projections have to be off.

Mr. Speaker, I do not understand. I will tell you, Mr. Speaker, I understand just as much about revenue and expenditure as the

Minister of Finance does, just as much.

The Minister somewhere, through Supplementary Supply, Special Warrants, is going to run the risk of just having book entries, and putting himself up for a court case, Mr. Chairman. Those are the three options that are open to him, because the Minister told this House, categorically and specifically, what the purpose of this tax was. We do not disagree with that, but in order to cover his legal case he has to broadly apply it to basically everybody, and that is his problem. In order to do that he is either going to have to transfer additional funds to those organizations that I mentioned, simply do book entries, or do a Special Warrant, or something, to get the funding. If it is just a book entry, in and out, just a book entry, the Minister knows exactly where he is going to find himself.

Mr. Chairman, this particular tax was tried in other provinces. We told the Minister in this House several weeks ago that the province of Manitoba has informed the business community in that Province that they intend to repeal the tax. Well, Mr. Chairman, we know that the Minister of Finance in Manitoba sent a letter to all the people who were paying the tax admitting that it was a regressive tax, admitting that it had caused increases in unemployment in the province because employers had laid off, and that the Government of Manitoba was moving to repeal that tax. We know that, Mr. Chairman. We have seen a copy of the letter. In fact, I believe, we tabled it here in this House. The Minister has seen it, so he knows what Manitoba intends

to do as far as that tax is concerned. When others have moved and seen the consequences, why the Minister would chose that particular route remains baffling to say the least, Mr. Chairman.

The other thing I want to say is this, if, as a result of this tax, there is any further increase in unemployment rates in this Province this Minister, and this Government, are going to be held responsible. They have to be. Just look at the unemployment statistics that were released on Friday. They were up a full 3.5 percentage points over this month last year. They were up a point and something over last month, over April month, but at a time of the year, Mr. Chairman, when unemployment rates should be trending down the other way. We have seen, month after month, after month, nine months, I believe it is, out of the last twelve, significant rises in the unemployment rate in this Province, 3.5 percentage points over this month last year. Your Parliamentary Secretary should go check his math because they are up 3.5 points over May of last year, because it was May's figures. If this trend is happening at a time of the year when people are trying to get back in the fishing boats -

An Hon. Member: (Inaudible).

Mr. Rideout: There was no 3.5 per cent increase nationally, I can tell the Member that. Mr. Chairman, when people are trying to get back in the fishing industry, and when, for example, fishermen are now off the statistical roll of unemployment, because they have been since 15 May, if that rate is increased by 3.5 per cent over that period of time, that is a very, very

disturbing trend indeed, and that will be another cause of concern for the hon. Minister of Finance in terms of the integrity of the Budget estimates that he produced for this House. Again, all we can do is plead with the Minister. The Minister, if he is pig-headed enough, will carry on, and at some point over the next few weeks, Mr. Chairman, this bill will pass, if the Minister is stubborn enough and wants to continue on with that.

Another question I wanted to raise, Mr. Chairman, and I thought it interesting, I believe it was in the House, I am not quite certain, but I saw some reference to the Minister of Finance indicating that this tax would be relatively easy to collect. I believe it was a statement he made to the House, it might have been a media statement, I am not sure. But that was the essence of the statement, that it will be relatively easy to collect.

Now, Mr. Chairman, that is not what I am told at all. I am told that the Minister of Finance and the Taxation Division of the Department of Finance have their hands full with attempting to devise a way to collect this tax. I am told that the computer models, for example, that are presently in existence for collecting the retail sales tax and the personnel that is involved in collecting the retail sales tax and the auditing and so on, that those two taxes cannot be mated successfully together. That is what I am told by people who ought to know, Mr. Chairman.

Now if that is the case then that raises another very important question. The Minister in saying that this tax would generate \$15 million this year for the treasury

and \$25 million over an annualized basis is not including any significant overhead cost -

An Hon. Member: (Inaudible).

Mr. Rideout: I would not think. He has never indicated that he was.

- for additional personnel, additional equipment, and additional time to put in place a collection system for this brand new tax.

Now the computer is there. I know the computer is there, but I have been told that the computer model that we presently have in the Taxation Division of the Department of Finance cannot do this. It cannot be mated together, the RST and this one, the collection effort cannot be mated together. Now if the Minister has to significantly expand the workforce in the Taxation Division, if he has to make significant capital procurements of computer software and so on, then the net amount that he is going to collect off this tax may well be below \$15 million this year and \$25 million on an annual basis.

The Minister, Mr. Chairman, has never addressed that question to this Legislature. He has not given the assurances to this Legislature that the system is ready to run by the 1 August, and that there is no difficulty with it. And I believe that before this bill passes, Mr. Chairman, the Minister has an obligation to outline in detail to this House the procedures, the systems, the method by which this particular tax is going to be collected.

Now, Mr. Chairman, we have raised dozens and dozens of questions.

Our critic for Finance, the Member for Mount Pearl, has raised dozens and dozens of others. I hope that the Minister will take the opportunity as this debate proceeds to get up on a periodic basis and answer the questions that the Opposition have raised. Do not just sit there with a grin or whatever and let it all go over your head. This is a brand new tax. We have a responsibility to raise the issues as we see them related to this brand new tax. And it is incumbent, Mr. Chairman, on a Minister, it is incumbent on anybody holding ministerial responsibility to respond to the concerns that we raise.

Some of them might be out to lunch, some of them I have no doubt are legitimate, but whether they are out to lunch or legitimate or in the middle the Minister has a responsibility, if he wants the support of this Legislature for the bill, to at least make an attempt to answer the questions. And we have not seen that very much in this Legislature over the last week or two, Mr. Chairman. We have seen Government bills, this one and others included, where the Opposition would put up two or three or four speakers and Ministers would hang on to their chairs for dear lives hoping that an opportunity would come to get up and close debate.

Now, Mr. Chairman, debate is not going to be closed on this bill for a while - that I can assure the Minister. There are a number of Members on this side of the House who want to speak on this bill and they are going to have their opportunity to do so. So I would hope that in between that, as the normal ebb and flow of debate across the House goes, that

the Minister would take an opportunity every now and then at least to answer the legitimate questions raised by Members on this side of the House, Mr. Chairman.

Mr. Chairman: I would like to take this opportunity to welcome to the galleries, on behalf of all hon. Members, sixty-two Grade 10 students from Woodland Elementary School in New Harbour, Trinity Bay accompanied by their teachers Marilyn Reese and John Boone.

Order, please! Order, please!

The hon. the Member for Humber East.

Ms. Verge: Thank you, Chairperson. I was pausing expecting the Minister of Finance to get up to answer some of the points raised by the Opposition Leader in his speech.

It's nothing new for the Minister of Finance to remain in his seat and to stay silent when important finance matters are being debated in this House. One of the frustrations that we've had since the Minister of Finance announced the payroll tax in his Budget Speech in March, is, the Minister's unwillingness or inability to explain the rationale of the tax or to tell people how his revenue projection was calculated or to say which employers in the Province are going to have to pay it.

Clearly, Chairperson, this was as one of the St. John's newspapers billed it, an impulse tax. It was a measure that was decided by the Minister of Finance, the Premier and the Cabinet, at the last minute, without proper homework having been done.

Now for many years prior, the officials of the Department of Finance, during the budgetary process, produced a list of revenue options for Treasury Board and the Cabinet year after year. When I was a Member of the Cabinet during the 1980s, the Cabinet would look at the option of a payroll tax and reject it. We rejected it out of hand because we knew from the experience of the three Provinces that have had a payroll tax, that it is a regressive tax, it is not related to businesses' ability to pay, it is not tied to businesses' profitability and it has served to depress economies.

One of our greatest difficulties, is the fragility of our economy. One of our greatest challenges is, motivating entrepreneurs and business people to start businesses in our Province or to expand existing businesses here. Entrepreneurs nowadays, have lots of choices about where to locate. It is usually just as easy for them to set up in the Maritimes or in Central Canada as it is in Newfoundland.

In Western Newfoundland, where I live, perhaps, because of our proximity to the Maritimes, we are acutely aware of the business competition between Newfoundland and Nova Scotia. We know that many businesses set up in Nova Scotia, perhaps even in Cape Breton island rather than Western Newfoundland because of more favourable business conditions in Nova Scotia. The introduction of a payroll tax in Newfoundland is one more strike against Newfoundland.

Nova Scotia doesn't have a payroll tax. None of the Maritime provinces has a payroll tax. Only

three provinces of Canada had ever had a payroll tax and they are Quebec, Ontario and Manitoba. Manitoba, as the Leader of the Opposition just pointed out, and as our finance critic explained some weeks ago, has decided to abandon the payroll tax after having experimented with the payroll tax for the last few years. Manitoba has found that the tax has served as a disincentive to investment in Manitoba. It has discouraged business activity in Manitoba, it has been a bad economic measure in Manitoba, and the Manitoba Government has decided to phase out the payroll tax.

Mr. Chairman, one of the great ironies about this real change - Government's payroll tax - is that it is being labled a tax for post-secondary education and health. This is an Administration, who when they campaigned for election a little more than a year ago, promised to eliminate school taxation. They promised to scrap taxation to finance children's education. The Member for Burgeo - Bay d'Espoir, for example, who was in his seat until a few minutes ago, made an explicit campaign promise that if the Liberals formed the Government the school tax would be eliminated.

What have we seen after two budgets from this Liberal real change Administration? We have seen retention of the old school tax for childrens education, and we have seen the introduction of a second school tax, a payroll tax for post-secondary education. Mr. Chairman, one of the great ironies of this payroll tax for post secondary education is that it is going to cost educational institutions, it is going to hurt school boards delivering programs

to children, and it is also going to penalize post-secondary education institutions and private education agencies.

Mr. Chairman, the payroll tax will be levied on school tax authorities which exist to raise revenue for school boards. One school tax authority in the Province has a payroll in excess of \$300 thousand a year. It is the St. John's authority, the largest authority. The Member for St. John's West, the Minister of Mines and Energy, is quite familiar with the St. John's School Tax Authority, having served as chairman of the authority, and I might add, having done good work in modernizing that authority and in increasing its revenue per capita and its revenue for students.

The St. John's School Tax Authority is going to have to pay over \$6000 to the Minister of Finance under the new payroll tax. That is \$6000 that should be going to the Avalon Consolidated School Board and the St. John's Roman Catholic School Board, and the Penticostal School Board for operation of schools in and around St. John's.

Mr. Chairman, the school boards are going to be subjected to the school tax. The school boards that operate schools for children that offer kindergarden through senior high school programs. Now, the Minister has been saying that school boards will be compensated and therefore school boards will not have to incur a net expenditure because of the payroll tax.

Mr. Chairman, the Minister of Finance has never explained how his Department is going to

compensate the school boards. A very big question is who is going to finance the payroll tax outlay? Is compensation going to be paid as the tax collector extracts payments or are school boards going to have to finance this new and unexpected cost? Will there be money in as money is taken out? Now, I am looking straight at the Minister of Finance when I am asking this question, realizing that the Minister of Finance came to this assembly from the education faculty at Memorial University, and assuming that the Minister is sensitive to the financial difficulties being experience by school boards in the Province.

The Minister in his budget has cut Provincial Government operating funding to the school boards. He is not giving the school boards as much purchasing power this year as they had last year. According to the Provincial Association of School Trustees, after noting the freeze of the school tax equalization grant there is only a 0.7 per cent increase in operating grants to school boards. Despite the Minister of Finance's projection that the inflation rate would be 4 per cent obviously then school boards will be worse off this year than they were last year.

Mr. Chairman, this has been pointed out by many involved in administering education in our Province. It has been pointed out by superintendents most recently. The superintendent of the Green Bay Integrated School Board had very pointed criticisms of the failure of the real change Government to provide adequately for school boards in the recent budget.

Mr. Chairman, it is extremely

important for the Minister of Finance and his colleagues, some would say his twin the Minister of Education, to explain without any more delay how school boards are going to be compensated for the payroll tax and to make it absolutely certain that school boards will not be penalized.

Mr. Chairperson, post-secondary education institutions which are publicly financed also are going to be hit by the payroll tax. Memorial University, with the largest payroll of all, something in the order of \$120 million, if you include the payroll of the Medical School, will have to pay \$1.2 million in this Budget year as the tax does not begin until August 1. In the next fiscal year when the University will be subject to a tax for the whole twelve months, the cost will be something in excess of \$1.8 million.

Now the Minister of Finance has a duty to explain how that institution is going to be compensated for the payroll tax. How can Memorial University pay the Department of Finance \$1.2 million this year without being penalized? The Government operating grant for Memorial University, which is paid through the Department of Education, as well as the operating funding for the Medical School, paid through the Department of Health, did not allow for the payroll tax evidentially. When the expenditure side of the Budget was prepared the officials did not realize that there was going to be a payroll tax, and when they calculated grants to publicly finance the institutions they did not allow for the institutions to have to pay the payroll tax. Now how is the Minister of Finance

going to provide supplementary funding for those institutions so that they will not have to absorb any cost, whether interest cost in financing the extra outlays or the cost of the payrolls tax itself.

Then, Mr. Chairperson, there are these private education institutions. The Minister has made clear that they will be treated the same as all other businesses and will be levied full payroll tax without any compensation whatsoever. Presumably those institutions are going to have to pass on that extra cost to their students. So private education institution fees are going to have to go up so that those businesses absorb through their revenues the extra cost of doing business that will stem from the payroll tax.

Now, Mr. Chairperson, here we are in June of 1990 after fourteen months of the Liberal Real Change Government with two school taxes, the old school tax for children's education and now the new payroll tax for adult education, a tax which is being levied in such a way as to hurt education generally. It is going to cost the St. John's School Tax Authority without any adequate explanation to the contrary, we have to assume it is going to cost school boards something, at least, the carrying charges on the extra outlays and unexpected outlays. And we know it is going to cost private education agencies who obviously will have to recoup that extra cost from their clients, from their students.

Mr. Chairperson, on all businesses subject to this new payroll tax are going to have to pass on the cost to their consumers. And as I mentioned many businesses in our

Province have to compete against Mainland businesses. Take retail stores, grocery stores, as an example, operating in our Province is at least one large Mainland owned grocery chain, the headquarters are in the Maritimes.

We have also locally-owned and managed grocery chains and grocery stores. This payroll tax is going to penalize the locally-owned chains and stores, and if the Minister of Finance will listen, he might nod his head in agreement that there is a very small margin on groceries. I say to him that grocery stores in our Province are going to have to sell a lot of groceries to recoup the cost of the payroll tax that the Minister is about to levy on them. And it so happens that the mainland-owned stores will get off easier because they have their executives and their owners in other provinces, so the salaries paid to those top personnel will not be subject to the Minister's tax, but the locally-owned grocery chains and stores are going to be hit full-force. Once again, the Newfoundland Government makes it harder to do business in Newfoundland. Once again, the Newfoundland Government signals to investors and entrepreneurs that there are new disadvantages attached to doing business in Newfoundland.

Chairperson, the payroll tax will be levied on utilities. It will be charged to Newfoundland Hydro. Newfoundland Light and Power, in turn, will get quick and easy approval by the Public Utilities Board to pass on to rate payers the double whammy effect of the payroll tax, the amount that will be collected from Hydro, as well as the amount that will be collected from Newfoundland Light

and Power. Newfoundland Telephone, similarly, will pass on the amount of the payroll tax applied to that utility to telephone subscribers.

The utilities are labour-intensive. Each of the utilities has a huge payroll and the amount of the payroll tax which will be extracted from those utilities is quite substantial and it is going to aggravate the difficulties of individuals and businesses in our Province.

Chairperson, the Minister of Finance, in his Budget document, forecast \$15 million net revenue from the payroll tax in this budget year, and, in this budget year, the tax will only be collected for eight months. It starts on August 1st, and will be collected for eight months. Next year, the Minister of Finance is saying, the take will be \$25 million.

Over several weeks in the House of Assembly, I and other Members of the Opposition asked the Minister of Finance to explain his revenue projection. I asked him repeatedly to say how much of the \$15 million revenue projection for this year will come from Federal employers, how much will come from provincial employers and Provincial Government-funded agencies and institutions and, finally, how much of the \$15 million revenue projection will come from private sector employers. The Minister steadfastly avoided answering the questions, although in one statement to the news media, he suggested that the take from Federal Government employers will be in the order of \$4 million to \$5 million. I call on the Minister of Finance during this

debate to explain precisely how much of the anticipated revenue will come from each of those three broad categories, how much will come from Federal Government employers in the Province, and how much from Provincial Government employers in the Province, and I am including in that category, Provincial Government-funded agencies such as hospitals, senior citizens' homes, post-secondary educational institutions, school boards, Crown Corporations, such as Newfoundland and Labrador Computer Services, Marystown Shipyard, Newfoundland Hardwoods, and so on.

Chairperson, I am very doubtful about the accuracy of the revenue forecast. The Leader of the Opposition raised another salient point. He asked about the administration of the new tax. His information indicates that the Minister of Finance is going to have to create a whole new computer program and employ additional staff to administer and collect the payroll tax. The Minister of Finance owes it to the Members of this Chamber, and the citizens of the Province to say what will be involved in administering this tax. What will be the cost of collecting the tax? What will be involved in seeing that the tax is applied correctly and uniformly?

Now the Minister of Finance, in this year's Budget, is eliminating most of his Gas and Tobacco Tax Inspection Division. He is eliminating some ten positions across the Province. Chairperson, I know the individuals affected with their union are grieving the dismissals. I do not know exactly where those matters stand now, but what concerns me is whether the Department of Finance can maintain

its revenue take from the gasoline and tobacco tax, which is well in excess of \$100 million a year, with eight or ten fewer staff. These people, some of whom I have spoken to, tell me that there is flagrant manouvering to avoid paying each of those taxes, and without strict policing there will be significant slippage in the Department of Finance's collections from those taxes. That is an aside but, Chairperson, there is a parallel with the payroll tax. The payroll tax, which obviously was not properly thought out before it was introduced. The parallel has to do with what safeguards are being built into the collection system to see that the tax is applied uniformly and fairly to prevent slippage and to prevent tax evasions.

Chairperson, if honest business people pay this tax because they get bills from the Department of Finance, will the Minister of Finance take any corrective action against others less reputable who try to avoid paying the tax?

Then, Chairperson, there is the question of creative avoidance, which is legal. Does the Minister of Finance anticipate moves on the part of business people to split their operations so that none of them will have a payroll in excess of \$300,000 a year and, therefore, be subject to the payroll tax?

Chairperson, I will sum up my remarks by saying that the payroll tax is a bad tax. It is bad for the economy of our Province at a time when the Provincial Government should be bending over backwards to stimulate business activity to entice investment in our Province, to make our Province an attractive place in which to do

business, contracted with the alternative compared to the Maritimes for example. The payroll tax is regressive. It is not related to businesses or employer's ability to pay. The payroll tax will be levied on businesses that are losing money. The payroll tax will be collected from businesses that are on the brink of going insolvent. The payroll tax has been rejected by the Province of Manitoba, which has experimented with it, and which has found that what I am saying has been the case. The tax has been a disincentive to business in Manitoba and, therefore, the Manitoba Minister of Finance has announced that Manitoba is abandoning the tax.

Chairperson, furthermore, the claim of the Government that this is a measure to help post-secondary education and health is farcical. This tax clearly is going to hurt post-secondary education and health.

And, finally, Chairperson, this measure points up the real change Liberal Government as being the hypocrite that they really are. These are the politicians who promised to abolish the school tax to finance children's education, and now they are maintaining school taxation with higher and higher rates, and they are charging a second school tax, this one called the payroll tax for post-secondary education. Finally, to add insult to injury, Chairperson, the payroll tax is going to extract money from school boards, the St. John's School Tax Authority, post-secondary education institutions, private education agencies, hospitals, and nursing homes. The payroll tax is going to hurt the cause for which

it officially exists, hypocrisy, Chairperson.

Mr. Speaker: The hon. the Member for Kilbride.

Mr. R. Aylward: Thank you, very much, Mr. Chairman.

I would like to have a few brief words on this payroll tax, Mr. Chairman. I think the most despicable part of this tax that I see is that it was brought in this Province under the guise of a health and education tax, and brought in under the guise that the Budget that was brought in by the Minister of Finance was a people's Budget. Mr. Chairman, it was suggested in the Budget Speech that this payroll tax would have very little, or no effect on the consumers of this Province when it was brought in, and it would be quite acceptable.

For awhile most people thought that maybe this was a fact, but after we finally got some vague answers from the Minister of Finance as to who would pay the payroll tax, who would be responsible for finally paying the payroll tax, we find that the consumers of this Province, in the most part, are going to have to pay through the nose for the payroll tax that the Minister of Finance has brought in. We will find that this being an education and health tax we would expect that education and health facilities would be exempt from the tax, but we find this is not the case, although some educational facilities will get a rebate at the end of the year, I believe, but we cannot get that information from the Minister of Finance as to what mechanism the schools and the -

Mr. Efford: A point of order, Mr. Chairman.

Mr. Chairman: The hon. the Minister of Social Services on a point of order.

Mr. Efford: I do not mean to interrupt the hon. Member speaking, but there seem to be a lot of meetings going on and a lot of talking so I cannot hear what the hon. Member is saying.

Mr. Chairman: I have to agree with the hon. Minister of Social Services. I have difficulty, too, in hearing the hon. Member and I suggest that it is probably mostly caused by Members to my left, so I suggest if they want to carry on a private conversation they go outside the Chamber.

The hon. the Member for Kilbride.

Mr. R. Aylward: Thank you, Mr. Chairman. The microphone light is on so I would imagine it is working. Mr. Chairman, I thank the hon. Minister of Social Services for his intervention. I am sure he is very interested in hearing what the social service recipients of this Province would have to pay because of the Minister of Finance bringing in this payroll tax, Mr. Chairman. It was brought in as a health and education tax, and as I was saying one would assume that education and health facilities would be exempt from this tax, but we know they are not exempt but there is suppose to be some sort of a mechanism worked out in the future, I guess, where the hospitals and the school boards of this Province will get a rebate equal to the amount of tax they pay.

Mr. Chairman, I don't know how

long they will have to finance this payroll tax, but if they have to finance it at all, it will cost them interest money. So I hope the Minister of Finance will take into consideration when he is giving the rebate to the school boards and hospitals, it will cost them to finance the paying of this payroll tax and I hope he includes this in his rebate that he plans to give the schools and hospitals.

Mr. Chairman, there is one group, a very vital group, in our education system, who will not receive a rebate because of this health and education tax, the payroll tax. I understand that the school tax authorities, who may have their budgets - certainly one of them does have a budget more than \$300,000 for salaries. They will not get a rebate. Maybe the Minister of Finance, when he is cluing up this Act, will agree to answer my question as to whether the school tax authorities will have to pay the -

An Hon. Member: (Inaudible).

Mr. R. Aylward: He hasn't answered any of these questions, Mr. Chairman.

What is the answer, do you know?

An Hon. Member: (Inaudible).

Mr. R. Aylward: No, you don't know because he never answered the question, Mr. Chairman.

Will the school tax authorities get a rebate when they have to -

An Hon. Member: (Inaudible).

Mr. R. Aylward: Will the school tax authorities get a rebate, Mr. Chairman, not the school boards, not the hospitals, but the school

tax authorities who have to pay this?

Dr. Kitchen: (Inaudible).

Mr. R. Aylward: There we go. Now we have an answer from the Minister. The Minister has indicated that they will not get a rebate, yet the Minister of Social Services, who has all the answers, the Member for Placentia who has all the answers, kept saying yes.

An Hon. Member: (Inaudible).

Mr. R. Aylward: I am asking a legitimate question.

So, this health and education tax that we have brought in is going to cost the educational financing institution in this Province, Mr. Chairman, because they will not get a rebate.

Mr. Chairman, the Minister of Finance said the school tax authorities will not get a rebate, so I expect it will be a cost put into their system somehow, so it will cost -

Dr. Kitchen: (Inaudible).

Mr. R. Aylward: - one, Mr. Chairman, that is what I wanted him to say, one school tax authority being the St. John's School Tax Authority, no doubt. And the St. John's School Tax Authority will be the only one to have to pay this, as the Minister says. They will not get a rebate, Mr. Chairman, so this is a cost to the education system of the Province. It is hard to get that through to hon. Members, but it is not very advanced logic to figure out that it will cost the education system some money. I don't know what the dollar value is, Mr. Chairman, but it will cost

the education system in the St. John's area some money. That was not indicated when the Minister read out this people's Budget some months ago. And it is only now, today, that we got an answer whether this would cost the education system or not. That is one of the areas that will cost the education system.

One other area that I am interested in, and maybe the Minister can give an indication, I understand the Crown corporations in the Province will have to pay this payroll tax, the ones with enough money -

An Hon. Member: (Inaudible).

Mr. R. Aylward: Enough salary, yes. So some Crown corporations will have to pay. Now, I thought I heard the Minister make this statement one time before, and I never had the chance to ask him this before, but I believe the Member for Mount Pearl did ask him and he answered in the affirmative, I am not sure. Maybe he can indicate now. Newfoundland Farm Products is a processing plant in this Province, a Crown corporation, and I understood the Minister to say at one time that Newfoundland Farm Products would have to pay the payroll tax. Now, I would like to know from the Minister when he clues up his debate if Newfoundland Farm Products will have to pay the payroll tax. I know the situation in Newfoundland Farm Products much better than the hon. Minister knows the situation in Social Services in this Province, Mr. Chairman.

An Hon. Member: No! No, you don't!

Mr. Chairman, Newfoundland Farm

Products - the Minister has not indicated whether they will have to pay or not. I guess he is not aware if they will have to pay, but, in his statement and in the Budget and in his statement on the payroll tax, he says that all the primary industries in this Province, the Forestry, Agriculture and Fishing industries, all industries associated with them will not have to pay the payroll tax, so I assume that Newfoundland Farm Products will be exempt from paying this payroll tax, yet I can't get that confirmed from the Minister of Finance because I don't think he knows quite yet, if he has decided to charge Newfoundland Farm Products. Under the statement it would be safe to assume that Newfoundland Farm Products management, has assumed that they will not be paying this 1.5 per cent payroll tax.

Mr. Chairman, if they do have to pay it, the salary at Newfoundland Farm Products, in case the Minister of Social Services is interested, I am sure that he is not aware of what the salary is at Newfoundland Farm Products, but for this year, 1990-1991, in their Budget, the salary would be \$6.2 million and if Newfoundland Farm Products have to pay the payroll tax, it will cost them in the vicinity of \$80,000 to \$100,000, which, obviously they can't afford to pay because Government, this year, in grants and subsidies to Newfoundland Farm Products pay them some \$4.2 million.

I note that the increase in the Budget for Newfoundland Farm Products this year was about \$80,000 but I don't know if the Minister saw far enough ahead to give them an increase in their grants and subsidies to cover the

\$84,000 that they will have to pay in the payroll tax.

It seems to me that Farm Products, being an agricultural activity in this Province, should be exempt as the Minister stated and said in his Budget, as well as fish plants are exempt, and as well as the two, three paper mills in this Province are exempt. I would like the Minister to find out whether Newfoundland Farm Products will be responsible for paying the payroll tax.

One other Crown corporation that I am sure will have to pay the payroll tax will be Newfoundland and Labrador Housing Corporation. Mr. Speaker, Newfoundland and Labrador Housing Corporation, I am not sure what their salary Budget is right now, but I do know it is greater than \$300,000 and they will have to pay the payroll tax and I am wondering what effect that will have in providing the social housing which is desperately needed around this Province and that Newfoundland and Labrador Housing is trying to do for this Province, but even now, even today, they cannot afford to do what is needed even in the St. John's area not to mention the rest of the Province.

Some of the areas where the consumer will be directly affected with this payroll tax and again when we have any tax increase, any broad base tax increase the people who can least afford it are the ones who are going to have to pay it along with the rest of us. There are no exemptions in this for people on lower incomes or fixed incomes and they will all have to pay this payroll tax.

Mr. Chairman, when you look at how many times they might have to pay

it, if you take for instance, the food that they are going to eat, the food that we get in this Province is brought in here by large shipping companies or large trucking companies whom we would expect will have to pay the payroll tax, so the transportation companies will pass this cost on to their customers, obviously, and their customers will be the wholesale companies in this Province, so those wholesale companies will get this payroll tax from the transportation companies and a lot of our wholesale companies will have a salary larger than \$300,000, so they have to add another 1.5 per cent because of their own salaries so we are at 3 per cent already and that is before we even get into the supermarket and when we get into the supermarket, the retail level on food products, the wholesalers would have added their 1.5 per cent and the transportation companies would have added their 1.5 per cent. Then we will have the larger supermarkets in this Province, again who will have salaries more than \$300,000 and again they will have to add the 1.5 per cent and the result of all of these will be that the price of food in the supermarkets will have, built into its cost, somewhere along the line, the payroll tax. They will have to pay it at least three times, three times that I can identify. I do not know if there are more. If some of these companies have law firms or accounting firms that have larger salaries than \$300 thousand, then again you might have the transportation company being charged by its law firm the 1.5 per cent so that again will increase it. Maybe the accounting company will charge the transportation company again the

1.5 per cent, Mr. Chairman.

But as very fortunate that I am, Mr. Chairman, that the strawberry industry that I will be starting in Kilbride in the near future will have only one employee right now. And, Mr. Chairman, that employee I will guarantee you will not make a salary of \$300 thousand. So, for the Minister of Social Services information the strawberry farm that is being created in the District, although we might have a lot of casual employees, Mr. Chairman. It is a good employer and I will have to watch it, I guess, in the future, Mr. Chairman, because just in the planting process for one acre there were eight people working there that day. Eight people volunteered to work there so they will not get a salary out of it. They will not get a salary out of it right now.

But, Mr. Chairman, I would see in the near future that a small industry like that could pay this 1.5 per cent sales tax except - and a good exception that the Minister of Finance made - it is a part of the agricultural industry and it probably will never have to pay it. And, as I say, Newfoundland Farm Products should come under that same exemption, Mr. Chairman.

Mr. Chairman, some of the other areas where the consumers of this Province are going to be affected by the 1.5 per cent sales tax is that the crown corporation called Newfoundland Hydro in this Province will have to pay this 1.5 per cent payroll tax, Mr. Chairman, and obviously they are going to pass the 1.5 per cent on to their customer, their major customer in particular which will be Newfoundland Light and Power.

And Mr. Chairman, because Newfoundland Light and Power has a payroll also of more than \$300 thousand they will be charged a 1.5 per cent payroll tax. So the consumers of electricity from Newfoundland Light and Power will directly or indirectly be paying a 3 per cent payroll tax, Mr. Chairman, through their electric bills. And again the people who can least afford to pay this, Mr. Chairman, are the ones who will be hurt the most.

Mr. Chairman, another utility in this Province which is a private company, but a very essential service, that is offered that consumers need in this Province now especially senior citizens, Mr. Chairman, who not always can get out when they want. The Newfoundland Telephone, Mr. Chairman will be charged this 1.5 per cent payroll tax which again will be passed on to the Social Service recipients, the senior citizens, people on fixed income, Mr. Chairman, who again can least afford it.

An indirect cost to Government of this payroll tax, Mr. Chairman, will come through the construction industry. Mr. Chairman, all the construction that will be done by Government from now on by the larger construction companies will again have this payroll tax incorporated in it. And if this payroll tax is incorporated in the larger construction companies obviously it is going to come back to the Provincial Government as a cost of doing work in this Province.

One area again that is not fair in this payroll tax are the larger municipalities in this Province who as we see, the St. John's School Authority will pay the 1.5

per cent payroll tax, the St. John's City Council will pay the 1.5 per cent payroll tax, and I believe the cost of the City of St. John's is -

An Hon. Member: \$300 thousand.

Mr. R. Aylward: - between \$300 thousand and \$400 thousand, Mr. Chairman. Well it will be another \$400,000 tax burden on the residents of the City of St. John's and St. John's will not be the only one obviously, but the larger, Corner Brook, Mount Pearl mostly likely will have to pay, Grand Falls, Gander, definitely Corner Brook will have to pay.

An Hon. Member: And any towns that amalgamated.

Mr. R. Aylward: The residents in these larger cities and towns in our Province again, these people pay the highest proper taxes now, Mr. Chairman. They pay the highest land costs now, Mr. Chairman. They pay the highest cost for their housing. And again they will be paying extra money because of the payroll tax brought in by this Minister of Finance.

So as I have pointed out the payroll tax is going to cause a burden on the consumers of this Province and it is going to cause a larger burden on some consumers, particularly fixed income and social service recipients in the St. John's or larger city areas, Mr. Chairman, they will be burdened even more with the payroll tax than some people in other parts of the Province which makes it a completely unfair tax.

Now, Mr. Chairman, I know the Minister is out on Government business somewhere, but I am sure he is within shouting distance.

But when he does clue up the debate on this bill I would certainly appreciate it if he could give me a breakdown of how and who will pay the \$15 million. We have heard vaguely through the media, certainly not in this House of Assembly, although the Minister might have nodded his head to a question one time, that we will get some \$4 million this year from the Federal Government payroll. That is not bad, I suppose. They can afford to pay, but they will probably just put it back on a higher tax again. Reasons like this probably the hon. Members are against the GST, but when Provincial Governments such as Mr. Scrooge of our local Legislature here, the Minister of Finance puts on new taxes, the Federal Government two has to collect it. So maybe why GSTs come in.

But, Mr. Chairman, if the Federal Government is going to pay the \$4 million, the school boards and hospitals are going to get a rebate so they will not obviously pay any. We have a net of \$15 million to be collected; almost \$11 million without the Federal contribution. I think that is around between \$4 million and \$5 million we should collect from the Feds.

I would like to see from the Minister, and I would be more than happy with a few comments after to probably agree to let the bill go because eventually it would pass in this House anyway, numbers will dictate that it will pass. But, Mr. Chairman, if the Minister would supply this House with a breakdown of who will be paying this other \$11 million this year. I am not sure what a full year's cost will be to the Federal Government, but if it is \$4 million, \$6 million this year, I

guess we could say that it will be probably \$6 million in the twelve month period or maybe even \$8 million. Then we have to collect another \$17 million somewhere in the Province for the full twelve month breakdown is going to be \$25 million tax or benefit to this Province.

Mr. Chairman, if the Minister could get, and I am sure his staff has it prepared of what the breakdown is in the payroll tax. It would not be hard to get the Iron Ore of Canada to find out what their payroll is, and certainly we would know what Lab West would be paying, and it would not be too hard for the Minister to get the salary of Newfoundland Hydro or Newfoundland Light and Power, and see how much they have to pay. But, Mr. Chairman, I would like to see a breakdown in how we are going to collect a full \$15 million in this August to March, an eight month period, and \$25 million in a twelve month period?

Because, Mr. Chairman, I believe by exempting the hospitals and by exempting the school boards in this Province, I believe that there is not enough salaries created in this Province to come up with the full \$15 million net as the Minister keeps saying. Certainly if the Minister could give me some indication as to where the rest of it was being collected I could make some decisions.

When I have to vote for this tax, maybe if the answers are satisfactory, maybe I will come on side and vote for the hon. Minister of Finance, and he will convince me that this is a very sensible sales tax and it is not going to hurt the consumer.

But, Mr. Chairman, from the information that I have and the research that I have done, it would seem to me that the food prices will be affected by payroll tax, Hydro or electricity costs will be effected by payroll tax, telephone costs will be affected by payroll tax, Mr. Chairman, construction costs will be affected by payroll tax, schools and hospitals I am not sure how they are going to get their money back but they could quite possibly be affected by payroll tax. I know the St. John's School Tax Authority will be affected by payroll tax, Mr. Chairman. And I know that certain municipalities in this Province will be affected by payroll tax. Each of these things causing an extra burden, an extra expense on the consumers of these products or these services that are being offered.

But, Mr. Chairman, it is extremely difficult for me to give the Minister of Finance any support in his payroll tax. If I thought it was a fair tax maybe I would be more inclined not to criticize so much, but I do not believe that the tax is a fair tax. It places more of a burden on some residents of this Province than on residents in other parts of the Province, Mr. Chairman, and because of that I would find it very difficult to support it. I wish the Minister would get up in this debate and give me some answers to the questions that I have posed and in particular if Newfoundland Farm Products will be paying the payroll tax.

Now, Mr. Chairman, we have one fairly large feed company in this Province which certainly is operating because of the agricultural industry, and I do not know what their payroll might

be, but maybe the Minister when he is giving a breakdown of how he is going to collect the \$15 million might be able to include in that breakdown if the feed companies in this Province are subject. Because, Mr. Chairman, if the feed companies do have to pay it then another expense to the farmers in this Province who certainly have a hard enough time trying to manage and operate farms in - they have to be the bravest people in the world. Anyone who wants to farm in Newfoundland, they deserve help not hinderence in such items as taxes.

Mr. Chairman, I see I have my notice for five minutes but I am sure that the Minister will - and I spur the Minister on to get up and answer these questions now. And with that, Mr. Chairman, I will be very interested in listening to his remarks.

Mr. Chairman: The hon. the Member for Humber Valley.

Mr. Woodford: Thank you, Mr. Chairman. I would like to make a few comments on the new payroll tax that was supposed to be instituted to look after the post-secondary education and was called the health and education tax if I am not mistaken. There are a lot of other questions left unanswered with regards to the tax and that is, I guess, who is going to pay, who is responsible for paying and who is not.

But one of the big things that I see with it and one of the places that it is going to hurt most, and I have said it before in speaking on the Budget debate, is small businesses in the Province. And when I say small business, Mr. Chairman, I am talking about businesses in this Province -

someone mentioned it the other day, a small business is referred to as a business with \$1 million revenues or less.

Now to me whether it is \$1 million or \$2 million or \$500 thousand or whatever it is here except for the joint corporations and the big companies such as Kruger, Abitibi-Price or someone like that, they are all small businesses. They are all small businesses where people cater to the service industries and mainly to tourism. That is the one that strikes me most. I mentioned that before and I have to say it again from the outset about the people who are employing anywhere from fifty to seven-five people on a seasonal basis paying out anywhere in the vicinity between 650,00 to 900,000 per annum in wages, but the main part of their income comes during the summer season when tourism is at its peak.

I have that right in my District, and every Member in this House has examples in their Districts all around the Province. I speak of that because I know personally of businesses in the District of Humber Valley who are going to be hit for anywhere from \$7000 to \$12,000 this fall that they did not have to pay for last year. They would have to raise the prices of their product in order to compensate because there is no other way to get it, absolutely none, and small business today in that type of industry is fairly competitive.

A few thousand dollars with a small business like that makes all the difference in the world as to whether it is going to be profitable or not and whether you stay afloat. Apart from that, the small business sector is one place

where they find it much harder to compete, and not being able to hire X number of employees, ten or fifteen over and above what they had last year, it hurts the local economy. They have to find it somewhere. They are not like the Newfoundland Hydros, the Newfoundland Light and Powers of the world, or Newfoundland Tel, where they can go to a PUB board, ask for increases and have the monies they were suppose to pay, the 1.5 per cent automatically added to their bills on a monthly basis to recoup and recover the monies that were expended in the form of the 1.5 payroll tax.

Mr. Chairman, in the Bill itself one of the things the Minister said, I think, was that the resource based industries, namely the fishing, agriculture, and forestry sectors were exempt. Now, I was looking at Section 2, Subsection (c) of the Bill, and I suppose the question to the Minister because he is not here now, but it could probably be answered later, do they have to pay that money up front and then ask for a rebate, or are they automatically exempt from day one? It is not clear to me from looking at the Bill. It certainly does not specify whether they are automatically exempt, or if they just pay the money and then at the end of the year, or at the end of two months, or six months, or whatever, apply for a rebate. It is not clear. It says that tax would have to be paid on anything produced, mined, or harvested anywhere in the Province.

Also, Mr. Chairman, to add the 1.5 per cent to any business in the Province, but I speak mainly right here of small business again, add to that the contribution from CPP, the matching dollars, the

contribution to UI, and Workers' Compensation. When you add compensation, UI and CPP alone to any business in this Province today it could make or break the business here in the Province, especially the way the economy is today. It is very unstable, they have a job to survive at the best of times, and then along comes 1.5 per cent on a payroll tax over and above the \$300,000 that would add another source of expenditure to the companies, and that means whether they survive or not.

Where do non-profit organizations stand? The Minister has stated on several occasions that they are exempt. Again, who is exempt and in what form? Do they pay and then ask for a rebate, or do they not? If they do not they in turn have their revenues cut and cut substantially when you are talking about a particular school board in the Province and a lot of other municipal organizations in the Province who have very substantial payrolls. They have to get the taxes so they in turn will move and put it right back by putting up property tax, or put up the poll tax, or whatever to collect the 1.5 per cent.

Mr. Chairman, moving on into the Bill, it has been mentioned by Members that it is a regressive tax and I go on further to say that the means the Minister has in his Bills to collect the taxes and to police this Bill is rather draconian to say the least.

The property under Section 7 (1) in the collection of taxes. There is a lien in favour of the Crown in the right of the Province on the entire assets of the estate of the employer and the lien has priority over all other claims of a person against the employer.

Now, to me, Mr. Chairman, if there is any such thing as regression, that is regression, when the Crown has complete jurisdiction and complete first call, first mortgage on all the assets of the entire organization no matter what it is, as long as it is eligible and eligible meaning 300 employees or payrolls of \$300,000 or more.

Now, we have always had municipalities in the Province. Anybody under the property tax system always had the option, I don't think it's changed, under the Municipalities Act, to take the first lien on someone's property for up to a period of six years and I think that kept revolving and I think that's still there. I don't think I have ever seen any amendments to change it. This, this, is a little worse! At least the municipalities would have to, firstly, charge the individual and take it to a court. Me, reading this, is that you have first call on all assets of the estate! Now that, to me is a bit much, when they can come in and seize an estate and hold it until those claims are paid or else have an auction and sell it off.

The first mortgage ranking in priority over every grant, deed, lease or other conveyance and over every judgement, mortgage or other lien or encumbrance affecting the real property affected or the title to the real property affected and the Minister made this charge a lien by power of sale under the Conveyancing Act. Mr. Chairman, if that is not regressive, I don't know what is!

And, there is no one exempt from that whether they are paying out \$310,000 in the payroll or whether they are paying out a million

dollars, that, to me, is a regressive step. He has no alternative, if he has the money and he is owed, like a lot of small business of the day, when they are paying their remittances alone on a monthly basis, they have had a habit of going a little longer than what was necessary and they were charged, I think, it was a 10 per cent penalty on it, and they had problems even paying some of that, however there was no lien on their property and when they saw fit they paid them.

Maybe, the Minister can clarify it but it is there written in the Act, and there is no other interpretation that I would have for it, but maybe there is an explanation and maybe the Minister, later this evening or tomorrow will probably be able to explain exactly what it means. But it says there quite clearly, that it takes precedence over every grant, deed or conveyance that the person, the individual owns.

Not only that, but, after that is claimed, the Minister, may register the lien in the Registry of Deeds, no trouble then to find out who owns what or the status of it. It is in the Registry of Deeds and can be seen by anybody. Anybody off the street can go in and pay a dollar and have a look at it.

Section 8 (2). A proceeding under some Section 1 shall be tried without a jury. Try without a jury and the court may make an order as to cost in favour for or against the Crown! I mean, you have no choice, written right here, you have absolutely no choice! You can go to a court and he tells you no, absolutely not, you'll do it this way, written in

the Act!

An Hon. Member: (Inaudible).

Mr. Woodford: Yes. With a special lien. The lien is not normal. The lien is not normal when you have a first lien on all properties without alternative or without recourse. That's what I am getting at. And if there is an explanation for it, then rightly so, but if there is not, to me it is regressive. And it is going to hurt business in this Province that is probably something that is put in there by someone by whom the Minister does not know anything about. But I think it is worth checking. I think it is Section 7 (1).

Now, Mr. Chairman, I mentioned before about the Newfoundland Hydro and some of the other fairly large companies who are paying this and how they can pass it on. What about some of the other organizations and municipalities in the Province. Did the Minister check with some of those municipalities to see exactly how they were going to be hit, along with some of the other recommendations made with regards to amalgamation, regional boards and so on? How much they were going to have to pay? Because, Mr. Chairman, this is not going to make it any easier to operate a business in this Province today with all of the trials and tribulations of trying to make it succeed.

This is a money bill, Mr. Chairman, so it is pretty wide-ranging. The Economic Recovery Commission was set up to really enhance and try to, I suppose, expand and expound on creating jobs in this Province.

An Hon. Member: And it is.

Mr. Woodford: And looking at some of the reports of the Commission, my report is dated May 11, I have not seen another one. I do not know if that is the latest or not, but the report I have from the Economic Recovery Commission, that is a good thing, it is for them to send it out, and I would say it is under the direction of the Minister to send it out, so every Member can view and tell what the Recovery Commission is doing.

Now in this report there is a statement that says Economic Recovery is a long term process which cannot be accomplished by the Commission alone. Now I am sure, Mr. Chairman, that nobody in this Province, and I am sure nobody in this House wanted to be told that. You did not have to be a new Government or have a new policy to be told that it is a long term process which cannot be accomplished by the Commission alone. Our job is to create the environment in which people can participate directly in finding solutions to our economic problem.

That is not creating the environment for small business to develop in this Province. And based on some of the other comments in the report by the Economy Recovery Commission, believe you me, they have their hands full, especially when you look at some of the wages being paid to members of the Economic Recovery Commission today and looking at the results so far that it has -

An Hon. Member: (Inaudible).

Mr. Woodford: I am not one bit ashamed of talking about the hon. -

Mr. Efford: (Inaudible).

Mr. Woodford: The hon. Member's pickle plant, he is always putting up in the House about the pickle plant. Does the Minister want to talk about the pickle plant now or does he want to debate it? I mean I can do that any day of the week with the hon. gentleman?

An Hon. Member: (Inaudible).

Mr. Woodford: In any case that will be -

An Hon. Member: You should have stuck with the issues.

Mr. Woodford: Never mind the issues. That is another example. That is money spent, that is money gone and now we are in there with a company who wanted to move, who never took anything from the Government at all, who wanted to move that plant -

Mr. Efford: Are you telling me (inaudible).

Mr. Woodford: - and they will not give them the consent to move, and then you want to create jobs. You will have your turn to speak when I am finished. And if you want to do what you did before talking about that then okay.

Mr. Efford: (Inaudible).

Mr. Woodford: Mr. Chairman, I had the floor, and the hon. gentleman will have time to speak as I do.

Mr. Efford: (Inaudible).

Mr. Woodford: If you are so interested in creating jobs, why not? The election is over. Give the people permission to move so they can create a few more jobs in the Province and let the structure

stay here, and never mind always getting up and passing around pamphlets and trying to create havoc. It is done. Over with.

The hon. gentleman brought up about the pickle plant and the cucumbers and he left the House. I figured he was going to stay there for the next fifteen or twenty minutes to have a talk, at least, but he must be gone out to relish the fact, I suppose, he has brought it up. In any case, Mr. Speaker, the Economic Recovery Commission have their hands full, there is no doubt about that.

Mr. Speaker, there were some comments also that it was the fault of Michael Wilson and his tax reform and his Budget and so on. But he was not responsible for the \$42 million that was taken away from the PDD system, the \$32 million on the PDD subsidy, and the other \$9 million that was supposed to be paid out to guarantee any bonds issued by Newfoundland Hydro, they are not responsible for that. The Minister and his colleagues are directly responsible for that. What did that do to the addition of taxes and the addition of hydro rates in the Province? For the first three years alone, it will go anywhere from 3 -

An Hon. Member: (Inaudible).

Mr. Woodford: - it will, no doubt, go to around 21 per cent for the first three or three and a half years, based on, I think, it was \$32 million paid out on the PDD systems and the \$9 million or \$10 million to float the Newfoundland Hydro bonds, if I am not mistaken.

Now that, Mr. Speaker, is picked up by the taxpayers. Directly

responsible, not in last spring's Budget, but the Budget previous to that. It is only now the people of the Province are starting to see what happened in the Budget of two years ago or a year and a half ago. Let alone what is going to happen in this year's with regards to the increase that is on an ongoing basis for three years, just coming out of last spring's Budget with regards to the elimination of the PDD subsidy. It is only now they are starting to see how high the increases are and what kind of an effect it is having on the small business in the Province.

It is having a drastic effect. It is only now it is starting to come out. I have always had concerns over the last number of months about nobody talking about hydro rates, absolutely hardly a sound.

I remember back in 1985 when the election was called, we had I do not know what it was called, I think it was the candlelight brigade or something going around the Province based on a 2.2 per cent or 3.2 per cent increase. Mr. Neary was involved in it. Going all around the Province creating havoc everywhere because of the increase. Here we have an increase of probably 10 per cent, 12 per cent, or 15 per cent in just two years and there was not a sound. I said there is something wrong. There is something radically wrong. People do not sit down, especially the way the economy is today and say nothing, absolutely nothing, about an increase of that magnitude. But in the last couple of weekends they are starting to talk, they are starting to ask my God what happened? How did that get this high? Why am I paying so much? It is starting to hit home. It is

like everything else, I suppose, Mr. Chairman, it has gotten camouflaged by the Meech Lake debate and a few other things. While we are talking about Meech Lake and the few of the other things I guess the rest of the economy and other sectors of the economy are just falling down around our ears and the hydro rates are no exception.

I venture to bet that we will see by next February or March a request from Newfoundland Hydro or Newfoundland Light for an increase in hydro rates again. When did anybody ever see Newfoundland Light and Power interfere in a hearing before the Public Utilities Board with regards to an increase from Newfoundland Light and Power. Never in the history of the Province have you seen it. This year was the first time ever that Newfoundland Light and Power really interfered in what was going on with regards to Newfoundland Hydro. I had never seen it and I have been fairly close to the PUB hearings for years as a councillor and on the Federation of Municipalities, but I had never seen it before. That tells you how drastic and how important this type of thing is going to be to the citizens of this Province and to each and every municipality in the Province, of which each and every Member of this House is responsible.

Now, Mr. Speaker, where the money is going, the \$15 million this year and the \$25 million next, there is no doubt you could not have picked two better places for it to go than the Departments with regards to Health and Education. But with another \$15 million projected for this year and the \$25 million for next, not knowing

who is exempt and who is not, if certain municipalities are exempt or hospital boards, school boards, or whatever.

My concerns what percentage of that \$15 million and the \$25 million is really going to get into the health and education Departments because even the Minister has already admitted that he does not know yet who is responsible, who is exempt and who is not.

So, I would say, Mr. Chairman, that the Minister should get his act together and get it together fast with regards as to who is going to pay and who is not, the 1.5 per cent on the payroll tax, and some of the measures in here for collecting that tax. I think that they should be looked at. The penalties that are involved are, as far as I am concerned, in the extreme. You can walk in - the Minister has got the power to just walk in and take any books and records. To me that is ludicrous.

I can understand a business getting charged like under the SSA tax and stuff like that, getting charged, and then after the fact taking the person to court and seeing whether they are guilty or not. But in this, I mean I do not see any other explanation for that. Maybe someone could give it to me. But to me it is getting back to the days when you never had a say - absolutely no say whatsoever in your business or someone else controlled it.

So, to me it is not responsible. It is draconian and it is regressive. And I am sure that the Minister in his wisdom has a look at some of the sections in this with regards to the

collection of the taxes and the penalties involved I am sure that he will see that they are wrong. Paying a tax is one thing, but some of the measures involved in trying to collect those taxes and making people pay up to \$100 a day for every day they are not paying and then if they are charged and found guilty \$200 minimum up to a maximum not to exceed \$10 thousand is rather wrong.

An Hon. Member: (Inaudible).

Mr. Woodford: Well the question I asked first about the agriculture, forestry and the fishery, they said they are exempt but do they have to pay up front is the question I asked the Minister first. Do they have to pay up front and ask for a rebate or are they completely exempt. I do not know. I mean if they are completely exempt well then they will not have to pay it up front, but from the first part of this Bill section 2 -

An Hon. Member: But what about (inaudible) if they had a single package and those (inaudible) areas are exempt does that necessarily mean that it will not be exempt next year?

Mr. Woodford: Well, this is only this years budget so I do not know. The Minister I am sure -

Some Hon. Members: (Inaudible).

Mr. Woodford: But, Mr. Chairman, that first question, and I am glad the hon. Member now reminded me because the Minister was not there then, it is something to look at and see whether they have to pay up front or whether they can claim a rebate, because it says here in reading this that they would have to claim a rebate. And to me they

are exempt, they should not be put through the paper work of paying the taxes or the torment of paying the taxes. And a few other questions concerning the leans, concerning penalties - and concerning the resource based industries, I would ask the Minister to have a look at that and probably provide us with some answers over the next little while. Thank you, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Chairman: Is that resolution carried? The hon. the Member for Torngat Mountains.

An Hon. Member: Oh no, he does not close the debate.

Some Hon. Members: (Inaudible).

Mr. Warren: Does the Minister want to speak?

Some Hon. Members: (Inaudible).

Mr. Chairman: The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much, Mr. Chairman. I am sure if there is -

Some Hon. Members: (Inaudible).

Mr. Chairman: I have recognized the hon. the Member for Torngat Mountains and if other hon. Members want to speak they can rise and do so but there is too much exchange going across the House.

The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much, Mr. Chairman.

I want to say a few words in this

particular debate too. Mr. Chairman, we are talking about an extra burden on the people of Newfoundland and Labrador. Mr. Chairman, I tell you one thing this particular tax will do, a year from now we will see a lot of the larger companies, instead of having people on the payroll, will contract them out.

Some Hon. Members: Oh, oh!

Mr. Warren: Mr. Chairman, this is what this Government is going to do. Well this Government is going to force larger businesses to contract out instead of having people on the payroll where they are obliged to pay different benefits and things like that, they will be forced to.

An Hon. Member: Is that based on any information (inaudible)?

Mr. Warren: I would say, Mr. Chairman, it is based on as much information as the hon. gentleman has. I will just say this, one year from now, Mr. Chairman, I believe you are going to see a lot of companies, and I will just give you an example of how a company I will refer to, I referred to a company that is pretty familiar with the hon. gentleman's party, Woodward's Oil Company in Labrador, I think would be one of the companies who take the option next year of having less employees on staff.

An Hon. Member: Why?

Mr. Warren: Why? Because then by reducing your payroll less than \$300,000 then you do not have to pay taxes to this Government. And, Mr. Chairman, it only gives the opportunity to companies naturally to reduce their payroll by \$300,000.

Now, Mr. Chairman, let me just say one other thing. If this Government was going to bring in this tax, I would like to find out why this Government would eliminate or not include the military into this payroll tax? Instead of - Mr. Chairman, we have three or four, I think we have the West Germans, the Dutch, the Royal Air Force, the three large employers in this Province in Goose Bay, and Mr. Chairman, their payrolls are in the millions of dollars.

An Hon. Member: They will pay it.

Mr. Warren: No, Mr. Chairman, they are eliminated.

An Hon. Member: What for?

Mr. Warren: I do not know. I would like to know why the Minister of Finance -

An Hon. Member: Who said (Inaudible)?

Mr. Warren: That is right, they are eliminated from paying taxes. Now, Mr. Chairman, this is why I think the Minister is wrong.

An Hon. Member: You have no choice.

Mr. Warren: You do have a choice, Mr. Chairman. Let me say to my hon. colleague, this House of Assembly can change rules and regulations if they want to. It is entirely up to the Minister of Finance and this Government if they want to bring in rules and regulations requesting the military to pay taxes. That is up to this Government.

An Hon. Member: That is not so.

Mr. Warren: It is so, Mr.

Chairman, up to this Government. Mr. Chairman, no such thing is in the national treaty. It is entirely up to this Government. These people are working in this Province and, Mr. Chairman, it is entirely up to this Government if they want to force taxes upon anyone, anywhere, anytime.

Mr. Murphy: (Inaudible).

Mr. Warren: Mr. Chairman, I will tell the hon. gentleman from St. John's South, if you force taxes on the Germans, the Dutch or the Royal Air Force, they will pay the taxes. Furthermore, I believe it should be done.

Let me just tell you one other thing that is happening. In fact, Mr. Chairman, I am quite pleased that my hon. colleague from Placentia is agreeing with me. Let me just say one other thing. You take a person from the German Air Force, I will not say today but say in November month, and we will take a person from Makkovik. Let those two people go downtown in Happy Valley - Goose Bay - Mr. Chairman, I am just giving something else to this House now. These two individuals will go downtown in Happy Valley - Goose Bay and go to a skidoo dealership. The guy from Makkovik will buy his machine for \$6,000 and he will have to pay his taxes on that machine. The guy who bought the skidoo for recreation purposes will go down and buy that machine from the same company and pay no taxes.

An Hon. Member: (Inaudible).

Mr. Warren: Yes, I am just giving you an example of what happens. This young fellow in Makkovik needs a skidoo to earn his living, to get his wood, to kill game.

The guy from the German Air Force only needs it for one reason, for recreation. Now what this Government is doing is sacrificing the people of Labrador against the military.

An Hon. Member: (Inaudible).

Mr. Warren: No, this is a provincial regulation. It is a regulation put there by this Provincial Government. And the same thing would apply to boats, motors, or even cars. The same thing would apply to a car.

An Hon. Member: (Inaudible).

Mr. Warren: No, Mr. Chairman, it has only been going on for the last seventeen months.

An Hon. Member: It has been going on (inaudible).

Mr. Warren: Mr. Chairman, that is not true. In Goose Bay, that is not true. It has only gone on for the last number of months. I say to my hon. colleague that by the time my friend travels back and forth to Labrador, and by the time my friend knows as much as I forgot about Labrador, he will be a smart guy. If my hon. colleague for Eagle River wants to shout across the House there is no problem, but go back to your own seat and then I will give you as good as you send. I am talking about the payroll tax. My hon. colleague is shouting again. Last week, when the Electoral Reform Commission was here in St. John's, he told them he was going to attend but he got cold feet and did not attend. There is a guy who is speaking for Labrador and he would not attend the Electoral Reform Commission here. I think it is shameful that he would not speak up. I had to go to the

Commission and speak for his district. It was here in St. John's, but he refused to attend.

Some Hon. Members: Oh, oh!

Mr. Warren: Mr. Chairman, let me say to my hon. colleague that stamping on the flag, or stamping on the heart of Labrador - if the hon. gentleman would contribute half as much to Labrador in his years in this House as I have, he will be proud of it, Mr. Chairman. Let him just try to contribute half as much as I have and if he can do that, I will be proud of him.

An Hon. Member: (Inaudible).

Mr. Warren: Let me continue by saying that the payroll tax will hurt Eagle River, will hurt -

Mr. Dumaesque: (Inaudible).

Mr. Warren: Mr. Chairman, I will say it one more time. If the hon. Gentleman wants to make any more comments, ask him to go to his own seat.

An Hon. Member: The rules should apply to both sides. Now be fair.

Mr. Warren: Mr. Chairman, you are not allowed to speak from someone else's place so I ask you to ask him to go to his own seat if he wants to shout.

Mr. Murphy: He will be in that seat (inaudible).

Mr. Warren: Mr. Chairman, the Member for Eagle River is shouting across the House and he is not in his own seat.

Mr. Chairman: It is unparliamentary for any Member to shout across the House. It is

doubly unparliamentary for an hon. Member to speak from somebody else's place.

The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much, Mr. Chairman. It just shows the real sensitivity and responsibility the Member for Eagle River has for his people, that he would not even turn up at the Electoral Reform Commission to express views on behalf of his own constituents.

Mr. Simms: He didn't show up?

Mr. Warren: No, he didn't even show up.

Mr. Simms: I thought he was on the agenda.

Mr. Warren: He was on the agenda, Mr. Chairman. In fact, the Electoral Reform Commission was waiting for him to turn up but he didn't turn up and that is the same Gentleman talking about he is fighting for Labrador!

An Hon. Member: We should send a notice out to all his constituents that (inaudible).

Mr. Warren: Mr. Chairman, let me just say that notice has gone out. The notice has gone out that the Member for Eagle River failed to attend Electoral Reform Commission hearings here in St. John's. There is one other thing which went out to my constituents and to the Member's constituents, and that is that the Member for Eagle River did not condemn the Senators for giving themselves a raise when people on the coast of Labrador are suffering because of UIC regulations.

Mr. Chairman, UIC regulations were held up in the Senate by Senators who have given themselves a \$153 a day raise, a Liberal dominated Senate. Three weeks earlier the hon. gentleman wrote a letter, and sent that letter, to Barbara McDougall asking for changes, but here he was afraid to open his mouth because Allan MacEachen was the Leader of the Senate. That's the only reason. I adjourn the debate, Mr. Chairman.

Mr. Furey: Mr. Chairman, I move that the Committee rise and report progress.

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

Mr. Speaker: The hon. the Member for Bellevue.

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

On motion, report received and adopted, Committee ordered to sit again presently, by leave.

Mr. Speaker: The hon. the Government House Leader.

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the Minister of Development, Acting House Leader.

Mr. Furey: Mr. Speaker, the Government House Leader met with the Leader of the Opposition earlier today and the Premier. I believe the Opposition House Leader was performing duties elsewhere at the time, and the

hon. Member for Kilbride, and we agreed to sit tonight at 7:00 if that is okay.

Mr. Speaker: The hon. the Opposition House Leader.

Mr. Simms: Mr. Speaker, I am not sure if there was an agreement. I think there was an understanding that there might be a sitting tonight. I presume the motion will still have to be defeated.

May I ask the Acting House Leader, since the House Leader is not here and we might be able to get a little deal from this fellow; he is new at the job and everything like that, and just learning, would he have an occasion sometime over the next couple of hours, before tonight, before sitting at 7:00, to talk to the Government House Leader? If he would, would he remind the Government House Leader of a commitment he gave me to indicate what we will be dealing with tomorrow? He was going to indicate two or three pieces of legislation. Actually, I was hoping to have it before we adjourned at 5:00. Did he mention it to you, by any chance?

Mr. Speaker: The hon. the Minister of Development.

Mr. Furey: Mr. Speaker, it is my understanding that we are to continue tonight on motion one, which is Bill 28. From there we will proceed to Order two, which is Bill No. 7.

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please!

Mr. Furey: From there, I understand, we are to proceed to Order 23, which is Bill No. 38. Motion 1 tonight, Order 2 and

Order 23 in that order.

An Hon. Member: (Inaudible) tomorrow.

Mr. Furey: Yes. I am not sure we will reach that tonight, though.

Mr. Simms: I would say to the Government House Leader, Mr. Speaker -

Mr. Speaker: The hon. the Opposition House Leader.

Mr. Simms: - the reason I wanted to know is because we have a caucus meeting and I was going to try to run over the items the Government House Leader has indicated for debate, and I do not know if it still follows this order or not. Bill 7, Bill 38, and then Bill 43. That is the next three pieces, in addition to the Committee of the Whole one that is listed there now. Is that it?

Mr. Speaker: The hon. the Government House Leader.

Mr. Simms: I believe he told me outside four, maybe.

Mr. Baker: Yes, the paper you have in front of you indicates Bills 28, 47, 7, and 43. These I would like to deal with as quickly as possible.

Mr. Simms: (Inaudible) Bill 47?

Some Hon. Members: Oh, oh!

Mr. Speaker: The Chair then understands that there is an understanding or a mutual agreement that Members will meet this evening.

Mr. Simms: I move that the House adjourn until tomorrow at 2:00 p.m.

Mr. Speaker: It is has been moved and seconded that the House adjourn until tomorrow at 2:00 p.m.

All those in favour of the motion, 'aye'?

Some Hon. Members: Aye.

Mr. Speaker: Those against the motion, 'nay'?

Some Hon. Members: Nay.

Mr. Speaker: I ask hon. Members to join me this evening at 7:00 p.m.



Province of Newfoundland

FORTY-FIRST GENERAL ASSEMBLY  
OF  
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***VERBATIM REPORT***  
*(Hansard)*

*Speaker: Honourable Thomas Lush*

The House met at 9:00 a.m.

Mr. Speaker (Lush): Order, please!

### Oral Questions

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Rideout: Thank you, Mr. Speaker.

Mr. Speaker, beginning the end of this week, I guess, the Premier will be representing the people of Newfoundland and Labrador at what may very well be the most important federal/provincial conference to be held for Newfoundland and Labrador since this Province joined Confederation in 1949.

Mr. Speaker, I wonder if the Premier would tell the House whether or not he will keep in mind the interest of what appears to be a growing and greater, greater number of Newfoundlanders and Labradorians who want to see the Meech Lake Accord approved?

Mr. Speaker: The hon. the Premier.

Premier Wells: Yes, Mr. Speaker, I will keep in mind their interest, because their interest, really, is no different from the interest of all of the people of this Province, all of the people of the country for that matter, to ensure that we put in place a constitutional structure that will provide for the preservation of the Canadian Federal system, and an opportunity for all of the people of this Province to participate fully, and have an ability to participate fully, on a reasonably comparable basis with citizens in the rest of the

country. This is ultra-important.

Now I know certain groups of people feel that the impact of this uncertainty impacts on them. I understand the concerns of the business group that met yesterday and made this announcement. This is the growing numbers I assume the Leader of the Opposition is talking about. I understand and appreciate their concerns. Those people have put tremendous effort into building economic and business activity in Newfoundland, albeit for their benefit, but in the process they create economic activity and jobs in Newfoundland, and I give them credit and I understand their concerns, and I do not want to do anything that will in any way adversely affect them. But, in the overall, I must take into account the overall interest of 570,000 people in this Province, not the growing 200 people or 300 people who have these kinds of concerns to the exclusion of the interest of all of the people of the Province.

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Rideout: A supplementary, Mr. Speaker.

Mr. Speaker, the Premier referred to the group that made a public statement yesterday. Surely, the Premier will know and acknowledge that that group included businessmen, lawyers, academics, people from all three political parties -

An Hon. Member: (Inaudible).

Mr. Rideout: Oh? No. I do not know about you, but (inaudible) was a member of this party -

Mr. Speaker: Order, please!

Order, please!

The Chair has, on several occasions, reminded hon. Members about interruptions when people are either answering or asking questions.

The hon. the Leader of the Opposition.

Mr. Rideout: Thank you, Mr. Speaker. As I was saying, that group was a group, obviously, which included people across all political spectrums and large representatives of the community, and I want to ask the Premier this: Does the Premier believe those people are sincere in their view, their strongly held view that the Meech Lake Accord must pass or Canada stands a chance of being fractured and this Province stands a chance of suffering dramatically?

Mr. Speaker: The hon. the Premier.

Premier Wells: Yes, Mr. Speaker, I have no doubt they were sincere. I said the business group, because it was three businessmen who came to see me: Mr. Collingwood, Mr. Ayre and Mr. Dobbin, and it was the three businessmen who signed the letter and the proposal. I know they have sought and I know they have received some support from others who are not business. I acknowledge that. I don't deny that. I took it to be the initiative of a group of businesspeople, and I believe that's what it is, in fact, because it was the three businesspeople who came to see me. When they came to see me, one of them said, 'We know what you've been doing. Basically, we think you are right.' He said, 'I have talked to people all across this

country who think your position is the right position, but now we are concerned because others are resisting what you have said is the right position, and what we agree with is the right position, it may cause the country to fracture.'

I say to the hon. the Leader of the Opposition that this is the result of this kind of thing that you saw coming out of Ontario, fueling a sense of national crisis, the cause to be adopted, the Meech Lake Accord as it is, without logically thinking and assessing about what the impact will be and what's best for the country. And I disagree with the Leader of the Opposition. I think that is the wrong way to approach it. Nevertheless, I respect his opinion that we should take into account their concerns because of what they apprehend as a possibility in the future.

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Rideout: Mr. Speaker, surely the Premier is not suggesting to this House and to the people of Newfoundland and Labrador that there is no reason to be concerned for the future of Canada. If the Meech Lake Accord fails, isn't the Premier concerned that Canada will be fractured and that Canada, in fact, could in reality break apart? Isn't the Premier concerned about that, Mr. Speaker?

Mr. Speaker: The hon. the Premier.

Premier Wells: Yes, Mr. Speaker, I am immensely concerned about that. I can't think of that as a possibility. But I am also concerned about the 570,000 people in this Province whose per capita income is 58 per cent of the

national average because of the system we have in place, and I want to avoid putting in place constitutional changes that will lock us into that forever. That is the concern I have. I am concerned about what the person who sits in this seat fifty years from now will have to face. I have to be concerned about that. And, unlike that group that got together yesterday, I do not have the luxury of thinking only about the dollar impact on me over the next three to five years. I cannot think about that.

An Hon. Member: (Inaudible) that is not true.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

Ms. Verge: Is that what (inaudible) about?

Mr. Speaker: Order, please!

The Chair made a ruling a minute or so ago to Members to my left, and the same rules equally apply to Members to my right.

The hon. the Premier.

Premier Wells: I do not disagree with those who express the opinion that if the Meech Lake Accord does not go through it will disrupt economic activity in this country and will cause significant difficulty in this country. I cannot say that that is not so. Yes, I am apprehensive about it. I am vitally concerned about it. But I have to weigh that possibility against where the Meech Lake Accord constitutional changes will leave the people of this Province and the people of the country over the next decades and centuries. I have to balance

that.

And if the people of this Province are to sell their opportunity to be, to have political and social and economic independence in this country for the next decades and century, it will be the people of this Province who will do it; I will not ask this Legislature to force it on them against their wishes.

Mr. Speaker: The hon. the Member for Humber East.

Ms. Verge: Thank you, Mr. Speaker.

I say to the Premier that he is underestimating the integrity and the motives of the businesspeople and the academics and the artists and the cross-section of people in this Province who are growing in number in urging that the Meech Lake Accord be ratified.

Now my question to the Premier has to do with Manitoba Liberal Leader Sharon Carstairs. Ms Carstairs has been a close ally of the Premier's in opposing the Meech Lake Accord. Ms Carstairs said in a revealing interview featured in The Globe and Mail this week - I have a copy here - that she has given up on Quebec now. She has concluded it is inevitable that Quebec is separating, and she is now concentrating her effort on preventing the other nine provinces from breaking apart, and on fashioning a Constitution for Confederation of nine provinces without Quebec. This is the interview. My question is, will the Premier tell this House whether Ms Carstairs' assessment and sentiments are shared by him?

Mr. Speaker: The hon. the Premier.

Premier Wells: Let me first

address the comment about underestimating the integrity of the businesspeople who came to see me. I have not and I do not now, I simply reflect precisely what they said to me. They indicated clearly to me, or at least one of them did; one of them gave an affirmation, the other was stronger in the other direction. So, there wasn't unanimity in their position.

One of them said, 'We understand and support the position you have been taking, and I have talked to people all across this nation who express support for your position.' This is what they said to me. 'But now we see this is coming to a crisis and we think we see a possibility of it having a significant adverse effect on the country, it could cause the country to break up. So, notwithstanding that we think you are right, we think you should give in.' Now that is the position they have taken, so I have not underestimated their integrity, I have simply reported to the House what one of the three who came to see me said.

Another one affirmed that he agreed with the stand that Newfoundland had been taking, but now he was concerned about the impact. And the other one said, No, he thought we should not do this anyway. He appreciated and understood the position we had taken, but we should give in to Quebec's position.

Now, I have not underestimated their integrity. I know they have sincere and deeply held concerns, and I respect their opinions. So I do not want anybody in this House to misrepresent my response to them.

The second question the hon. Member asked was the assessment which she characterized or attributed to Ms Carstairs. I do not know what the Globe and Mail did, I only know what the hon. Member did and I know she cannot read specifically in the House in a Question. I will get the article and take a look at it.

I would be most surprised to find that Ms Carstairs has, in fact, taken the position that was represented by the hon. Member, but I cannot quarrel with it because I have not read the story, nor have I talked to her about that issue. That is inconsistent with the discussions I have had with Ms Carstairs. And if that is her position, I do not accept it, I reject it.

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: Thank you, Mr. Speaker. Another question for the Premier. The Premier is a lawyer and he has had a much longer career practicing law, working in an adversarial atmosphere, than he has had in politics. Will the Premier agree that as he represents the interests of 570,000 Newfoundlanders and Labradorians at the First Ministers' Conference, in Ottawa, this Sunday, he must abandon the adversarial approach of a lawyer and don the mantle of a statesperson?

An Hon. Member: Good question.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker.

My question is to the Minister of

Fisheries. In light of his comments at the rally in Grand Bank last Saturday, when the town once again rallied to save the fish plant, the Minister made certain inferences at the rally that he had contacted the Federal Minister of Fisheries, Mr. Valcourt, concerning port quotas, of course, which was very pleasing to the ears of the approximately 400 people present. I would like to ask the Minister, can he confirm that he has written the Federal Minister of Fisheries, Mr. Valcourt, in support of port quotas, and has he, indeed, asked the Federal Minister to consider this concept when allocating fish quotas for next year?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, I should set the record straight, I suppose, in respect to what the hon. gentleman said about port quotas.

In my speech to the people in Grand Bank last weekend, I said it is obvious that the current system of enterprise allocations, a system which was devised back when we had lots of fish, needs to be reviewed. I said there are a number of options which could quite possibly be looked at, including port quotas, but I certainly did not come out and suggest that there be port quotas. Certainly I said that is one of the options. Maybe vessel quotas would be an option, for example; maybe a modification or improvement on the existing enterprise allocation system and, again, maybe port quotas.

Yes, I have written the Minister, on May 17 actually, in which I have outlined some concerns about

the current system. My concerns were sparked by virtue of what could happen in Burgeo, and that has been an issue in the House, where it has been reported that the current operator of the Burgeo plant is contemplating selling the plant.

I have some fears as to what might happen to the plant in Burgeo, if that sale is consummated. There is nothing on the books now in Canada, or in this Province, that would compel that company, NatSea - National Sea - to leave their quotas in Burgeo. That could be devastating on the town of Burgeo, and that is what sparked my letter to the Minister, asking him to review the whole system and to give me some kind of an assurance that if and when the sale is consummated that is now envisaged for the plant in Burgeo, that the enterprise allocation will not be jeopardized, that the new operators will continue to keep that allocation.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker.

I would just like to say to the Minister that the Burgeo situation is not comparable to the Grand Bank situation. From day one, when National Sea Products entered into negotiations with the consortium of companies to sell the Burgeo plant, they voluntarily - voluntarily - offered that allocation of fish to stay with the Burgeo plant.

Now the Minister has piggybacked on that and tried to take some credit for it. But let me say to the Minister that in essence what he said in Grand Bank, and the

people were very pleased to hear him say it, that where an enterprise allocation is owned by a certain company, if that company decides to pull up its roots and move on somewhere else, that allocation should not be allowed to leave that plant.

An Hon. Member: That is what he said.

Mr. Matthews: Now the Chairman of the Fisheries Committee in Grand Bank rose that day, Mr. Speaker, and thanked the Minister for this change in policy and thanked him for supporting port quotas. I say to the Minister, is the Provincial Government supporting the concept of port quotas? If so, has he corresponded in writing to the Federal Minister outlining this, and has he received any information back from the Federal Minister on whether or not he will be receptive? Because he certainly left the people of Grand Bank with the impression that the Provincial Government was supporting port quotas.

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, in getting back to the first part of his question about the Burgeo situation, of course, National Sea has volunteered, and I underline the word 'volunteered', to allow the quota to remain in Burgeo, but it is only because they have seen fit to do that. The Federal Government does not have any law or any regulation that will compel them to do it, nor does the Province.

And I take issue with that, because what you are doing in a case like that, that enterprise allocation, for example, which is

now needed to keep the Burgeo plant operating and the community alive, could very well be transferred to a Nova Scotian fish plant. And it might very well be. Who knows? There is nothing on the books to say that has to stay in Burgeo, and it was in that context that I wrote the Minister and that I made my speech in Grand Bank. And I have asked the Minister to join with the Province in setting up what I call a blue ribbon type committee, a committee of people in all sectors of the industry and society in Newfoundland, to look at the whole broad spectrum of where we are going in the fisheries in the Province, including enterprise allocations, and let us see where we are and where we want to go. Because enterprise allocations were brought in at a time when there was lots of fish and when companies got certain quotas. It was a free-for-all sort of thing, and at the time it served a purpose. But like everything else after - what? - seven or eight years, there is obviously a need for review.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker.

What it seems like to me, Mr. Speaker, is that the Minister knew full well what would be pleasing to the ears in Grand Bank on Saturday, because the concept and the pressure for port quotas was started by the people of Grand Bank, once they found out that Fishery Products International was closing down their fish plant.

I would like a supplementary, Mr. Speaker, to the Premier. I see the Premier is being distracted,

but I will wait. I have a supplementary question for you, the Premier.

Premier Wells: Oh, I apologize, Mr. Speaker.

Mr. Matthews: Sir, no problem. A supplementary for the Premier, Mr. Speaker. I would like to ask the Premier in light of what the Minister of Fisheries said in Grand Bank on Saturday, and I would just like to run through it once again, what he said was, 'That where an enterprise allocation is owned by a certain company, if that company decides to pull up its roots and move on somewhere else, that allocation should not be allowed to leave that plant.' My supplementary for the Premier: Is that now the Provincial Government's position? Is that the Provincial Government's policy? And is this not a significant shift in Government policy on this particular port quota issue?

Mr. Speaker: The hon. the Premier.

Premier Wells: No, Mr. Speaker. There has been no shift in Government policy on the port quota issue. The Minister of Fisheries has stated quite clearly what Government policy is, that he thinks it is time to address the whole question of quotas; and maybe enterprise allocation is no longer suited; and maybe the fact that we have run into the kinds of difficulties we have now with the shortage of fish, that makes it necessary for us to revisit the whole question and look at, amongst other things, vessel quotas, as he has mentioned. That may make a good deal of sense, to think in terms of vessel quotas. It may well be an appropriate way to do it. Port quotas may be the

appropriate way. No, there has been no shift in Government policy, the policy that has been stated all along for Government remains as it was. The Minister has written the Federal Minister and has suggested that it is time for a general review, and I agree with that.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you once again, Mr. Speaker. Yes, I agree with that, as well, with the review. No one can argue against that. But what we have to remember, Mr. Speaker, when you talk about vessel quotas or allocations, is that the companies deploy the vessels and Fisheries Products International has now set up four trawler ports and taken vessels which, in essence, belonged to towns like Grand Bank and has deployed them somewhere else. So that will not work.

My supplementary to the Minister of Fisheries: Would he table the correspondence he sent to the Federal Minister so that we can have a look at it and see, in essence, what he is proposing to the Federal Minister? Would he consider doing that?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, I certainly will. I have nothing to - I was going to say hide, but that is not even the word to use - withhold from the House in terms of that letter. It is a letter, in fact, which is a two or three page letter. I will take his question under advisement, and quite possibly I will table the letter next week.

But certainly, getting back to the question he asked, the matter, Mr. Speaker, of enterprise allocations, the whole spectrum of the way fish is being allocated, I think needs to be reviewed. I repeat, we have asked the Minister to set up a committee of highly placed people within the industry and Newfoundland generally, to look at the whole broad spectrum of fisheries development, allocations, for example, and licencing policy. We are hoping to get that kind of a committee in place. I will take under advisement the question, and possibly table the letter next week.

Mr. Speaker: The hon. the Member for St. Mary's - The Capes.

Mr. Hearn: Thank you, Mr. Speaker.

My question is also to the Minister of Fisheries. I wonder if the Minister is now in a position to give us the final details on the agreement with the operator of the Twillingate plant - how much is the management fee? How much is the lease? and other pertinent details.

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, the agreement the hon. gentleman is referring to was entered into between a receiver appointed by the Newfoundland and Labrador Development Corporation and Dr. Ches Blackwood's company. I have discussed the matter with my colleague, the Minister of Development, and I understand he has the document now ready to table. I presume that when he comes back into the House next week, he will be tabling it. It is his responsibility to table it,

not mine.

Mr. Speaker: The hon. the Member for Mary's - The Capes.

Mr. Hearn: Thank you, Mr. Speaker.

I thank the Minister for his answer. The Minister has recently been instrumental in arranging for a lease of a building in Trepassey, also owned by NLDC, to a local concern. Will he tell us under what conditions the building was leased, because I know he knows, and for how long and for how much?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, the hon. Gentleman is not correct in what he is saying. This Minister did not arrange for the lease of a building in Trepassey to the - I presume you are talking about the Devereaux family, or company. Again, that is being negotiated by the Department of Development. The building is owned by the Newfoundland and Labrador Development Corporation, and I understand that the Economic Recovery Team, the Department of Development and the NLDC have been talking to a certain gentleman in Trepassey. I am not sure if there is a deal made yet, but, again, that's a question that would be more appropriately asked the Minister of Development.

Mr. Speaker: The hon. the Member for St. Mary's - The Capes.

Mr. Hearn: Thank you, Mr. Speaker. I say to the Minister, that is not the information being circulated; the information is that the Minister was pretty heavily involved in it. Could I ask the Minister what licence or

licences have been issued to the operation, and what conditions, if any, are attached to the licences?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, as the hon. gentleman knows, for some years now the company in question has been endeavouring to get a primary processing licence, and consistent with our policy, to which we are adhering right to the letter, I should say, we rejected his request for a primary processing licence. He appealed that decision and the Appeal Board upheld the decision of the Department of Fisheries. I understand he has already gotten a secondary processing licence on which there isn't an embargo or a freeze. I will certainly find out next week exactly what licences he has and report, but I can tell you now he does not have a primary groundfish processing licence.

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: Thank you, Mr. Speaker. I would like to direct this question to the Minister of Municipal and Provincial Affairs. A year ago, the Newfoundland and Labrador Heritage Coalition met with the Minister and made a request that he establish a task force on Historic Resources similar to the Task Force that was established on the Arts. Now, I understand that the Minister's response was very positive. I think the group came away from the meeting certainly very pleased, but the Minister said he would not be able to establish that task force until the Arts Task Force had reported. Now the Arts Task Force has been in the Minister's hands for the past two months, so

I would like to ask the Minister, what is the status of the request of the Newfoundland and Labrador Heritage Coalition concerning a task force, if the Minister, in fact, does intend to establish a task force, and if so, when?

Mr. Speaker: The hon. the Minister of Municipal and Provincial Affairs.

Mr. Gullage: Yes, Mr. Speaker, indeed I have met with the Heritage Coalition and we discussed the idea of a task force. I think it has great merit. We are presently considering, however, the results of Dr. O'Flaherty's Committee, formed to look at the Arts and Culture in the Province, and I wanted to complete that review and, of course, make recommendations to Government. We are in the process now of doing a summary for Government of that Task Force review, which was quite extensive, and following the submission to Government, I do plan, in fact, to consider, and most likely proceed with, another study of heritage in this Province. So, I will be reacting to the Heritage Coalition in a positive way, I feel sure, but it is premature now, as we are still in the process of dealing with the Arts study.

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: Mr. Speaker, I am not quite sure I understand why it is premature, given that there is almost a critical neglect in the whole area of historic resources and they are two totally different areas, with different manpower, different groups involved, why could they not be parallel tracked?

I would like to ask the Minister if the delay in dealing with even the Arts Task Force and with this request and a number of other very important initiatives within those two divisions, is related to the fact that there are so many vacancies in these Divisions. The two Director positions, of both Culture and Historic Resources, have been vacant since the early retirement program, and I think there are either eight to thirteen other vacancies in important positions in these relatively small Divisions. Does that, in fact, have a bearing on the fact that everything seems to be happening very slowly? And when would the Minister be intending to fill the Director positions and the other vacancies within those two Divisions?

Mr. Speaker: The hon. the Minister for Municipal and Provincial Affairs.

Mr. Gullage: Mr. Speaker, I am not aware of thirteen vacancies, as the Member suggests, in the Department. I do not think thirteen vacancies exist. I would be very surprised if they do.

As far as the Director of Cultural Affairs is concerned, at the request of Dr. O'Flaherty and the Committee, we delayed that appointment of the Director. They asked to have input into the mandate of that particular position, the job description and so on, and, indeed, we have that input now in the Arts study.

Ms Verge: But yet you have not changed (inaudible).

Mr. Gullage: So, there has been no undue delay in the study. We are taking the time that is necessary; my officials are taking

the time, along with me as the Minister, to review the study and that is the normal process. It is unheard of to release a study commissioned by the Government prior to the Government seeing it.

Ms Verge: Are you going to do this with the Hughes Commission Report?

Mr. Flight: Oh, what a mouth?

Mr. Speaker: Order, please!

The hon. the Minister of Municipal and Provincial Affairs.

Mr. Gullage: So, Mr. Speaker, everything is indeed on time. We do plan to fill the position of the Director of Cultural Affairs as quickly as possible after Government reviews the report and we make decisions on the details of the report.

An Hon. Member: You are like cold molasses trying to get up a hill.

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: It is my understanding that back in January the Cultural Task Force actually sent the Minister information and basically advised him to proceed with the appointment of the Director, because the groups are very concerned about the impact on initiatives in the Arts of not having a Director in that Division. So, I think we are not proceeding in the normal course. I think there are very undue delays.

Is the Minister aware that there are very serious morale problems in these Divisions, particularly in Historic Resources, and that there is a growing concern in the

community, both the Arts and Historic Resources Community, about the lack of action on a large number of very important cultural and historic initiatives?

Mr. Speaker: The hon. the Minister of Municipal and Provincial Affairs.

Mr. Gullage: No, Mr. Speaker, I am not. As a matter of fact the contrary is true. In my discussions with the Directors and with people involved in the various divisions within -

Some Hon. Members: There are no directors.

Mr. Gullage: The various people, as well involved with the Arts in this Province, they are very, very pleased as to the way the various Divisions are being run. The only complaints I get, are from the opposite side.

Mr. Speaker: The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much, Mr. Speaker. I have a question for the Premier.

Mr. Speaker, a number of months ago the Premier visited the community of Davis Inlet, and he met with the Band Council and the Band Chief at the time. I believe it is fair to say that the Premier did see Davis Inlet in a very poor condition. The community needs a major cleanup. Environmentally, it was disastrous. There are problems with health and sanitary conditions in the community, and the Premier realized this when he was in Davis Inlet a number of months ago. The Premier, during his meeting with the Band Council, indicated to the Chief that his Government would be willing to

help finance a major cleanup in the community.

Could the Premier advise if he will carry out this promise to the Band Council in Davis Inlet? If so, when can they expect to get some finances to cleanup the community, as we are now getting pretty close to the snow being gone and it is now the right time to do so?

Mr. Speaker: The hon. the Premier.

Premier Wells: It is not a question of if we will, Mr. Speaker. The commitment is being honored by work already in progress toward achieving that. A committee made up of representatives of the Departments of Health, Social Services, Justice, and Education are working on the matter right now. Yes, the commitment is there. The need is great in the community. But it is not just a question of, as the hon. Member says, 'give the Community some money to do that.' That will not work. It has been done in the past, that approach has been tried in the past, and it has been unsuccessful. So we are trying another approach, where people responsible, with governmental responsibility for environment, health, justice and education in the Province generally, are going to be directly involved in it, working with the people of the community to resolve the problem in that way, not just throw some money at the community.

Mr. Speaker: Question Period has expired.

Members, before proceeding to the next item of business, we would like to extend a welcome to some students from a couple of schools

in the Province. So first I would like to extend a warm and cordial welcome to twenty Grade VIII and IX students from the John Burke School in Grand Bank, accompanied by their teachers, Mr. Arthur Cluett and Mr. Gordon Vallis.

Some Hon. Members: Hear, hear!

Mr. Speaker: Secondly we would like to welcome to the galleries thirty-six Grade U and U1 students from the Newville Elementary School, New World Island, accompanied by parents Mrs. Evelyn Reddick and Mrs. Halda Grimes and three teachers Marjorie Green, Roland Hamilyn, and Wilbert Hawkins.

Some Hon. Members: Hear, hear!

Mr. Speaker: Also I would like to advise hon. Members today that we are losing one of our press reporters and that is Ms Sandy Courtney. This is her last day and on behalf of hon. Members we would like to express -

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Speaker: I think that shows the high regard which hon. Members hold for Ms Courtney and we want to thank her for her efficient job in the past and wish her well in her new job.

Some Hon. Members: Hear, hear!

O O O

Mr. Speaker: I am sorry, the Speaker went ahead, back to C.

#### Presenting Reports by Standing and Special Committees

Mr. Speaker: The hon. the Minister for Works, Services and Transportation.

Mr. Gilbert: Thank you, Mr. Speaker.

I would like today to table the report of the exceptions to The Public Tendering Act for April, 1990.

Mr. Speaker: A Page will be there momentarily.

Are there further reports by Standing and Special Committees?

#### Orders of the Day

Mr. Speaker: The hon. the Government House Leader.

Mr. Baker: Thank you, Mr. Speaker.

Just a very brief point of order before -

Mr. Speaker: The hon. the Government House Leader on a point of order.

Mr. Baker: We are into second reading of Bill No. 30, the Kruger Bill, and the hon. the Premier was not here yesterday. I know the Member for Humber East was in the middle of a speech, but could we 'by leave' postpone the remainder of her speech to allow the Premier to respond to a number of questions, because he has to leave very shortly, Mr. Speaker.

So I wonder if 'by leave' we could do that?

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: Yes, Mr. Speaker, on

behalf of the Opposition I give leave. Yesterday we progressed faster than some of us expected, and got into the Kruger Bill, as we call it, when neither the Premier, nor the Minister of Forestry, nor the Minister of Environment, nor any Minister knowledgeable about the effect of the Bill was in the House.

The first couple of speakers on our side, the Member for Mount Pearl and myself, both asked questions; since the Bill simply gives the Government authority to execute an agreement along the lines of one deposited with the Clerk of the Executive Council.

We would like the Premier or some representative of the Government to explain the gist of that agreement and then we will resume debating the principle of it. Mr. Speaker, the understanding is, that after the Premier finishes, I will be able to resume my presentation and use the time remaining to me out of the thirty minutes allotted.

Mr. Speaker: The hon. the Premier.

Premier Wells: Thank you, Mr. Speaker. I thank hon. Members opposite for their courtesy.

Mr. Speaker, when Kruger took over the mill in Corner Brook, bought it from the Bowater organization in 1984, they gave certain commitments with respect to modernization of the mill and refurbishing it so as to make it a very competitive mill.

Their projected expenditure at the time, if my recollection serves me correctly, was they projected something like \$197 million dollars would be spend in the modernization program. In fact,

they have spent even more than that, and they have done a very good job.

And here, lest I forget it toward the end, I ought to express on behalf of the people of the Province, but in particular the people of the western Newfoundland area, more significantly affected by the mill operations in Corner Brook. The Kruger ownership of Corner Brook Pulp and Paper has resulted in a tremendous improvement in the performance and operation of that mill, and in the capability of that mill. I want to commend the company and the owners of the shares of that company for their dedicated effort. I know they are motivated to earn profits for themselves, but that is a very respectable and noble motive, and I endorse it fully.

But I want to say, Mr. Speaker, the Government is very pleased, as I am sure the former Government was very pleased, with the performance of the Kruger company. And I, perhaps, have a more personal involvement in that than anybody else. In the process, I do not want to fail to commend the Bowater Group for their 50 years of dedicated effort and contribution to western Newfoundland. And don't anybody underestimate that effort. The history that has been written, and when the complete history is totally written; it will be seen that the Bowater companies made a tremendous contribution to the economic development of western Newfoundland, in particular, and indeed, the whole Province.

But change comes, even after 50 years, and their priorities were changed. They decided that they would either close or sell the

mill in Corner Brook. They worked with the former Government to try and find a buyer, and they did find a buyer, and that buyer was Kruger. I want to commend both the Bowater Group, but also to particularly commend the Kruger organization for their completion of their commitment to the modernization of that mill. They have indeed, in fact, spent more.

There is also a need for further improvement to correct the extensive environmental problems that are characteristic of these old mills. That environmental correction problem is going to cost, in order to do it correctly, a good deal more than was originally anticipated. As a matter of fact, approximately \$38 million will be required in order to carry it out in a proper way, and the Government is insisting that it be carried out in a proper way.

Corner Brook Pulp and Paper agrees with this, but they are also concerned that the timing of the program, right at this particular time, when there is a general downturn in the newsprint industry in the world, and pressures on the prices; that their projected cash flow will be affected as a result of that.

Carrying out the modernization program as they did, with an additional expenditure of some \$25 - \$30 million over and above that which they projected, and then having to carry out an even more extensive environmental improvement program than had been projected; may in these particular circumstances, market circumstances, put undue pressure on what is already predicted to be a fairly tight cash flow situation.

We are concerned, the Government is concerned, that the environmental improvement program not be delayed. At the time the mill was sold, the Government of the day put in place what is called a PUT Agreement. That Government did not, as such, guarantee any of the Kruger loans necessary to carry out the refurbishing and modernization of the mill. Instead, what the Government did - I suppose you could say it was a kind of a guarantee in a way - was firmly agreed to buy the Deer Lake Power Plant from the banks if the mill could not meet its obligation to the banks for the money it borrowed. The Government agreed that when you realize on the assets, we give you a commitment beforehand, we will purchase the Deer Lake Power facilities for \$30 million. Thus the banks knew that there would be available to them at the very least \$30 million from the sale of that asset, so that gave them a certain level of comfort.

Now it is all very well to say it is not a guarantee, but it is in the nature of a guarantee in that they guarantee they will purchase something. That worked very well. The guarantee had a limit on it. When the company earned \$30 million net profit, the obligation disappeared. The PUT obligation fell off the table.

Well the company has reached that. They have done very well with the mill. Now they have reinvested that entire \$30 million back into the mill and the Government can only be impressed with their performance. That is why I want to express that appreciation this morning.

Mr. Speaker, I can only sincerely

hope that the total absence of reporters in the press gallery does not mean that they are not listening to this because frankly, I think it is not enough for me to write the Kruger Company and express that approval, I think it is important that the people of Newfoundland see that their Government acknowledges the contribution the Kruger Company has made.

Now, Mr. Speaker, in order to have an adequate cash flow to continue the operation of the mill and to carry out the \$38 million capital program to do the environmental correction that is necessary, the Kruger Company has said to the banks, will you agree to postpone the repayment. We can repay what we had agreed to repay at the time of the modernization. We have earned a profit. We have the ability to repay it. But will you agree to postpone the repayment of it to allow us to use that capital to do the refurbishing for environmental purposes?

The banks have said yes, we agree with you. We are prepared to do that. We have great confidence and great faith in you and in the Corner Brook mill and its future. We are prepared to do that, but do you suppose the Government would be prepared to put the PUT back in place on similar terms and conditions to a level that would approximate, or come close to approximating, the additional capital that you have put in for modernization and environmental improvement.

So they have asked the Government if the Government would agree to reinstate the PUT to the extent of \$50 million to allow the banks to raise the remaining capital necessary to do this and to meet

its obligation. The Government have considered this, Mr. Speaker, and we believe that is the right thing to do. The agreement that has been entered into would enable this. The legislation that is now before the House is to authorize the Government to give that undertaking, because it is an undertaking that could result in future financial obligations for the Government, the approval of the House, of course, is necessary.

I believe we have just tabled this morning the agreement that will be appended to it. I guess, the hon. Member has not had a chance to see it yet. The Clerks are just now distributing it around, and like most agreements of this nature it has a lot of legalese and words and whereases and et ceteras in it, but it spells out exactly what is being proposed.

What I have described for you is, of course, the general purpose of the Bill and will allow for debate in principle on that issue. I am sure all Members of the House would be happy to endorse it. The Members can have then an adequate opportunity to review the agreement before we get to Committee stage of the Bill, where there would be opportunity to discuss any issue in detail.

Thank you, Mr. Speaker.

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: Thank you, Mr. Speaker.

The Premier has provided more information about this Bill, but there is still some information that we must have to fully understand the meaning of the Bill and the purpose of the borrowing, which is being backed by this

extended and expanded PUT option. I will get to some of those questions. Let me say first, though, that as I mentioned when I began my remarks yesterday, the newsprint mill in Corner Brook is and has been the single most important industry in western Newfoundland. It is one of the most important industries in the whole Province, both in terms of contribution to the gross domestic product and also in terms of employment in the mill and in the woods.

I agree with the Premier's assessment of the merit and value of Bowaters ownership, and management and operation of the mill for fifty years, and of Kruger's contribution over the past five and a half to six years, Kruger being the parent company of Corner Brook Pulp and Paper Limited.

The Premier was associated with Bowater, as he mentioned, although he failed to add that he has had no association whatsoever with either Kruger or Corner Brook since he moved out of Corner Brook

Premier Wells: That is inaccurate.

Ms Verge: - just as Bowater was downsizing the mill and just before they announced to the public that they were pulling out altogether.

Also, the Premier might have rounded out his sentiments of appreciation by paying tribute to the Peckford Government for its efforts in attracting Kruger to the Province and in securing from Kruger a commitment for a \$200 million modernization program.

As the Premier said, Kruger has

actually spent more than \$200 million on mill modernization. From what I know, and I believe most members of the public believe, the work done to date has improved the quality of the newsprint produced, has enhanced the marketability of the product, and has assured the long-term viability of the Corner Brook operation in the context of the worldwide newsprint market. However, Kruger has not fulfilled its obligations to abate pollution. I hope, in the absence of the Premier, who is just leaving, somebody else in the Government is going to be able to answer precisely what kind of pollution abatement will be done with the financing being guaranteed by the Government through this Bill; because I assure Members of the Government that the people of the Corner Brook area are becoming more and more concerned about the affects of pollution from the mill, both air pollution and water pollution.

As I said, Kruger has not lived up to its obligations set out in the original agreements with the Provincial Government on taking over ownership of the Corner Brook mill five and a half years ago. It has exceeded its spending target on mill modernization, but the effort has not gone into pollution abatement. One of the improvements completed was converting mill burners from oil burning to both bunker C oil and bark and wood chip burning. That has had the desired affect of lowering energy costs for operating the mill, but it has had the detrimental consequence of aggravating the air pollution problem.

It has resulted in the mill stacks emitting sooty particles, and for

those who are familiar with the geography of Corner Brook, they might appreciate the fact that Corner Brook, topographically being shaped like a bow, and the prevailing wind being in the direction of the townsite for much of the year, townsite is subjected to a rain of sooty particles. There are people who believe that the invisible gases being put off from the mill are harmful to health. That has never been proved. But it is apparent that the invisible gases are irritating, the sulphur fumes are bothersome. And to many of us living in the townsite part of Corner Brook, it seems as though the sulphur fumes are worse.

Now, Mr. Speaker, it is important for me to emphasize the concerns of my constituents about pollution that is resulting from the Corner Brook newsprint mill. Now the Member for Port de Grave, the Minister of Social Services, not being familiar with Corner Brook, undoubtedly cannot appreciate these peoples' concerns. But let me assure him that these are concerns every bit as real as concerns of his constituents in Coley's Point or Bay Roberts.

Now if the Member will allow me to proceed, Mr. Speaker, this is a serious matter. I would like on behalf of my constituents to have the Government explain just how the borrowing that is being backed through the provisions of this bill, and the agreement enabled by the bill, will address both the air pollution problems and the water pollution problems associated with the operation of the Corner Brook mill.

As I explained there are two types of air pollutions, the particulate emission which is now worse, since

the mill started using bark and chips as well as oil for fuel. The invisible gases which also seem to be worse. The sulphur fumes seem to be worse in the past couple of years than ever. And then water pollution includes suspended solids as well as dissolved solids.

Now the Provincial Government has jurisdiction over the air and it is responsible for air pollution controls for abating air pollution, and seeing that the quality of air meets environmental standards. That is a Provincial Government responsibility.

The Federal Government, on the other hand, has jurisdiction over the water, and is bringing into force shortly, stringent new water pollution regulations, I say stringent, in the eyes of some environmentalists the standards will not be high enough, but they are stricter than present Federal water guidelines.

Now, Mr. Speaker, when the Premier spoke he mentioned the figure of \$37 million.

Mr. Baker: Thirty-eight million.

Ms. Verge: Thirty-eight million the Government House Leader says, as being the target of Kruger borrowing, that is being backed by the Government under this measure.

Now, Mr. Speaker, it is my understanding that the full cost of addressing the air pollution problem associated with the Corner Brook mill is more than that. And furthermore it is my understanding, from speaking with environment officials in other provinces which have newsprint mills, that the likely cost of addressing the water pollution

problem to meet the new Federal regulations is much more than that. In other words, the total cost of curbing both the air and water pollution problems associated with the Corner Brook mill is probably in the order of \$100 million or maybe more.

And what I would like to know, Mr. Speaker, is precisely what is Kruger or Corner Brook Pulp and Paper Limited going to do to address pollution problems related to the Corner Brook mill with the borrowing that the Government is backing through this Legislation and will those measures address fully the pollution problems, so as to have the mill comply with both the Provincial air pollution guidelines and Federal water guidelines, those are the most important questions, Mr. Speaker. I should add that the people of Corner Brook are becoming more and more cynical about both the will of Government, particularly the Provincial Government, and the ability of Government to ensure compliance with environmental standards by a large corporation, such as Corner Brook Pulp and Paper. Now, we appreciate that there is always a need to balance industry and employment on the one hand with environmental compliance.

Mr. Baker: (Inaudible).

Ms. Verge: The Government House Leader is asking about the comparison with the Government of which I was a Member, and it is fair to say that the doubts about the effectiveness of the Provincial Government in ensuring environmental compliance began during the Peckford Administration, because it was then that the first extension of the air pollution compliance

requirements of the original agreement was granted. However, this Government has been in office for more than a year and the problems have become worse and the level of concern among the public is growing. This is the Government that has the responsibility now, and I call on them, before we pass this Bill on second reading, to answer the questions that I just posed.

Mr. Efford: (Inaudible).

Ms. Verge: Mr. Speaker, the Member for Port de Grave, doesn't know what he is talking about and I would suggest that he wait until we get into a social services measure before he starts interjecting. I know the Government House Leader is pointing to the Draft Agreement that was just circulated. I haven't had a chance to read that properly. I see in a schedule a list of projects; some of this list uses technical language and I have some familiarity with it, but, what I would ask the Government to do, bearing in mind that this is a public forum and bearing in mind that we are here to serve the interest of the public, that a representative of the Government explains this in lay person's language.

Basically, what the people in Corner Brook want to know is, after Kruger or Corner Brook Pulp and Paper spends the money, whether it is \$38 million or some greater amount that the Government is helping them borrow, will the mill in Corner Brook meet Provincial air pollution guidelines and Federal water pollution regulations? They want to know whether the rain of sooty particles will end and whether summertime they will be able to

enjoy their patios and their gardens without any visible air pollution. They want to know whether there will no longer be sulphur fumes on muggy days that are irritating, particularly to people with asthma and bronchitis. Mr. Speaker, I hope this doesn't degenerate into a partisan shouting match about who did what, when, about the seventeen years - we are here today in this public forum, it is 1990, the Liberal Government has been in office for more than a year, the people in Corner Brook are becoming more and more concerned and they would like answers. I am here as their representative to ask questions. I have just done that and I would like the Government to give a straightforward, nonpartisan answer about when the air pollution emanating from the Corner Brook mill is going to end, what ability the Provincial Government has to ensure that happens and happens as quickly as possible and also, what, to the knowledge of this Provincial Government, is being done to have the mill comply with the new Federal water environmental guidelines? Mr. Speaker, I will take my seat now and listen with interest to the answers that are forthcoming from the Government.

Mr. Speaker: The hon. the Minister of Forestry and Agriculture.

Mr. Flight: Thank you, Mr. Speaker. Mr. Speaker, in the essence of time it is pretty difficult to do a better job than the Premier did with regards to explaining the reasons for the extension to the PUT Agreement. I understand, of course, that the Member only received the Agreement and the Legislation minutes before

she spoke. I understand also that she would not have had a chance to look at the recommendation with regards to the environmental capital expenditures that will be undertaken as a result of the legislation, or as a result of the extension to the PUT. She indicated that she saw very quickly a list that accounted for \$38 million but she did not understand the technical end of it. And I have to say to her that I and not very many people understand the details of what is required to be done to effect the changes. But I will go over the changes with her. I might say to her also that in the Committee stage she has the opportunity to zero in, so to speak, on any particular concerns she has with regards to her own personal knowledge of the soot problem or whatever, and decide and have an explanation as to what extent these proposed changes will address the environmental concern, particularly the air pollution concern, the soot raining down on various areas of Corner Brook.

But in the meantime I will just very quickly - and I am not even sure that it is necessary to read these things - but actually that is probably what I should do. They have outlined very clearly in schedule C the expenditure schedule and the amount of money that will be spent. And this money will be spent as a result of the extension of the PUT Agreement. It will permit them to reach the compliance schedule that they had agreed to, probably with her Administration.

And I want to say this to the Member, and she would well know this probably, that the new Federal requirements that she talks about that will cause Kruger

or Corner Brook Pulp and Paper to spend a lot more money, and Grand Falls, and mills all across the country, in order to meet the new environmental requirements of the Federal Government is by and large probably over and above anything that will be done here. I mean these came lately and I can tell her, and I am sure she is aware, that the management of Corner Brook Pulp and Paper and Abitibi-Price and the mills in the country are now talking to and analysing and determining whether or not they can, how they will, where the money will come from and all the rest, because she is right, there are vast expenditures required to comply, particularly with the Federal requirements.

There is a time frame allowed and I know the companies are wrestling with it now, and it is the company's intention to comply with the various Federal regulations that have been brought down, and I might say, have been introduced and brought down and imposed on the industry over and above (inaudible). It is possible that some of the work that will be done with this \$38 million will have the effect of dealing with some of the Federal Government's requirements, but it was not designed to because, as the Member knows, the new Federal requirements were outlined by the Federal Government quite recently, and the various Pulp and Paper Companies in the industry, particularly the owners and operators of the older mills at which these new environmental requirements are directed, is now in the process of discussing with themselves, discussing with the Federal authorities and determining their ability to meet the new requirements. It is their intention to try to meet them,

however, it will be a requirement of Corner Brook Pulp and Paper over and above the compliance schedule that they have agreed to here.

So Mr. Speaker, there are seven projects announced here under the Environmental Capital Expenditure Schedule for the summer, \$150,000 - collection and disposal system for sulphite cleaner rejects; \$150,000 - collection and disposal for a chip washer of sawdust effluent, that is fairly self-explanatory; \$600,000 - the rebuild of No. 6 boiler to reduce particle emissions, and I am sure the Member is aware, and her colleague for Corner Brook will probably be aware, that \$3.7 million will address the emissions and improve the burning efficiency, and maybe will totally address the problem she refers to, the one that she is particularly concerned about, the soot emissions. But obviously that is a project to address that problem which is experienced in Corner Brook now.

No. 5, the rebuild of No. 3 boiler to further reduce particle emissions by improving burning efficiency. There is exactly \$7 million earmarked for this particular item out of the \$38 million in this particular schedule of expenditures, which I would think addresses directly the problem that she refers to. And then No. 7 - a new boiler to burn all bark wood refuse produced at the mill, that again is self-explanatory as to what it would mean to the environment. Complete the necessary pollution abatement equipment and monitoring devices to ensure compliance with the Federal/Provincial regulations, \$30 million.

Acid tower scrubber to reduce SO2 emissions - \$150,000.

Well, Mr. Speaker, that answers some of the Member's concerns. That is where it sits right now. And specifically if she wants to zero in on any one particular expenditure, and if she would wish to undertake herself to determine exactly technically what that means, then she has that opportunity. If she will indicate to me her concerns, I will use my office and use the ability of the Department of Forestry to determine exactly what is meant by a given expenditure, and relate it to her in Committee.

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: With leave, Mr. Speaker.

I am not an engineer, most of my constituents are not engineers, most of us cannot appreciate the fine detail of the schedule. But what we want to know is when all these projects that are listed in the schedule are carried out will the air pollution problem be gone? Will we be free from particles of soot? Will we be free from annoying and possibly harmful sulphur fumes and other invisible gaseous emissions? And what kind of clout does the Provincial Government have to ensure that all of this is done and that the desired end result is achieved?

Mr. Speaker: The hon. the Member for Kilbride.

Mr. R. Aylward: Thank you very much, Mr. Speaker.

I just want to say a few words about this Bill for Kruger and raise some of the questions again

that were raised by the hon. the Member for Humber East concerning the pollution control that is planned for Kruger over the next few years.

Mr. Speaker, before I get into that I do want to associate myself with the words of the Premier when he suggested that Kruger has been a very valuable addition to the west coast of our Province, and certainly a saviour for the pulp and paper industry in the Corner Brook area. They took on a project, and I do not know of any other group who were serious about doing it, when they took over the Bowater paper mill in Corner Brook. They did spend a lot more money than they originally had planned to upgrade the mill, but one of the Kruger specialities, as far as I know worldwide, is to take over old inefficient pulp and paper operations and modernize them and turn them around to make a profit.

Now, Mr. Speaker, the Premier also said some glowing words for the Bowater Corporation who were there before. And I also want to suggest that the Bowater Corporation did do a good job. While I was Minister of Forestry and before that, I always had the impression that there was very little or no silviculture going on in this Province, Mr. Speaker, but when I did become Minister of Forestry and I had a few visits to the Corner Brook area, I did note that the Corner Brook pulp and paper operation now operated by Kruger, is in a much better resource supply situation than the two Abitibi mills that we have in the Province, Mr. Speaker. And the reason for that is that the Bowater Corporation did do a lot of silviculture work in this Province prior to most of us

realizing that it was done, and they did more thinning in the Province than any of us realized. I see the Member for St. George's shaking his head, as if to say no, Mr. Speaker. The larger supply or the larger landmass is not necessary, the economic viability of a mill is based on the wood supply within a radius of the mill. And within that 50 mile radius, which is the figure used for an economical wood supply, Bowaters have been doing, and have done in the past, quite a bit of thinning and that allows the Kruger Corporation to continue the operation in Corner Brook on a long-term basis.

Mr. Speaker, the Member for St. George's again shakes his head, no. But I visited the sites and I saw what was done. I was told the age of the wood that is going there now, and it was obvious to see that the thinning was done and it was all done before Kruger came there. Before Kruger came there, Bowaters had to be there; that was the only other one operating in the area. Mr. Speaker, the logical conclusion is that Bowaters did do the thinning work, and Bowaters did do the planning to allow Kruger to operate that mill over the long-term.

Mr. Speaker, one problem probably associated with the Member for St. George's District is that there was not enough work done on the far west coast of the Province. Out in the St. George's area there was not, in the distant past, enough silviculture work done, and that is why there is a resource problem in that area of the Province. Some of that area supplies the Abitibi/Stephenville mill, which will cause some problems in the future for a resource supply.

In the economic area, for the wood supply for Corner Brook pulp and paper, Mr. Speaker, there was silviculture work done, and it was done long before most of the residents of this Province realized it was being done, which shows the foresight Bowaters had. Obviously if they were doing that they must have had a commitment to stay here, so I do not understand why they left. However, I am pleased they left, because Kruger is doing a better job in that area, both with silviculture work and in upgrading the mill, and in reinvesting the money they are making into the Corner Brook mill so that it will have a much longer future.

Now the Minister of Forestry suggested that we will have opportunity in Committee to discuss the details of the agreement that was tabled here today, and that is correct. But, Mr. Speaker, what we have to do with this Government, in second reading stage, is ask as many questions as we can so that the Ministers will have time to get the information for when it comes to Committee, because they all come here unprepared for any questions at all. Mr. Speaker, as we saw when the Bill was introduced yesterday, the Minister of Mines and Energy - yes, Mines and Energy I believe - was obviously caught off guard. It was not his fault, Mr. Speaker, he did not have the information - he admitted he did not have the information. Unfortunately, the Premier was not here at the time to introduce the Bill, and the Minister of Forestry was not here. Both, obviously, were on Government business. When the Minister of Mines and Energy introduced the Bill, he did not have the information to answer

questions so we had a very brief introduction.

Mr. Speaker, when we go to Schedule C, as read out by the Minister of Forestry a few minutes ago, I would hope that when it comes to the Committee stage, he will be able to answer questions on exactly what types of pollution the \$38.050 million will address when the pollution work is done between now and 1992, when this money is spent.

I understand the Federal regulations which were introduced recently have not been totally included in this plan, because this plan was being worked on long before the new Federal regulations were introduced. And I would expect the \$38 million will not cover the complete cost of both water and air pollution, which has to be addressed in the Corner Brook area.

The Federal regulations are very stringent according to the industry, but not stringent enough according to some environmentalists who operate in this country.

I would be interested in knowing the details of what type of pollution each of these categories are going to address. Mr. Speaker, you can see number one there, the collection of disposal for the thermo-mechanical pulp cleaner rejects. Now this could be water pollution or it could be air pollution. It is probably not both, because there is only \$150,000 allotted to it, and \$150,000 is not going to clean up a lot of pollution. I saw some of the figures when I was Minister of Forestry, what it is going to cost. I know the Federal regulations make it even more

stringent, so from that I conclude that the \$150,000 would not do a great deal of work in cleaning up pollution.

Mr. Speaker, the collection and disposal of the sulphite cleaner rejects, another \$150,000, does not seem like a lot of money to me when we are talking about \$38 million and a little more.

Mr. Speaker, when the Premier or the Minister of Forestry closes the debate on this, and when he speaks in second reading, I would hope that he will have some technical details so that the people of Corner Brook can be assured. Now, the Federal regulations, as I said, deal with water pollution more than air pollution. The residents of the City of Corner Brook, a group of whom I met while I was Minister of Forestry, are much more concerned with air pollution, because it is visible and it affects them daily, when the emissions are coming from the stacks.

Mr. Efford: (Inaudible).

Mr. R. Aylward: Yes, my Government was helping them with the plans which came to fruition under your Government. We decided to have our Department of Environment help them with the plans to do more modernization. The first thing we did was have them there. At least that was one step, to have a new, modern mill in Corner Brook.

I know the Minister of Social Services did not agree with that at the time, he wanted to see Corner Brook being devastated by the closing of the paper mill, purely for political reasons, so that he could get a couple more seats out in the west coast area.

There was glee in the Opposition when it was announced that Bowaters was going to move away, but thanks to Premier Peckford, and the Member for Ferryland, who was Minister of Forestry at the time, and the Member for Mount Pearl, who was Minister of Finance or Treasury Board at the time -

An Hon. Member: No, Development.

Mr. R. Aylward: Development. Those three Ministers were instrumental in attracting the operator to Corner Brook, so that we have a better mill. The Minister of Education, at the time was also very involved, as well as the Member for Humber West, who retired before the last election. But, Mr. Speaker, when it was announced that Kruger came, it was to the disappointment of especially the Minister of Social Services, who was in Opposition at the time.

Mr. Speaker, I would like the Premier, or the Minister, whoever is going to debate this in second reading, to get some details on what type of pollution will be affected by this cleanup, this \$38 million cleanup.

Maybe he could contact the company and see if the new Federal regulations increased the requirement and the cost of the pollution cleanup, so that we would know how much more money the company will have to invest in order to do the proper environmental cleanup.

Maybe, the Minister of Forestry, when we are into Committee stage, would give us a brief rundown on what the Government plans to do to help the Stephenville and Grand Falls mills when they tackle their pollution problem also. Is there

some similar plan of loan guarantees for the other two mills in the Province, which also have to do some pollution cleanup in the near future because of the new Federal regulations? Thank you, Mr. Speaker.

Mr. Speaker: The hon. the Minister of Mines and Energy. The Minister will now close the debate.

Dr. Gibbons: Thank you, Mr. Speaker.

This morning, I believe, we received the appropriate clarifications that were asked for yesterday, and this morning the Minister of Forestry did answer most of the questions asked.

Certainly, when the \$38 million worth of projects listed on Schedule C are completed, our Provincial regulations will primarily be met, and the Federal regulations, as they existed at the time, I believe will primarily be met. But the new Federal regulations, which have just recently been announced, are still being assessed, and we don't know the full implications of the new Federal regulations.

The three items listed first on Schedule C are primarily water pollution abatement projects, and the collection of rejects, the collection of sulfite and the wood chip washer and sawdust effluent project, these total slightly less than \$1 million, and these are primarily water pollution measures.

The other four measures listed on Schedule C are the air pollution measures. Four, five and six all address the matter of soot and ash. Particularly the rebuilding of numbers three and six boilers are addressing the soot. The new

boiler listed in number six, the \$30 million project, which is primarily going to burn wood bark and other wood refuse, with the necessary pollution equipment to meet all existing Federal and Provincial regulations, this is a new project and naturally you can see this is the big one, \$30 million of the \$38 million allocated. When that is done, plus number seven, to reduce sulfite emissions, the regulations will be met, as I understand it.

However, there can be no assurance that there will not continue to be some soot emissions; there can be no assurance that you will not see some soot and sulfite, but there will be major reductions in the amount of sulfite presently being noticed in the Corner Brook area. We are trying to bring it into line with the present regulations, particularly the Provincial regulations, and the Federal regulations as we knew them. Anything new that comes out of the latest Federal regulations, after appropriate assessment, we will be able to tell you what that means.

The other particular aspect of item number six, the \$30 million boiler, is that this is going to help the mill with energy consumption. This is going to help reduce the amount of oil that is going to be burnt in the mill, so it is going to be a matter that will help the total productivity, the efficiency of the mill and the cost; it is going to help in the cost of the mill; there will be less oil being burnt because this new boiler is going to be using a considerable amount of bark and wood. That is an energy matter, as well as a pollution abatement matter to reduce the ash.

I do not think there is anything

else I want to address at this time. But, certainly, when these projects are done, over the scheduled time frame that is shown there; some of them have already started, and the rest will get under way by June 1, 1990, all to be completed by June 30, 1992, most of the concern should be taken care of by that time. I do not have anything further to say at this time, and I move that the debate conclude.

On motion, a Bill, "An Act To Authorize Certain Agreements Between The Government Of The Province And Other Parties Respecting The Future Operation Of The Corner Brook Newsprint Mill," read a second time, ordered referred to a Committee of the Whole House, on tomorrow. (Bill No. 30).

Mr. Speaker: The hon. the Government House Leader.

Mr. Baker: Motion 2, Mr. Speaker.

Mr. Speaker: Motion 2, the hon. the Minister of Finance to move that the House resolve itself into a Committee of the Whole to consider Certain Resolutions relating to The Financial Corporations Capital Tax Act.

The motion is that I do now leave the Chair for the House to resolve itself into Committee of the Whole.

Before moving, if the hon. Members would permit, we have some students here we would like to welcome to the gallery. We have twenty-five Grade IX students from St. Francis High School, Harbour Grace, accompanied by the their teacher, Brother Whitty.

Some Hon. Members: Hear, hear!

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

### Committee of the Whole

Mr. Chairman:  
Order, please!

Bill No. 26.

### Resolution

That it is expedient to bring in a measure to amend The Financial Corporations Capital Tax Act.

On motion, resolution, carried.

On motion, Clauses 1 through 3, carried.

Motion, that the Committee report having passed a resolution and a bill consequent thereto, without amendment, carried.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: Order 2, Mr. Chairman, Committee of the Whole.

Mr. Chairman: Committee of the Whole on Bill No. 31.

Shall clause (1) carry?

Ms Verge: Mr. Chairperson?

Mr. Chairman: The hon. the Member for Humber East.

Ms Verge: Thank you, Mr. Chairman.

It was my understanding, from speaking to the Government House Leader, that we were going to do Bill No. 26 next?

Mr. Chairman: Bill No. 26 was just carried.

An Hon. Member: Just carried?

An Hon. Member: Yes.

Ms Verge: It did not go through second reading, and the Minister of Finance did not speak to it.

An Hon. Member: Didn't he?

An Hon. Member: No, he did not.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: The process of Motions is to move the Committee, then call the heads and that was done. That is the process of that Motion 2. I do not know what else to say about it.

Some Hon. Members: You are sleeping! You are sleeping!

Mr. Chairman: The hon. the Member for Humber East.

Ms Verge: It is highly irregular for a Bill to go through the House without the Government sponsoring the Bill, not to even speak to it.

Mr. Windsor: Wait until the Minister speaks.

An Hon. Member: Vote against what?

Mr. Windsor: Is he allowed to speak today, or is it one of his days off?

Mr. Chairman: Bill No. 26 was introduced by the Chair and clause by clause was called and voted on.

Ms Verge: Well, Mr. Chairperson, with distractions I thought you were into Bill No. 26, but I was waiting for the Minister of

Finance to rise in the usual way. Our Finance critic is prepared to speak to it, and I would ask that we revert to Bill 26 and have some discussion about what the meaning of the Bill is. We owe at least that much to the people we are here to represent.

Mr. Chairman: Well, the Bill has been voted on and carried in the Committee. I am just wondering what the pleasure of the House is, if we wish to revert back to that or not.

The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. I am operating here under some very basic assumptions and that is when we move into the Committee of the Whole to consider a Bill, that we go through a process of the Chairman sitting down and carrying the title and the clauses and all this kind of thing. There was no indication on the opposite side that anybody wanted to speak to it. Now that is the normal process in the House, and I was operating under the assumption that everybody knew that, especially seeing Members opposite sat for a number of years in Government, sponsored bills and knew the process of bills going through the House. I am sorry if there is a misunderstanding here, but that is the process it went through and I really do not know how to handle it beyond that. These are the assumptions I was operating under, and we have been doing it ever since I have been here. That is all I can say, Mr. Chairman. That process has happened, and I do not know if there is anything I can do about it.

Mr. Chairman: The hon. the Member

for Mount Pearl.

Mr. Windsor: Mr. Speaker, if I might just address this issue. I understand what the President of Treasury Board is saying, however clearly -

An Hon. Member: (Inaudible).

Mr. Windsor: I have been recognized by the Chairman. I do not need your recognition.

Now, Mr. Chairman, clearly when a piece of legislation of this importance comes to the House of Assembly, the Minister of Finance should at least speak to it. We were sitting here waiting for the Minister to speak. When he didn't, we did not realize that a motion had been called. I can appreciate Your Honour's position.

So I simply say to the Government House Leader, can we now revert to this and debate this Bill? We do not have a great deal to say about this piece of legislation, but we would like to address it. Now, the Government House Leader should consider.

An Hon. Member: You had your opportunity (inaudible).

Mr. Windsor: Well, we will have an opportunity to debate other Bills too, and we can debate them for a heck of a long time - a heck of a long time. The Government House Leader should consider. If he wants continued co-operation in this House of Assembly, then he should revert to this Bill and give us the opportunity to debate it - if he wants to get out of here before Christmas.

Mr. Chairman: The hon. Member for Humber East.

Ms Verge: Thank you, Mr. Chairperson. The Government House Leader talks about process and the normal process. It is normal in the regular process for the Minister sponsoring the Bill to at least say a few words about it. We were waiting for the Minister of Finance to rise in his place and give some explanation of the Government's purpose in advancing the Bill.

Now, our finance critic was intending to speak to it, not at length, but he has some comments we feel should be made in a public forum at this stage. We apologize for failing to realize that the Minister of Finance was departing from normal practice in staying in his seat when a finance bill in his name was called, but we now ask the House Leader for leave to revert in the process so that our finance critic can speak to it, as I say, not at length, and then we can get on with Bill 31, the Hydro Bill, which we may want to debate much, much, much more extensively.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. The acting Opposition House Leader has put a request which, perhaps, you should have done five minutes ago.

I first of all want to say, Mr. Chairman, that I resent the characterization that somehow the Minister of Finance did something unusual. He did not do anything unusual. I resent that. I resent that! What happened here was the fact that Members opposite were simply not listening to what was going on, did not know what was going on, did not understand what was going on. That is what happened.

Now, I said at the beginning that I am sorry if there is a problem here. But the problem is not the problem of the Minister of Finance, it is a problem that when things were called, Members opposite simply didn't get up to respond at a time when they could have gotten up and responded. Now, Mr. Chairman, having said that and described the situation accurately as it is, I would be willing to revert, by leave, to allow the finance critic to say whatever he wants to say about the Bill. I would be willing to revert to that stage of the proceedings.

Mr. Chairman: Okay.

Ms Verge: Mr. Chairperson, on behalf of the Opposition, I would like to thank the Government House Leader.

An Hon. Member: Very gracious!

Mr. Chairman: The hon. the Member for Mount Pearl, by leave.

Mr. Windsor: Thank you, Mr. Chairman. I also thank the hon. House Leader. He is quite correct that we were lacking at the moment but, nevertheless, we did expect the Minister - I guess our fault, Mr. Chairman, was in expecting the Minister of Finance to speak. Records will show that since that Minister has been in office, he has not generally spoken, he has not generally been allowed to speak on major financial matters. He usually gets somebody to -

An Hon. Member: (Inaudible).

Mr. Windsor: I have leave of the House, and I don't need leave of the hon. Member, thank you.

Mr. Chairman: Order, please!

Mr. Windsor: Mr. Chairman, there is not a great deal I wanted to say about this particular piece of legislation. It is pretty straightforward. It increases the tax from 2 per cent to 3 per cent, so it is a 150 per cent increase in that tax. That is really what it is. It is a tax grab, as we saw throughout the Minister's Budget, a quick way of getting money. Now, the Minister is not going to get too many people concerned about the poor financial corporations, because when one looks on the surface, well, it is only the banks and the financial institutions paying their fair share. Mr. Chairman, the banks and the financial institutions are going to pass this right along to the consumer. Really, what I wanted an opportunity to say here today, Mr. Chairman, is that I think it is time the Minister of Finance had a look at what the banks and financial institutions are doing to the people of Canada, particularly, of course, of Newfoundland, and I think all Finance Ministers should have a look at it.

The costs now in doing banking in Canada today are incredible. The banks are virtually doing what they will in manipulating money; moving money from one account that you might have to another at will. It is just incredible the charges they are applying. Interest rates are going through the sky - 15.75 per cent I believe now, as of today. How do we expect business and industry to develop in this Province or in this country with interest rates of that nature, and tack 3 per cent on top of that?

Mr. Chairman, really what I am saying here is there is nothing in the Bill itself other than the

amount. That is all it does, change an amount from 2 per cent to 3 per cent. It is a disincentive to development again, another one on top of the Minister's payroll tax. It is another tax on business. I know the Minister can hide behind the fact that it is a tax on business. A tax on business is a tax on consumers. The Minister of Finance doesn't agree with that. He doesn't. Where is it going to come from? Santa Claus is going to give the corporations that tax to pay.

An Hon. Member: (Inaudible) from income tax.

Mr. Windsor: Deductible From income tax, Your Honour. Yes! Mr. Chairman, again it is a disincentive. Every move this Minister has made has been a disincentive to business and to development. Very clearly this is an anti-development, anti-business Government, and it reflects very directly on the consumers of this Province. Very, very directly.

An Hon. Member: Are you waiting for another (inaudible)?

Mr. Warren: No, boy, we are putting in another rubber factory.

Mr. Windsor: No shipyards either, Mr. Chairman.

Mr. Chairman, I will close with that, because I don't see any point. The Minister of Finance is obviously not going to respond. The Minister of Finance is capable only of making silly faces and sly comments over there. He hasn't made an intelligent comment in this House of Assembly since he took his seat here, Mr. Chairman.

Mr. Chairman: Order, please!

Bill No.31. Shall Clause 1 carry?

The hon. the Member for Humber East.

Ms Verge: Thank you, Chairperson. This Bill authorizes the Government to charge Newfoundland and Labrador Hydro a fee, with the amount of the fee being set from time to time by the Cabinet for the Government guaranteeing borrowing by Hydro. Now, Hydro, to carry out its responsibilities and to provide for multimillion dollar generation capability, has to borrow mega dollars. Chairperson, the added cost that the Government will be putting onto Hydro by charging a fee for guaranteeing Hydro's borrowing will, obviously, be passed on to consumers. Hydro sells its product to what we have known as Newfoundland Light and Power, now renamed Newfoundland Power. Newfoundland Power, in turn, of course, has to recoup from consumers enough revenue to provide a reasonable rate of return to its shareholders. So, Chairperson, this measure will lead to higher electricity costs for consumers throughout our Province.

Now, as I understand it, the contemplated fee for the year is about \$9 million. This \$9 million added cost to electricity ratepayers, is part of a grand design of this new real change Government to hike electricity costs dramatically. In the Government's first Budget, last spring, the Government announced a three year phaseout of the \$30 million Provincial Government subsidy of rural power, an elimination over three years of the subsidy paid the PDD, the Power Distribution District. Again, that \$30 million will have

to be absorbed by Hydro by charging higher cost to Newfoundland Power who, in turn, will have to pass on that cost to consumers, to householders and businesses throughout the Province.

Chairperson, \$9 million for the new Government loan guarantee fee that is provided for in this Bill, \$30 million because of the Budget position announced last year, and now the payroll tax announced by the Government in its second Budget, the Budget this year, the payroll tax of 1.5 per cent on payrolls in excess of - what is it? - \$300,000 per year, will extract a significant amount of money from Newfoundland and Labrador Hydro. Hydro, in turn, will pass that on along with the other costs, along with the loan guarantee fee cost, along with the elimination of the PDD subsidy, to Newfoundland Power. The payroll tax, though, will have a compounding effect, because that is being levied on Newfoundland Power, formerly Light and Power, as well. The combined payroll tax, the double-whammy tax, will ultimately be extracted from the pockets of electricity consumers around the Province: individuals, people on social assistance, senior citizens getting a guaranteed income supplement, single parents trying to raise their children, Mr. Chairman. Then, next year, the Federal Goods and Services Tax is coming into force. So electricity consumers in this Province are in for one rude awakening over the next couple of years. Sadly, they are going to see their light bills soar, they are going to see their light bills increase by as much as 50 per cent over the next couple of years.

Mr. Chairperson, it is not because

of some invisible regulatory agency, the PUB, it is because of budgetary decisions of this Government and also the Federal Government, in the case of the GST. But it is this Provincial Government which has chosen as part of its budgetary strategy to sock it to electricity ratepayers in the Province.

Now through this measure to extract \$9 million and, according to the bill, the fee may be adjusted any time at all by the Cabinet; the Cabinet meets at least once a week, so at a whim the Cabinet can increase that fee. \$30 million dollars the Government is going to deny Hydro. Formerly the Government paid an annual subsidy to Hydro for the PDD. That is being phased out. \$10 million was removed last year, another \$10 million made \$20 million this year, and the full shot next year. That is going to have to be passed on to consumers.

As I mentioned, the cumulative payroll tax is being extracted from Hydro, from Newfoundland Power and, ultimately, another gouge of the electricity ratepayers.

Chairperson, the Minister responsible for Consumer Affairs is not in his place, that is the Minister of Justice. I wonder when this Government is going to wake up to its responsibilities to consumers. The Minister of Social Services, who was yammering away when we were dealing with the Kruger Bill, is not in his place. I wonder how he is going to compensate social assistance recipients, and others in the Province who are vulnerable financially, for the rising, the soaring electricity bills.

Chairperson, to make matters worse, to make matters much, much worse, to set the stage for this massive increase in electricity costs, the Provincial Government has restructured and gutted the Public Utilities Board. The Public Utilities Board, through the contribution of Board member Andy Wells, with his concern for the impact of utility rates on the average people in the Province and with the expertise he gained through a couple of years of membership on the Board and study of utilities regulations, was just having an affect on the PUB regulatory process here. He was probably the first match for the utility executives and their lawyers.

Make no mistake, the utilities are huge corporations. They have been guaranteed a healthy return on their investment. They have amassed considerable expertise about the regulatory process. And until Andy Wells came on the scene, as a member of the PUB, there was no match for the utilities; when the utilities went to the PUB, it was pretty well automatic that the PUB would approve their request.

The Federation of Mayors and Municipalities made an effort in years gone by - I believe the Member for St. John's East was involved with the Federation at the time - in representing the interests of consumers before the PUB, when the utilities would apply for rate increases. However, the PUB had to hire generalist lawyers who had no opportunity to acquire specialized knowledge about the utilities regulatory process. I am sure the lawyers retained did their best, but for a generalist lawyer - the Member for Bonavista South is

nodding. I am sure he can appreciate this - to undertake to represent the consumers of the Province before the PUB, is an impossible order, it is like a fly biting an elephant.

Chairperson, the Government restructured the PUB. It made smaller the number of Board positions, which might have been in order, given the decreased work load. But it set itself up so that it could pick and choose among the commissioners, and it decided to keep those commissioners who had consistently sided with the Utilities and got rid of Andy Wells. Now what kind of a message does that give the people of the Province? And it is suggesting replacing Andy Wells with a public servant, with a Department of Justice lawyer, who is supposed to be a consumer advocate.

Now, Chairperson, how can the people of the Province have any confidence in that kind of consumer advocacy? And when people see what the first consumer advocate has actually done, people are shrugging their shoulders. As the costs climb, as the light bills show higher and higher amounts, this Government is going to hear an earful from constituents. Chairperson, this loan guarantee fee measure is just another of a whole series of initiatives taken by this real change Government in socking it to electricity consumers, in allowing for alarmingly high increases in electricity rates. And that is going to jeopardize the position of individuals and householders in our Province who have to get by on very, very low incomes: Social Assistance recipients, I say to the Minister of Social Services, senior citizens living on fixed

pensions, many getting the GIS, single parents, people who are strapped with the cost of living.

Now, Chairperson, the Minister of Social Services is responding to my presentation by waving the Sprung Pickle Cook Book. I would suggest to the Minister that he might better earn his keep, he might better give the taxpayers a return for the one hundred thousand-plus a year they are investing in him, by undertaking to compensate Social Assistance recipients and other individuals and householders his department is supposed to be serving, for the rising for the rising electricity costs. He had better serve the people he is supposed to be representing by laying out a plan for the Government for reimbursing consumers of electricity who cannot bear the added costs that are being put on them by the direct Budgetary actions of this Government: by this Bill, by this \$9 million loan guarantee fee Bill, with provision for even higher amounts, even greater gouges in the future; for the \$30 million subsidy that is being taken off; for the payroll tax that is going to hit both Hydro and Newfoundland Power; and for the Federal GST. This Minister of Social Services is still talking about pickles.

Mr. Efford: (Inaudible).

Mr. Chairman: Order, please!

Ms. Verge: What is really going on, Chairperson, is that the Minister of Social Services, who probably, privately, is one of the few true Liberals in this ultra right wing Government, headed by the current Premier, the Minister is ashamed of what the Government is doing. That is why he is not

addressing the Bill. He is trying to deflect attention from the Government's increase in electricity costs. He is ashamed of that; he cannot handle that; he cannot deal with it; he cannot own up to it, so every time the topic comes up, he has to shift to another subject, he has to try to divert attention away from what the Government is doing. He tends to try to camouflage what the Government is doing to electricity ratepayers within the Province.

Chairperson, there is no excuse - there is no excuse - for what the Government is doing to electricity consumers in the Province. There is no defence for the Government socking it to Social Assistance recipients and others on fixed incomes with no ability to supplement their income, with no ability to get a salaried job.

Chairperson, the Government I have characterized as real change and also ultra right wing and conservative, is forecasting a surplus on current account this year. They would rather have a surplus on current accounts than to try and keep down electricity costs; they would rather gouge electricity consumers, regardless of their ability to pay, than have less of a surplus or a balanced Budget, just an evenly balanced budget. Chairperson, these measures being taken by the Government as a key part of their budgetary strategy, are having no regard to the ability to pay of the electricity ratepayer.

The Government talks about progressive and regressive taxation. Well, I say to them, this is the most regressive budgetary measure of them all. They are socking it to individuals and householders without any

regard to their ability to absorb rising electricity costs.

Mr. Efford: What would you do? What would you do?

Ms. Verge: Chairperson, the Minister of Social services is asking what I would do. When I was a Member of a Government - not all of us over here had an opportunity to serve in Government - I was fortunate to serve in a Government for about ten years, and the Government I was a Member of, number one, provided a \$30 million subsidy to Newfoundland Hydro for rural electricity. We did that. The Government I was a Member of guaranteed Hydro's borrowing. We did not charge a fee for that. The Government I was a Member of, year after year, in putting together the Budget and looking at revenue raising options, considered a payroll tax as one of a number of possibilities, and year after year we rejected that option, because we felt it was a disincentive to business activity in the Province, we felt that it inevitably would be passed on to consumers, and it was a regressive measure.

Chairperson, that is what I would do. I would continue those policies. If I saw that social assistance recipients were being subjected to rising, out of control electricity costs, electricity costs rising more than the rate of increase in social assistance payments, I would certainly act to correct that inequity. I would never allow social assistance recipients to be subjected to less purchasing power because electricity costs are rising, thanks to direct budgetary measures of this Government, leading to higher bills without appropriate adjustments in the

social assistance rates.

Now, chairperson, the Minister of Social Services is shaking his head, yet he has not made a constructive contribution to this discussion. All he is doing, as I mentioned before, is trying to throw me off, trying to deflect attention away from the exposure of this Government as an anti-consumer Government, as a Government that is undertaking as a major part of its financial program, regressive measures, measures which are going to be costing taxpayers, without any regard to the means of the taxpayers.

Chairperson, this measure to compound difficulties for the citizens and businesses we are here to represent, is a bad Bill, it is a Bill that should be rejected flatly by this Assembly.

Mr. Chairman: The hon. the Member for Kilbride.

Mr. R. Aylward: Thank you very much, Mr. Speaker.

Mr. Efford: (Inaudible).

Another pickle, the Minister of Social Services says.

Mr. Chairman, I want to have a few words on this Bill, a bill which the Minister of Social Services should be standing up here lambasting. He should stand up for the people he represents in this Province, the social service recipients, when they are being fleeced by the Minister of Finance once again, by causing another \$9 million to be added to the Hydro bills of the people of this Province, which is only one step this Government has taken to increase, over the next five to

seven years, the hydro bills in this province by some 50 per cent, I would say. Anyone today who has an electricity bill of about \$300 a month in the colder months, will have their bills raised from this \$300 to \$450.

Mr. Chairman, I noticed, while the Member for Humber East was speaking, the Member for Placentia was continuously interrupting her. He is one of the Members on the other side I would expect to stand up for the electricity consumers in his constituency, to see that they are not being hard put by this Government taking another \$9 million from the electricity consumers in this Province.

Yes, the Member for Placentia I would expect to be one of the Members opposite. He took a very difficult and hard stand in his position as a Government member on the Argentia ferry, for which I commend him. He did a good job. I know he did a lot of work in getting a year-round Argentia ferry for his District. Mr. Chairman, I have confidence in John Crosbie, the Federal representative for that area, and I have confidence in the Member for Placentia, who, I think, will convince the Federal Minister of Transport to create the year-round service, which is logical and sensible and should be done for Argentia. But, Mr. Chairman, knowing the concern of the Member for Placentia for people in his area, and knowing his independent character, I expect that before this debate is finished he will stand in this House and request the Minister of Finance to forego this fee which will cause the taxpayers of Newfoundland, this year to pass out another \$9 million on their hydro bills.

Mr. Chairman, I remember a few years ago in this House, when retroactive legislation was brought in by a former Administration, the one who was most upset about that retroactive legislation was the hon. the Minister of Social Services. What is he doing today? Supporting a Bill with a Section which says, retroactive, effective October 1, 1989, almost one full year. So, it is not only the \$9 million, if that is what the fee will cost for a year, this year the electricity consumer of this Province might have to fork out \$18 million to cover a full year's retroactive legislation.

Now, Mr. Speaker, if this fee has to be put in, and I know of no logical reason why it has to be - it was requested of the former Administration when we were there and, at the time the request came to us, via people in Finance, we reviewed it and figured that the electricity consumers of the Province had too great a burden on them at the time. We would not inflict this fee on Hydro for guaranteeing the loans we guaranteed, Mr. Chairman.

But what this Government has done is not only inflicted this \$9 million on the taxpayers of Newfoundland, they have another \$30 million they took away in the Power Distribution Subsidy, which is a \$30 million increase. And what else have they done but install a payroll tax which will be another 1.5 per cent on the payroll of Hydro, which again will be paid by electricity consumers in this Province. The ones who will find it hardest to pay, the ones who always find increases hardest to pay, are the people who receive fixed incomes, such as senior citizens. They will find

it extremely difficult to pay this \$9 million increase, plus the payroll tax of 1.5 per cent, plus the \$30 million because of the subsidy missing. The senior citizens of this Province are going to find it extremely difficult to pay these increased fees, this 50 per cent increase in electricity rates. The others who will find it extremely difficult to pay are the social service recipients, who had a meager 4 per cent increase in this year's Budget. It will be taken away totally by the increase in hydro rates over the next couple of years. So, actually, the social service recipients will receive less money; they will have less disposable income than they had before.

Now, Mr. Chairman, I expected, from watching the Minister of Social Services when he was in Opposition - I was rather pleased that he was made Minister of Social Services, because I thought he had a heart and had a feeling for the people who received social assistance throughout this Province. But, Mr. Chairman, what I have noted since this Minister of Social Services has been made Minister of the Department, is that in the eleven years I had served as Member for the District of Kilbride I have never in all these eleven years had so many calls relating to difficulties in receiving their fair share of social services in this Province, Mr. Chairman. There have been cutbacks in transportation. There have been cutbacks in medical services. There have been cutbacks in heating allowances and in emergency allowances to the social service recipients in the District of Kilbride. And, Mr. Chairman, I would say that my District is probably one of the

fortunate Districts because there are not a great number of social services recipients in the District of Kilbride because we are a fairly fortunate District, most people are able to find permanent jobs, or certainly permanent seasonal jobs to look after themselves.

So the social service recipients who do live in my District are becoming increasingly concerned as to what this great Minister of Social Services, while he was in Opposition, is doing to the disposable income of the people on social services.

Now, Mr. Chairman, one other Member in this House who I expect would stand up and disagree with the imposition of this \$9 million, retroactively to October 1, 1989, Mr. Chairman, would be the Member for St. John's South. I know that he has fought hard for the people who work at National Sea and who have lost their jobs or who have had their jobs cut in half, I guess, because of a good agreement by the union. But their disposable income will be reduced, Mr. Chairman, because of the situation they find themselves in, completely beyond their control.

But, Mr. Chairman, I know the concern that he has for the people at the Newfoundland Dockyard who have lost their jobs over the last little while, and the difficulty they are going to find in getting the type of employment and the type of wages that they have been used to over the last number of years. Mr. Chairman, I expect that the Member for St. John's South would be very concerned that the hydro rates, the electrical rates for his constituents are going to be increased by the imposition of this fee, and I note

in the bill, Mr. Chairman, that it just says, fee. The Lieutenant-Governor... in Council may make regulations respecting the calculation of the fee referred to in subsection (1). So, Mr. Chairman, if the fee is 1 per cent or 1.5 per cent now, I would say when the gouger, the man with the biggest hands in the pockets of the people of the Province in history, Mr. Chairman, will continue to increase this fee in order that he -

An Hon. Member: (Inaudible).

Mr. R. Aylward: No, I am not talking to you, I am talking to the Minister of Kentucky Fried Chicken over there.

Mr. Chairman, I would say that the Minister of Finance next year will increase his fee rather than try to help out the electrical consumers because it will not have to come back to this House from now on. Cabinet, Mr. Chairman, will have the opportunity to increase this fee at will, behind closed doors, and it will not have to come to this House of Assembly again.

But as I said before the most despicable part of this act that I see, besides the \$9 million that will be taken away from the consumers of this Province, Mr. Chairman, is that the bill will be retroactive to October 1, 1989. Now it is bad enough taking money on people and increasing their hydro rates to cover the \$30 million PDD subsidy that was removed. It is bad enough to have a payroll tax added on to them, so that will increase their hydro rates this year. It is bad enough to have a fee as it is, brought into this House of Assembly on the loan guarantees that we offer

Hydro. Mr. Chairman, these things are all bad enough.

But to make it retroactive is rubbing salt into the wounds of the consumers of this Province. And the ones who will be affected most are the ones who have the least amount of disposable income, and the people with the least amount of disposable income are people who are on fixed incomes, who are receiving pensions that unfortunately they do not have control to increase whenever they get extra costs. The people on social services, Mr. Chairman, who have no control over what increased revenue they get, Mr. Chairman, it is up to the goodness of the Government who are stealing this money on them. They are giving them some money, 4 per cent, I believe was the increase this year, up front, and it makes it sound good, and what they are doing by the back door, Mr. Chairman, is taking that 4 per cent back, plus much more. In hydro rates alone, Mr. Chairman, they will take the great amount of it, before all these increases hit the consumer.

And, what comfort the consumers of electricity in this Province did have, Mr. Chairman, in that they had some representation on the Public Utilities Board, some comfort that their point of view was going to be put forth in any increases in hydro bills that would come before that board, what has this Government done to give them more comfort, Mr. Chairman? They have taken away the consumer rep on the Public Utilities Board and replaced the rep by a part-time consumer advocate. I don't know the person. Casey is his name but I don't know his abilities and I don't know him personally. But, no matter how

good that person will be, you cannot do an adequate job part-time, especially if you are carrying on a very active law practice in the meantime. You cannot represent the consumers of this Province within the Public Utilities Board, Mr. Chairman, by doing the job part-time.

I would even suggest that, had the Public Utilities Board kept the representative the consumers had on there, I would have a little more comfort in knowing that this increase would be scrutinized properly, and, in comments made by the Public Utilities Board, at least one representative on that board would say, 'This is too much of an increase.' This Government is putting too much pressure on the electrical consumers of this Province, fleecing them and taking away as much of the disposable income as they can, besides increasing personal income tax, besides payroll tax, besides taking away the PDD. Besides all the measures this Minister of Finance has taken, what they are doing now is even more despicable, in bringing retroactive legislation into this House.

Mr. Chairman, the Members opposite, who sat in Opposition when a previous Administration brought in retroactive legislation, should be going through the ceiling now when they see that their Premier and their Minister of Finance are trying to pull the same trick on the people of this Province that they deplored and fought against. They screamed and yelled and shouted that this was completely unfair. And, no matter what legislation we bring into this House, it should never be brought in retroactively, Mr. Chairman.

The Minister of Social Services was one of those Members, the Minister of Health was one of them; I mean, he was bouncing off the walls here behind me when this retroactive legislation was brought in. Mr. Chairman, I think the Finance critic, at the time, was the present Government House Leader and, certainly, he was extremely upset with the introduction of retroactive legislation.

And what did they do, Mr. Speaker, with all their - before we finish this Bill, I will have the Hansards when they are brought up to me, so we can go over some of the words that were said about retroactive legislation by hon. Members opposite. I am sure the Minister of Health is going to be very interested to be reminded of what he did say about retroactive legislation when it was brought to this House before. Now, the Minister of Mines wasn't here at the time, but I would say he was probably upset somewhat, but not saying so. The Members down in the corner here, these people here who are certainly concerned about their constituents, are not showing me the integrity I thought they had, because they should be up here standing today, condemning their Government for stealing, or for fleecing, I should say, the consumers of electricity in this Province. And the Member for Placentia has it in him to do it, because I saw him do it last week. The Member for Carbonear, who is not here right now, has it in him to do it because I saw him do it on the community college issue in his District. I am sure the Member for St. John's South has it in him to do it but I think he wants to get into Cabinet too bad, so he probably will not do anything like that.

The Member for Pleasantville is not here right now, I am sure he is out on constituency business, but he would be one who would speak up, and I know the Member for Waterford - Kenmount is not shy of expressing his opinion to the Minister of Finance, especially when the Minister of Finance insults some of the businesses that his buddies are carrying on, so, I know in private he made representation to the Minister of Finance. The Member for - Mount Scio, I mean, yes. I know in private he made strong representations to the Minister of Finance and he was probably one of the people who is responsible for the Minister of Finance apologizing, which I thought was a good thing to do at the time, but, I am sure he is not shy in making representations to the Minister of Finance on that issue, and I am sure that he would probably get up in this House and make the same strenuous arguments against the increase for electrical rates for the consumers, and particularly the people who live on Bell Island who find it extremely difficult to find work.

Obviously there is not a big lot of work to find on Bell Island, but the Member for Mount Scio - Bell Island has, I understand, initiated a development conference to go on Bell Island very soon, but, Mr. Chairman, whatever initiatives he will bring to Bell Island, whatever disposable income will come of that initiative that he is bringing, will be taken away again by the Minister of Finance with his continued increases in taxes and his continued increases in the electrical bills of this Province. As I said before, the Hydro rates over the next seven years in this Province, from initiatives that had been taken

already, will increase almost or just about 50 per cent, Mr. Chairman, which is an amazing increase for anyone who can just afford to pay their electrical bills right now. Mr. Chairman, a 50 per cent increase on someone who now has a \$300 light bill will raise it to \$450 and there are people I would say in the rural areas of this Province who have less mortgage payments to make than \$300 or \$450, Mr. Chairman. But what I would like to see today, Mr. Chairman, before the debate is concluded on this issue, today or next week or a few days down the road, is some Members, particularly back bench Members on the Government side of the House, get up and express their concerns -

Mr. Walsh: Did you when you were a back bencher?

Mr. R. Aylward: No, I never had these concerns. When I was a back bencher I was very supportive, I always got up and supported the Government because they brought in such good legislation and they brought in such progressive legislation. I had nothing but admiration and I supported them wholeheartedly. I was very much supported, Mr. Chairman, when the hon. Member for St. John's East was instrumental in getting a consumer rep. put on the Public Utilities Board. I really did support that because I felt the electrical consumers of this Province would have a certain comfort and when the position was made, I felt the comfort, but when they put the person there, Andy Wells, whom I knew to be a very competent person, that gave me a greater comfort and gave the consumers of electricity around this Province - Mr. Chairman. I know this consumer rep. who was on the Public Utilities Board, even

went back part-time to university in the United States, so that he could upgrade himself to be a better consumer advocate and consumer rep. on the Public Utilities Board, but what are back benchers in this Government supporting, Mr. Chairman, taking that away, to take the representation away from the consumers of electrical energy in this Province. They take the representative away and replace him with a part-time representative.

I have to say, Mr. Chairman, when I am speaking to people who find it very difficult to understand any type of simple logic, I have to keep repeating, especially for the Minister of Social Services, I have to keep repeating that he is doing damage to the social service recipients whom he is supposed to be representing in this Province. I have to repeat it because he is very slow to learn maybe, or he does not want to hear probably. He is certainly an intelligent man, but he will not listen, Mr. Chairman. I tell you how slow he is to comprehend, he has a recipe book for pickles in this House which is about eleven pages. Now he has been Minister of Social Services for more than a year, Mr. Speaker, and he cannot finish reading eleven pages of pickle recipes.

Some Hon. Members: Hear, hear!

Mr. R. Aylward: He has been one full year trying to read eleven pages and they are double spaced. I mean it is not very difficult. There is not a big lot on each page, and they are only very short sentences. I think there are a few abbreviations in there, Mr. Speaker, tsp., it means teaspoon in case you are not sure. When

you read it, if you are having difficulty with the abbreviations bring it over, I will explain it to you and then probably we will get through the first four or five pages in a week or so.

Ms Verge: (Inaudible) poor people.

Mr. R. Aylward: Mr. Chairman, I know he has difficulty in comprehending.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

Mr. R. Aylward: I think, Mr. Chairman, he is gone to page five now, he is after turning another page in that. Oh, he is still on page 4. Okay. Yes, he had a hard time with page 3 because there were two recipes on the same page. He could not get through that one very good, it was kind of hard. It was a difficult one. I think the headings were a problem.

Some Hon. Members: Oh, oh!

Mr. R. Aylward: But I know he has difficulty understanding so I have to keep repeating so that maybe some of the attributes that he showed and some of the concern that he showed when he was on this side of the House for social service recipients, some of the concern that he did show at one time might come through again. They are hidden away in there somewhere. I believe the Premier got them. When the Premier put him in suspended animation for three or four weeks or a month period there, when he put him in limbo for a little while, Mr. Chairman, he did not take him out of Cabinet, but he did not leave him in Cabinet, but -

Some Hon. Members: Oh, oh!

Mr. Efford: Now I know why you put up the lights in Mount Pearl, so you could weed your garden in the night.

Mr. R. Aylward: No, that was not the reason, Mr. Chairman. The reason was that when I planted the plants they will grow twenty-fours a day in my garden, I did not need to weed them because the plants got up quicker than the weeds.

Mr. Chairman, I know the hon. Minister knows very little about agriculture, so he would not understand it anyway.

An Hon. Member: (Inaudible).

Mr. R. Aylward: Mr. Chairman, I had the lights on for a little while according to the Member for St. John's South so I could stand under them and see if I could grow a crop, but it did not work, Mr. Chairman. It just turned redder and redder.

I want to repeat again for the hon. the Minister of Social Services who has gotten to page 4 of his pickle book, now we have to see, we will go for the next month or so in this House of Assembly, we will go for a full month and with consultation from me, and I will not charge you any fee or anything, you come over here and I will interpret the book for you. I will tell you what all these little abbreviations mean so that it will sink in and you will be surprised then, maybe one day after three or four years when we get through the book, I will probably even take you home with me and make up one of the recipes, Mr. Chairman. But we will have a hard time until Newfoundland Produce can get some help to go to Deer Lake or Bishop's Falls or wherever they want to. We are

going to have to go to California to get the cucumbers, Mr. Chairman. So maybe the Minister of Social Services will take me to - are you up to page 4, yet? Are you gone on to page 4, tell me? Because I think there are two more on page 4, so you are going to be a long while on page 4 too.

Well, Mr. Chairman, to explain once again to the Minister of Social Services what he and his Government, his Minister of Finance, and his Premier are doing to the -

Some Hon. Members: Oh, oh!

Mr. R. Aylward: - recipients of social services with this increase in electrical rates, Mr. Chairman, so far what they have done in one year is to eliminate the \$30 million PDD subsidy, Mr. Chairman, which puts an extra burden on senior citizens and social service recipients and low income earners who really cannot afford it Mr. Chairman. And what else have they done this year, Mr. Chairman, but a 1.5 per cent payroll tax, which again hits a corporation like Newfoundland Hydro extremely hard.

And by the time the Minister of Finance got around to explain who would get nailed with this corporation tax we find out that Newfoundland Hydro will have to pay it. It is not going to be one of the lucky ones that will get it, pay it out one day and then bring in back in through the back door. So, Mr. Chairman, corporation tax, the 1.5 payroll tax, just in case I said it wrong, will be paid by Newfoundland Hydro, Mr. Chairman, and they will not be one of the lucky Government Departments or hospital boards or school boards who will pay it out one day and then by the back door

it will be put back in again.

And what else has this Government done, Mr. Chairman, to the recipients of Social Services? They are going to increase a \$300 light bill in the next five to seven years, a \$300 a month light bill, they are going to increase to at least \$450. Now, that is the damage they have done in one year. In one year, Mr. Chairman, they have done that much damage and they have another two or three years to go on their mandate, Mr. Chairman, which will take - I guess the more they do probably the better it is for us, but I am concerned about people who cannot afford it. I am not concerned about winning the next election as much as I am concerned about people who cannot afford to pay.

Mr. Chairman, I have found some of the concerns that I thought the Minister of Social Services had when he was over on this side of the House. And he was a very good advocate on behalf of Social Service recipients. He was a good critic for Social Services, but, Mr. Chairman, whatever cloud he went through when he crossed the floor and became Minister it took all of this concern that he had for Social Service recipients and he has become Attila the Hun, Mr. Chairman, in cutting back. Him and the Minister of Finance behind him have -

Ms Verge: Knuckle under to his right winged Premier, that is what it is.

Mr. R. Aylward: Yes, and I think the Premier and the Minister of Finance, who is a great supporter and a great right wing and at one time was a very ultra conservative Progressive Conservative. Mr. Chairman, they have prevailed over

the hon. Minister of Social Services and all his concerns for the Social Service recipients have disappeared. And, Mr. Chairman -

An Hon. Member: (Inaudible).

Mr. R. Aylward: The Social Services calls that I have received in this year of representing the District of Kilbride have increased by at least 70 per cent, Mr. Chairman. So, that indicates to me over the full eleven years I have had more Social Service calls this year over the last ten to eleven or twelve months, however long you have been there. Mr. Chairman, I have had more Social Services calls in this last year and a couple of months than I have had any year for the eleven years that I represented the District of Kilbride, Mr. Chairman. And that is a result of the lack of concern that the Minister of Social Services has for the people who he really showed a concern for while he was over here. And, Mr. Chairman, I do not understand what happened to him when he went across the House and got his head in the clouds, or maybe he feels important now that he is Minister and his chest is stuck out. His chest is almost out as far as his belly since he got over there, Mr. Chairman. I think he has become so full of himself because he finally made it to be Minister that he is after forgetting what the people on Social Services feel like -

Mr. Chairman: Order, please!  
Order, please!

Mr. R. Aylward: - and probably they do not come to him with their concerns anymore.

Mr. Chairman: Order, please!

The hon. Member's time is up.

Mr. R. Aylward: By leave, Mr. Chairman.

Some Hon. Members: No leave.

Mr. R. Aylward: Thank you very much, Mr. Chairman.

Mr. Chairman: The hon. the Member for Mount Pearl.

Mr. Windsor: Thank you, Mr. Chairman.

Mr. Chairman, this is a very straightforward piece of legislation on the surface. But it has some very serious hidden implications. It is another one of the hidden taxes the mysterious Minister of Finance tried to slide through his Budget, tried to mislead the people of the Province into believing there were no tax increases on consumers in this Province. We have shown on several occasions where the Minister of Finance was misleading the people of the Province in his deceitful Budget document. This is another example of it. The Minister will sit there and pontificate that he is not taxing individuals, not taxing consumers, but where does he think that this 1 per cent is going to come from. It is 1 per cent now. All it says in this legislation is it is a fee on outstanding guaranteed debt that gives Cabinet, Legislative Council, the authority to change that fee. The Minister does not have to come back to the House again. Here is the real weakness here, this is a tax now that the Minister can vary without coming back to the House. I am not sure that there are other taxes that can be varied.

This is a fee, to be prescribed by

the Lieutenant-Governor in Council, I would assume. The Lieutenant-Governor in Council may make regulations. In other words Cabinet can make it 2 per cent tomorrow and 3 per cent next week and 5 per cent the following week and 20 per cent if they choose. It is a tax on the people of this Province that does not have to be approved by the Legislature of this Province. Now the Minister cannot do it with sales tax, he cannot do it with personal income tax, he cannot do it with any other tax except this tax. He calls it a fee, but it is a tax any way you look at it. It is a tax. It is a tax on Hydro. It is a tax on the consumers of electricity. It is \$10 million out of the pockets of consumers of electricity this year. The Minister says no. Well, where is it going to come from. The Minister is going to bring in a Special Warrant, is he? That seems to be his answer. Anytime he puts in something and he does not know where it is coming from, oh, we will have a Special Warrant later on in the year. Ten million dollars, Mr. Chairman, directly out of the pockets of taxpayers of this Province.

An Hon. Member: (Inaudible).

Mr. Windsor: Rate payers, that is different. That makes me feel great. It comes out of my left pocket instead of my right pocket. It also sends a signal to energy intensive industries that may be looking at establishing in this Province.

The hon. gentlemen from Long Harbour, who represents Long Harbour, and the Member for St. John's South, would know how important energy intensive industry is, how important energy

intensive industries can be. No doubt he is interested in attracting a new energy intensive industry to Long Harbour to take advantage of the electrical grid that is set up there and the energy that is available as a result of the closedown of ERCO.

This is not going to help him. It is not going to help him at all. The hon. the Member for Labrador must be interested too. He wants to see if further Hydro resource is developed.

Mr. Chairman, this is clearly \$10 million out of the pockets of taxpayers. Where does it end? I have pointed out that the Minister can bury it. A simple Cabinet Order can change that rate. It does not require anyone's approval. It does not have to come back to the House of Assembly. Just on the whim of Government another \$10 million can be taken out of the pockets of people. To add insult, he made it retroactive.

The Minister can protest all he wants and say, Hydro is going to absorb that. What foolishness. They might absorb it this year, for one year, but how about \$10 million next year, and the next year, and the next year? Who does the Minister think he is fooling? He is insulting the intelligence of Newfoundlanders to say that Newfoundland Hydro can accept this and can bury this in their accounts. If it was a one-shot deal they could find it, but it still comes out of the pockets of taxpayers. So the Minister is not fooling anyone when he says the likes of that.

So who is next, Mr. Chairman, with these guarantee fees? I ask the Minister of Municipal Affairs is

that next? Are we going to charge municipalities next for this? Are we going to slap a 1 per cent or a 10 per cent fee on borrowings by municipalities? Is that the next step? Is that the way this Government sees this Province being developed? Government uses its borrowing power to assist certain agencies. Newfoundland and Labrador Hydro was one of them. Municipalities, through the Newfoundland Municipal Financing Corporation, is another one. Other Crown corporations received Government guarantees to do borrowing. Many industries in this Province, hundreds of fish plants, for example, I say to the Minister of Fisheries, have Government guarantees. Does the Minister of Finance then support charging them a fee for that guarantee?

An Hon. Member: (Inaudible).

Mr. Windsor: You would support that.

An Hon. Member: (Inaudible) 1 per cent we are charging them now (inaudible).

Mr. Windsor: I asked a question last week, when we spoke on this topic briefly, about banks - I will get back to the banks again for the second time today. When they received Government guarantees, there is no difference in the interest rate. I asked the Minister of Finance, and I asked him with sincerity, would he address that? I would like to know his view on that to see what the policy of Government is in this Province at this time. The banks when they have a Government guarantee, therefore taking absolutely no risks; the taxpayers of this Province are taking the risk, is the Government going to

charge the banks?

An Hon. Member: Would that be fair (inaudible) loan and guarantee (inaudible)?

Mr. Windsor: I am not saying change the rate, I am saying charge the banks.

Mr. Carter: You can't do that.

Mr. Windsor: You can't change the rate. The Minister of Fisheries is entirely accurate. If you did that, then everybody in Newfoundland would be looking for Government guarantees, and the floodgates would be open. You could not do that.

Mr. Efford: Is that what you fellows (inaudible).

Mr. Windsor: No. The Minister of Fisheries is absolutely right, and I agree with him.

But why do we not charge the bank a guarantee fee? If we are taking all of the risk, the taxpayers of this Province are taking all of the risk, why could we not charge a guarantee fee to the banks and get back 2 per cent or 1 per cent for these guarantees.

An Hon. Member: (Inaudible).

Mr. Windsor: The hon. gentleman does not understand. I will go through it again. This is a serious debate.

A company, I am using the example of fish plants at the moment. The fish plant in Harbour Grace, for example, borrows money from the Bank of Nova Scotia in Harbour Grace, and they are paying 15 per cent. They find they need a Government guarantee. The bank will no longer carry them and they

are getting financially strapped. So they come to Government and they say, We need a government guarantee. The bank will no longer extend our line of credit unless we have a guarantee.

Mr. Efford: (Inaudible).

Mr. Windsor: I will start again, Mr. Chairman. It is analyzed by a team of officials from the Department of Fisheries, the Department of Development, the Department of Finance. Recommendations come to Cabinet, and a guarantee is issued to that bank.

Now, nothing has changed from the banks point of view; no more money is given out, the interest rate stays the same. But now the bank has no risk, because Government says, If this company does not pay it, then we will pay it.

The question I am asking is, should the bank now get 15 per cent interest rate with no risk? Yesterday they had complete risk, they were entirely exposed for the full amount of that loan, a line of credit. Now, tomorrow, they are not exposed whatsoever.

So, I am saying, rather than ripping 1 per cent off the taxpayers of this Province through Newfoundland and Labrador Hydro, maybe the Minister of Finance could get it back. He has taken 3 per cent we just looked at from this Financial Corporations Capital Tax, maybe he has another way. Maybe this is a legitimate way that those corporations, those financial institutions should be paying for the service they are getting from Government.

Another alternative is maybe we should look at these loan

guarantees. If we are guaranteeing it at 15 per cent rates, maybe we could be of more assistance to these companies by loaning them money directly at Government rates, or maybe a couple per cent above Government rates, for what we borrow at, rather than have them financing it. We are taking all the risk. Because in effect we are loaning them the money, but we are paying 15 per cent.

The Minister did the borrowing last week. I was away at the time. Was it at 8 or 9 per cent that he borrowed in Canada or the U.S.?

An Hon. Member: The States (Inaudible).

Mr. Windsor: It was in the States. At 9 per cent? The Minister is not paying any attention, as usual, so I can't get an answer on that out of him.

We could just as easily, instead of giving out \$100 million in guarantees to these companies, borrow another \$100 million and lend it to these companies ourselves. We are entirely exposed anyway; we have the complete risk once we issue a guarantee. So if we are borrowing at 9 per cent in the United States, we could charge them 11 per cent; we are getting 2 per cent back, and the company has the advantage of having cheaper money. But what is the next step? I mean, are municipalities going to be involved here now? How much are they going to have to pay? Another way of taking money out of the pockets of taxpayers of the Province.

An Hon. Member: We are already charging it.

Mr. Windsor: The Minister said we are already charging it. No, we are charging an administration fee, the Member for Placentia will know. We are charging an administration fee, what it actually cost to borrow the money, and bank charges, and staff time and every thing, the cost of borrowing the money and administering the accounts of Newfoundland Municipal Financing Corporation. It is a very nominal amount. But that is all we are doing, recovering direct costs. We are not charging a fee over and above it. But I would suspect in next year's Budget we will see it. In next year's Budget the Minister of Finance will want to charge a fee.

And how about other Crown corporations? The Marystown Shipyard - is the Marystown Shipyard now being charged a fee on the debt that is being guaranteed by Government? If so, it is rather foolish, because we are paying the interest on the debt. This Corporation, at the moment, can't handle it. We transferred, I believe it was, \$4 million just prior to the end of the last fiscal year to cover the interest on the debt for Marystown Shipyard, which was a commitment that was made some time ago. So if we are going to charge a guarantee fee, it is in one hand and out the other.

An Hon. Member: Why don't we give it?

Mr. Windsor: Why don't we give it? That was the point I was just making. Why don't we give a preferred rate? That is the question I was asking the Minister.

Some Hon. Members: You were asking (inaudible).

Mr. Windsor: Well, I indicated some time ago that we were just getting into that, starting some informal discussions with some of the financial people along those lines on that concept.

Mr. Hogan: (Inaudible) guaranteed anyway.

Mr. Windsor: Exactly! They are guaranteed, and that is my point. And obviously they are going to resist. I do not think we are going to do it alone here in Newfoundland, it has to be a national policy. I think all Finance Ministers and the Federal Minister have to combine and sit down with the Bank of Canada and the other banks and say, If you are going to ask us to take all the risks, then it is going to cost you something.

Mr. Hogan: (Inaudible) banks?

Mr. Windsor: It is a matter of banking policy. Once one bank, the Bank of Canada, set that, and then other banks will follow as well.

The other option, I suppose, is to set up some sort of a Federal/Provincial Crown Corporation to do these financing (inaudible), and finance it ourselves. I mean, we were taking all the risk. It would cost us nothing; we would be making money by setting it up ourselves.

An Hon. Member: (Inaudible).

Mr. Windsor: Well, if the banks are doing very well on their 11 or 12 per cent, we will do very well.

An Hon. Member: (Inaudible) Municipal Finance Corporations (inaudible)?

Mr. Windsor: No. The Newfoundland Municipal Finance Corporations is the same thing, pay it at current rates. There is no great benefit.

Mr. Chairman, let me go back again. This is an interesting discussion, and I think it is a worthwhile discussion on the issue. I would hope the Administration pursues that line, because I think the banks are taking advantage of industries in this Province which need Government help. And it is clear that when the times get tough in rural Newfoundland, those banks which are financing fish plants, for example, they bail out pretty quickly.

An Hon. Member: (Inaudible).

Mr. Windsor: No, they will not be. The banks are kind when you don't need them. They are kind when you don't need them. I have dealt with them for years, both professionally and personally, and I can tell you. They are fair-weather friends, the banks are. I realize they are there to do business - they are there to do business - but they make a lot of money from doing business in this Province, and they have zero commitment, in my view, some of them. Some of them have zero commitment. Fortunately, there are certain bank managers who have a little bit of flexibility in dealing with individuals, and a good bank manager can do a lot of things that other bank managers will not do. But when you get up to the large scale business, it is controlled by Halifax or Montreal.

An Hon. Member: (Inaudible).

Mr. Windsor: That is right. The decisions are not being made in

Newfoundland, that is the other problem. Decisions are not being made here, decisions are being made elsewhere, Halifax in some cases, in other cases Montreal and Toronto. As Minister of Finance and Minister of Development, I sat down in the headquarters of these banks in Toronto and negotiated with the vice-presidents on major projects that were being undertaken. That's where the decisions were being made, and they didn't know Newfoundland from a hole in the ground, some of them, with one exception; we had a Mr. Bell, who is a native Newfoundlander, Vice-President of the Bank of Nova Scotia, in Toronto, a good man; a good man but hard-nosed, one of the toughest business people I have ever met. He was a native Newfoundlander, but he did not have a lot of compassion. A very capable individual, a nice individual.

But we have seen it over the years, and this Government will see it as well. This Government will see it as well, and they will see it very soon, if they are not seeing it already. Now that the fishing industry is having such a difficult time, I suspect there is a steady string now of companies knocking on the door of the Minister of Finance looking for Government guarantees because the fish plant will no longer support them. They are not looking for any increased line of credit, they are just saying, no, we will not continue on with this line of credit. They will actually pull back - they will actually pull back. And we have had many cases where Government was forced. Because, unfortunately, Government is in the position then if they do not agree, then we see, for example, the fish plant in Harbour

Grace shut down. It is a great game of poker, and if you happen to be on the bank's side, you have all the aces. You have all the aces. Let her shut down. I am sorry. This is business. We cannot support this line of credit any further. We are very sorry about that. And they will say, we will get another operator to come in, let it go bankrupt, somebody else will pick it up. And this is what has happened far too many times. Let it go into bankruptcy, and the bank gets their share of it. They still own it and they sell it then to a new operator who comes in and gets it for 40 or 50 cents on the dollar maybe, maybe less. If it happened to be owned by Government, we may turn it over to them for a dollar so that they will operate it; anything to protect 400 or 500 jobs. Harbour Grace would have at least 400 or 500 jobs, I would suspect, in that fish plant.

An Hon. Member: (Inaudible)  
expose them enough.

Mr. Windsor: Don't expose them enough, that is right. And the banks are manipulating the companies. You talk to any businessperson in this Province and the biggest problem they have in doing business is in finding the financing, the line of credit to go on with it.

And, I say to the Minister of Finance, too, one other problem: I recently had a constituent call me, in the last day or so, and bring to my attention the fact that his company had done a considerable amount of work for which, obviously, he had to pay certain sales taxes and now a payroll tax, that sort of thing, but he has not been paid for it. It is a bad debt, or may be a bad

debt. Certainly it is going to take him a year, or maybe two years, through legal means, but, in the meantime, that company not only have they done the work, paid the salaries, bought the materials, now they have to pay the tax too; they have to pay it in advance. So not only are you financing the job you did for that other individual, the other company, now you also have to finance on top of that, the payment of the tax. Before you receive payment, which includes, obviously, an amount to pay your taxes, maybe 5 per cent of it or 10 per cent of it - if you are doing a \$1 million job, maybe there is \$100,000 in taxes in it - so not only have you spent the \$1 million to do the work, now the Minister of Finance comes in, and quite correctly under the existing legislation and existing regulations, the Minister of Finance will come in and say, you owe me \$100,000. So now you have to borrow another \$100,000, which means you are out \$1,100,000 and you have to finance that \$100,000. And it does not take long at today's interest rates, before any profit you might have had in that project, is not only gone, but you have a loss.

I would say to the Minister of Finance, and I wish, at least once when somebody was speaking about financial matters, he would pretend he was paying attention, even if he does not really care. But I would say to the Minister of Finance he should look at that and he should have a provision there which allows himself and his officials to consider special circumstances like that, and to make some allowance to give those people time to pay taxes when they have not received the money to pay the taxes with. Too many

companies have been really strapped. In fact, companies have gone out of business primarily, in this Province, because of financing, and it gets back to the whole problem, in this Province, of being undercapitalized. That is the crux of the problem of most companies in the Province, carrying too much debt. You cannot support 90 per cent or 95 per cent debt at today's interest rates. Your profit margins just will not cover that, will not give you enough money to pay your expenses, run your business, and service that debt as well. It just is not there. You have to have more equity than that in there, unless you are into something with a very high profit margin. And if you are into that kind of a profit margin, it is probably illegal.

So I say to the Minister that the mechanism known as loan guarantees is critically important to industry in this Province, and I say in all resource base sectors particularly. It is only recently that we have gotten into the service sector a little bit, and I am not sure that this Government is very receptive to financing in what is normally considered the general or service sector.

Generally, for many years we considered only resource based industries. There were many mining companies, fishing companies, forestry companies and sawmillers which have government guarantees and would not be in operation without them. It is a legitimate mechanism for Government to assist industry; it is a tool that is available to industries in other parts of Canada and other parts of the world. And if we are going to be competitive with those parts of

the world, with the world marketplace, then we have to assist our industry with world competitive incentive programs. By slapping a 1 per cent fee on them, which I suggest we will, this is just the first step - this Hydro Bill is just the first step of putting guarantee fees on municipalities, on crown corporations, on any industry which has a Government guarantee from this Province.

It is clearly a hidden tax, Mr. Chairman. Clearly a hidden tax. Another \$10 million this year added to the \$30 million coming out from PDD, which is another way for Government to raise \$30 million and pretend they are not taxing the people, for they are doing it through Newfoundland and Labrador Hydro. It is a cowardly way of taxing the people of this Province, a cowardly way of attempting to hide the fact that this Budget the Minister brought down this year was a tax grab and that he misled the people of this Province into believing that there were no additional taxes on individuals and on the consumers of this Province. The Minister should be ashamed of himself, Mr. Chairman. I adjourn the debate, Mr. Chairman.

Mr. Baker: I move the Committee rise and report progress and the passage of a Bill.

Mr. Chairman: It has been moved and seconded that the Committee rise and report progress and the passage of Bill No. 26.

All those in favour:

Some Hon. Members: Aye.

Mr. Chairman: Against.

Ms. Verge: Chairperson, the Member was simply adjourning the debate.

An Hon. Member: He did say it. (Inaudible).

Mr. Chairman: (Inaudible) and Bill No. 26 was carried prior to that.

Mr. Baker: Does the Member want to continue on at 2:00? We could do that, if you want.

Ms. Verge: Yes. We have a lot more to say on Bill 31, the Hydro Bill.

Mr. Baker: Okay, Mr. Chairman. Just leave the Chair and come back at 2:00 p.m.

Mr. Chairman: The Committee of the Whole now stands adjourned until 2:00 this afternoon.



Province of Newfoundland

FORTY-FIRST GENERAL ASSEMBLY  
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***VERBATIM REPORT***  
*(Hansard)*

*Speaker: Honourable Thomas Lush*

The House resumed at 2:00 p.m.

Mr. Chairman: Order, please!

The hon. the Member for Mount Pearl.

Ms Verge: A point of order, Chairperson.

Mr. Chairman: The hon. the Member for Humber East on a point of order.

Ms Verge: Thank you, Chairperson.

On behalf of the Opposition, let me say that the Government House Leader, at 12 noon today, did something that is without precedent in the history of this Legislature as far as I know, certainly in the fifteen years of the Leader of the Opposition. The Government House Leader announced, without any prior warning, in fact despite a contrary indication just a few minutes prior to my friend, the Member for Harbour Main, that he would be re-convening the House this afternoon. But Chairperson, this is Friday afternoon, it is not just any afternoon, it is Friday afternoon, and there is a long-established convention that this Legislature does not sit on Friday afternoons. Technically it is permissible, but there is a tradition of not sitting on Friday afternoons because many of us represent constituencies some distance away from here and to serve our constituents we need to get home for the weekend, and many of us need to travel Friday afternoon and evening.

The Government House Leader, in breaking with tradition and having us sit Friday afternoon, did not give us any warning; some of our Members had left for their Districts, others had travel plans

requiring them to leave this afternoon or early this evening.

Chairperson, it seems to me that if we are to function efficiently and effectively and in the way the Premier promised and in the way the Premier pledged to the people of the Province, there have to be some courtesies. It seems to me that the Government House Leader did a disservice to all the Members of the House, Members on his own side as well as Members over here, the staff of the House and members of the press gallery, by springing such a surprise at 12 noon on Friday.

Chairperson, perhaps the Government House Leader can offer some explanation, but let me assure him that his surprise is most upsetting for many involved in this process. He must have realized that we would be continuing with Bill 31, the Hydro Bill on Monday; we were only into our third speaker on the Bill, there was no sign that we were filibustering, and there is no excuse for what he did.

Mr. Chairman: The Hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Chairman. That was a nice try.

Nobody was more surprised than I was, Mr. Chairman, to find us here this afternoon, because it was not my original intention, I had not thought of it. I think the record will show that we went through a session this morning where we finished second reading, then we passed a Bill in Committee stage and we are on to a second Bill in Committee stage. Actually, we have completed two Bills in Committee stage, but one of them was a motion that the House

resolve itself into a Committee of the Whole to consider certain resolutions relating to the Financial Corporations Act. As Members know, once that is passed, then there is a process that is gone through where the Bill is very quickly given three readings and so on.

My motion, after the Member for Mount Pearl adjourned debate, was that the Committee rise and report progress and report the passage of a Bill. Then, on a point of order, the acting Opposition House Leader stood up and, it seemed to me, was indicating that she wanted further debate and so on, and indicating that she did not really want that to happen, what I had suggested. So I asked her, are you suggesting we sit this afternoon, come back at 2:00 which is the only alternative? and her answer was yes. So it was at her request that we are here today.

Ms Verge: Who? Check Hansard.

An Hon. Member: That is right, you asked for it.

An Hon. Member: Have a look at Hansard.

Mr. Baker: Take a look at Hansard and see. So it is easy to settle, rather than getting acrimonious about it.

Mr. Chairman, that is really what happened. What normally would have happened was Your Honour, Mr. Chairman, would have left the Chair and reported back to the Speaker that there was progress on one Bill in Committee, that another Bill had passed the Committee stage and that a third Bill had been passed. Then His Honour would have gone through the process of putting the resolution

twice and the Bill three times, to give it total assent of the House. That is what I had expected to happen, but there was a great deal of protest from the acting Opposition House Leader about wanting to continue on with the Hydro thing now, so when I put the question to her, rather than raise the Committee the alternative is to come back and asked, does she want to come back at 2:00? she answered yes. So, Mr. Chairman, we really had no choice; we are here now and I suggest we get on with the business of the House.

Mr. Chairman: The hon. the Member for Mount Pearl to the point of order.

Mr. Windsor: Yes, Mr. Chairman, thank you very much.

The Government House Leader, Mr. Chairman, is too smart by half today. He tried some games this morning, which we did not appreciate, and then at 12:00 he tried another game. He tried to bluff -

Mr. Baker: (Inaudible).

Mr. Windsor: Yes, Mr. Chairman, I will admit I had other things on my mind this morning, very serious personal matters which I will thank the hon. gentleman to keep his nose out of.

Now, Mr. Chairman, they were playing games this morning.

An Hon. Member: Hear, hear!

Mr. Windsor: The Government House Leader just admitted that he did not know what he was going to do at 12:00, he is just as surprised as anybody else. It is a disgraceful admission, that the

hon. gentleman is not in control of the business of this House. He is here and he is being paid to run the affairs of the House of Assembly and to direct the matters that are being debated in this House of Assembly, and he just admitted it is totally out of control.

He is trying to play games; he is trying to force Bills through. Now, Mr. Chairman, let me serve notice on the Government House Leader and the hon. gentlemen opposite, you are not going to force any Bills through. The hon. the Minister of Finance just might have to get on his feet yet, one of these days; he might have to get off his derriere and have something to say in this House of Assembly.

An Hon. Member: Worry about your own derriere.

Mr. Windsor: And he is going to be here a long time. He can forget the Liberal leadership on June 24th, if you think the House is going to be closed then, or there is going to be any leave at that time to close the House early. You can forget it. You will get no co-operation from this side. You would have had your Bills through this morning if you had not started playing games, and you have not got them. We are here now, and you had better be here at 5:00 p.m. or we will be back here tonight.

Mr. Baker: To a point of order, Mr. Chairman. I just have to respond to it.

Mr. Chairman: Order, please!

The Chair is ready to rule on the point of order, but I will hear one submission from the hon. the

President of Treasury Board.

Mr. Baker: A new thing was added by the Member for Mount Pearl, the fact that somehow this is related to trying to ram legislation, force legislation through the House. I would like to inform the Member for Mount Pearl, Members opposite and Members on this side, the press, and so on, that a momentous moment - if I can use that phraseology - was achieved yesterday. Yesterday we had been in office for thirteen short months, and yesterday we surpassed the total debating time available in this House of Assembly. In that thirteen months, we surpassed the amount of debating time allowed by the previous Government in its previous two-and-a-half years. So, Mr. Chairman, we are not trying to ram legislation through the House.

Some Hon. Members: Hear, hear!

Mr. Hodder: (Inaudible), you took two weeks off for Easter (inaudible) that is not true (inaudible).

Mr. Chairman: Order, please!

I ask the hon. Member for Port au Port to withdraw that remark.

Mr. Hodder: (Inaudible) change, but I will withdraw it, Mr. Chairman.

Mr. Baker: In conclusion, Mr. Chairman, to respond to that comment, I would like to point out to him that there was exactly 415 hours and 10 minutes of debate in the last two-and-a-half years hon. Members were in Government.

An Hon. Member: (Inaudible). Who cares?

Mr. Baker: I am talking about hours of debate, minutes of debate, and we have now passed that milestone. That is a fact.

Mr. Chairman, there is no attempt to ram legislation through the House. We allow for lots of debate, and I thought that is what we were doing this afternoon.

Mr. Chairman: Order, please!

Standing Order 7 states that if at the hour of one o'clock p.m. on Friday the business of the House is not concluded, Mr. Speaker shall leave the Chair until 3 o'clock p.m.

It was clearly indicated at 12:00 p.m. today that the business of the House had not concluded, so the Chair adjourned the House and we are now resuming the business that was going on at that time.

Ms Verge: Chairperson, on a point of order.

Mr. Chairman: The hon. the Member for Humber East.

Ms Verge: Thank you, Chairperson.

When the Government House Leader just spoke to my point of order he said that just before noon I asked that we reconvene this afternoon. Hansard will show just what was stated, and it will indicate that it was he who raised the idea of sitting this afternoon.

Surely he and all Members realize that we were not finished debating in Committee Bill 31, it was apparent that we would be continuing with our discussion of that important bill on Monday. There was no indication whatsoever from me, or anyone on this side, that we had any thought of coming

back here this afternoon. We are here this afternoon, we are prepared to carry on the debate, but, I say to the Government House Leader, it was he and he alone who made the call to have us back here this afternoon. Regardless of that, he now has the power to make the suggestion that, by leave, we adjourn now until 2:00 p.m. Monday.

Mr. Doyle: Okay. Let us see how you react to that one.

Mr. Chairman: To that point of order, there is no point of order, it is just a difference of opinion -

Some Hon. Members: Now we know. Now we know who said it.

Mr. Chairman: Order, please! - as to what had been said by the hon. Member.

The hon. the Member for Mount Pearl.

Mr. Windsor: Thank you, Mr. Chairman. Now that we know who is in charge of the House, we will get back to the Hydro Bill.

To speak on a money bill, of course, is a very broad-ranging debate and we can talk about a whole range of things. We could be here a long time.

We will see if we can keep the Minister of Finance awake this afternoon, Mr Chairman. He does a very good job: he sits there, thought process is totally stopped and he just nods, smiles, makes faces and gestures, contributes absolutely nothing to the debate. We can't get him on his feet at all, Mr. Chairman, can't get him on his feet at all. He does not have any answers, so he is not about to get up and give any

answers.

Now, Mr. Chairman, this Hydro Bill is another example, as I began to say this morning in my preliminary comments on this piece of legislation, of the Minister of Finance grabbing \$10 million from the pockets of taxpayers, ratepayers, as the Minister of Finance would have us say, fee-payers, because it is a fee that is totally controlled by the Cabinet. It does not have to be referred back to the House of Assembly at all, Cabinet can make this 6 per cent or 10 per cent whenever they choose, a very clever way of imposing a tax that does not have to be approved by the people. Once this general piece of legislation goes through it gives Cabinet the ultimate authority to set whatever tax rate it sees fit on Newfoundland and Labrador Hydro, which, of course, is passed along to Newfoundland Light and Power and to the taxpayers of the Province, and it is retroactive.

Now how can this Government which talks about fairness and balance talk about fairness and balance on the one hand and then impose a tax they do not have to answer to the people for? There is no rate here. We are told in the Minister of Finance's Budget Speech it 1 per cent. There is nothing in this Bill relating to 1 per cent, it is all done by regulation in the back room. This is a dishonest tax, Mr. Chairman. It is a dishonest tax, because it is done in the back room. There is no 1 per cent mentioned in this piece of legislation, it is a fee as established from time to time by the Executive Council without answering to the people's House.

An Hon. Member: Other fees were

determined (inaudible).

Mr. Windsor: Not of this magnitude. Other fees do not bring in \$10 million or \$20 million with the stroke of a pen.

An Hon. Member: It would be great if they would.

Mr. Windsor: It would be great if they would, yes. Easy to be Minister of Finance, Mr. Chairman, when you play these games; easy to balance a budget, stand here and pontificate, and say that there are no new tax measures on individuals, until you look back to the personal income tax and see what that did. There is - what? - \$35 million additional this year from personal income tax, something like that, and the Minister of Finance will stand in the House and say there are no additional tax measures on individuals. Personal income tax is \$20 million, there is the Retail Sales Tax that has gone up \$35 million, an additional \$35 million. You are not going to get it, I say to the President of Treasury Board. He had better start looking at his budget figures again, and his estimates, because he is not going to get that \$35 million. The economy in this Province right now is so bad you are not going to see it. Just check with any of the retailers in this Province. Have a check with the automobile dealers. There is where you see it first. An automobile is a luxury item; it is an essential item, yet it is a luxury item. And that is one of the first things to feel it. The hon. gentlemen opposite has no problem, he just sold fifteen to Ministers. He is okay, his sales just went up by fifteen vehicles this month - \$8,000 a Minister, and it has all gone out to Beothic

Ford in Grand Falls.

Some Hon. Members: (Inaudible).

Mr. Windsor: It was on it when I bought it, Sir, on it when I bought it. A lovely four wheel drive vehicle. The Minister of Finance does not even know how to get it in four wheel drive, he hauls it from Confederation Building to his house. You can't get him outside the overpass. He does not know what is going on in the Province. Maybe if he got out and had a look at what is going on in the economy of this Province, he would act a little differently around here and he would show a little concern for what his economic policies are doing in this Province.

Mr. Hodder: (Inaudible) the university.

An Hon. Member: Why don't you sit down now and (inaudible).

Mr. Windsor: I have lots of time. I have lots of time, Mr. Chairman, and I can speak again and again; I can speak at least a half dozen time this afternoon.

Mr. Flight: (Inaudible).

Mr. Windsor: But I want to. I want to, because I get so excited about an opportunity to spend an afternoon in here.

Some Hon. Members: Hear, hear!

Mr. Windsor: Especially when so much courtesy is afforded us by the Government House Leader. It is just great! I mean, this is an exciting opportunity. I thought I was going to have to go out this afternoon and try to deal with some constituent's problems. But I do not have to do that now, I

get to do that tomorrow instead.

An Hon. Member: And we can blame it on them.

Mr. Windsor: I get to that tomorrow. So I have all afternoon and all evening, and all Monday afternoon and Monday evening, and Tuesday afternoon and Tuesday evening. I can speak on this Bill fifty times. I do not have any problem. I went for three days on the Budget debate. Well, I have my Budget notes here again. I mean, I have not even opened them up yet. The afternoon is young.

An Hon. Member: (Inaudible).

Mr. Windsor: Make no mistake, Mr. Chairman, I intend to go through it all. So I hope the Government House Leader is proud of his accomplishments. This Bill is not going through this afternoon, nor on Monday, and maybe not on Tuesday.

An Hon. Member: Perhaps never.

Mr. Windsor: Maybe not on Tuesday. We have all day and all night. And I do not mind. I am quite capable of speaking for hours and hours and hours, no problem. I am going to dig down in my files now. I did not get time over lunch, because I had other things to do. But I have a lot of notes in my desk downstairs of things people have asked me to bring to the attention of the House of Assembly, and I have an opportunity to do it again now. And we will do that. We will go through it.

Retail sales tax, \$35 million. I say to the President of Treasury Board, you had better start looking at the Estimates again. Go talk to any business person in

this Province and you will see it is not there. There is nothing happening. People who have had some work are not getting paid for it. People are unable to pay their bills.

I don't have the figures, but it would be interesting to see how many bankruptcies we have had in the last month. It may not be so interesting to see what will happen in the next six months. The next six months are going to be disastrous, and it is partly because of these economic policies. Because with every turn, this Government is dipping their hand into the pockets, particularly of businesses and industry in this Province.

Mr. Chairman: Order, please!

The hon. Member's time is up.

Mr. Windsor: Oh, good! Well, I will come back again in a minute. Somebody else is up?

Ms Verge: Chairperson.

Mr. Chairman: The hon. the Member for Humber East.

Ms Verge: Yes, it is my great pleasure to have a few more remarks on this Bill, Bill 31.

As all hon. Members realize, since we got into the principle of the Bill when we debated it on second reading and when we briefly examined it again this morning on clause by clause analysis in Committee, this is a measure that enables the Cabinet to, from time to time, set a fee for Government guaranteeing borrowing on the part of Newfoundland and Labrador Hydro. It is a fee that Hydro will have to pay the Government, and Hydro, in turn, of course,

will have to recover that cost by passing it on to Newfoundland Power, its customer. Newfoundland Power, finally, with a quick and easy rate increase application to the PUB, will ultimately pass it on to consumers around the Province, individuals and businesses.

Chairperson, the Government has undertaken charging a \$9 million fee for guaranteeing Hydro's borrowing this year, but this Legislation will allow the Cabinet, meeting weekly, at least weekly, secretly, to jack up the fee from time to time. Furthermore, the Bill gives Cabinet the power to impose a fee retroactively, to charge a fee for past borrowing of Hydro.

As my friend, the Member for Mount Pearl, said when he spoke, this is a tax. It is, in essence, a tax. Just as surely as the two point increase to the personal income tax rate the Government levied over the last year, which was announced in their first Budget last spring, will take money out of people's pockets, this loan guarantee fee will take money out of people's pockets.

The Member for Mount Pearl said, when the Minister of Finance quibbled with his word, that in one case it might be money extracted from the left pocket and the other from the right pocket. But the big difference, Chairperson, is that the income tax is based on the taxpayers' means, it is directly related to the taxpayers' income. The Hydro fee, which will be added on to consumers' light bills, has nothing to do with consumers' ability to pay. It is a regressive tax. The income tax is progressive, it is related to the

ability to pay of the taxpayer. The Hydro guarantee fee is a regressive tax, because it disregards entirely the ability to pay, the income level, or the means of the electricity consumer, of the ordinary citizens around the Province, the ones getting social assistance, people living on pensions, on other types of fixed income, people who are barely scraping it. As well, it takes no regard of the profitability of businesses which are heavily dependent on electricity.

My friend, the Member for Port au Port, will be speaking later in this debate on the burden this and the other measures taken by the new real change Government on Abitibi-Price's operations in Stephenville. The newsprint mill in Stephenville is already coping with some difficulty with higher than average electricity costs, and this added burden may jeopardize the viability of that operation. My friend from Port au Port is more knowledgeable than I am about that situation, and he will be expanding on it.

Chairperson, every aspect of this Bill is bad. The fact that it is a regressive tax, the fact that it is one in a whole series of Liberal, real change Government, budgetary measures to drive up the cost of electricity, the fact that it, along with the other measures, will result in electricity prices rising by 40 to 50 per cent over the next four to five years, the fact that the amount is not set by the Legislature in an open forum, as is required for other tax measures, the legislation provides for the fee being set by the Cabinet, the Cabinet which meets frequently in secret. There will be no further opportunity for

debating the essence of this fee or the rate. Finally, the Bill provides for the rate and the fee being applied retroactively. Retroactive taxation goes against all the principles the Premier and some of his colleagues pretend to ascribe to.

Chairperson, I outlined this morning the combination of measures brought in by this Government in a little more than a year, a combination of measures which are going to increase the cost of electricity throughout the Province. They include the elimination of the \$30 million Government subsidy of Hydro's rural electricity through the PDD; the Government announced in its first Budget, last spring, that it would be eliminating that PDD subsidy at the rate of \$10 million a year. They took off \$10 million last year, another \$10 million to make \$20 million this year, and the final \$10 million next year, to wipe out entirely the \$30 million subsidy.

Hydro has to get that amount by increasing its charges to Light and Power, now called Newfoundland Power. Newfoundland Power, in turn, obviously will have to go to the PUB for rate increases so it can pass on that \$30 million cost to the consumers across the Province. Consumers pay according to how much they consume; they do not pay according to what they can afford to pay.

Chairperson, now we have the loan guarantee fee, \$9 million over the past year, passed down the line again to the consumer. With this legislation the Cabinet, having the freedom and flexibility to increase the rate quickly, easily, privately, without debate, without scrutiny of Members of the House

of Assembly, without the news media watching - \$9 million already, \$9 million on top of the \$30 million, that is \$39 million. This year the Minister of Finance highlighted as his big, new revenue raising initiative the payroll tax, the now infamous payroll tax. That tax, at a rate of 1.5 per cent to start, is going to be applied to Newfoundland and Labrador Hydro, which has a very large payroll, and Newfoundland Power; Hydro will pass on its payroll costs to Power, Power will pass on the hydro costs and the Power costs to - you guessed it - the consumer; the consumer gets hit again.

Next year, Chairperson, the Federal Government will be starting the Goods and Services Tax, and that is going to apply to electricity bills as well. So over the next year, two years, three years, four years, five years, the consumers throughout the Province, individuals, poor people, people of modest means, businesses, marginal businesses, businesses which are high electricity users, are going to see their bills going up, up, up, up, up, and they are going to begin to ask, why did this happen? How could the real change Government let it happen? And when they wake up to the fact that not only did the Liberal real change Government let it happen, the Government created most of it; the Government deliberately set out to alter long-standing arrangements and create new costs. It was not a matter of the invisible, sinister Public Utilities Board at arms length from the Government approving increases, it was a matter of the Government directly levying charges to Hydro and to Newfoundland Power which those

corporations had no choice but pass on to consumers. That is a terrible situation, that is a terrible prospect, Chairperson, but making it all worse is the fact that the Government has tampered with the Public Utilities Board and taken away the Board member who was gaining knowledge and expertise, and who was having a beneficial effect on keeping down the utilities expenses and, in turn, keeping down rates charged to consumers.

Utilities operations are sophisticated. The regulation of utilities is extremely complicated. The utilities, because it is their whole reason for being, of course, have amassed a thorough knowledge of the processes. However, consumers have effectively had little or no say about the regulation of utilities. In the past, in our Province, there were feeble attempts for some consumer advocacy before the Public Utilities Board. The Federation of Mayors and Municipalities took the lead a few years back with grants from the Provincial Government; they retained a lawyer who intervened at different rate increase hearings conducted by the Public Utilities Board, but that lawyer did not have any opportunity to become specialized in utilities regulations and really was no match for the utilities and their legal counsel. There were a couple of ad hoc consumer groups that sprang up and, Chairperson, again there was no real change.

It was not until the Government appointed Andy Wells to the Board, and Mr. Wells dug into the Utility's scrutiny of the utilities and started challenging some of the traditions and the

usual way of doing things that people began to see results. However, this real change, Government wasn't going to have any part of that. Of course, the Premier is a former Chairperson of the Board of Newfoundland Light and power and perhaps from that vantage point he did not like seeing the Public Utilities Board rejecting some of the requests of the utilities. At any rate, the Government was not long in changing the structure and the composition of the Public Utilities Board; the Government reduced the size of the Board and then allowed itself to pick and choose among the commissioners.

Now, Chairperson, this is a Board which is known as a quasi judicial board. It is a board which was designed and was set up initially to function independently from the political arm of Government. Similar to the courts, it was given the power to function at arm's length from the Cabinet. Members were appointed; supposedly during good behaviour; they were supposed to have tenure of office, they were supposed to be able to function and to make decisions without worrying about being fired, similar to the way the judges are appointed. However, this real change Government changed that in a hurry; they used their majority power in the Legislature to change the law; they changed the rules; they made smaller the number of positions on the Commission and set up the Cabinet with the power to discriminate, to pick and choose; they chose to keep the Commissioners who had routinely sided with the Utilities and they got rid of Andy Wells, and people are bothered by that.

They then set about creating an

office of consumer advocate, but they are not creating that office in a way that it will be able to function at arm's length from the Cabinet, they are creating a regular public service position in the Department of Justice, and we all know what this Government is capable of doing to public servants, even career public servants with distinguished records of service, public servants who rose through the ranks and attained the office of Deputy Minister. We saw what this Government has done to some of those career public servants.

Chairperson, as I understand it, the Government has not yet filled on a permanent basis the public service consumer advocate position, and I understand it has just retained a lawyer to do this work on contract, on a part-time basis. There have not been any results for whatever efforts the part-time consumer advocate might have made on behalf of consumers.

Chairperson, I have here a copy of a news release Andy Wells issued. It is dated February 16, 1990. My colleague from Harbour Main, who used to be the Member for Harbour Main - Bell Island until redistribution, handed me this news release which says: 'Both the independence and the effectiveness of the Public Utilities Board have been seriously undermined by recently announced changes to the Board by the Provincial Government.' And it goes on and on.

An Hon. Member: Who is saying that?

Ms Verge: Chairperson, as I understand it, Andy Wells said that. So in the midst of this Government's plan, this

Government's deliberate plan as a matter of budgetary policy to drive up electricity costs, the Government has weakened the ability of the Public Utilities Board and the Public Utilities Board hearing process to evaluate critically, bearing in mind the interest of consumers, applications by the big utilities for rate increases. It seems that the consumer is being hit from every angle, Chairperson - hit from every angle. The elimination of the PDB subsidy, \$30 million, the loan guarantee fee \$9 million to start, question mark to follow. The payroll tax: I do not know if any of my colleagues have done a calculation on the payroll tax, but it is 1.5 per cent a year for the whole payroll of Newfoundland and Labrador Hydro, minus the first \$300,000; 1.5 per cent a year for the whole payroll of Newfoundland Power, and that all gets to be passed on to the consumer.

And, Chairperson; next year, 1991, the Federal Government is going to implement the Goods and Services Tax of 7 per cent on electricity bills. Now how are the social services recipients going to cope with these rising power costs, I ask the Minister of Social Services? I ask the Minister of Social Services, how are social assistance recipients going to cope with electricity costs going up 40 to 50 per cent over the next three, or four or five years?

Mr. Efford: A lot better than they did with your Government in power.

Ms Verge: Chairperson, the Minister, typically, is looking backward instead of forward.

Mr. Efford: No, I am not.

Ms Verge: The Minister is avoiding dealing with this issue. He is the Minister now. He has been Minister for over a year. He is responsible for setting social assistance rates for the thousands of people in the Province who cannot work and who have no choice but to resort to his Department for food and shelter and the necessities of life, and one of the necessities of life in our Province, because of our geography and our climate, is electricity: electricity for heat, electricity for light, electricity for cooking.

Chairperson, I do not know how people on social assistance are going to cope under the pressure of this Government's policy regarding electricity rates. The Government has not showed any inclination whatsoever to adjust social assistance rates to meet the rising costs of living, to meet the increase in the cost of electricity. All they provided in this year's Budget, Chairperson, was a 4 per cent increase, and they are projecting a 4 per cent rise in the rate of inflation, they are projecting a 4 per cent rise in the cost of living. So they are not planning on giving social assistance recipients any greater purchasing power this year than they had last year.

Now the 4 per cent inflation rate is only an average, an aggregate, and, of course, it is only this Government's guess. But for the social assistance recipient electricity represents a significant portion of his or her monthly outlay, and electricity costs are going to go up much more than the general inflation rate, electricity costs are going to go through the roof, and I call on the Minister of Social Services to address himself to that problem.

How does he expect social assistance recipients to be able to pay their electricity bills? I would think as the Member of the House of Assembly for Port de Grave and, perhaps, especially as opposition social services critic, which he was for a few years, he must have had calls from social assistance recipients who could not pay their light bills and who were faced with threats by Newfoundland Light and Power to cut their power. As a Member of the House of Assembly, I have had those kinds of calls and I had to do the best I could to help those people, and I am glad to say I was successful in most, if not all, cases.

Chairperson, what is this Minister of Social Services going to do to change his Department's policy, to change his Department's programs so that his clients, so that the people who have no choice but to depend upon his Department for income to get by, to get the necessities of life, to meet the rising costs of their electricity?

Does he expect people to decrease their use of electricity? Does he expect people to turn down the thermostat and live in apartments or town houses or houses at twelve or fifteen degrees temperature in the dead of winter? Is that what he has in mind? He is not listening, Chairperson, he is engaged in an aside. But I hope at some point in this debate we will see the Minister of Social Services rise -

Mr. Efford: Not today.

Ms Verge: He is saying no. It seems as though the Minister of Social Services is embarrassed by all of this. Now I venture to say, Chairperson, that if the

Minister of Social Services were Premier we would not be faced with any of these measures to drive up the cost of electricity and hurt the ordinary consumer, because that is really not the kind of person the Minister of Social Services is. But he finds himself in a Cabinet led by a Premier who is ultra-conservative, who advocates and enforces regressive economic and budgetary policies, and the Minister of Social Services basically has to put up or shut up. I am sure the Premier has probably said to him, perhaps not exactly in these words, it is either my way or the doorway.

Now, the minister of Social Services and the Premier had their problems last fall, and the Minister of Social Services probably raised a big sigh of relief when Mr. Justice Mahoney returned his report. He managed to cling on that time, although the Premier chastised him publicly and said that the Minister's conduct was unacceptable and if anyone ever did that again, he or she would be dismissed pronto. So the Minister of Social Services has skated on thin ice and he is probably keeping his head down now, he is probably not speaking up against the Premier when the Premier initiates ideas to drive up electricity costs, when the Premier guides the development of a budget that sees a \$10 million surplus on current account, yet big whopping increases in electricity costs for individuals throughout the Province without regard to the ability to pay of those people, big increases in light bills for the poor people as well as the people of modest means, for businesses which are marginal, for businesses which are heavy electricity users, businesses which may not be able

to weather these electricity cost increases.

When entrepreneurs and investors are looking around for a good place to invest over the next few years, what are they going to conclude Chairperson? If they come to this part of the world, they may have a look at Newfoundland and Labrador. They almost certainly will compare what we have to offer with what is available in the Maritimes, and they will be struck by the fact that in the Maritimes there is no payroll tax; here we have a payroll tax, and it is 1.5 per cent on the total payroll. Again, there is no regard to the profitability of the venture.

Now Manitoba has been one of only three Provinces in the country, the others are Ontario and Quebec, which have had a payroll tax, yet Manitoba has now concluded that the payroll tax is bad for the economy, it is a disincentive to business activity in that Province and they have announced that they are abandoning the tax. Here we are, the Province with the most vulnerable, fragile economy in all of Canada, bringing in a payroll tax. Apparently, Chairperson, it was, as one of the Evening Telegram columnists styled it, an impulse tax. Apparently it was decided at the last minute of the budgetary process, rashly, without proper research and homework having been done. And now the Premier is too stubborn to admit he made a mistake, so he is going to punish the people in the Province, even though his real effort was to get a few million dollars out of the Federal Government. Talk about biting off your nose to spite your face, Chairperson. Let us hope he does not carry the same attitude to the

constitutional meeting on Sunday night.

Chairperson, I got my five minute warning a few minutes ago. I see my colleague from Port au Port is anxious to speak, and I know he has some interesting and important observations to make about the effect of the payroll tax on the area of the Province he represents, so I will now sit down and give him a turn. Thank you, Chairperson.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Chairman.

I just want to make a comment on a couple of points that were raised.

Some Hon. Members: Hear, hear!

Mr. Baker: Thank you. First of all, the comment has been made about the PDD subsidy, the 1 per cent on the guaranteed loans causing increases in electricity bills. That is partially true, that these costs will be passed along to the consumer, but I would like to point out that it is not totally true.

There is a certain amount of leeway that Newfoundland Hydro has, and it has to do with the cover they are allowed which fluctuates anywhere from 15 to 25 per cent. By ensuring the cover is down around the lower limit, and normally it would be in the 20, 22, 23 per cent range. ensuring it is down around the 15 per cent range will mean that some of that cost could be absorbed by Newfoundland Hydro itself. There is some debate that is absolutely correct, Mr. Chairman, as to whether there should be that much

of a cover anyway, because it is not normal in power corporations in other parts of Canada. But that is a different debate.

The second thing I would like to point out is that there has been a great deal said in the last short while about the payroll tax and a few other things. I would like to take a couple of moments to simply explain what we are going through here. We introduce a Bill into the House - that is purely a formality. It was done quite some time ago - then we have a second reading on the Bill. At that point, during second reading, the debate on that has to do with the principle of the bill. In other words, whether it is right, basically, to do what is being proposed in this Bill. And we have been through second reading on this particular Bill. Then the Committee stage is a stage for detailed examination, where you go through and you discuss the Bill clause by clause, so that the discussion then, in the Committee stage, becomes on the particular clauses of the Bill, the problems with it and so on, the House having already accepted the Bill in principle.

We are running into some problems in this House with the concept I just explained. In debating the Kruger Bill a little earlier, the Opposition, during second reading, wanted to get into the specifics and the specific little details that were in the Bill. They more correctly should have waited for the Committee stage to do that, but I did not point it out because it was no big deal. It really is improper to get into details in the second reading stage. When we get to Committee stage, then we can get into the smaller details.

With this Bill the reverse has happened, and it points to some inconsistency in the Opposition, as well. Now that we are into the debate on the clauses, the details of the clauses of the Bill, going through the Bill that way, all of a sudden they want to revert back back to general principles. And not only that, in debating the general principles to discuss other Bills which are before the House.

There is Bill 28, I believe it is, which should be ready within the next week or so. Bill 28 will come before the House, and that is the payroll tax. Then we can have the debate on the payroll tax.

What I want to point out to Members, just to be sure there is no doubt about what is happening here, is that Members opposite have accused us of trying to ram things through. In actual fact, Mr. Chairman, what is happening is that they are using this opportunity to delay. They, in fact, are delaying an examination of the details of this particular Bill - it is just a process of delay - by repeating the same things over and over again and not actually talking about the details of the Bill. That is the game they are into. We know! It is obvious we are not trying to ram legislation through the House quickly. We are providing a lot of time. Members opposite are doing the direct opposite of what they are accusing us of, they are simply in the process of delay and delay, And that is fine. You have every right to do it providing you use the rules of debate properly to do it, and I would admit you have every right to do it. At the same time, I want to make it amply clear that we are not trying to ram things

through and it is just the opposite that is happening in this particular case.

In this particular Bill, as in all Bills, there are good things about it and there are bad things about it, and we readily admit that, but some of the measures we have had to take with regards to Hydro in the Province are measures which had to be taken because of our financial situation. We are trying to equalize costs. We have raised the limit on the diesel operators so that that becomes a little more equitable, and we hope in the years to come to even that out completely, in terms of the users of diesel. Some of the extra cost is being absorbed by Hydro. And it is not being passed along, they are not even asking the Public Utilities Board to pass it along. So not all the costs are passed along, and we hope to have an equitable system in place.

I would like to point out that the first thing that happened after we took over was that there was a drop in electricity rates, I believe a 4 per cent drop, and that over the next five years perhaps, as they go to the PUB, Hydro will recover some of those costs. But it will be spread out over a period of time, and it gives us time, as well, to react to any problems this may cause. So our reaction to the problems will come when the problems are being caused by this measure. And we are very conscious of the kinds of things that can happen in the next four or five years in this Province, perhaps not entirely from measures like this Bill, but a combination of things. There are some very serious things happening in this Province with regards to electricity rates and we are very conscious of that.

And people mention the Minister of Social Services. He is extremely conscious of that, and we have already had discussions on it. And we will have further discussions on it. But we will take care of the problems when they arise. In the meantime, these measures were measures, Mr. Chairman, which we had to do. Thank you.

Mr. Chairman: The hon. the Member for Port au Port.

Mr. Hodder: Mr. Chairman, I heard the House Leader opposite, earlier in the session, talking about this as being the longest sitting in the last two and a half years or something, but, Mr. Chairman, normally across the country we talk of sittings in terms of days not in terms of hours, and I would just like to point out to him that even though we had some night sittings, which gave us extra hours, our Committees did not meet for nearly as long and did not consider as many Departments because of the change in structure. So we did not have as many hours in committee this year as we had in other years.

But that is a mugs game anyway, Mr. Chairman. I mean, sitting days. We did not sit until March 4. We usually used to sit the last week before the end of February -

An Hon. Member: That is right!

Mr. Hodder: - and we would usually sit until school closed. But I would just like to remind the House Leader of something. If he remembers, we had a Fall sitting to discuss Legislation while he was in Opposition, and the House opened - the new Members would not know this, because you

were not here then. This only happened three years ago, when we opened the House of Assembly, I think it was in early November or at the end of October, and we closed in December having passed only one piece of Legislation. And that is why the former Premier decided not to have sittings in the Fall, because the Opposition actually stonewalled for weeks and weeks on one insignificant piece of Legislation.

An Hon. Member: And you are doing the same thing.

Mr. Hodder: But I would like to point something else out to him, and I am very serious about this, and the Member for Windsor - Buchans would know this, our Mr. Speaker, not Mr. Chairman in the Chair but our Mr. Speaker Lush, would know, and perhaps the Minister of Finance would know, but when Premier Moores was in power, the Government then sat from ten in the morning until one in the afternoon, came back at three and sat until six, and then came back at seven and sat until eleven, three days a week, Monday, Tuesday and Thursday, and yet, Mr. Chairman, the Government did not get any farther along. Obviously, the Government House Leader and our House Leader are not communicating. I used to be House Leader here, while Chief Justice Marshall now was House Leader there, and there was an understanding of what was happening, there was never, ever, the sort of thing that happened today. In fifteen years, the sort of thing that happened today never happened. Mr. Chairman, I think it is only a courtesy to the MHA and to his constituents.

Now, Mr. Chairman, I will be where I have to be, and I don't mind

being here and I think the House takes precedence over anything - we are elected to the House of Assembly and it takes precedence over anything else we do - but I just want to tell the House Leader opposite that a little more understanding, a little more communication and we will be out of here, perhaps, before he thinks we will. You know, it is not the fact that we are having a sitting this afternoon, it is the way it was done that bothers me and I see it as an affront to every MHA here. Members opposite may take it as they wish, but I do see it as an affront.

Dr. Kitchen: Your temporary House Leader (inaudible).

Mr. Hodder: Mr. Chairman, if the Government thinks that by arrogantly coming in here -

Some Hon. Members: Oh, oh!

Mr. Hodder: Two or three nights last week I asked questions of people who work here in the House, not necessarily MHAs. I asked our own side, are we sitting tonight or aren't we? 'Oh, no, Wins will tell us when he is ready. Now, that is about the size of the way it has been working. Wins is on an ego trip! That is the problem, Mr. Chairman, he is on an ego trip.

Mr. Efford: Who?

Mr. Hodder: The Opposition House Leader afterwards.

Mr. Efford: Address him by his right title.

Mr. Hodder: I will say whatever I wish. And if the hon. Member will keep his mouth shut, I will get my words out. But, I would like to tell the hon. Member, I was

quoting what someone else said to me. I was not calling him Wins, I call him the hon. House Leader. So if the Minister of Social Services would keep his gob shut, maybe I will get on with my speech. Mr. Chairman, to tell you what this does for the Opposition, whatever Bill comes up from now on, regardless of what it is, I intend to say something about it, whether I know anything about it or not.

Some Hon. Members: Oh, oh!

Mr. Hodder: Well, that is the sort of an attitude that is being fostered by the House Leader opposite who is on a colossal ego trip. I met a couple of the backbenchers on the parking lot out front at lunch time and I said, is this not ridiculous? Darn right it is ridiculous. And, they said, we are with you all the way.

Some Hon. Members: Oh no.

Mr. Hodder: Oh yes. Oh yes. As a matter of fact, the Minister of Forestry came over here the other day and sat down alongside me and said, 'Jim, when are we going to get out of here, boy? It is time to get out of here.' I said, 'Graham, my son, you have only been in here since the first week in March, and you had two weeks off for Easter. Can you not do your job? Can you not walk and chew gum too.' Right?

Mr. Flight: How would you know.

Mr. Hodder: And I met the Member for Mount Scio - Bell Island in the parking lot at lunch time, and he was as mad as a hatter.

Some Hon. Members: Oh, oh!

Ms Verge: I do not have any power. Your House Leader has all the power.

Mr. Hodder: Yes, Mr. Chairman, and what a silly thing -

Mr. Murphy: (Inaudible). Because, I tell you, if you are going to speak on every bill, the Minister of Finance has a bill for a chauffeured limousine service in New York (inaudible).

Mr. Hodder: Mr. Chairman, that is the longest speech I have heard the hon. Member make in the last three weeks.

Mr. Murphy: Hang around (inaudible).

Mr. Chairman: Order, please!

Mr. Hodder: I intend to sit down now, in five, ten, fifteen or twenty minutes, and I would like to see the Member stand up and make a speech in this House. I have not heard him say anything.

An Hon. Member: (Inaudible) was not here.

Mr. Hodder: He was away for -

An Hon. Member: (Inaudible).

Mr. Hodder: Now, Mr. Chairman! When I am out of the House, I am out of the House for good reason.

Mr. Chairman, referring to a Member's presence or absence in this House of Assembly - referring to a Minister's absence according to Beauchesne is unparliamentary, and I ask that the Member withdraw that.

Mr. Chairman: The Chair did not hear the remark made by the hon. Member. The hon. the Member for

St. John's South is, I think, the Member you are referring to.

Mr. Hodder: Yes.

Mr. Chairman: The hon. the Member for St. John's South.

Mr. Murphy: I will gladly withdraw that remark, Mr. Chairman, which was made in the heat of debate. However, I might add it is very difficult to sit here without commenting when you hear the comments from the hon. gentleman.

Mr. Chairman: Order, please!

The hon. the Member for Port au Port.

Mr. Hodder: Mr. Chairman, rules such as the one in Beauchesne, mentioning or referring to a Member's absence or presence, for the period of time I have been here, I have heard more of that in this last session than I have ever heard before. Members can't always be here. There are Members away for all sorts of reasons. My reasons for being out of the House this year I will hold up to public scrutiny, to anybody who wants to see them. I would prefer to be in the House when the House is open. We are elected to the House of Assembly. We may go around and say we hate this place, we are glad to get out of it and everything else, but I suggest that in time to come those who are not here would like to be here, and those who are here, when they are gone perhaps they would like to be back again.

Mr. Chairman, I think we should try and carry through the parliamentary procedures, the niceties, the rules while we are in the House. I, for one, do not

mind the back and forth of debate; I do not mind when Members get upset. I do not mind that sort of thing. But as to the traditions, like the Member for St. John's South referring to a Member's presence or absence, these are there for good reason and I think Members should follow them.

Mr. Chairman, I am going to ask the Leader of the Opposition if he will move me up there rather than down here, because I just happen to be across from the Member for St. John's South and he brings out the worst in me. And I am a little bit too close to the Minister of Social Services.

Mr. Murphy: The hon. Member has already made a few moves in this House.

Some Hon. Members: Hear, hear!

Mr. Hodder: Yes, he has made a few moves in the House. But he is not the only one who has made a few moves in the House. I will never forget the first question I asked when I was elected to this House of Assembly. It was on lobsters, and it was to the present Minister of Fisheries who was then Minister of Fisheries in the Government of Frank Moores. So if you want to talk about where you are or what you are in the House, maybe hon. Members should look at some of their own colleagues, where they have been and, perhaps, where they are going.

I wanted to talk about a couple of things to do with this Bill. I would ask, Mr. Chairman, if I could be heard in silence. I know the Minister of Social Services does not want to do that, and perhaps he will not, but, I will tell the Minister of Social Services, if he asked to be heard

in silence, I would let him speak, I would not heckle him or do anything else.

I want to talk about something I think is very important and it has to do with this Bill.

Mr. Flight: (Inaudible).

Mr. Chairman: Order, please!

Mr. Hodder: There is another Member, the Member for Windsor - Buchans, whom I have not heard. When did the Member for Windsor - Buchans last speak in this House? I do not think I have even heard him give a Ministerial Statement.

Mr. Chairman, I wanted to talk about the Abitibi-Price mill in Stephenville. What I say has been said by the company before, and I think hon. Members should listen to what they are saying. This is what company officials are saying, and it has been said by the parent company, it has been said by local management, that electricity rates as they are climbing in this Province, may put that mill out of business. As stated in a published newsletter of Abitibi-Price, they feel their cost may rise because of increased electricity rates by somewhere around 35 to 40 per cent over the next three years. That is the published figures of their analysis.

Mr. Efford: Who told you that?

Mr. Hodder: Would the Minister let me continue, please?

That was their analysis.

Mr. Efford: (Inaudible).

Mr. Chairman: Order, please!

Mr. Hodder: They are the largest single industrial user in the Province, and over 25 per cent of their power comes from Newfoundland and Labrador Hydro. Mr. Chairman, it is the only mill in the Province which does not have its own source of electricity, and the cost of electricity is becoming prohibitive. Last year, Abitibi-Price made a profit of 7 per cent, a mill which was voted to be the most efficient mill in the world. As a matter of fact, Mr. Chairman, the mill is so lean as far as manpower is concerned, if there is a flu epidemic on, they have trouble running the mill; the mill has the minimum number of employees, yet their efficiency went up by 10 percent last year, winning them world recognition as the most efficient mill in the world. Not only that, Mr. Chairman, the mill is one of the most modern facilities in the world.

An Hon. Member: What is?

Mr. Hodder: We are talking about the Abitibi-Price mill at Stephenville. It is one of the most modern mills in the world, and it is capable of making very modern papers. As a matter of fact, just recently they have tried to do coloured papers, and they have done fine papers and that sort of thing. But, Mr. Chairman, as members have read, one of the problems in the newsprint market today is recycling of newspaper; recycling is the catch word. The recycling of newspaper has caused many of the mills in Canada, particularly a mill in Newfoundland, which does not have a lot to draw on - for instance, a mill near a large center, say Thunder Bay, Ontario, or in central Ontario, can draw on

an awful lot of waste product or recycled product, used newsprint, for their process, where it is much more difficult for Abitibi-Price in a Province of 500,000 people. And it is expensive to bring waste product or recycled product across water for the mill. So, Mr. Chairman, this is one of the problems.

Mr. Efford: (Inaudible) four and five. Hurry up.

Mr. Hodder: No, Mr. Chairman. I would love to be able to let the hon. Minister go to Port de Grave, but I am afraid there are two or three other Members here who, when I am finished, have a few words to say. Unfortunately, his House Leader, because of his ego trip, has caused the Minister to be back here all afternoon listening to me, and there is nothing better I like to do. Since the Minister hates hearing me so much, there is nothing better I would like than to stand up here all afternoon and, perhaps, bore him to death.

Mr. Chairman, if I could get back to what I was saying, because of recycling, all the mills in Newfoundland are having a problem. There is also a downturn in the newsprint market. And what I failed to mention, which hon. Members know as well, is that the Canadian dollar is higher than it used to be, and the Stephenville Mill used to sell their paper into the American market. Mr. Chairman, any increase in hydro rates is the Achilles' heel of the Stephenville mill. It has two problems: it has some problem with wood supply, but, Mr. Chairman, the real Achilles' heel is electricity rates. I know the Member for Stephenville, when I am finished speaking, will probably get up and tell you that the

Government is - and they are - negotiating at the present time with Abitibi-Price to see what they can do.

Mr. Chairman, I remember when Bowaters left Newfoundland, the impending impact that would have on Corner Brook and what would have happened to Corner Brook. We could not foresee as a Province that Bowaters were going to leave. In the Stephenville case, we can foresee a problem which could cause the mill to go down or have a lot of downtime, and we can see it now because we know what the problem is; we know the mill is totally dependent on Newfoundland Hydro for its power. We also know, Mr. Chairman, that this bill, which will raise hydro prices in this Province by 50 percent - Abitibi-Price have said thirty-five or forty - may mean that a major industry in this Province, and we have to be careful about that, Mr. Chairman, we have to be careful about it and we have to do something about it - the Minister of Finance yawns. Well, an awful lot of money went into getting that mill there. It was a former Liberal Government, in which the Minister of Finance was a Minister - he was never elected, but he was a Minister in that Government.

An Hon. Member: He was elected.

Mr. Efford: Be careful of what you are saying.

Mr. Hodder: No, he was appointed Minister before he was elected.

An Hon. Member: Appointed?

Mr. Hodder: Yes. He was appointed Minister before he was elected. Nevertheless, he was a Minister. And that is worse

still. He was a Minister in the Government which put the Linerboard Mill in Newfoundland, an ill-conceived, cock-eyed, after-its-time idea, and it cost thousands and thousands -

An Hon. Member: (Inaudible).

Mr. Hodder: No, I did not, Mr. Chairman. - it cost thousands and thousands and millions and millions of dollars, Newfoundland taxpayers' money, to -

An Hon. Member: (Inaudible), too.

Mr. Hodder: Well, you would have to ask Mr. Smallwood about that. I would not know.

But, Mr. Chairman, it cost millions and millions of dollars, taxpayers' money, both from the Federal Government and from the Provincial Government, to get that mill changed into its present structure. Mr. Chairman, because of its location and because there is no adequate hydro power there - Bowaters has its own source of hydro power, Abitibi-Price, in Grand Falls, has its own source of hydro power - we can look down the road and say there is going to be a crunch. I mean, it does not take a highly intelligent person to see that there is going to be a crunch with that particular mill.

Mr. Chairman, I would suggest to Government that it is not enough to just look at it and study it, this thing has to be resolved and it has to be resolved by decreasing hydro rates, it has to be resolved because the mill cannot stand it. It has to be worked out, otherwise you may as well kiss it good-bye.

Mr. Efford: What has to be worked out?

Mr. Hodder: The high hydro rates for the Stephenville mill.

Now, Mr. Chairman, there is another industry I want to talk about. This is one is not here yet, but we hope it will be here. It, too, is dependent on hydro rates, and this type of legislation will severely hurt the chances of this Province getting it.

As Members are aware, last year Newfoundland Mining and Resources built a plant in Lower Cove, on the Port au Port Peninsula, which is in operation at the present time and which takes aggregates and ships them down to the Eastern Seaboard of the United States. It is a fantastic project.

I might tell hon. Members that I was involved with the project from day one, almost from its conception to its completion. I have not been involved in the last six or eight months, since the Government has changed, but the first day the principals approached the Government, they came to me in my office. I happened to be Parliamentary Secretary of the Resource Policy Committee, and they wanted a meeting with the Resource Policy Committee, and from that day on, including when they were trying to raise money on the London Stock Exchange and get their prospectus ready, Mr. Finch used to call me from Scotland. I sort of ran interference for the company as best I could, because there were a number of things which had to be done concerning that, including the fact that their land was under a lien put there by the Liberal Government, before 1971.

An Hon. Member: Is this an historical discussion, or what?

Mr. Hodder: Mr. Chairman, if this is an historical discussion, perhaps the Member doesn't like it because it is something that was accomplished in the last four years, and certainly not accomplished by that Government.

If I could go on, Mr. Chairman, I have been telling you about Lower Cove. Hon. Members might know that the Port au Port Peninsula has one of the largest blocks of limestone on the eastern seaboard of Canada, some say the eastern seaboard of Canada and the United States. It is also ideally located, because limestone cannot be shipped by truck or train over certain distances because of its weight. Limestone can be shipped by ship, because that is the normal way you ship rocks and cement, and from that point of view, Port au Port is located in a much better position than where some of the eastern seaboard cities of the United States get their limestone now: they get it from Scotland, they get it from Spain, the get it from Africa.

Now, Mr. Chairman, this company has an understanding with a European cement manufacturer, and there is a study being carried on there, to see what the feasibility would be for a cement plant.

Mr. Efford: (Inaudible).

Mr. Hodder: No, Mr. Chairman. The only reason I bring this up in light of this, and it is nothing the company has ever said to me - I see the Minister is taking notes - except they have a problem with electricity rates, because the making of limestone takes an awful lot of electricity. Now they have been looking at other methods of doing it: they have been looking at alternate sources of energy to

get electricity. The study is ongoing and we hope, for the good of the Province and the good of the people in the area, because this is a very labour intensive industry, it might mean 200 or 300 jobs in an area where there are none. So, Mr. Chairman, any electricity rate increases in the Province would certainly, it would seem to me, impact negatively on an operation like that.

Of course, the real answer is the Lower Churchill, and in order to get the Lower Churchill going, we have to make an agreement with Quebec. In the present climate, and in the present circumstances, with the Premier and his constitutional stand, I doubt we will see any movement on the lower Churchill.

Mr. Flight: What should he do? Tell us about it.

Mr. Hodder: Mr. Chairman, if I am allowed to answer, I will talk about Meech Lake. We debated Meech Lake here for a period of time, until the Government could not stand the truth any longer and brought in closure. But what should he do? He should never have rescinded an Act of this Legislature, that was passed by this Legislature. And the Member for Windsor - Buchans has bent both ways.

Mr. Flight: (Inaudible).

Mr. Chairman: Order, please!

Mr. Hodder: Mr. Chairman, I am sorry to be astray, because I meant to talk about the Lower Cove mine. This Bill has just a few clauses, but it will allow the Government to charge a fee on Newfoundland and Labrador Hydro's Government guaranteed borrowings.

Mr. Efford: And what will that do?

Mr. Hodder: I really hope the Minister of Social Services will stand and speak sometime today. He hasn't spoken. I haven't heard the Minister of Social Services speak in the House, except at my invitation the other day, when he got up and said, I am only speaking for five minutes, and it is only on the question. He wanted to let everybody know, including the Premier, that he would not be speaking on the motion, because the Premier had told them all to sit down.

Which is another thing, Mr. Chairman. I think it is ridiculous that we had a Budget speech and we are debating these Bills and hardly anyone on that side has an opinion on any of the Bills. I am sure there are Members on the other side who have concerns about increased Hydro prices.

The Minister of Social Services must have concerns. If electricity rates are going to increase dramatically in this Province in the next three or four years, certainly the Minister of Social Services, a so-called caring individual, and I used to believe that, Mr. Chairman, I actually thought he was a caring individual, but I do not believe it anymore, because he is closing down, closing out and cutting back.

I had a call recently - actually it wasn't from Port au Port, it was from a social worker in another part of the Province - about community development projects. The Minister has now decided that he is going to require municipalities that have these projects to put a share in, and this and that, yet there are

an awful lot of people who want the work.

In the District of Port au Port there are hardly any projects ongoing this year. The amounts of money have been cut back, it is very hard to get approval, too much paperwork, too much has to go to the Minister's office. You know, a reign of terror, afraid to speak to anybody, large turnover in workers. I understand the turnover in the Department of Social Services at the present time is 79 per cent.

Mr. Efford: (Inaudible) 100 per cent.

Mr. Hodder: No, Mr. Chairman, I had it confirmed. No, I did not say 100 per cent. The Gander Beacon said 100 per cent, or a person interviewed in the Gander Beacon said 100 per cent. That is why I asked the Minister, and it was a question. But I understand now that there is a 79 per cent turnover in the Department of Social Services.

Most social workers are now trying to get away from the Department of Social Services as hard as they can.

Mr. Chairman, we have seen two Budgets in a row from this Government. This Government has taken action that will negatively impact on consumers of electricity and, Mr. Chairman, I remember that when this Government were in Opposition they were opposed to any kind of power rate increases in this Province. That was one of the platforms of the present gentlemen when they sat over here. I mean, it became an election issue at one time. The hon. gentleman fought the election before last on electricity rates,

we should not raise them. And there was a group of people from here in St. John's, a group of ladies, who were concerned about electricity rates. They were fighting on behalf of consumers and these gentlemen over there said, 'No way! Electricity rates should not go up. Not by one cent, not one penny, in this Province. The dirty Tories are putting up electricity rates.' So they get in power and what do they do, Mr. Chairman? They increase them by 50 percent.

Mr. Chairman, that is, I say, integrity. And then the Government eliminated the \$30 million subsidy to Newfoundland Hydro, which helped keep electrical rates down in remote and rural areas. This has to be paid by all the consumers of electricity for the next eight years, and that is going to raise electricity rates in this Province. Now, Mr. Chairman, further increases will be required over the next five years to pay for the loss of the subsidy, and this comes from a Government which said, not to raise electricity rates by one cent. That was their policy, Mr. Chairman. How is that going to affect the people on Unemployment Insurance in this Province? How is it going to affect people who are on social assistance? How does that affect the old age pensioners in this Province who are trying to live in their own homes? Then, Mr. Chairman, on top of that -

Mr. Chairman: Order, please! Order, please! The hon. Member's time is up.

Mr. Hodder: We will get back to it afterwards.

Mr. Chairman: The hon. the Member

for Mount Pearl.

Mr. Windsor: Thank you, Mr. Chairman.

An Hon. Member: (Inaudible).

Mr. Windsor: Were you? You have been? You missed my first episode. There are many things I can talk about, Mr. Chairman. There are many things I can talk about this afternoon. There is lots of time. It is only early yet. The Minister of Finance has not fallen asleep yet, not even once.

Mr. R. Aylward: Oh, he had one nap. I saw him.

Mr. Windsor: So he has had one little nap? He will have many naps before we get out of here today.

Mr. Chairman, when I sat down, I was relating the \$10 million tax grab from this particular piece of legislation to the \$93 million tax grab the Minister of Finance had hidden - \$93 million.

An Hon. Member: An imaginary tax grab.

Mr. Windsor: An imaginary tax grab. Yes, it is imaginary. And this is an imaginary copy, Mr. Chairman, of the Budget Highlights, and these are imaginary numbers. The imaginary retail sales tax has gone up by \$35 million, the imaginary personal income tax has gone up by \$20 million. The imaginary gasoline tax, which is now on an ad valorem basis, the Minister just neglected to say that that is increased and if the price of gas goes up, therefore the price of the tax goes up. That only nets \$4 million. That is out of the

taxpayers' pocket. I do not know who buys gasoline. The Minister of Finance does not. Government pays for his gasoline. What is he going to do with the jeep now, Mr. Chairman? What is he going to buy now? A Cadillac now, is it?

Mr. R. Aylward: It will have to be a Ford product, an LTD.

Mr. Windsor: A Caddy, with his \$8,000 and his credit card. It is an interesting question, Mr. Chairman, you know. An interesting question. The Government credit cards, how are they going to be used? For repairs on these vehicles? Because the guidelines that go with these credit cards allow that. Obviously, if the credit card is a Government issued credit card, how does it relate to one vehicle, as all others do now?

Every Government credit card today has the licence plate of the vehicle for which it is valid, and it is only valid for that one vehicle.

An Hon. Member: What does that have to do with the price of electricity?

Mr. Windsor: Well, if electricity is going up by \$10 million to provide Ministers with cars, it has a great deal to do with it.

So that Government credit card, obviously it cannot have Ministers' licence plates numbers on it. A Minister may drive any number of cars; he is not bound to own a particular car. So now he can put gas in his own car and his wife's car and his son's car and his daughter's car and his grandmother's car.

Mr. Efford: That is something

like you would do. We would not do that.

Mr. Windsor: Now, Mr. Chairman, I ask the hon. gentleman to withdraw that.

Some Hon. Members: Oh, oh!

Mr. Windsor: I am saying the Ministers could do it. Now the Minister of Social Services just made an accusation.

An Hon. Member: I heard him.

Mr. Windsor: Now, he will either put up or shut up. You either provide some documentation of that, or be a man and stand up in this House and withdraw it and apologize.

Mr. Efford: I said, 'That is only what you would do.'

Mr. Windsor: You said, 'That is what you did.'

Mr. Efford: No, I did not. You had better check Hansard.

Mr. Windsor: I will check Hansard. The hon. Minister should be here on Monday. And I will be here on a point of privilege on Monday.

Mr. Efford: I will be here.

Mr. Windsor: And you better have the intestinal fortitude to apologize when I produce that evidence for you.

Mr. Efford: You check on it.

Mr. Chairman: Order, please!

The hon. the Member for Mount Pearl is speaking, and I would ask the hon gentlemen to my left to give him the right to speak.

Mr. Windsor: The hon. Minister of Social Services, Mr. Chairman, is pushing his luck.

Mr. Chairman: Order, please!

Mr. Windsor: I would like to know how they are going to do that? Maybe the President of Treasury Board, in one the debates, in one of his opportunities to speak in this debate before it is all over, will tell us. How does he propose to control those credit cards? And which vehicles are going in? Because a Minister could own three or four cars. He can own all the cars he wants. The hon. gentleman from Burgeo - Bay D'Espoir owns hundreds of them. He could drive a different car every day of the week and use the Government credit card to fill it up.

Mr. Efford: Now, see! Now, see! (Inaudible) what he just said.

Mr. Windsor: What a devious mind. When you are dealing with devious people, then you tend to have a devious mind, yes.

Mr. Gilbert: (Inaudible) I bought my gas all my life.

Mr. Windsor: Is that right? You are not buying it now though, are you?

Mr. Gilbert: I certainly am.

Mr. Windsor: Are you? You are putting your own gas in the Government car you are driving?

Mr. Gilbert: (Inaudible).

Mr. Windsor: The Minister of Public Works is not going to accept a Government credit card?

Mr. R. Aylward: What is a partridgeberry hunt?

Mr. Gilbert: No more partridge for you.

Mr. Windsor: I never shot a partridge in my life.

Four million dollars this year, Mr. Chairman, in gasoline tax, the Minister of Finance is stealing from the pockets of people and trying to tell them that he is not touching it; \$2.5 million dollars from the Liquor Corporation. That is good for the tourism industry, we can see that; \$9.4 million in corporate income tax. Good stuff! That will entice a lot of industries to establish in this Province; \$1 million additional in tobacco tax, and \$21 million from other sources. Interesting!

Today is the first of June. The Minister of Transportation has a new scheme in place today, a new system of fines. Fines have gone up as well. Yes, fines have increased dramatically. But this new point system dealing with drivers licences and suspensions comes in place today. Good system too, Mr. Chairman. I think it is a good system. At least I will reserve judgement on it, but it seems to have some merit.

But this Government has hidden in that substantial increases. The Minister of Finance had the courage to mention that, there will be some additional fines and forfeitures; \$4 million, I think it was, in fines and forfeitures.

If you look at the Registry of Deeds, it is going to get a 35 per cent increase in the fees it collects. So on top of slapping a payroll tax on top of all the labour that goes into the construction of a house, now we are going to have a 35 per cent increase in the cost of

registering a deed for that house. The Minister of Housing supports that, I assume?

An Hon. Member: (Inaudible).

Mr. Windsor: I said that on top of the payroll tax, which is putting a 1.5 per cent tax on the payroll involved in house construction, now we have a 35 per cent increase in the cost of registering a deed. So a person, or a young couple trying to get a new home, first of all will see because of the payroll tax probably a \$1,000 increase in the cost of that home. The average home is \$70,000; 1.5 per cent of that would be about \$1,000.

An Hon. Member: The payroll tax (inaudible).

Mr. Windsor: On payroll. Okay, it may be a bit less. I can see it on that. But we have a 35 per cent increase in the cost of registering a mortgage downstairs; fines and forfeitures, 32 per cent increase. That is where we get into our new highway fines. Thirty-two per cent increase on the average, we are going to see this year. On health fees and certificates, Mr. Chairman, 45 per cent.

An Hon. Member: (Inaudible).

Mr. R. Aylward: If you fall asleep, you are going to fall off that chair.

Mr. Windsor: Mr. Chairman, there is a good case to be made for bringing television into this House. I think I will move a resolution that TV be introduced into this House immediately so that the people of this Province can see the Minister of Finance. I think the people really should

see this disgraceful demonstration by the Minister of Finance.

Mr. R. Aylward: It will have to be put it in here, because they will not permit interviews. Rick Seaward said he wouldn't talk to him.

Dr. Kitchen: (Inaudible).

Mr. Windsor: So says the Minister. But we should bring television in, Mr. Chairman. We should bring television into this House so that people can see what a disgraceful Minister of Finance we have sitting over there, and how he acts in this House of Assembly. I think we should bring TV in so we can see all the Ministers, see what they are doing.

Mr. Chairman, that is \$93 million imaginary, the Minister of Finance would try to tell us, \$93 million, and this comes from his imaginary Budget Highlights document. The Minister of Finance might be fooling himself, but he is not fooling anyone else in this Province. He had them fooled for a few days, had them fooled for a week, but then they started to catch on to him. If he did not have his foot in his mouth so much, he might have been able to explain the need for some of these tax increases. But he has trouble speaking; he has his foot in his mouth. He is going to go down in history as the Minister of apologies.

Mr. R. Aylward: He and the Premier.

Mr. Windsor: He and the Premier. The Premier is catching on him now, rapidly. The Premier is gaining rapidly. He has another big apology to make before this week is out, the Premier.

He will apologize for what he has tried to do to Canada, for what he has tried to do and what he has done to the economy of this Province, for what he has done to interest rates in this nation, for what he has done to investor confidence in this nation.

An Hon. Member: (Inaudible) good control.

Mr. Windsor: Yes, good control. He has set Canadian unity back fifty years single-handedly. Single-handedly, he has set Canadian unity back fifty years.

Some Hon. Members: Hear, hear!

Mr. Windsor: That is what the Premier has done. And he has knocked a heck of a lot out of the strength of the Canadian economy this year.

An Hon. Member: (Inaudible) on this side.

Mr. Windsor: We will be over there on that side.

Mr. Flight: Not likely.

Mr. Windsor: If the Premier ever gets the courage to call an election, the minister of Finance need not worry about what he is going to do with his credit card. He need not worry about it. You can leave it on the desk when you leave. We will be there, and I will be back to take over that office. You need not worry about it. I have been in this House now longer than any hon. Member opposite.

Mr. Flight: No, you have not.

Mr. Windsor: Yes, I have.

Mr. Flight: (Inaudible) '75.

Mr. Windsor: Yes, but you had a little vacation, when you ran off to give your leader a seat.

Mr. Flight: You were elected in '75.

Mr. Windsor: 1975, and every election since.

Mr. Flight: The Leader of the Opposition the same thing?

Mr. Windsor: Yes.

Mr. Flight: The Speaker the same thing.

Mr. Windsor: Yes. Now, the Speaker had a little holiday as well.

Mr. Flight: And the Member for Port au Port?

Mr. Windsor: The Member for Port au Port, yes.

Mr. Flight: And I have to say (inaudible).

Mr. Windsor: Yes. I said I have been here longer than any hon. gentleman on the opposite side and that stands, that is correct.

An Hon. Member: You are the grandfather.

An Hon. Member: You would think you would be relevant (inaudible).

Mr. Windsor: It is relevant. I have never seen such a disgraceful exhibition of a Minister of Finance bringing in a budget. That is what is relevant here. I have never seen such a deceitful document as the Budget, nor such a deceitful tax as this one. This is a blanket tax. The Minister of Health is not concerned about the fact that health fees and

certificates are gone up buy 45 per cent, I assume, by his comment. He is not worried about that.

Mr. Decker: Nobody likes taxes.

Mr. Windsor: Nobody likes taxes. But for the poor and the sick, those who need certificates or something, that is okay - health fees and certificates - the Minister of Health supports that.

Mr. Decker: The Minister of Health supports the Budget, yes.

Mr. Windsor: He supports the budget. Okay, that is on the record; the Minister of Health supports that and the Minister of Housing supports it.

An Hon. Member: (Inaudible).

Mr. Windsor: Oh, there are lots of us over here. We have another shift coming in in a few minutes.

Mr. Hodder: It doesn't matter, we can do it all ourselves, anyway.

Mr. Windsor: We are on the night shift tonight. I am on both shifts. I have too much energy left to leave now. I am going to be here all night, too. I can't wait to get into that Municipalities Bill, I say to the Minister of Municipal Affairs. That will be fun.

An Hon. Member: (Inaudible) there, too.

Mr. Windsor: We may never get there. We are not in any hurry, I will tell you that. That will be a long debate. That will be a dandy debate. Then we will stir it up.

Some Hon. Members: Oh, oh!

Mr. Windsor: Mr. Chairman, I think we should have a quorum call.

#### Quorum

Mr. Chairman: There is now a quorum present. Would you prefer the Chair wait the entire three minutes?

Mr. Windsor: I think we should wait the three minutes, yes.

Mr. Chairman: The Chair advises there is a quorum present.

The hon. the Member for Mount Pearl.

Mr. Windsor: Thank you, Mr. Chairman.

I am glad to see hon. Members opposite rush in to hear what I have to say. Just checking on them to see that -

Mr. Efford: Where are all your Members?

Mr. Windsor: Oh they are here, don't worry. They are out attending to constituency business. They are always busy. They are not far away. They are in the precincts of the House.

An Hon. Member: Or not here at all.

Mr. Windsor: Now, Mr. Chairman, to get back to this piece of Legislation, the really underhanded aspect of this, as I said earlier, is -

An Hon. Member: The real crux of the matter.

Mr. Windsor: The real crux of the matter it is. Good word! The real

crux of the matter is the fact that this tax is imposed and is controlled in the back room.

Because I have a lot of respect for some of the backbenchers opposite, I am surprised that they are prepared to give blanket approval to this Government to impose that tax. You realize they do not have to come back to the House of Assembly to change that?

An Hon. Member: You have to trust somebody.

Mr. Windsor: You have to trust somebody? You have more nerve than I have to trust that hon. crowd.

An Hon. Member: (Inaudible) trust the Minister of Finance?

Mr. Windsor: Do I trust the Minister of Finance? With my pocketbook I don't. And that is what you are doing here, trusting the Minister of Finance with the pocketbook of every Newfoundlander and Labradorian.

Some Hon. Members: Hear, hear!

Mr. Windsor: And that spells disaster.

Mr. Efford: No sir.

Mr. Windsor: Ah, there is one. The Minister of Municipal Affairs is gone. We are down to fifteen now. The Minister of Municipal Affairs has had it. He is gone. The Member for Placentia bailed out. He is gone down to look for his boat.

Mr. R. Aylward: They don't have a quorum over there now.

Mr. Windsor: Do we have a quorum now?

Mr. R. Aylward: No, there are only thirteen.

Mr. Windsor: We have only thirteen there now. The Minister of Municipal Affairs is getting on the elevator. The hon. gentleman over here, he might stay there.

Mr. Chairman, not only is the economy at a low and heading lower, thanks to the policies of the Minister of Finance and thanks to the position the Premier has taken nationally, but now they want to sock it to the consumer again.

Mr. Efford: (Inaudible) much quicker.

Mr. R. Aylward: I agree. The job is too easy. You were overpaid when you were here.

Mr. Windsor: I can wait, Mr. Chairman, until they are finished muttering.

Mr. R. Aylward: That was retroactive, too, like this Bill you are doing.

Mr. Windsor: I am not in any hurry. I have lots of time.

Mr. Chairman: Order, please!

Mr. Windsor: Thank you, Mr. Chairman. Now, where do we go from here?

An Hon. Member: Home.

Mr. Windsor: The hon. gentleman is not going to get home very early. He might as well relax.

Ten million dollars now sneaked out of the pockets of Newfoundlanders through Newfoundland and Labrador Hydro, and the President of Treasury

Board stood in his place and said, 'Ah, but we are going to lower the margin a bit, we are going to go to the lower end of the cushion we have there, a program, and a very good program in fact, we put in place a few years ago to eliminate the fuel adjustment charge. That was always a great irritant, the fuel adjustment charge on hydro bills. We instituted a program about five years ago, as I recall, which allowed Newfoundland and Labrador Hydro to keep a little slush fund to balance that so that they could absorb the peaks and valleys and the cost of fuel, because we are so dependent on them.

And here is the other aspect of this: Not only is the Minister of Finance sneaking \$10 million out -

Mr. Efford: (Inaudible).

Mr. Windsor: Now the Minister of Social Services, I know he is not very bright, but he should know, because the Speaker lectured him yesterday, about passing between the Speaker and the person who has the floor at the moment. Be careful!

Mr. Chairman, not only has he sneaked \$10 million out through this mechanism and another \$30 million through PDD, by eliminating the adjustment, which is \$40 million a year - not just once, \$40 million a year - the President of Treasury Board stood and said, 'Ah, yes, but we are going to pick up six or seven by moving -

An Hon. Member: Ten.

Mr. Windsor: How much?

An Hon. Member: Ten.

Mr. Windsor: Ten - we are going to get the whole ten this year. This year, maybe you are. Maybe you can do it by allowing Hydro to go to the lower end of that range of their cushion. But you can only do that once, and the President of Treasury Board knows that. So you do it this year, but what about next year? Where are you going to get the \$10 million next year guaranteed, and the following year and the following year?

So, yes, I will accept the argument that Hydro may be able to absorb it for this year so you will not see a rate increase; you would not see it this year anyway, they have to go through a long process of preparing a case and arguing before the Public Utilities Board. They emasculated that; they took the consumer advocate off the Public Utilities Board so they can now get it rubber stamped. The Public Utilities Board is now an absolute waste of time.

So they haul that \$10 million out, and they hauled another \$30 million out. Mr. Chairman, there is another one that relates to Hydro, and it relates to the closedown of Erco.

An Hon. Member: (Inaudible) quorum.

Mr. Windsor: We will have a quorum in a second. There are only a dozen of you there.

An Hon. Member: (Inaudible).

Mr. Windsor: Oh, I have lots of time. I am only warming up. I just get started late in the day. I work all night.

Mr. Chairman, Erco closed down

this year. The hon. gentleman opposite might not know this.

An Hon. Member: Oh yes.

Mr. Windsor: Oh, you knew Erco closed down? Did you know that the power generated in Bay d'Espoir costs about eight mils? It is the cheapest power we are producing on Island, except for some of the old -

An Hon. Member: (Inaudible).

Mr. Windsor: About eight mills. We were subsidizing Erco to the tune, as I recall, of about \$25 million a year.

An Hon. Member: No, fifteen (inaudible).

Mr. Windsor: Fifteen on the last of it, because we renegotiated. In fact, I was very much involved in negotiating that contract down in 1986 or 1987, as Minister of Development. We negotiated that contract down, because we did a complete - how time flies when you are having fun. I only have five minutes left - economic analysis of the economic benefit of Erco, and we found that in fact it was a net drain on the economy. In spite of the fact that there were all those jobs at Erco that might be lost, the industry itself was costing us money. In other words, it was putting less into the economy than it was taking out, and so the economy of the Province would be better off by letting it shut down. And, as the Government of the day, probably we should have done that. If you were looking at it from a straightforward business point of view, probably we should have said, Shut down Erco. It is costing us millions of dollars every year: \$25 million in direct

subsidy, but more than that hidden in assistance going to that company.

An Hon. Member: (Inaudible).

Mr. Windsor: Phosphorus.

An Hon. Member: What was the dollar value?

Mr. Windsor: The dollar value?

An Hon. Member: What was it worth to the Province (inaudible)?

Mr. Windsor: It was worth nothing, that is the point. And when you look at all the costs that went into it and all it produced, all the taxes that were paid by the company, all the income taxes that were paid by the employees, retail sales tax, the general economic benefit of that company, it was a net drain on the economy and the economy of the Province was better off by laying off all those people and paying them their full salary to go home and paint their fences and shoot their moose.

Mr. Doyle: (Inaudible).

Mr. Windsor: It was a social thing. That is all it was. There was no rationale. It was a poor example of an industry and of subsidizing an industry to that tune. And so it was very hard to argue when they decided on their own, because technology changed and there was absolutely nothing that could have been done. And I have questioned the Minister of Mines and I have questioned the Minister of Development on that, but there was nothing that could have been done to save that industry, and I think we all agree on that; I came to that conclusion when I was dealing with it prior

to the change of Government.

What we have not done, though, I would say to the Minister of Mines, we have not done enough to force that company to put in some substitute industry. They were prepared to go a long way, and I think this Administration has let them off the hook. There were a lot of things they were prepared to do; there were little bits and pieces you could do to create some jobs. We will get into a debate on that one of these days, and I will dig back through my notes. There were a lot of things which could have been done, and that company could have been forced to help finance the creation of some alternative industry.

An Hon. Member: What kind of profits (inaudible) show in a year?

Mr. Windsor: The company was doing very well, but they were only doing very well because they had those very low hydro rates. When we negotiated with them in 1986, we were able to show that they could increase their hydro rate, what they paid to Newfoundland, without adversely affecting the industry itself. There was no point in us getting more money from them and having them shut down, that would have accomplished nothing at that time. So we could see that technology changing, and it happened naturally, fortunately.

Erco was the worst example in the Province, to my knowledge, by far the worst. Environmentally it was the worst - very, very dangerous. And the company, to their credit, are spending millions, I think \$10 to \$15 million, to clean up the phossey water that is in the holding pond, maybe more than that. But the industry itself is

not contributing.

The point I am making, and I am just about out of time, I have only about a minute, but I will get another chance, the point I wanted to make is that all of that subsidy is now in the hands of the Government; the Government is no longer paying that \$25 million, so that is another \$25 million they picked up this year, plus Newfoundland Hydro has that block of energy to sell; and they are not selling it at the twelve mils they were selling it to Erco, it has now gone into the grid and it is being sold at sixty or seventy mils. The Minister of Energy may wish to check that to give the House the actual figure. So there was a considerable windfall.

An Hon. Member: So that should mean that this guarantees (inaudible).

Mr. Windsor: Oh, no, you could take some of the profits now reaped from that additional block of energy and you could absorb the \$10 million, no question. You could do it, as the President of Treasury Board said, by simply lowering the range, by going to the bottom of the range of the cushion in that account that is there to take the peaks and valleys out of the cost of fuel adjustment, that we use to have.

An Hon. Member: (Inaudible) some other (inaudible)?

Mr. Windsor: Not as an immediate measure, no.

Mr. R. Aylward: For one year.

Mr. Windsor: No, no. You could hide it for one year. But it is every year. It is not a one-shot thing; Hydro give us an extra \$10

million this year, you have profits sitting there in the bank and turn them back over to Government. We can live with that. We would probably support that. Why should a corporation be sitting there with all kinds of money?

An Hon. Member: Talk about privatizing Newfoundland Light.

Mr. Windsor: No, that is another issue. I do not have time for that now. When I get another chance to speak, after one of my colleagues speaks, then I will get into privatizing Newfoundland Light - good issue! I will sit down, Mr. Chairman, and pass on to one of my colleagues, and we will get into that issue when I get up again.

Mr. Chairman: The Hon. the Minister of Mines and Energy.

Dr. Gibbons: Thank you, Mr. Chairman. Will this close debate if I speak on this?

Some Hon. Members: Yes.

Some Hon. Members: No.

Mr. R. Aylward: No, not in Committee.

Dr. Gibbons: Let's just answer a couple of the questions which have been raised. Most of what has been said has been raised and debated in the past, but a couple or three new points have been raised today, particularly by the hon. Member for Port au Port. I would like to clarify for him a comment he made about the Lower Cove operation and the energy requirements of cement (inaudible) if they should develop a major 1.5 to 2 million ton-per-year cement plant in that area, which is being

studied, as he said.

He talked about all the electricity required. I would like to clarify for him that only about 15 to 20 per cent of the energy used in a cement plant is electricity, so it does not really require a big electrical energy component. The remainder and the big component needed in a cement plant is the oil that would be burned, the oil or some other fuel - gas, natural gas or coal - that would be burned in the kilns to make the cement. So it is not a big electrical energy consumer, but it is a big energy consumer, a massive energy consumer.

These days most modern cement mills are going the gas route because of the lower emission problem, the lower pollution problem, but it would be gas or oil or coal as the major energy source for a cement plant. And I hope it is developed over there in the next few years.

A little bit about Long Harbour and the implications for Long Harbour, and Hydro is selling power which is not being produced now because of the Long Harbour closedown. In a sense, because Long Harbour closed down and we got 100 megawatts back into the grid, this means that the Holyrood thermo plant does not have to operate so much, therefore, we do not burn as much oil as we burned in the past so we do not have to produce the same amount of high-cost electricity and, therefore, this allows Hydro to operate at lower costs.

It also allows us to defer new facilities by about two years. We are growing presently at 50 megawatts per year, so the 100 megawatts brought back there

allows us about two years in extra time before before we have to invest in new developments, and this has implications for the long-term energy rate increases. In the long term, our energy rate increases are not going to be what was said by the hon. Members opposite. I heard the Member from Humber East say that we are going to have a 50 per cent increase in the next couple of years. That is very, very wrong. The rate application that Hydro has asked for before the Public Utilities Board is 4.5 per cent per year to the customer, to us as ratepayers, and we have asked for that for a three year period. So that is 13.5 per cent by July 1, 1992.

At this time, I do not know, nobody knows, what the ruling will be by the Public Utilities Board, but we are asking for 13.5 per cent over the next three years at 4.5 per cent per year. And the Public Utilities Board may rule otherwise. That 4.5 per cent per year is approximately equal to the inflation rate, and we are trying to keep any increase down to the inflation rate or lower; we do not want any higher.

That is why the payroll tax is not going to have an immediate effect. There will no rate requests because of the payroll tax, it is going to be left there and it is going to depend on what happens in Hydro over the long term. What are the implications financially of not having to build new resources for at least two more years, and not have to have any new resources on steam until the fall of '95?

This is going to be into the rate mix. The implication of not burning so much oil at Holyrood, it is all into the rate mix; the

implications of rainfall, it is all there. So in the long term we may not have any big increases after July 1, 1992, when we get the third 4.5 per cent increase, if PUB allows us to have that.

I think that about covers the major new points that were raised. Certainly it is not going to be a 50 per cent increase over the next two or three years. That is wrong.

Mr. Chairman: The hon. the Member for Kilbride.

Mr. R. Aylward: Thank you very much, Mr. Chairman. I just want to say a few words before the Member for St. Mary's - the Capes continues this debate. The hon. the Minister of Mines and Energy misinterpreted what I was saying. I said the rate increase within the next five to seven years could be as much as 50 per cent, and I still believe that crunch will come after the third year he is now talking about. I think the rate increase will come after the third year. I realize he is going for 4.5 per cent for these three years but, after that, somewhere the crunch is going to have to come to pay for the \$30 million PDD subsidy and to pay for the payroll tax, which is an extra cost to Hydro, and to pay for this fee which is going to be charged because of the Bill we are debating now. All these extra costs will have to be paid for by the consumer of electricity in this Province eventually, and they will have to pay this one retroactively.

I notice the hon. the Minister of Social Services has started his yawning again. I also note that he has not contributed anything to this debate to try and keep the

social assistance recipients in this Province from these rate increases.

An Hon. Member: (Inaudible).

Mr. R. Aylward: I will only be five minutes, that is all.

An Hon. Member: Bob, the Speaker is calling (inaudible) stale bread (inaudible).

Mr. R. Aylward: All right. I will be there to pick it up anyway. It will not go stale. It is good bread. Bidgood's bread, in my way, Mr. Chairman, is the best bread produced, certainly on the eastern part of the Province, except for my wife's, which is a little bit better.

An Hon. Member: Don't you bake bread?

Mr. R. Aylward: No, I can't bake bread. I haven't gotten that far in the recipe book yet. But I have passed page four, where the Minister is. I have something down in my office which I forgot to bring up for him today; I have a recipe book down there, Mr. Chairman, and if it took him a year and two months to get to page four in that one, he will have a lifetime activity reading the cookbook I am going to bring up to him, probably Monday, when we continue this debate.

But I just wanted to say to the Minister of Mines that it was suggested by me that we would have a 50 per cent rate increase in Hydro rates over the next five to seven years, not over the next one or two years. And I still believe this will happen in the fourth, fifth and probably sixth year, if you compare the rates we have today, because the expenses the

last two Budgets have put on Newfoundland Hydro have to be paid. And they are going to be paid by the consumers of electricity, which is logical. Nobody else is going to pay them.

They are not likely to re-instate subsidies, not this Government, because we see they continue to remove subsidies, Mr. Chairman, subsidies which helped out the more unfortunate people of this Province, the people on fixed incomes and the people on social assistance.

I heard a lot today when we talked about taxes, especially from the hon. Member for Mount Pearl when he was speaking about taxes. The Minister of Finance keeps referring to the past seventeen years, how the past seventeen years were so bad for this Province and how costs have risen in this Province because of the last seventeen years. I have a little editorial, Mr. Chairman, from the Evening Telegram which is headed "Empty Rhetoric" and the empty rhetoric is what the Minister of Finance is saying. This refers to statements made by the hon. the Premier, that the unemployment rate in this Province has risen faster than in Nova Scotia, and he made some statements about how we are out-performed by Nova Scotia. This editorial recalls some things that were good for the economy which the Peckford Administration did. He was successful in getting Kruger into Corner Brook, as was explained here earlier today, he was successful in restructuring the fisheries, which would have collapsed some years ago if Mr. Peckford had not been involved, and which we now see the new Administration and the -

An Hon. Member: Do you still use Brylcreem?

Mr. R. Aylward: I did use Brylcreem one time, so I do not recommend it to too many people. It is still pretty shiny, and it is just about as slippery as if you were using Brylcreem, because perspiration does the same thing to me, it leaves the grease on top.

But, Mr. Chairman, some of the things the Peckford Administration did in the last seventeen years besides restructuring the fishery: There was a great promotion in mining enterprises, and there was a lot of activity in exploration, particularly over the last five years, which created considerable jobs in this Province.

Secondary fish processing, which was established on the Burin Peninsula, in the Burin fish plant that closed down, was never heard of before in this Province; we were going to take on the Americans in secondary processing and compete, even though there were duties put on secondary processing products that come from this Province, but because of the former Administration and the restructuring of the fisheries, there was money put into place and the Burin plant was able to compete with finished products, supermarket, on-the-shelf products that were very successful and are very competitive.

Mr. Chairman, it says here, Whatever the former Premier's faults, he gamely tried to get this Province out of the recession, a recession that was caused, not by the policies of the former Administration, the recession caused by world-wide events, because we had a world-wide recession. An economy

like ours is so fragile that we were hit harder by the recession than most any other Province in Canada, particularly Nova Scotia, with which we were compared.

Some of these things are what the Peckford Administration did. There are two columns of things I could read here which would show that the comments coming from the hon. the Minister of Finance and the hon. the Minister of Social Services are not justified.

There is another editorial I found, Mr. Chairman, and I would like to read that out some day. It is called, The Efford Affair. That one is quite interesting too, and I will read it one of these days. Just in case people have forgotten, one of the 52 ombudsmen who have been appointed by this Government, the MHA's, happens to be the Minister of Social Services. He is supposed to be an ombudsman now, because the Premier has said we are all ombudsmen, and he started off in a conflict of interest right away when a constituent, who happens to be a relative and a boatbuilder, came to him with a conflicting -

An Hon. Member: He was a boatbuilder.

Mr. R. Aylward: He was a boatbuilder, that is right, before the hon. the Minister of Social Services interfered with the business. If that person came to him now to act on his behalf as ombudsman, the Minister of Social Services would be in conflict of interest right away. I am sure the hon. the Minister of Social Services would give him direction, but he would not give him the direction or the help the ombudsman would have been able to give, even though the result might

be the same. I do not know what the true story is, I just know there was a conflict.

Mr. Chairman, with those few comments, I will let the Member for St. John's East Extern continue the debate.

Mr. Chairman: The hon. the Member for St. John's East Extern.

Mr. Parsons: Thank you, Mr. Chairman. Since this morning I have been listening to mostly all of the debate which, I suppose, is centered around the ordinary person and how this Bill affects the consumers of the Province, the consumers of electricity. I listened attentively to the minister just a few minutes ago, because I wanted to hear his version of how that extra \$30 million is going to be paid by the users, when the rate is only going to go up by 13.5 percent. How can we make a do of it at that percentage? There has to be a discrepancy there somewhere.

I think the Minister was realistic in saying that right now that is what is projected, but, I suppose, down the road that could increase to again offset the monies which are no longer there. But, Mr. Chairman, even at 13.5 per cent, for anyone who pays a fairly high light bill today, the homeowner, it is going to mean quite a bit. We all talk about how poor this Province is. I think, in some instances, that is a myth. I mean, there are poor people in the Province, there are poor people right across Canada, and there are poor people right across the world, and I think everyone finds it hard today, finds it a little difficult sometimes to pay their bills. I know, because of living in a sort

of close-knit area, that an awful lot of consumers of power are hard hit right now because, again, of costs escalating in many spheres of action. I think the onus is on Government to try to hold down the cost as much as possible. I am not saying it is not in the Minister's mind, I think it is. I say without fanfare or hope of any roses or whatever, that the Minister, I think, is a conscientious man; I think he is certainly going to do everything he can to hold the price down. I know in his heart he is looking at the consumer who really is having a hard job trying to make ends meet. Mr. Chairman, at least I also, in the line of energy, hoped, inadvertently at the time, that we could get back, what was it, 600 or 800 megawatts?

Mr. R. Aylward: Churchill Falls?

Mr. Parsons: Yes. I think it was 600 or 800 megawatts from Churchill Falls. If we had to get that, I think there might be some area opened for secondary processing, and I thought that somewhere along the line our Government could perhaps subsidize these people in the secondary processing business by subsidizing their electricity. But with the cost of it right now, I don't really see how that can be done. I mean, it would be a greater cost to the Department of Finance, and I don't think the Minister of Finance is going to address that scenario right now.

The other thing that I as an ordinary consumer has very little to do with as far as hydro is concerned is that we have an increase, on average, of 50 megawatts per year. I suppose, over the long haul, if we do not get any great strains on our hydro

or on our utilities, such as Light and Power, I think that maybe that 50 megawatts may serve the purpose. But I do not think it is enough, by far, to fulfill the needs of a Province, which I think has to expand.

If there is any diversification, I think it has to be in the fishing industry. I think we have to go to secondary processing. It is a bit far-fetched perhaps, something new for us, but I think we should be innovative enough to do something on our own. We are always talking about diversification. What are you going to diversify in Newfoundland? Where are you going to diversify? What are you going to do with the small communities in Newfoundland? Are you going to bring in a business in every small community in Newfoundland?

Mr. Efford: Grow pickles.

Mr. Parsons: The Minister says grow pickles. Perhaps that might be an idea.

I have a good friend, in Pouch Cove, who was starting up a new business. In fact, it is still in the making. He thought that was an excellent idea, homemade pickles. He was going to bottle their own pickles, and he was going to have a real stand on a sort of variety. I am not sure how many more of those cookbooks are out there, so if I could see the Minister after I have finished my little speech, perhaps he could give me the pickle cookbook he has and I could bring it back to my friend. I would then be serving two very useful purposes: I would be helping my friend in his business, and you would too, but apart from that, I would be taking it out of your hand. Because you

have used it so often in this session of the House of Assembly, that I am sure you are now almost compelled to use it. So to get you out of a tight situation, I will accept that book when I am finished speaking and bring it down to my friend so he can, perhaps, see something in the book. I am sure there are lots of things in that book which would encourage him to go on.

Mr. Chairman, let me go back to what I was talking about, diversification in Newfoundland, the way I see it. I see that this year is going to be a trying year; this year is going to set the stage for what is going to happen in the future. I have been watching over this past number of days as to what we can expect as far as the fishery is concerned on this part of the northeast coast and, Mr. Chairman, as of now, the results are in no way encouraging.

In areas like Bauline and Portugal Cove, because they are on the other side of Conception Bay, this was their trap season, this was their caplin scull. But, Mr. Chairman, there is very little if any fish in any of those areas. Again I hope it is because of perhaps a late season, and there have been late seasons, and this is not showing us what is going to happen for the rest of the summer. If it is, Mr. Chairman, I have great fear for how a great number of Newfoundland communities are going to survive.

I was talking to a Mr. Day, down in Portugal Cove, last night, and the first fish they had in their traps was 2,000 pounds yesterday. That is a very, very small amount of fish, and that was small fish. Only for this guy Patten, on Bell Island, I do not think he would

have been able to sell it anyway.

The point I am making, Mr. Chairman, is in what way are you going to diversify Bauline? Would someone tell me what you are going to put in Bauline to diversify it? Would someone tell me what you are going to put in Portugal Cove to diversify it? Let's go over and see how we are going to diversify Conception Bay. All I hear every day in the House from the Premier, the House Leader and many of the Ministers, is diversification - we will diversify it. We are not making a do of it, so we will diversify it. But no one has ever told me in what sphere we are going to diversify. What are we going to do?

Our forefathers came over here over 400 years ago. The fishing industry was the only industry, the main industry. We had some logging, some pulp and paper and whatever, and we had some mining, especially in Labrador. I must say again to the Minister of Mines and Energy that he has encouraged, but I think it was done by the previous Government through the tactics they used, more mining. But, again, I was listening to him yesterday when he explained the royalties, or charges at least, on the land that was already taken over by those companies, and I think that is a good idea. I think you have to either put up or shut up. You have to see what resources are there, and if the people who own it right now are not capable of doing that, then I think someone else should go in and be given the chance to do it. Too much of our valuable lands are not operated but owned by only a few consortiums, and I think that should change. I really do! I think the Minister is on the right

path.

But, again, there is no means of diversification there unless we can get in and prove there are mining capabilities, there is gold, silver, copper, anything we can start to put people to work. Now, if some day someone can prove to me that on some areas of the land, some areas in this Province expectations are high, that this can be done and the endeavour is made to do it, then I will certainly say to whatever Government is in power, be it Liberal or PC - I suppose it would be far-fetched to say NDP, but whichever Government is there, I would not be the last person to rise and congratulate the Minister and the Government of the day, because there might be some room for diversification. But I do not see it because it has not been proven to me. I suppose I am like Doubting Thomas, something I cannot tangibly feel or see I will not believe until it happens.

But, Mr. Chairman, I have been around the country somewhat and I have been in supermarkets, and I have seen codfish from Newfoundland packaged by someone else. I can see, too, why our marketplace was so weak, because some of the packages we put up were drab, nothing to draw attention to it, nothing to look at, while in another part of the freezer case, cooler or whatever, you would see some nice packages put up by people who were importing our cod. And just because the marketing was that much better, because the product looked that much better, it was bought by a great majority of people. And I think this is where we are lax. If our fish gets scarce, and hopefully not, hopefully this is just one part of

one season, I hope the fish comes in in bundles for reasons obvious to all Newfoundlanders and Labradorians, it is our mainstay, and without that fish we are all going to be in desperate need by the end of the year.

But again, Mr. Chairman, even in the curtailing aspect of it, as the TAC is lowered to protect the stocks which are still there, we will not have the fish to fool around with or to process we have had in other years, and I think that is where secondary processing is going to come in.

Again I look across at the Minister of Mines and Energy and I say it is too bad, because I am not sure, especially in the starting-up process, how much energy those small plants or those small operators will have to use. There will be a difference. I am assuming there will be a great amount of energy used in secondary processing, especially if we are going to the finished product. I think if that energy is there, and if we can subsidize people to come in and try it - there is nothing proven. We have not proven a thing, Mr. Chairman, as far as secondary processing is concerned. Now, P. Janes did up a few nice products: he did some caplin and herring and mackerel, and I must say it was an excellent product.

I was speaking to my colleague from Stephenville and I said I was over on the Southside a couple of years ago and I saw some very nice salt fish that the Saldfish Corporation had put up over there. I do not know if it proved to be successful or not, but the product itself was in a nice bag and I said to the guy who was running it, It looks great, but I

wonder, because we are exporting it, how many people really know what to do with a piece of salt codfish. Now the texture was lovely, and I knew through many experiences the taste of it, but the point remains that for someone who just looked at the package, it was in a lovely package but there was nothing on it. So, I suggested to him very simply that perhaps there should be a little recipe. Not like the book the Minister of Social Services gets up and waves around like this.

An Hon. Member: (Inaudible) him alone. He is over there -

Mr. Parsons: I do not mind him. Not like that book no, just a little small recipe saying this fish has to be watered for about 30 hours to get the salt content out of it, and another little recipe on it could tell how to make drawn butter.

An Hon. Member: Anybody can do that.

Mr. Parsons: I can do it, no problem. But, you see, what I am saying is if we are going to export a product and make it appealing to the person who is going to buy it, I think we should put a little information on there saying how good the product is and the right way to cook it. I think this is one of the areas we could use as far as secondary processing is concerned. I again want to emphasize to the Minister that these are areas I have a concern with.

I think there is great concern out there because of the rise in hydro bills, or electricity bills, or energy bills, however you want to say it. I hope it will not be too drastic, because again it is very

detrimental to the ordinary householder. There are a lot of people out there, Mr. Chairman, working couples and whatever, who are on fixed incomes; they have a budget, and their budget is down to a dollar, they knew where every dollar is going. And even with a 13.5 per cent increase, without the President of Treasury Board is going to raise the salaries of a great number of people and in so doing makes industry or the private sector raise their salaries to equal that, then the 13.5 per cent will make a great difference to the ordinary consumer, to the ordinary worker of this Province.

Mr. Chairman, sometimes I am appalled at some of the Members on the opposite side. I mean, it is their Government. They always look across at us and say, Well, look what you did for seventeen years. I have been here for four. I was a Member of the Progressive Conservative Government for a couple of years, and granted we made mistakes.

An Hon. Member: That is for sure.

Mr. Parsons: Yes, we did.

Some Hon. Members: Hear, hear!

Mr. Parsons: But let me finish. In my lifetime, once I made a mistake I said, Well, okay, you have made a mistake. But I will tell you that I never made the same mistake again. I never made that mistake again! And if I saw someone across the road, or some person I worked with or whatever make a mistake, I would say, Well, boy, that is a lesson to me. I am not going to make that mistake.

Now, I say to the Minister of Finance, you have made a great

number of mistakes. Let me talk about somebody's payroll tax for a few minutes. He said, This is the idea, this payroll tax. It will not hurt anyone. He said, There is no increase in taxation. This is not a tax, it is just something that is going to come in and actually no one will have to pay it, but we expect to take in \$15 million. Now, let me say this to you. I was up speaking one day. I did not realize it at that particular time, but I talked about school boards and other organizations which I now know will pay the tax but will then get that same amount of money back. I want to ask the Minister if, when he gets up, he will tell the House if that is included in the \$15 million, remembering now that the schools boards are all going to pay this tax and then Government is going to pay them back what they paid, reimburse them. The \$15 million you speak of when this money is taken in, is that net? Because this means that the school boards and hospitals, all those organizations, are not really going to pay the tax; because they are going to get it back. That \$15 million is exempt from that?

Dr. Kitchen: No, over and above.

Mr. Parsons: Over and above that.

An Hon. Member: What is tomorrow?

Mr. Parsons: Tomorrow is Saturday.

We have until daylight. I have often gone through until daylight.

I think I would be remiss if I sat down today without having discussed a little bit my colleagues across the way, the Cabinet Ministers.

I was speaking to a guy last night

and he said, "What about the Ministers and their new cars? That is something else. Imagine the audacity of the House Leader to get up and defend the purchase of those new cars". Some of the arguments they offered: Well, by the time we pay the income tax out of it, it is only about 60 per cent. Doesn't everyone wish they were paying 40 per cent of their salary in income tax?

Mr. Efford: Don't you?

Mr. Parsons: Certainly. I do not mind paying income tax. I could not care less, as long as I make the money. So out of the \$32 thousand they are going to pay \$15,000. There is \$17,000 left.

An Hon. Member: (Inaudible).

Mr. Parsons: Okay, let's discuss it a little bit.

Mr. Efford: (Inaudible).

Mr. Parsons: Now you fellows do not agree with it anymore than I do.

An Hon. Member: Whose salary (inaudible).

Mr. Parsons: Let me talk about the \$32,000 in four years. Look, in one voice you can hear the Premier, "What I want Senate reform for is to make Newfoundlanders equal Canadians" - equal! Now, then, let's look back now. How can you be equal Canadians? He said, Look -

An Hon. Member: He in on Meech Lake again.

Mr. Parsons: Oh, I can talk about Meech Lake. And if you want to read about Meech Lake, go to the editorial of today on page 2 of

The Telegram.

An Hon. Member: Tell us about the (inaudible).

Mr. Parsons: Well, let me go back to the Ministers' cars. Let me take the Minister of Justice. He is not here, but I will take him because I know where he lives. He has \$8,000 this year and he buys a new car. Now he flies back and forth to his District. He has to drive about five or six kilometers to come to the House, so he does not use his car. After four years, I would say he will have a maximum of 20,000 kilometers on that car, a new car. I would buy the car from him. If my wife wanted a car I would certainly say, Look, the Minister of Justice is selling his car. Now he still gets the \$8 thousand, he has gotten \$32,000 in four years, and he still has a comparatively new car.

There is no trade-in, because the Minister owns his car. Previously he had to make some kind of concession, he had rules to follow as it pertained to spending money as far as those cars were concerned. Now he is home scot-free. He has his car to use family-wise, and every now and then he gets up and says, But, look, I do not get half of that, income tax takes it. Big deal! Boy, oh, boy, that is the laugh of the century.

Some Hon. Members: Hear, hear!

An Hon. Member: Income tax don't take a (inaudible).

Mr. Parsons: That is right. Income tax doesn't take half either, far less than that. You have the \$32 thousand over four years for a group of people. All

aspirations point to poor Newfoundlanders and Labradorians. The Premier says there is a great number of people out there getting less than \$10 thousand per annum, per year, to live on, to raise their families on, and here are Ministers who gave themselves \$8,000 a year to buy cars. I do not care how you want to defend it, it is defenseless. There is no defending it.

An Hon. Member: He got one.

Mr. Parsons: He was not in Cabinet.

An Hon. Member: He didn't have to take it.

Mr. Parsons: Certainly. Why would he give it back?

An Hon. Member: Why didn't he give it back?

Mr. Parsons: Mr. Chairman, I was amazed. I have a lot of respect for the House Leader. I do. He is a fine fellow. But when I saw him get up and defend that \$32,000 over four years, well! There are families with four or five in family and their maximum amount over that same four or five years would be a lot less than that perhaps, and in a great number of instances exceeds it by only \$5,000 or \$6,000. A great number of people out there are only making \$8,000 to \$10,000. Don't talk about your \$120,000, let us talk about the \$32,000 that is going to come out of the coffers of Newfoundland and Labrador, out of this Government to supply cars to Ministers.

How foolish and nonsensical do they think the people are out there who are listening? You will see when this gets out. This has

not gotten out because Meech Lake has stopped everything. There is a shield like a canvas tarpaulin that you put over something, and nothing is escaping, nothing, and the Premier did it as far as I am concerned. He was no fool. He said there are so many things happening, so many minuses, so many things which are detrimental to what we are doing as a Government, we will have a shield there; we will say look, whatever comes up, Meech Lake is the biggest thing: We want senate reform; no, we do not want Quebec to have a distinct society. And all Newfoundlanders, because we are fighting Newfoundlanders - the Fighting Newfoundlander displays us all for what we are, fighters - and everyone goes along behind -

An Hon. Member: And scrappers.

Mr. Parsons: And scrappers, yes. Boy, I tell you, no trouble to get a scrap. All you have to do is pick a Newfoundlander up and he will scrap with anyone. But here are our Ministers, here are our good people, pointing across at the culprits of seventeen years, giving themselves \$8,000 extra a year to buy a car to serve the people.

There are Ministers over there, I am sure, who have a job accepting it, such as the Minister of Social Services, knowing what his feelings are for the poor people, what he espouses in this House every day about the poor people, and I agree with him in most instances. And the Minister of Health espouses the same rhetoric about poor people, poor Newfoundlanders and Labradorians. But, Mr. Chairman, I suggest those two gentlemen, and the House Leader and the Minister of Mines and Energy, should go to the

Premier and say, look, this is wrong - this is wrong. It is an injustice to the people of Newfoundland and Labrador for us to be given \$8,000 a year, \$32,000 in four years, and we will end up owning a new car, with no mileage on it. Because a lot of Members, as I said, fly back and forth to their districts, they do not need a car.

Now, we talk about our energy, where it is going to go up by 13.5 per cent. I suggest to the House that if the Ministers gave back that \$8,000 for cars, perhaps instead of a 13.5 per cent hydro increase, electricity increase, we could drop down a percentage point or two for the poor people of the Province, if we are going to place great emphasize on the poor, and I think we should. I really think we should place great emphasizes on it. I think those are the people who have to be helped, so before the Cabinet Ministers are helped to \$8,000, let us start by helping your Department. Let us do it. Let us start by putting more money into Social Services, more money into health care. The Minister of Health would certainly agree with that, and I am sure he would be satisfied to forfeit his \$8,000 as it pertains to that car. That is the biggest - what? What would you call it?

An Hon. Member: Rip-off.

Mr. Parsons: Rip-off. There is more to it. There is another word.

An Hon. Member: A scam.

Mr. Parsons: It is scandalous thing that this Government aspired to, giving themselves that amount of money and remain with a new car. Now what will they do with the new car? Will they give the

new car to their wives - because it will still be a new car - and start off from scratch again, another \$8,000 to go out and buy another new car?

Mr. R. Aylward: No, they will never do it the fifth year, because they will be gone.

Mr. Parsons: No, you will not do it the fifth year, because you will be gone. The people are going to catch up with you, there is no doubt. Right now, as I told you before, you are hiding under the veil of Meech, you are hiding in the river of Meech.

An Hon. Member: Your time is up.

Mr. Parsons: By leave, Mr. Chairman. I am just getting warmed up.

Mr. Chairman: Order, please!  
Order, please!

An Hon. Member: No leave.

Mr. R. Aylward: Hop in your car and drive off into the sunset.

Mr. Parsons: Driving off into the sunset with their new cars.

Mr. Chairman: Order, please!  
Order, please!

The hon. the President of Treasury Board.

Mr. Winsor: Mr. Chairman, the hon. Member was giving an entertaining speech; I was enjoying it, I must say.

I move the Committee rise and report progress.

An Hon. Member: No, no, Mr. Chairman.

Mr. Chairman: Order, please!

It has been moved and seconded that the Committee -

Mr. Rideout: A point of order, Mr. Chairman.

Is the Bill still in Committee, or what? I want to raise a point of order, Mr. Chairman.

Mr. Chairman: The hon. the Opposition Leader on a point of order.

An Hon. Member: Don't you understand the procedure? What is wrong with you?

Mr. Rideout: No, I do not mind admitting that I do not understand the procedure. I am human. Is it appropriate to move this motion at any time?

An Hon. Member: Yes.

Mr. Rideout: You don't have to wait until 5:00 p.m. to move it. Because if that were the case, we were prepared to continue the debate until 5:00 p.m. That is the point of order.

Mr. Chairman: It is appropriate to move the motion at any point.

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

Mr. Speaker: The hon. the Member for Trinity - Bay de Verde.

Mr. Chairman: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report that they have adopted a certain resolution and recommend a Bill be introduced to give effect

to the same, and ask leave to sit again.

On motion, report received and adopted, resolution ordered read a first and second time, Bill ordered read a first, second and third time.

On motion, resolution read a first and second time.

On motion, a Bill, "An Act To Amend the Financial Corporations Capital Tax Act", read a first, second and third time, ordered passed and its title be as on the Order Paper. (Bill No. 26).

Mr. Speaker: The hon. the Government House Leader.

Mr. Baker: Thank you, Mr. Speaker. I need a little bit of time to go over my plans for the near future. I have indicated to some Members opposite items I intend to bring in as soon as I can bring them in. There are a number of Bills ready to go before the House: Bill No. 5, on Teachers' pensions - I will just do it slowly - Bill 14, the Money Purchase Plan, that is one of the ones I hope to bring before the House very shortly; Bill No. 30, I would like to proceed with very quickly as well. Also, Bills 40, 8, and 41, which have to do with the Department of Justice, I would like to proceed with these quickly. In addition, Mr. Speaker, some other Bills that are ready are Bills No. 26 and 27, they are already at the Committee stage, I believe, and Bill No. 18.

Mr. Rideout: Tell us what we are doing the next day, that has been the custom. You are speaking about (inaudible) now. Tell us what we will be doing next day, Monday.

Mr. Baker: I will get to that in a minute.

Bill No. 7, the Mineral Act.

Mr. Rideout: On a point of order.

Mr. Speaker: On a point of order, the hon. the Leader of the Opposition.

Mr. Rideout: Mr. Speaker, it is customary, near closing time on a Friday morning or any day of the week, for the Government House Leader to stand by leave and let the Opposition know what order of business is expected to be dealt with the next day; sometimes it might even be the next day or two. But to go on for 10 minutes with a whole list of Bills that may or may not ever see debate in this House for the next two, three or four months -

An Hon. Member: (Inaudible).

Mr. Rideout: Mr. Speaker, will you keep the Minister quiet, please.

The point of order is simply this, Mr. Speaker, the Government House Leader is not standing on any order of routine business. He is standing by leave of the House, and he is not having leave of the House to go on for 10 minutes telling us what he might do between now and Christmas Eve.

Mr. Speaker: The hon. the Government House Leader.

Mr. Baker: To that point of order, Mr. Speaker; the Opposition Leader is getting a little testy right now.

Mr. Rideout: You were testy at 12:00 p.m. today.

Mr. Baker: I was as calm as I am now.

I was speaking for about 25 or 30 seconds, and I was almost to the end of it. So it was not 10 minutes and so on, as the Member suggests. If he would just be patient -

Mr. Rideout: No, Mr. Speaker, I am not going to be patient. The Member is going to either rise on some routine point of business or I will rise again.

Mr. Speaker: As the hon. the Leader of the Opposition says, it is discussing routine business. If there is not consent, then the Chair will have to adjourn the House at 5:00 p.m. In order to carry on routine business, normally there is agreement on both sides. I would ask the hon. the Government House Leader to please clue up.

Mr. Baker: Thank you, Mr. Speaker. I do not have leave to finish that off in a few seconds?

Mr. Rideout: Just tell us what you are going to do Monday. You have leave for that.

Mr. Baker: That is a little bit vague, and there is reason for it. I have already explained it to the Member for Harbour Main, who was asking about it earlier.

As I say, you are a bit testy. It is a little bit vague, simply because there two offshore Bills that I suspect will be dealt with by the Committee on Monday. Now, I am not sure. If they don't get dealt with by the Committee on Monday, then I will not call them Monday. If they do, then I intended to bring in Bills Nos. 34 and 35 right away. Other than

that, I intend to deal with the ones I suggested had to be done a moment ago: Bills Nos. 14, 30, 48 and 41. These were the ones I would give precedence too. Okay.

Mr. Rideout: Okay.

Mr. Baker: I move that the House at its rising do adjourn until 2:00 p.m. Monday, and that this House do now adjourn.

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Rideout: Mr. Speaker, the motion to adjourn is debatable, as I am sure Members realize. I have five or six minutes on the clock, and I intend to debate the motion to adjourn.

Mr. Baker: A point of order, Mr. Speaker. (Inaudible) motion to adjourn is not debatable.

Mr. Rideout: Yes. it is. To that point of order, Mr. Speaker, we can have a look. I am sure your Honour probably has it right at your fingertips. My understanding is that a motion to adjourn is debatable. If my understanding is wrong, then obviously I am in your Honour's hands. But if my understanding is correct, I intend to debate the motion. If it's not, then I can't, obviously.

Mr. Speaker: It is the understanding of the Chair that a motion to adjourn is not debatable, but a motion to adjourn to a time specific becomes debatable. If hon. Members will allow me to recess for as quickly as possible, a minute or two?

Mr. Rideout: Sure.

Mr. Speaker: The Sergeant-at-Arms may take his place. The ruling is

as I stated earlier, that a motion to adjourn is not debatable, but a motion to adjourn to a specific time, as the Government House Leader has put, is debatable. I call on the Opposition Leader.

Mr. Rideout: Thank you, Mr. Speaker. The motion is to adjourn until tomorrow, which is a certain time, so that is a debatable motion. Mr. Speaker, in the five minutes left on the clock I simply want to say that this is the first time in a long time that Members were not permitted to adjourn at the normal adjournment hour on Friday.

Mr. Baker: That has already been dealt with.

Mr. Rideout: I do not care, Mr. Speaker, it is going to be dealt with again until five o'clock. It is the first time in a long time, Mr. Speaker. Members make plans and commitments to graduations or whatever in their constituencies, and to be so dictatorial and so discourteous, Mr. Speaker, with a minute or two left on the clock, to tell Members at one or two minutes to normal adjournment on Friday that they are coming back, the Government House Leader has left, certainly, a sour taste in the mouths of all Members on this side and a lot of Members on the other. Now I am saying to the Government House Leader, Mr. Speaker, he can take that just how he likes, take it exactly how he likes. We have been, on many, many occasions in this House, in our time in Opposition over the last twelve months, very, very co-operative; we made it clear that we were not going to filibuster on Interim Supply, as past Oppositions have done.

Except for the recision motion on

Meech Lake, Mr. Speaker, which we felt very, very strongly about, the Government House Leader has never had a worry, so far in his term, of getting legislation and motions through this House - never had a worry so far, Mr. Speaker. But I can tell you, with the actions of the Government today, the Government House -

An Hon. Member: What do you call this?

Mr. Rideout: Call it what you like, I do not care. Mr. Speaker, with their actions of today, there will be no more co-operation for the rest of this session, I am telling the Government House Leader now. And if I can do it, Mr. Speaker, then this Bill will not be through this House this time next week, Bill 31. The Government is going to learn a lesson the hard way for the way they dictatorially dealt with this House today. Now, I do not care what their agenda is.

Dr. Kitchen: Don't be so foolish!

Mr. Rideout: Listen, Mr. Speaker, why doesn't the Minister of Finance go talk to the restaurant owners he is putting out of business? He received their petition, he received their letters, why doesn't he go talk to them? Why doesn't he go talk to them about the jobs they are losing, Mr. Speaker?

The fact of the matter is, Mr. Speaker, all bets are off because of what the Government House Leader did here today. And if there are two of us, my friend and my colleague, or my colleague there, if the Government must that Bill 31, we can keep it in Committee, Mr. Speaker, forever, unless the Government House Leader

moves closure to get it out, and that will take us until one o'clock the next morning. You can grin all you like, but, Mr. Speaker, the Government House Leader blew any hope of co-operation here today. And I do not care whether it is June 20th. now or June 15th., or whatever, I do not know what his agenda is and I do not want to know, because I do not care. Because of the way Members were dealt with in this House today, I have no intention as Leader of this Opposition of doing any deal with the Government House Leader because of the way he rubbed everybody's nose in the heights of discourtesy today.

An Hon. Member: You don't know what happened, do you?

Mr. Rideout: I do not care what happened, Mr. Speaker. I don't care.

Mr. Efford: (Inaudible).

Mr. Rideout: Mr. Speaker, would you use Beauchesne to stifle the hon. gentleman, please! There is only a minute or so left on the clock. I do not care what happened.

Mr. Speaker: Order, please!

Mr. Rideout: There is nothing that could have happened that would dictate this House coming back at 12:00 p.m. on a Friday. We have done it before by agreement so we could finish up a session an hour or so later, but nothing could dictate the dictatorial tactics of the Government House Leader today, Mr. Speaker, nothing, barring the nation falling apart. And the nation might fall apart Monday or Tuesday, thanks to the Premier, but nothing but pig-headedness

could dictate -

An Hon. Member: (Inaudible).

Mr. Rideout: I do not care if it was a misunderstanding, I do not care what it was, there could have been an apology and we could have gone on as normal. But to have Members' noses rubbed the way they were today, it was wrong and the Government House Leader lost all respect on this side and it is going to take him some time, Mr. Speaker, to earn it back.

With that, Mr. Speaker, it is 5:00 p.m. and you, Sir, are forced to adjourn the House.

Mr. Speaker: It is moved and seconded that this House do now adjourn. All those in favor, Aye.

Some Hon. Members: Aye.

Mr. Speaker: Those against, nay.

This House now stands adjourned until Monday at two of the clock in the afternoon.



Province of Newfoundland

FORTY - FIRST GENERAL ASSEMBLY  
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***VERBATIM REPORT***  
***(Hansard)***

*Speaker: Honourable Thomas Lush*

The House met at 7:00 p.m.

Mr. Speaker (Lush): Order, please!

The hon. the Government House Leader.

Mr. Baker: Motion 1, Mr. Speaker.

On motion, that the House resolve itself into Committee of the Whole on Bill 28, Mr. Speaker left the Chair.

#### Committee of the Whole

Mr. CHAIRMAN: Order, please!

The hon. the Member for Ferryland.

Mr. Power: Mr. Chairman, I want to have a few words about this very, very ill-conceived payroll tax. A tax, Mr. Chairman, that was probably -

An Hon. Member: (Inaudible).

Mr. Power: No, I would not say that. If other things were as ill-conceived as his payroll tax, then there are a lot of ill-conceptions around here for sure. Which may not be bad for the Province if there was, probably.

Mr. Chairman, certainly the payroll tax is one of the taxes in this Province that has caused a tremendous amount of anguish and concerns for an awful lot of businesses, an awful lot of organizations relating to education in this Province and health care.

The simple fact of it all, Mr. Chairman, is that there are an awful lot of people in this Province who run very small

businesses who are marginally on the borderline of going bankrupt on any given day, who are always finding it very difficult. One of the great nuisances to small businesses in this Province is the bureaucracy, the red tape, the paying of taxes. And when new taxes are implemented that companies do not understand, it just makes life extremely difficult for anyone who is involved in small business.

I know a lot of small businesses in my District that are relating to the fishing industry. Mr. Chairman, how do you make a living in the fishing business in Newfoundland today when you look at the vast number of regulations that they have to conform with in order just to get in business in the first place. Then when you look at all off the handicaps to create some employment in Newfoundland, to allow some persons to create some meaningful employment, and you get a tax like the payroll tax that comes in on top of it, it is just unfair.

And I will say to the Minister of Finance, as I often said to the Minister of Finance in our own Government; that sometimes the simplest, purest, most fair way to collect a tax, is to do it on income tax, Income tax for corporations, income tax for individuals. I told the same thing to our Federal Minister in the Cabinet of Canada that if you are going to collect a certain amount of tax, you are a lot better off collecting it in the form of income tax, so that the persons most able to pay, do pay. The companies that make the most profit, pay the most. And that is an awful lot better than this payroll tax kind of situation that we are into, where an awful lot of

bureaucracy is involved, an awful lot of wastage of Government time - personnel down in the Ministry of Finance, trying to collect the tax. Another group in the Minister of Finance's Department trying to rebate the tax to somebody else.

So you have one crowd collecting it, you have another crowd bringing up and passing out cheques to make sure that the school boards and some of the hospital boards and all the other agencies around the Province who were not supposed to pay it, were not meant to pay it - but the tax was so ill-conceived, so poorly drawn up, and so poorly implemented that an awful lot of organizations ended up having to pay the tax that they should not have.

The arbitrary figure of a \$300,000 payroll is very, very unfair. I sent the Minister of Finance a letter, and I suppose he communicated back to the individuals involved - but one company which has a \$400,000 payroll in a fabricating plant is surrounded by five or six small fabricating companies whose payroll is in the \$60,000 or \$70,000 range. This man who runs the company, which has been in business for 15 years, now has to pay 1.5 per cent, charge 1.5 per cent extra on all his quotations, for all his welding and fabricating that he was doing otherwise. He is now at a substantial disadvantage in a small local area, by trying to compete, when he has to pay the tax and his company has to pay the tax and somebody else does not have to pay the tax.

Mr. Efford: That is not right.

Mr. Power: But the Minister of Social Services knows that it is right. The simple fact is that when a man makes a bid, when the company makes a bid, there is a cost. Is the Minister of social services saying there is no cost to the company with over \$300,000 payroll, that there is no advantage to the company that is under \$300,000, no competitive advantage by having to pay the payroll tax or not pay the payroll tax. The simple fact is, from an accounting point of view, from an expense point of view, you have decided to put the companies in this Province into two different competitive positions and it is simply not fair to some of the companies.

If a company happens to have a payroll of \$300,000 and happens to employ twenty-five people, why punish that person or that company or that Board of Directors for creating employment, which is exactly what this constituent of mine said in the letter to the Minister of Finance, he said, "What you are doing to me with the payroll tax is you are punishing me for creating more jobs than the small company down the road who created less jobs, so the guy who created less jobs gets a reward and does not have to pay the tax. The guy who worked hardest, was most innovative and really went out and took some chances and created some employment, is now being punished for doing that".

And that is what my constituent asked the Minister of Finance. I have not seen an answer and I suspect that maybe my constituent has not seen an answer because there is no answer to that. It was a very arbitrary, ill-conceived tax that was not thought out, it is not going to

bring into this Province the revenue that it should bring in, and all it is is a nuisance and a nightmare for many businesses and many corporations in this Province and it is very unfortunate.

An Hon. Member: You are saying any tax would be wrong?

Mr. Power: Any tax would be wrong, but if you put in income tax and you charge companies based on the amount of income that they earn, then it is perfectly fair, everybody above a certain level, \$60 thousand, pays the tax, everybody above \$100 thousand. But what you are saying to some of the business people is that if you did your job well, if you created employment, and really worked up, yes and you showed some initiative, now what we have got to do is punish you because we are angry with you, we are upset with you because you created jobs. Now if this Administration opposite is going to punish the people who are creating the most jobs, twenty-five is worse than twenty, then I will guarantee the troubles of that Administration are going to be compounded many times over in the next four or five years, when you look at the shortage of jobs in this Province, when in effect I would not mind them collected the tax if they were doing something with it productive, if there was something new happening, something innovative happening from this Administration, then you might say, okay.

I mean what is happening in the fishery? Show me, in the biggest crisis, besides the Meech Lake crisis nationally, the biggest crisis that this Province is going to see. The Minister of Social Services is going to get his share

of the \$15 million, no question at all, you may get it all and a lot more besides, but it will be a reactive way. We are trying to pay money, give money to people to keep them alive in response to something that has happened.

But what has really happened, show me. The Minister of Fisheries is not here now. What has the Minister of Fisheries done in the last six months to respond to the fisheries crisis.

An Hon. Member: Nothing.

Mr. Power: Not a cent spent, not a cent extra spent, just a regular budget, and in some parts of his budget it was actually cut back. And all I say to the Minister of Finance is that there has to be a better way to collect tax than the payroll tax. It is not fair, it is not fair in how it is implemented, it is too bureaucratic, it is wasteful from the part of staff in the Department of Finance, it is wasteful to have to rebate cheques, it is confusing to a lot of persons who would like to create employment in this Province, and I can only say that this payroll tax, of all the things that the Minister of Finance has done in his two budgets and of all of the things that this Administration has done, this was the biggest blunder that you had, and I suspect that next year you will find the Minister of Finance will find some way to do away with the payroll tax and find a more equitable way to collect taxation in this Province.

Thank you Mr. Chairman. Mr. Chairman: The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much

Mr. Chairman.

I want to continue where I left off just before 5:00, Mr. Chairman, because I think that if the Minister of Finance had his time back again, I believe, and I could be corrected by the Minister of Finance, but in his short time as Minister of Finance, I believe this was the biggest blunder of his short political career with this new Government, Mr. Chairman, and he shook his head no.

Now, Mr. Chairman, in fact he made another blunder, I think, when he said something about short and curly hair. So he made a couple of blunders, and I am sure, Mr. Speaker, when he spoke about short and curly hair, he was not talking about me. I am sure he was not talking about me, Mr. Speaker. So I guess the biggest blunder was made by the Premier. The biggest blunder was made by the Premier, in giving the Member for St. John's Center the post of Minister of Finance, that was the biggest blunder. Mr. Speaker, I want to get back to this very important subject because I think, today, at least for some degree, I had the attention of two or three Members opposite. I, Mr. Speaker, for one, cannot, sit idly by, or stand idly by, and allow the military, allow the military -

Mr. Chairman: Order please, order please. I ask hon. Members to my right here, if they could discontinue their conversation or continue it outside.

An Hon. Member: To your left.

Mr. Chairman: To my left, I am sorry.

Mr. Warren: Now Mr. Speaker, the hon. gentleman from Port aux

Basques, LaPoile District asks, 'what does this have to do with payroll taxes?' And that is exactly what it does. Mr. Speaker, it is because the military are not liable for this tax, and they have a payroll of nearly \$3,000,000 in Newfoundland. They have a payroll of nearly \$3,000,000 in this Province. Mr. Chairman, I would hope anybody who employs anybody in our Province, the Province, the land, the country, that is part of our Province, is up to our Government, is entirely in the hands of this Government.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, I think the hon. gentleman should call Ottawa again.

An Hon. Member: I agree.

Mr. Warren: Mr. Chairman, regardless of when people are working on our territory, in our land, they should be liable to the tax. Mr. Chairman, my colleague from Eagle River, my Colleague from Eagle River, has spoken again. In fact, Mr. Chairman, I looked at television supertime.

An Hon. Member: (Inaudible).

Mr. Warren: I looked at television supertime, Mr. Chairman, and I saw my colleague -

Mr. Chairman: Order please, order please!

Mr. Warren: - I saw my colleague on television supertime, and I think, I do not know his exact words, but I think he said, 'when I got this job I never knew that I would have to make such a serious decision.' Let me say to my hon. colleague, let me say to you, my

hon. colleague, I am in my eleventh year now in a few days time.

An Hon. Member: (Inaudible).

Mr. Warren: Let me say to my hon. colleague now, that in another ten days -

An Hon. Member: (Inaudible).

Mr. Warren: - that is right, Mr. Chairman. I said to my hon. colleague that, and I have to agree with what he said, when the people in Eagle River, decided in their good wisdom, to elect the hon. gentlemen.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, I would not argue with the hon. gentleman. I will not argue because I think they made a good decision. I think they made a good decision. And, however, I should say to my hon. colleague, that when the free vote takes place in this Legislature in a few days time, remember Mr. Chairman, that your District is right on the border of Quebec. Your District and the Quebec boarder is the same border. And your friends in Blanc-Sablon and your friends in Long Point and your friends up in St. Paul, they are all the friends of your own constituents. And remember we are a part of Canada, we are part of this great country of ours, and we are proud to be Canadians. And, Mr. Speaker, I would hope that my hon. colleague from Eagle River will take the opportunity, take the opportunity to cast -

An Hon. Member: (Inaudible).

Mr. Warren: - Mr. Speaker, what has that to do with the native

people?

An Hon. Member: (Inaudible).

Mr. Warren: Now Mr. Chairman, let me say to my hon. colleague from Placentia, what does that have to do with the payroll tax?

An Hon. Member: Yes.

Mr. Warren: Mr. Chairman, let me say to my hon. colleague, it has a lot to do with our payroll tax because after the 23rd, we will need more than a payroll tax to survive in our Province.

An Hon. Member: That is right!

Mr. Warren: We may need more than a payroll tax to survive after the 23rd.

So let us keep that in mind.

Mr. Chairman: Order, please!

I want to remind the hon. Members to my left that it is unparliamentary to be interrupting a Member when he is speaking.

The hon. the Member for Torngat Mountains.

Mr. Warren: I thank you very much Mr. Chairman. I overheard one of my colleagues ask, what does something have to do with the native people.

Mr. Chairman, let me just tell my hon. colleagues one other thing.

An Hon. Member: (Inaudible).

Mr. Warren: The native people, the Labrador Inuit Association, is funded by the Federal-Provincial Native Peoples Agreement.

Mr. Hogan: A point of order, Mr.

Chairman.

Mr. Chairman: Order, please!

The hon. the Member for Placentia on a point of order.

Mr. Hogan: The remark that was made, Mr. Chairman, was what does the payroll tax have to do with the 23rd of June, not what did it have to do with the native people, just a point of clarification.

Mr. Chairman: There is no point of order.

Mr. Hogan: They will twist anything.

Mr. Chairman: The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you Mr. Chairman. The Labrador Inuit Association which is the largest native association in this Province, has a payroll in excess of \$300,000.

An Hon. Member: Hear, hear!

Mr. Warren: And this is money through the Federal-Provincial Native Peoples Agreement, okay.

An Hon. Member: You said that already.

Mr. Warren: Okay, and I am going to say it again, and I will say it again until the hon. Minister understands.

Some Hon. Members: Hear, hear!

Mr. Warren: And if you want me to start again, I will start again.

However, I would hope the Minister of Finance will answer this question.

How can the Minister of Finance charge a tax to a native organization with a payroll of over \$300,000 when this money that they got for their payroll of over \$300,000 comes from grants from the Federal Government. I wonder is that legal. I am just wondering would that be legal to charge the LIA a tax on their payroll of \$300,000 when all of their funding is coming from an agreement that was signed by the Province and by the Federal Government. I am just wondering if that would be legal.

An Hon. Member: (Inaudible).

Mr. Warren: No, that is a different subject all together now. In fact, we are talking about the LIA and the Native Peoples Agreement.

An Hon. Member: (Inaudible).

Mr. Warren: Now Mr. Chairman, do you want me to start again.

An Hon. Member: Throw it back at them.

Mr. Warren: Mr. Chairman, I know it is very difficult for my colleagues opposite to understand anything about Labrador.

An Hon. Member: Now, now!

Mr. Warren: Mr. Chairman, if my hon. colleague from Eagle River understood a little bit about Labrador, he would have been down to the Littledale Conference Center last week to speak to the Reform Commission.

An Hon. Member: Hear, hear!

Mr. Warren: Now Mr. Chairman, he did not turn up.

An Hon. Member: (Inaudible).

Mr. Warren: He did not turn up at the Reform Commission.

A tax that is the biggest grab by this Government for ever so long.

An Hon. Member: (Inaudible).

Mr. Warren: Once in a while when I am speaking about this tax, I am obliged to talk about other subjects, Mr. Chairman, and my hon. colleague from Eagle River said something about Meech Lake and about the LIA.

An Hon. Member: (Inaudible).

Mr. Warren: Now, my hon. colleague from Eagle River said something about the LIA and Meech Lake, I did not get the rest of his conversation but they agreed with Meech Lake.

An Hon. Member: (Inaudible).

Mr. Warren: Oh you are asking me do the LIA agree with Meech Lake.

An Hon. Member: Yes.

Mr. Warren: Now Mr. Chairman, I listened to the Premier today and his statement to this House, and he said, I think, in some words, sir, that we would be given the opportunity to visit our constituents and we were to find out what they think. Let me say to my hon. colleague from Eagle River that the Membership of the LIA put me in this Legislature on four occasions.

An Hon. Member: (Inaudible).

Mr. Warren: And I am confident that they will put me in here for another time too.

An Hon. Member: (Inaudible).

Mr. Warren: I am sure they will put me in here again.

An Hon. Member: (Inaudible).

Mr. Chairman: Order, please!

Mr. Warren: Thank you, Mr. Chairman. I guess it all ties in around the payroll tax because after all, Mr. Chairman, it is the LIA that has to cough up \$23,000 next year to this Government for an extra payment towards this payroll tax.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, several times in this Legislature, since last year, I have heard the comment come up about a bathroom. I do not know if all gentlemen opposite, and ladies, want to use the bathroom or not. I do not know. But every now and then when I am speaking, there is a reference made to a bathroom. So let me just say something to you fellows; it is very ironic - I would think that this past week, with the number of individuals that travelled with the Premier to Ottawa, it went pretty close to the price of that bathroom. So let us leave it at that. I would say that the price of that bathroom was exceeded this past week by the delegation that travelled to Ottawa, and Hull, Quebec, with the Premier.

An Hon. Member: We know who used the bathroom in Ottawa the most.

Mr. Warren: And, Mr. Chairman, just let me say to my hon. colleague from St. John's South; that I wish him the best of luck in his District. Keep working hard for your District, keep

working hard for all those people who are laid off down in the fishplant, because they need the assistance of a strong dynamic individual and Member from the District. And I do not think they really have it in the Member.

Some Hon. Members: (Inaudible).

Mr. Warren: Yes, Mr. Chairman, I would say to my hon. colleague; I have no doubt that the Member for St. John's South, or the Member for Eagle River, - and Mr. Chairman I suppose I have to say this, the Member for St. George's. It is a good thing they have good eyeglasses on this side, or good eyes, because we never know he is here, we only just see him. That is the only way we know he is here.

An Hon. Member: St. George's knows he is here.

An Hon. Member: Not from what they see in the newspaper, they don't.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, I would like to get back to the payroll tax. Could I ask the Minister when he speaks, could he also answer this question.

An Hon. Member: (Inaudible).

Mr. Warren: I know, Mr. Chairman, I am going to the extreme, but could the Minister answer this question. Would CFL Co in Churchill Falls, which has a payroll in excess of \$1 million; are they responsible for the payroll tax?

An Hon. Member: Yes, (Inaudible).

Mr. Warren: Now, they are

responsible for the payroll tax. Here is a company in Churchill Falls - because of actions of the first Premier of our Province, and our present Premier when he was part of that Government, gave away the Upper Churchill, and now Mr. Chairman, what we have left there now they are going to put taxes on. There is where they are coming from. They gave away the Upper Churchill, and the little bit that we have left; now we are going to tax that too.

An Hon. Member: May as well give it all to Quebec.

Mr. Warren: So, you may as well give it all to Quebec. You may as well give it all to Quebec, Mr. Chairman, because that looks like that is what this Government is up to. Mr. Chairman, this summer in my District, and three communities in my District, there is going to be something like \$10,000,000 spent on water and sewage. Something like \$10,000,000.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, I would think that it would have something to do with the former Minister responsible for Labrador, in making sure the Federal-Provincial Agreement was ready to be signed, and making sure that the water and sewage were going to be flowing in all of those native communities within the next two years.

Some Hon. Members: Hear, hear.

Mr. Warren: Now, Mr. Chairman, let us look at Hopedale.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, my hon. colleague, just brought up a very important subject. Now, Mr.

Chairman, I do not care whether the Member from Eagle River wanted to take me on or not. I got one challenge already issued in this House, there is one challenge already issued here.

An Hon. Member: (Inaudible).

Mr. Warren: So until I get a no answer from that one, then I will make the second challenge, but I am not going to make a second challenge until I get an answer from the first challenge.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, I said that I believe everybody in this Legislature should be elected by the people. And there is one person in this Legislature that has not been elected by the people to date. And I was willing to step aside and have a by election called in my District and let the gentleman take me on, and then we will see if he will win or not. But he has not responded to my call. He has not responded. He was up in Hull Quebec for the last seven days, so he just never had time to respond to my call. Now I would say to my hon. colleagues on this side, Mr. Chairman, that I do not want them to interrupt me either, because I am just getting into the real meat of my speech. I am just getting into the real meat of my speech Mr. Chairman.

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, I say to my colleague the Minister of Finance; there is \$10,000,000 to be spent in my District this year, by three contractors. And you know, Mr. Chairman, what I find very irritating, is that the costs of those contracts, the cost of those contracts has increased

because of the payroll tax. Now my hon.colleague is shaking his head and saying, no. Now, I can sympathize with the hon. colleague from Eagle River, I know he is a young person and everything else, but why would he say no? If a company has a payroll in excess of \$380,000 in Hopedale this summer. So it is 1.5 percent of \$80,000. Now my mathematician from St. John's Center or St. John's South, how much extra is that- 1.5 percent of \$80,000?

An Hon. Member: (Inaudible).

Mr. Warren: \$1,200.00 OK, now that is \$1,200.00 that this company would not have to charge. So, Mr. Chairman, what I mean here now, is that there is one person, there is one family in Hopedale will not get their hook-up this year, because of this payroll tax. Because of this payroll tax there will be one family who will not be able to get their hook-up this year to their house. Now, Mr. Chairman, it might cost \$40,000.00 in St. John's, but it does not cost \$40,00.00 in Hopedale.

Mr. Chairman: Order please, order please!

Mr. Warren: Mr. Chairman, let me say to my hon. colleague from St. Barbe, the Minister of Development, if somebody has a payroll over \$300,000 and they have to pay the extra 1.5 per cent; they are going to collect it from somebody else, they are going to pass it along to the consumer.

An Hon. Member: What does that have to do with (inaudible).

Mr. Warren: Mr. Chairman, when the contract is called, and the contract was called after the

Minister announced his payroll tax.

An Hon. Member: What does that have to do with (inaudible).

Mr. Warren: Are you going to tie it into your cost or not? Or you are not that bright, are you? I know you look stupid, don't act it.

Mr. Chairman: Order, please!

An Hon. Member: You are right, he did not have a chance to build it into his contract.

Mr. Chairman: Order, please!

Mr. Warren: Mr. Chairman, I want to continue. I want to go back to what my colleague from Placentia was asking; again, about the military. And he is concerned too, because he is talking about Argentina. Mr. Chairman, why should a company in Dunville have to pay taxes on their payroll of over \$300,000 when just in through the gate, in Argentina, the military have a payroll of more than \$300,000 and they are not paying taxes. I think it is ridiculous, absolutely ridiculous, that they are not paying the taxes.

An Hon. Member: What about the Canadian Air Forces, do they have to pay?

Mr. Warren: No, Mr. Chairman. I said to my colleague, none of the Forces has to pay the taxes. This is a problem. I will stop my speech right away and let the Minister get up and explain to us what Forces pay the taxes, and what Forces do not pay the taxes.

Mr. Chairman: The hon. the Minister of Finance.

Dr. Kitchen: Mr. Chairman, I will gladly clarify that point. The

Canadian Forces pay, but that is if the Federal Government chooses to pay the tax. And they probably will, because they pay it in Ontario, Manitoba and Quebec. So they will probably pay ours. But by previous agreements, the foreign military bases do not pay these taxes.

An Hon. Member: No, they don't pay.

Mr. Chairman: Order, please!

The hon. the Member for Torngat Mountains.

Mr. Warren: Mr. Chairman, I am glad that the Minister clarified one thing. Now, it shows there is even better conditions given to the foreign military than is given to our own military. Mr. Chairman, just look now at what is happening. I have to say, I think it is ridiculous.

Would the Minister answer another question for me? Would the Minister believe it is fair; that two people living in Happy Valley, Goose Bay, one, being a person working with the Dutch Air Force, a person from Holland somewhere. And one would be a resident of Happy Valley, Goose Bay-

An Hon. Member: Why don't you ask?

Mr. Warren: - that is not my question to the Minister yet.

My question to the Minister; do you think it is unfair?.. that is my question. Do you think it is unfair for the person that belongs to Happy Valley, Goose Bay, who has an income of maybe \$15,000, and the person working with the Dutch Air Force, who is a transitory employee in Canada, the two of them go down and buy an

outboard motor as an example. Now, this Newfoundland/Labradorian needs that outboard motor to make a livelihood for himself, to get food, to go out killing seals; things that will help him supplement his income. The other person that is using the outboard motor, to get aboard a boat, and go out in Lake Melville for fun. Do you think, sir, as Minister of Finance, that this person that is a born Labradorian has to pay taxes on his motor, but the guy from Holland should not pay taxes? Does the Minister want to answer that one?

An Hon. Member: (Inaudible).

Mr. Warren: Yes, Mr. Chairman, I am talking about taxes period. A sales tax or anything else. Now, does the Minister think that is fair? Because that is what is happening now. And that is why you get people in Happy Valley, Goose Bay against each other.

An Hon. Member: Did you support it when you were in Government?

Mr. Warren: No, I did not. Mr. Chairman, I never support taxes for the military against our own people. And let me just say to my hon. colleague that what I do in the Cabinet was secret and what you do in the Cabinet is secret.

An Hon. Member: (Inaudible).

Mr. Warren: Now Mr. Chairman, let me just say to my hon. colleague that I never support taxes being exempt for military people when I see my own people on the Labrador coast that have an income of six or seven thousand dollars a year and having to pay taxes. It is unfair.

Some Hon. Members: Hear, hear!

Mr. Warren: That is very unfair, Mr. Chairman. I know I have only thirty minutes left so I am going to have to make it short.

An Hon. Member: Go right ahead, keep her going.

Mr. Warren: I beg your pardon.

An Hon. Member: If the base were in Nain, you would support it then.

Mr. Warren: Now Mr. Chairman, I will tell you this, my friend, I would like to see the day when I would support any military activity in my District. I would never, Mr. Chairman, support military activity in my District. And you know why, because the people in my District have to live off the land in order to survive. And even today they cannot live off of that land the way they used to do it because of military activity in Labrador.

An Hon. Member: That is right!

Mr. Warren: That is why they cannot live off the land that they used to live off, Mr. Chairman.

An Hon. Member: They have got everything frightened to death.

Mr. Warren: I am against military activity in Labrador when it affects my District, yes.

An Hon. Member: (Inaudible).

Mr. Warren: I tell my hon. colleague down here first, way down yonder in Bonavista, is that I am against low level flying if it affects the environment, the wildlife, and the health of the people. And there are indications showing that, at present, it does

affect some of those issues.

An Hon. Member: So you are against low level flying.

Mr. Warren: Mr. Chairman, let me say to my colleagues one more time, I have to repeat myself again, that I am against low level flying if it affects wildlife, health and the environment. And as of now, Mr. Chairman, there are indications that low level flying is affecting some of those issues.

An Hon. Member: (Inaudible).

Mr. Warren: Therefore, Mr. Chairman, I am against low level flying if it affects wildlife, environment and health, and I will continue to say that time and time and time again. Now, do you want me to repeat it.

An Hon. Member: (Inaudible).

Mr. Warren: If you want me to repeat it just in case the media did not hear me, I will say it again.

An Hon. Member: Say it again.

An Hon. Member: Thank you.

Mr. Warren: If low level flying affects the wildlife, the health and the environment in Labrador, then I am against low level flying.

An Hon. Member: Right on!

Mr. Warren: Now, I have not changed by position in the last five years.

An Hon. Member: That is right!

Mr. Warren: My position has not changed, and it will not change, Mr. Chairman.

An Hon. Member: (Inaudible).

Mr. Warren: What was that, I did not hear it?

An Hon. Member: (Inaudible).

Mr. Warren: Now Mr. Chairman, let me say to my hon. colleague, the Minister of Health, yes, I will fly around in a Government helicopter, but I tell my hon. colleague that I would not take my wife with me.

An Hon. Member: (Inaudible).

Mr. Warren: I will not allow my wife to fly on an aircraft, I will not allow my wife to fly on a Grenfell Aircraft.

Mr. Chairman: Order, please!

An Hon. Member: (Inaudible).

Mr. Warren: Mr. Chairman, let me say to my hon. colleague my wife will not-

Mr. Chairman: Order, please!

The hon Member's time is up.

Mr. Warren: Oh oh!

Some Hon. Members: Hear, hear!

Mr. Chairman: The hon. the Minister of Finance.

Dr. Kitchen: Thank you Mr. Chairman.

Some Hon. Members: Hear, hear!

Dr. Kitchen: There have been a number of points raised in the-

An Hon. Member: Come on, let us hear another one now.

Dr. Kitchen: I want to thank the

hon. Member for whatever District you represent, Torngat Mountains, for stimulating me to answer some questions.

There have been a number of questions asked and I have jotted down a few. The Member for Ferryland raised the question that instead of using a payroll we should have raised the income tax. Now I would like to point out that the \$25 million a year we project we will be getting from the payroll tax translates into five percentage points on the Provincial income tax, personal income tax, which now is 62 per cent of the Federal income tax, that will drive it to 67 per cent and that was contemplated, but we rejected it because we thought that that would be quite excessive in comparison with other Provinces.

And I might say too, for the benefit of the Member for Ferryland when he raised that point, that the finance critic on their side chastised us for raising the income tax 2 percentage points last year, and so did the leader of the Opposition. So I would suggest to the Member for Ferryland that he should get his act together with his leader, with respect to his position on whether we should have substituted the income tax for the payroll tax. It would mean that we would have to raise the personal income tax rate from 62 to 67 percent, in order to raise that \$25,000,000 per annum, so that is the reason we did not do that.

I think it was the Member for Torngat Mountains who raised the question of associated companies, because he was saying that people would break up their companies and form smaller companies. There is

a provision in the Act which states that when companies are associated, one of the companies only may make the deduction. So, there is no advantage to them to break up and to claim several \$300,000 exemptions, because the Act is so worded that they cannot do that. So we are protected against that point. But I am glad he raised it, because it should have been clarified.

I might add too, that the tax in Ontario, and the tax in Quebec, and the tax in Manitoba are all higher than the rates we have here. And that in Ontario for example, they have a sliding scale. The bigger the company, the bigger the tax. But it starts off with no exemptions whatsoever. The Manitoba tax has a \$600,000 exemption at the moment. And all these taxes are higher, the payroll taxes are higher than they are here.

I think it was the Member for Kilbride, who raised the question about - I think that is who is was - raised the question of tax evasion, I am not sure, maybe it was someone else. Somebody raised that question anyway, and whether we will be able to get everybody, and whether everybody would be paying. It is quite a simple procedure actually. Because what is reported on the T-4 slip is what is taxable. So when companies file their T-4 slips with the Federal Government, we also have access to that information, and so it is quite easy for us to check the T-4 filings to the Federal Government, so that we can check companies that way. So it is very difficult for them to evade the tax illegally. Now of course, there may be ways for tax avoidance, because tax avoidance is not

illegal. You can do many things to avoid tax, as long as they are legal. And I suppose if you do not want to hire anybody, then you avoid the tax on the people you do not hire, and things of that nature. Or if you substitute capital for labour that would be another way of tax avoidance, if anybody bothers with it. But I do not think very many people are going to bother with it because the payroll tax as a percentage is not a very great amount. One and a half percent is not a lot.

And also, the other point is that we have to keep in mind, is that the tax itself, the tax that a company pays, is deductible from their income. So companies that have an income, can deduct that and therefore, they do not have to pay the tax, their corporate income tax on the payroll tax. They can subtract that as a cost of doing business. A large company may pay say, \$100,000 payroll tax, would probably pay about \$55,000.00 payroll tax because about 45 percent, I do not know the exact figure, but around there, and some of that comes from the Provincial as well, the Federal and Provincial combined corporate tax for large companies is about 45 percent. So basically since it is deductible the companies pay about 55 percent, that is the large ones. The smaller ones pay more because their corporate income tax is less. The rate is less, it is down around thirty, or forty or fifty percent, or whatever it is. And so they will pay considerably more proportionately.

Somebody, I think it was the Member for Humber Valley, asked the question about Newfoundland Farm Products - it was the Member for Kilbride - that is because it

is connected with agriculture it is zero rated this year. That is one of the companies that is zero rated. As you know all the fishing, farming and forestry primary and secondary, for this year, is zero rated. They are taxable, but the tax is zero for this year.

An Hon. Member: (Inaudible).

Dr. Kitchen: I think they will be under the same thing. If they are in the secondary, if it is a matter of distribution, just distributing - buying and selling - then that will be a different case.

An Hon. Member: (Inaudible).

Dr. Kitchen: The cost of personnel - I think the Leader of the Opposition raised the question - how much is it going to cost? When we brought it in, I was assured by the people who looked over it in our Department, that we would not have to hire additional people. And they thought that they could get by with the amount budgeted, because there is a lot of money budgeted in Finance for computer programming anyway. One of the large expenditures in the Department of Finance is for computers and computer programming, because of all the tax collections and all the keeping of the payrolls and all the things that are done in Finance, computerization is a very large proportion of our budget, by comparison with other Departments for example. And so they thought there would be enough there that they might be able to cover it. I have since learned that perhaps they are not absolutely certain of that, but they think it will be alright. They still think it is alright, I checked with them

recently on that and they thought that they might come out alright. Even though the computer programming was slightly as was indicated, it was more complex than they thought it would be at the beginning. As far as the hiring is concerned, at the moment it looks as if we will not have to hire anymore. That will be great. If we do have to hire some extra, it will not be very many. It looks now that we will not have to hire anymore. So that means that the cost of administrating the payroll tax from the Government's point of view is not going to be very great. One Member, I do not know who it was, raised a question of filling out the forms, and we are going to have people who will have to fill out forms, but they will not be complicated forms, they will be as simple as possible. Everyone will have to register, but we are doing everything we can to keep this form very simple. We are hoping too, that people who fall under the \$300,000 exemption will not have to file too frequently. We are thinking they will have to file, but perhaps annually, or something like that after a while.

An Hon. Member: (Inaudible).

Dr. Kitchen: Oh yes, I appreciate that, I appreciate that, sure. I was just reading here the Canadian Federation of Independent Businesses, the one that Peter O'Brien heads up for the Atlantic area, he and John Bullock mentions one of the biggest problems they have with the taxes is, of course, people having to fill out forms, particularly businesses, and it does intrude on the time that a person has in getting their business profitable. I would think that is one of the more negative aspects of this tax.

That even having to fill out an extra form for some, with all the other cumbersome machinery of Government. But we had to take that choice, and we are going to make it as simple as we possibly can, and if people do have trouble with that, they should get in contact with us, and we will make it as simple as possible. I do not really think it is going to be that complicated, certainly not as complicated as filling out your personal income tax form. That is for sure. There is one question, I think the Member for Humber East raised a question of the mainland based companies. The mainland based companies, and we have been considering that problem, because there are mainland based companies who are operating in the province. For the personnel that work in the Province, they will have to pay tax, the payroll tax on their personnel who are in the province. There is no doubt about that. That problem is under control. But the other part, is what about the management, that maybe located in another province? Now undoubtedly this would not be a large amount. So the question is; how much of the management salaries of somebody say in Quebec or Nova Scotia, or something like that, who also sort of supervises in Newfoundland, how much is really Newfoundland? There is a provision in the act, we have it here and we are checking it out legally. It has come up and there is some doubt that it would be possible for us to collect that, in law. But we are exploring that very carefully to see, because if there is any way for us to get it, we are going to get it. But it may not be possible. But we are having it checked out, we have been working on it for a while. But we have so worded the act, that we can do it

by regulation, without having to come back to the House for an amendment, if that is possible. I refer you to Section 2L where remuneration includes all benefits and so on. That is keyed in to Section 32.J, which gives regulations - the Lieutenant Governor in Council the power to make regulations defining, enlarging or restricting the meaning of a word. So the Cabinet, if you like, can change the meaning of a word slightly here, and that will give us the possibility - if that becomes legally possible, to get the tax from these mainland companies for their mainland personnel as attributable to Newfoundland operations, then we can get at them. We have to check it out to see if it is legally permissible to get it. And if we can at all, we will get the tax, based on their mainland personnel as well, but we are not sure we can get that.

Mr. Chairman, these are all the notes that I have taken; there may be some other questions and if so I will try to answer them.

Mr. Chairman: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Chairman. I would just like to make a few comments on this particular act. The Minister answered a couple of questions that I was prepared to ask, and one particularly to the number of inspectors. I sort of thought that there would be a need for a greater number of people in finance to administer this particular tax. Apparently that is not going to be the case.

I think the question has been asked before, but I wonder if the

Minister when he rises again, could elaborate for members; how many businesses he expects to fall under the guidelines of this particular act. I am sure by now, that the Department has done an assessment to determine what the number of businesses they can expect and sort of fine tune the figures. Because early in the budget debate on this particular bill, this act and this tax measure, we had concerns about whether or not the Minister's figures were indeed correct, or the predictions were anywhere close to being realistic, particularly when we realize that the tax is labeled as a help to post-secondary education tax. First we were led to believe it would not apply to education and health institutions in the Province. So I am just wondering if the Minister, when he rises again, would give some indication as to how many businesses might be affected by this particular payroll tax.

There is a couple of other things that I have noticed in perusing the bill. I think the Minister is proposing to charge, I think it is 10 per cent for anyone who fails to meet the monthly deadline, a penalty of 10 per cent of the amount of the tax that is unpaid at the time required. I know now that businesses are required to remit retail sales tax and so on at periods of time throughout the year. Is this penalty consistent with the penalty on the retail sales tax, if businesses do not remit on time? Is the 10 per cent for them, or is this 10 per cent that we will now see on people not meeting the deadline of the payroll tax? Is this a greater penalty, than say we would charge under other tax assignment? I am not sure what the requirement is

under retail sales.

And there is one other interesting point about this, Mr. Chairman, that is the Legislative Review Committees again. It is my understanding that this bill is due to come to the Legislative Review Committee, I believe it is Thursday coming, of this week. And it is quite conceivable that this particular piece of legislation, this bill could be conceivably passed by that time. So I think it is the second or third time that this has happened. And it sort of throws the Legislative Review Committee process out of whack, and makes you wonder at times what it is all about. But I am sure perhaps the Government House Leader might want to have something to say about that when he gets a chance.

But on the payroll tax, in general, Mr. Chairman, we have had concerns about this tax since it was first announced by the Minister in his budget, back in early March, I am not sure of what the date was. Of course, it sort of came out of the blue, a new concept for the Province, a new payroll tax, and we found out that other Provinces that have already had this tax were looking very seriously at doing away with it. And of course that raised very serious concerns for us, it raised serious concerns amongst the business community of the Province once they became familiar with what the Minister was proposing.

Now it took quite a period of time before the Legislature and people out and about the Province knew exactly what the details of the payroll tax were, and once it started to leak out, of course, it very quickly became a very unpopular measure coming out of

this year's Budget, and there is still a fair bit of concern out and about the Province in the business community that this payroll tax is going to very negatively affect existing business in the Province.

It is going to be a big deterrent to the establishment of new business ventures in the Province because, you know, the money situation is very tight, the economy is tightening up and people are finding it more and more difficult to keep existing businesses operating, and this payroll tax is going to hurt and harm existing businesses and prospective new business in the Province. What we are going to see is a number of businesses in the Province close, which consequently leads to people being laid off. When you look back over the last twelve months and the statistics that have been done on the number of bankruptcies in the Province, it is quite staggering to see the increase that has taken place in the number of bankruptcies over the last twelve months in the Province. And my concern, Mr. Chairman, and a concern that has been echoed by this side of the House for the last couple of months is that we sort of fear that this particularly regressive tax measure will lead to additional bankruptcies in the Province which will throw more Newfoundlanders and Labradorians out of work. That will impact very negatively on our unemployment rate, which has escalated very significantly for the last twelve or thirteen months in this Province, and we see a very dramatic increase again this last month. So you know, that is a big concern of ours.

Realizing that perhaps the

Minister and his officials devised this tax in sort of short order and probably did not put the proper thought into this particular tax that they should have, is he going to, considering his concern for health and education and so on in the Province - and no one can really speak badly about the need for additional funding for education and health in this Province - but I am just wondering, as one member of the Legislature, if the Minister and his officials really thought this thing out properly. Maybe what we are going to see in the total financial picture of the Province, is that we may indeed see a worsenin, instead of the financial picture of the Province getting better, because of the fallout that we will see with the businesses of the Province laying off people. Again, of course, once that happens it impacts upon the bottom line of the treasury of the Province, because the higher your unemployment rate rises then quite naturally the less taxes, the less money people have to spend, and the less money that flows back into the Provincial treasury. So maybe, as we have claimed for the last number of months in this Legislature, that maybe this tax - and I hope that it does not - but maybe this tax will bear out in the next year or so to be far more regressive than we even thought, but I hope that does not happen, Mr. Chairman. I hope that things work out for the best on this tax and that we do see this money channeled to health and education in the Province.

Mr. Decker: In conclusion.

Mr. Matthews: Now the Minister of Health says in conclusion. I could not help but listen and smile when the Minister of Health

sort of retorted to the Member for Torngat Mountains.

An Hon. Member: (Inaudible).

Mr. Matthews: Yes, when they talked about low level flying in Labrador. I think it was the Minister of Development who talked about the Government helicopter - I thought it was the Minister of Development, maybe it was not, maybe it was the Minister of Health - when he talked about the Member for Torngat Mountains low level flying in Labrador with the Government helicopter.

An Hon. Member: (Inaudible) air wolf.

Mr. Matthews: Well it was not bad. It was not bad. But of all the Members opposite who should not have brought up about low level flying it was the Minister of Health when he swooped down on Grand Bank and St. Lawrence right out of the blue. Right out of the blue!

An Hon. Member: The dust was still flying down there!

Mr. Matthews: Anyone who has any experience with helicopters, and not having that much experience myself except watching movies, but when you fly close to the ground apparently the sound does not travel that far ahead. Well what he did in Grand Bank and St. Lawrence is he demanded that the pilot fly her as close to the ground as he could because the hills and that baffled the sound backwards, it does not go forward into the communities. So, no one in Grand Bank or St. Lawrence knew that old air wolf was close until he went down, old air wolf himself, and he had determined by the way, how, I would never know,

maybe it was the pilots who are used to flying in the area, but I have a funny feeling that it caused some of his buddies to say now, where is the dustiest spot that I could pick on which to put that helicopter down.

In St. Lawrence it was close to the hospital so he kept the props going and all they could see from their windows was this big cloud of dust somewhere next to the hospital, so they couldn't see who ran from the helicopter into the hospital and out, so he was in and out while the council was in here meeting about their hospitals.

An Hon. Member: (Inaudible).

Mr. Matthews: Oh yes, he did. I must say he did a good job. Yes, he did a good job - of camouflaging! I think he kept it up a bit high when he went over that fox farm because that was not close enough to St. Lawrence and Grand Bank to make any difference. He didn't care about those people knowing about it. But that's what he did, so when I heard him talking to the Member for Torngat Mountains about low level flying, that was the first thing I thought about, because the stories are still being told down there about how fast the Minister of Health came down and got out, and the councils were in there wondering and he said, I am going to go down shortly, I am going down shortly. He went shortly, in a cloud of dust, and got out there. He didn't even shut down the rotors. No, but you see he can say now he was down there, and he could say I went down and looked at it, but no one down there has ever met him. The mayor of St. Lawrence didn't even know he was there!

An Hon. Member: But he was here.

Mr. Matthews: Yes, he was in here. He was in here.

An Hon. Member: (Inaudible).

Mr. Matthews: What's that?

An Hon. Member: (Inaudible).

Mr. Matthews: I don't know if he told him that because you know they didn't know him very well down there then. They know him well now. I don't know how he identified himself when he ran to the St. Lawrence Hospital's door. I am not sure what he told them.

One thing about it, he didn't tell them he was the Minister of Health, I guarantee you that, or he would not have gotten out because there was a plot down there. They said if we can ever get him down, he is going to know what the US Memorial Hospital is like in St. Lawrence because we are going to block him in one of the wards. But you see he was smart, he got down and out.

An Hon. Member: Minor surgery.

Mr. Matthews: Minor surgery, yes.

An Hon. Member: (Inaudible).

Mr. Matthews: Sorry?

An Hon. Member: (Inaudible).

Mr. Matthews: No, I can tell the Minister, not in conclusion, not in conclusion, that's what the Minister would like, in conclusion. I am still waiting for his answer from two weeks ago yet on a situation on moving the people out of the beds after twenty-four hours, and I know it is not tied into the payroll tax,

but, the Minister gives me the opportunity and the opening to talk about it, two weeks ago.

Mr. Decker: But I don't want to embarrass you with the answers.

Mr. Matthews: Well, please embarrass me. That's what I told the Premier once, please embarrass me. If you are going to give an industry to the Town of Grand Bank for the fishery, embarrass me enough. I would love to be embarrassed, if you are going to put my people to work and keep them working, so if you are going to embarrass me with the answer and tell me that people are not shipped out after twenty-four hours and of course, you couldn't understand why they keep them there twelve hours.

Mr. Decker: (Inaudible).

Mr. Matthews: Yes, I am sure now you have got your mind straightened out a bit on that though, I would think. I think someone has straightened it out for you, I believe.

But all is not well down there with the health care system, I could tell the Minister. All is not well. There are some very serious problems and I hope he soon gives me the answer as to what his little inquiry was, and I hope he doesn't listen now to the Chairman of the Board and others down there, because you know they have their jobs to do and they were just recently appointed, all these new board members. I hope the Minister digs a little bit deeper than just talking to certain members of the Board of Directors of the regional hospital down there.

An Hon. Member: (Inaudible) the

Chairman?

Mr. Matthews: Oh the Chairman is a fine fellow. He is a fine fellow, yes, he is a very fine fellow. I don't always agree with him and he doesn't always agree with me, but I think when it comes to this particular situation on -

An Hon. Member: (Inaudible).

Mr. Matthews: Sorry?

An Hon. Member: (Inaudible).

Mr. Matthews: Oh, I wouldn't go that far. I wouldn't go that far, I wouldn't go that far. There are some big Tories down there as you know, and they are getting bigger. The numbers are increasing.

An Hon. Member: (Inaudible).

Mr. Matthews: They are not working, who said that, they are not working?

An Hon. Member: (Inaudible).

Mr. Matthews: Most of them are working now. I don't know for how much longer they are going to work. Of course, once they don't work then they become bigger Tories. They become bigger Tories then, because they know the real reason why they won't be working, you see. And then the Member for La Poile now gets into the debate. A couple of weeks ago, he called the banks. He called the banks. Now, I don't know if it had anything to do with the payroll tax -

An Hon. Member: Trying to get a loan for himself.

Mr. Matthews: It could be. We couldn't blame him for that, I

suppose. But he wanted the banks to back off, to back off the fishermen because they have had such a disastrous season, and that's a very good point. He got himself into a little bit of trouble, got a few flicks on the wrist from certain editors in the Province, in editorials and so on, called him certain names and told him if that is the best he had to suggest, and all of this, he should be quiet and all this stuff. But that is fair game. We all get raps every now and then. We say stuff, and we do not think out what we said before we say it.

But I am really surprised with the member, who I believe at that time said what he said because he had the best interest of the fishermen of his district at heart. But I have not heard a whimper from the member, not a whimper from him, not a word on this disaster that fishermen all over the Province have suffered on the damage to gear and gear loss. I have not heard him utter a word.

Mr. Ramsay: I have not heard anything from home yet.

Mr. Matthews: You have not heard anything from home?

Mr. Ramsay: I heard (inaudible).

Mr. Matthews: Oh, I see. When where you down there last?

Mr. Ramsay: I am down there every week.

Mr. Matthews: Every week. Talked to any fishermen?

Mr. Ramsay: (Inaudible).

Mr. Matthews: That is surprising because all over the Province -

An Hon. Member: (Inaudible).

Mr. Matthews: Maybe they had their gear in. They did not lose any because they never had it out.

An Hon. Member: (Inaudible).

Mr. Matthews: That could be. That is a very good point, I guess that is why they did not lose any. You will not lose it, if you got it in your shed. But in all other areas of the Province we have a very serious problem. Of course, the Minister is aware of that. And I hope that something is done about it soon because I know of one case of two brothers who have been fishing together who have grossed a total of \$945 between them, and they cannot afford to buy lump nets and lobster traps to get back to the fishery they need help from somebody. That is why the crisis is so serious.

But getting back to this infamous payroll tax, Mr. Chairman. The Minister of Finance has left. As well before I conclude I wanted to congratulate the Member for Torngat Mountains for getting the Minister of Finance up and speaking.

Mr. Hogan: (Inaudible).

Mr. Matthews: No, the Member for Placentia says he is not going to speak in the debate, but he is quite welcome to. I know he would have some very serious questions to ask about this bill as well.

Mr. Hogan: I am not from Torngat.

Mr. Matthews: No, I know you are not from Torngat. I could see that there was a difference. But I am wondering if the Minister of Finance is going to come back

because I am sure there are other very serious questions that we want answered about this particular bill.

Mr. Chairman, last year we saw this Minister of Finance in his first budget take about \$100 million in new taxes out of the pockets of Newfoundlanders and Labradorians. And in his second Budget, brought down a couple of months ago, he is taking another \$93 million, I believe it is. So in two years this Minister of Finance has taken between \$190 million and \$195 million, that is additional money, out of the pockets of Newfoundlanders and Labradorians. And it makes you wonder just how much farther the Minister of Finance is willing to go with the people of this Province.

And it makes me wonder that the increased taxes from those two Budgets, including this infamous payroll tax which is going to impose 1.5 per cent tax on business in this Province with a payroll in excess of \$300,000, just how much these two Budgets have contributed to what we are seeing happen to the economy of this Province. Because the economy is tightening up. It is in a tailspin. You go about the Province regardless of whether it is in this city or in rural Newfoundland, and if you talk to businesspeople they are very, very concerned about what is happening to the economy of Newfoundland and Labrador. They are very, very concerned about the prospects, the future for their particular business, for themselves and for the people who are employed with them.

And I think one of the reasons why we have seen the signifi-  
cance

increase in the rate of unemployment in this Province can be directly tied to the Minister of Finance's two Budgets. And I think this payroll tax is going to cause even more bankruptcies in this Province; it is going to cause more people to be consequently out of work. And I think, Mr. Chairman, in concluding, before I sit down, that what we are going to see here is that the Minister of Finance and this Government are going to regret ever bringing in this payroll tax, because I think what we are going to see; we are going to see a negative affect on the bottom line of the Provincial Treasury. The Provincial Treasury will not end up any better off as a result of this tax. Consequently, we will not have any more money to spend on health and education. We will have more businesses out of business. The unemployment rate will further increase, and I think once the analysis is done that this particular tax measure will certainly be judged -

Mr. Hewlett: Payroll tax.

Mr. Matthews: What is it?

Mr. Hewlett: Payroll tax.

Mr. Matthews: Payroll. It certainly will be judged to be very, very regressive.

Mr. Hewlett: He is praying it will bring in new money.

Mr. Matthews: There are a couple of other things. The Minister of Finance expects business to submit monthly returns and so on. He is talking about a 10 per cent penalty on the amount of tax that is unpaid. I understand as well that there is an appeal process

covered by this particular piece of legislation. Now I thought perhaps the Minister would elaborate on that when he rises again, the appeal process that one can go through if they feel that they have been wronged by this tax or if they feel they fall below the \$300,000 guideline that has been set. So I am wondering does anyone on the other side know if the Minister intends to come back this evening or if he is going to react and so on? Because I am about ready to clue up, and I wonder if he wanted to react to the few things that I said before someone else spoke.

An Hon. Member: (Inaudible).

Mr. Matthews: What is it?

An Hon. Member: 26.1.

Mr. Matthews: What is it, clause 26.1? Was that on the appeals? Here it is. Where an employer is dissatisfied with the decision of the Minister he may appeal to the trial division. I am wondering now if the Minister intends to react to the few questions that I mentioned about the the 10 per cent penalty before I sit down and someone else speaks? If the Minister would, Mr. Chairman, if not I guess someone else will have to carry on the debate.

Mr. Chairman: The hon. the Member for Humber East.

Ms Verge: Mr. Chairperson, I listened with interest when the Minister of Finance spoke a little while ago and he did address some concerns that I raised when I spoke earlier, as well as touching on points brought up by other speakers on this side. At times during his presentation I had difficulty hearing him, I have to

confess, but I do not believe he covered my questions about how the Government is going to compensate education and health agencies and other publicly funded employers the Government says will not be hurt by the payroll tax?

I would like the Minister to clarify the cash flow. I would like him to explain on the revenue side, whether the Department of Finance tax collectors will be insisting on all of these publicly funded agencies paying the tax monthly, the same as businesses. However the collectors plan to approach it on the expenditure side of the Government's operation, will offsetting grants be made at the same time, so that there will be money in/money out and the agencies will not have to finance the extra expenditure that is being put on them through the payroll tax. For example, let us take the case of Memorial University, and I see the Minister of Education is back in the House. He may want to take part in this discussion.

In the case of Memorial University, with an annual payroll of about \$120 million this year, the university will have to pay the Provincial Government about \$1.2 million, so that will work out to over \$100,000 a month, what will it be?... about \$150,000 a month this year. If the Department of Finance insists on taking \$150,000 promptly on collection day each month, will the university get an offsetting \$150,000 from the Department of Education and/or the Department of Health on or before tax payment day, in such a way that the university will suffer no additional cost, no financing charges and be left in exactly the same position as if there had been

no payroll tax imposed.

From talking to administrators of some of the publicly financed education and health agencies which are going to have to pay the tax, I understand that the financing cost is a major concern of theirs, because the amounts are substantial. Those agencies are labour intensive and 70 per cent, 80 per cent or perhaps 85 per cent of their budgets are for payrolls. Just 1.5 per cent of their payrolls is substantial, as I say, in the case of the university it is \$1.2 million this year, it will be \$1.8 million next year. So I would like the Minister of Finance to explain just how the collection and the reimbursement will work. I would like the Minister of Finance to take us through the cash flow on both the revenue side and the expenditure side of Government operations.

I am going to take my seat, Mr. Chairman, in hope that the Minister of Finance will get up and answer those questions.

Mr. Chairman: The hon. the Opposition House Leader.

Mr. Simms: Mr. Chairman, I just want to have a few brief words. I do not intend to speak for thirty minutes. I will speak for as long as I can on this occasion, which means, of course, that I can get up again, and again for ten and fifteen minutes at a time.

I just want to take note of the fact first of all that although I was not here Friday for the debate on this particular motion dealing with the payroll tax, I have been here today and I understood from my colleagues that the Government House Leader had indicated that -

I do not know if it was in the press or where - that it was his intention to ask Government Ministers and Members to get up from time to time and participate in the debate on payroll tax and other legislation. Now, I do not know how much time to time participation there was on Friday by members opposite, but I do know that since I came back today and sat in the House on this debate I think the Minister of Finance got up once.

An Hon. Member: (Inaudible).

Mr. Simms: Twice was it? Twice. And you know, that is just not good enough, Mr. Chairman. I mean this is a debating forum and as much as Members opposite might think, and quite frequently they obviously do think that what we are saying on this payroll tax issue are not legitimate concerns and all the rest of it. The only problem is they are saying it sitting in their seats. I do not quite understand why the Member opposite, the Member for St. John's South, or the Member for Carbonear or the Member for LaPoile, the Member for Stephenville, anybody, I do not understand why he will not stand for five minutes and rebut the comments of Members over here or agree with them or talk about something else or whatever. I do not understand why that is not occurring. And I hope Members will reflect on it because, well, I was going to say I hope they reflect on it because the strategy proposed by the Government House Leader to his fellow caucus members is really not much of a strategy at all. The fact of the matter is the debate on payroll tax is going to continue. So by sitting down it is not going to make one bit of difference to

Members on this side. We will continue to debate for as long as we feel some debate is required. So Members opposite might as well take the opportunity to get up from time to time and put forth their own views, make a debate, stretch their lungs as the Minister of Finance says, and also give another side to the story. We are not saying we are absolutely right every time we get up and say something. It is our opinion based on conversations we have had with constituents, based on conversations we have had with people around the Province, business people and so on, on this particular tax issue. We may not be right and we are quite prepared to sit back and let members opposite get up and shoot us down or shoot down our arguments or shoot down the arguments of those people for whom we are talking, because I can assure you there are people in the business community in particular who have some very strong concerns about this proposed payroll tax, very strong concerns about it. The Board of Trade, I think, representing a fair significant slice of the business community in this area have expressed their concerns publicly. So, it is only right and appropriate that Members in the House, be they Government Members or opposition Members, get up from time to time and express similar concerns they have had. For example, I would really be interested in hearing from the Member for Pleasantville, who in recent weeks and months has become somewhat of a perceived constitutional strong man, replacing the Minister of Finance who went to Ottawa last November and the First Minister's Conference, seated at the right hand of the Premier on that conference when they talked about

the Constitution. And now the Member for Pleasantville has replaced the Minister of Finance, who is no longer the constitutional advisor. The Premier made that clear in no uncertain terms and he has asked the Member for Pleasantville.

An Hon. Member: (Inaudible).

Mr. Simms: I am getting to that now. The Member for Pleasantville has now replaced the Minister of Finance as a constitutional advisor. He has also replaced the Member for Exploits as the Premier's -

An Hon. Member: Valet.

Mr. Simms: - valet is the word thrown across by my friend here.

But more importantly, with respect to the payroll tax, I say to the Minister of Finance to answer his question; the Member for Pleasantville is a businessman. He has strong ties to the business community here in the town. He is very well known. In fact, I believe at one time the Member for Pleasantville was the president or chairman of the Downtown Merchant's Association.

An Hon. Member: He was also an NDP member.

Mr. Simms: Yes, he was. But wasn't he chairman of the Downtown Merchant's Development Corporation. I believe the same member, on principle, refused to pay his dues one time to that organization. Is that accurate, or is that just a rumour?

Some Hon. Members: (Inaudible).

Mr. Simms: But I am just wondering.

Some Hon. Members: (Inaudible).

Mr. Simms: So I assume the Member for Pleasantville is confirming.

An Hon. Member: (Inaudible).

Mr. Simms: I tell the Member for Pleasantville; the only reason all of these specific wonderings are now coming out is because of the exposure he got on national television. And people have seen him sitting next to the Premier and they said; sure, that is the same fellow that was involved with the Downtown Business Development Corporation. And somebody else said; and that is the same fellow who would not pay his dues one year.

Anyway my point is, the Member for Pleasantville is a businessman, and has run a very successful business for a number of years. I know, from talking to him personally, and from talking to friends of his, close friends of his, that he has a lot of concerns about the economy and the lack of activity in the economy as it affects business generally. I know he has a lot of concerns about that. I would like to hear him say it, as a matter of fact, I would like to hear him get up and speak about it.

Mr. Noel: I have a lot of concerns about (inaudible).

Mr. Simms: Yes, well okay. I would like to hear the Member get up and speak about them instead of shouting from his seat. Why doesn't he stand and participate in the debate? That is my whole point.

I know also he is aware of concerns expressed by others in the business community, particular

in this area about the payroll tax. I know for a fact that there have been business people who have mentioned that to him. I know that for a fact. And I am hoping that he might have the courage to stand in his place here tonight and tell us, that yes, he has heard a lot of concerns expressed from people in the business community. And that yes, I am a business person concerned about the lack of economic activity and the effect it has on business. Not just his own business, but other businesses. And I would like to see him get up and participate in the debate. I always listen with interest to the Member for Pleasantville. He speaks very eloquently, a very articulate individual. Like all of us, he is human and not always right, especially at national conferences. I must confess I did not see him participate a lot at the national conference.

An Hon. Member: He was the one saying pizza, well dressed.

Mr. Simms: He was the one ordering the pizza. But again, I would like to hear him talk about it, because there are concerns with respect to the payroll tax. And while I say it, a little bit tongue in cheek, I do respect his views and opinions on business activities. Because he is quite knowledgeable about what is happening in the Province, particularly here in the St. John's area.

I hope he talks the chance, - I mean, he only has to stand for five minutes - no sense sitting there like a bunch of - I will try to be polite, I will not use any negative terms. But he is just sitting there, doing nothing, shouting across once in awhile,

and things like that. And that is very unhealthy, not very democratic. It is a debate. You do not have to speak for thirty minutes, you can speak for five minutes. The Government House Leader's strategy in suggesting to all of you to stay in your seats, is not a logical strategy.

An Hon. Member: No, he said -

Mr. Simms: Yes, I know what he said. It is not a logical strategy because we intend to keep the debate alive from this side, as long as Members opposite do not intend to participate. What other choice do we have? And I thought the Government House Leader said we will participate from time to time, or now and then I think it was. It has been mostly, then, I have not seen too many nows. Yes, Hubert was up twice for about two seconds each time maybe, or two minutes, three minutes.

An Hon. Member: Five minutes.

Mr. Simms: Well why don't others get up? Why does not the Minister of Development and Tourism get up? I say this to him honestly, there are accusations or allegations, or suggestions or preceptions that the payroll tax, the payroll tax will have a negative effect on certain areas of the tourism industry. There are perceptions of that, people have said it. The Board of Trade, I believe has said it.

An Hon. Member: (Inaudible).

Mr. Simms: Well yes, but this is an additional. But this is another one. This is another one.

An Hon. Member: (Inaudible).

Mr. Simms: Yes, yes, it may well

be, but I want him to tell me whether or not -

An Hon. Member: (Inaudible).

Mr. Simms: I understand that, but I want him to tell me whether he agrees with those who say that the one and a half percent payroll tax will have a negative effect on the tourism industry. Why does he not get up and tell us that. He is a very articulate eloquent speaker. He loves to speak as a matter of fact. He just loves it. He is after us all the time to ask him questions. But I have to say to him right here and now, we will not be asking him too many questions, Mr. Chairman, because as you are well aware, Mr. Chairman, had to call him to order many times.

He abuses question period, and goes a little bit overboard, and that is unfortunate, because if he did not do that, we might ask him a few more questions. So, perhaps he can get up and speak in this debate. And of course, the master of all it, the master of all of it, is the President of Treasury Board. The man charged with the responsibility of scrutinizing Government expenditures. The Minister of Finance is charged with the responsibility of raising the money, but the President of Treasury Board is the man responsible for spending the money.

Dr. Kitchen: Or for not spending more.

Mr. Simms: Or for not spending more. Yes, more appropriately as the Minister of Finance says, for not spending it. That is why I said the other day the President of Treasury Board has a very unhealthy position. He has two major responsibilities. One is to

order his Ministers not to spend money, which does not put him in good shape or good friendships with his Ministers, and the other one is for labour relations negotiations, which does not endear him to the public service. So he does not have a very popular position.

Ms Cowan: That is not true.

Mr. Simms: But it is true, I say to the Minister of Labour, she has never been President of Treasury Board and how can she say it is not true.

An Hon. Member: (Inaudible).

Mr. Simms: I did not say anything about not liking him, did I?

An Hon. Member: (Inaudible).

Mr. Simms: It was not popular. His decisions often are not popular. The President of Treasury Board's decisions often are not popular. Nevertheless he does have the responsibility of monitoring expenditures of the Government. The debate all day Friday, and again today, now tonight, is on the effect of the payroll tax on business, and all the rest or that kind of thing, and the Minister of Finance has said we are going to have to find funds or monies now to pay to some of the Government agencies so they can pay their payroll tax. Being taken in in one hand and put into the other.

An Hon. Member: (Inaudible).

Mr. Simms: The Minister of Finance has acknowledged now that is how they are going to do it with respect to those Government agencies that are going to be hit by the payroll tax. So since the

President of Treasury Board has to assist the appropriate Departments in finding that money, why does he not get up and participate in the debate? Why does not the President of Treasury Board get up and tell us how he is going to find the money? That is a very appropriate question as a matter of fact. And as soon as I get him to listen, I am going to ask him directly.

An Hon. Member: Who owns the Skipper's Inn?

Mr. Simms: Skipper's Inn? I have no idea, where is it?

An Hon. Member: Gander.

Mr. Simms: Who owns it? Is that the one right next to the Albatross?

It use to be the guy that was there for about twenty years.

Who owns it now? It is not my brother is it?

An Hon. Member: (Inaudible).

Mr. Simms: Pardon? Roberts Motel or something was it?

An Hon. Member: That was years ago.

Mr. Simms: I have a question to ask the President of Treasury Board in this debate.

The Minister of Finance has said certain Government agencies which are going to have to pay the payroll tax will be funded through some other mechanism internally to pay the payroll tax. That is what he said in the case of certain agencies, hospital boards and so on. So since the President of Treasury Board is responsible for

finding these expenditures, perhaps he could stand in the debate and tell us where he is going to find the money in the Department of Health's budget. Presumably there is no money budgeted for it, so where is he now going to find the money in the Department of Health's budget to allow the Hospital Boards to pay this payroll tax back to the Government? He could probably get up and say oh, it will just be a book entry, but that is the easy way out.

So I am hoping the President of Treasury Board, the Minister of Tourism, and the Member for Pleasantville in particular, will stand and participate in the debate, since we have another hour and a half tonight, more hours tomorrow, more hours the next day, and on and on it goes. Unless we get some responses, some answers, some comment, and some debate, it is going to be very difficult for us to give up on this particular piece of legislation. We recognize the Government has the majority, but we would like to hear some of them speak. The Member for Stephenville, who I had the pleasure of accompanying over the weekend to a Commonwealth Parliamentary Conference in Halifax, my very good friend, he and the Member for LaPoile, along with the Member for Kilbride and I, accompanied the Speaker to a Parliamentary Conference in Halifax. At that Conference there were some pretty heavy topics on the agenda.

An Hon. Member: Huh!

Mr. Simms: There were! We discussed for two hours the Atlantic fishery situation, the last day we had a two hour discussion on, Are we being

Meeched out? Something to that effect was the topic, a very appropriate topic. In fact, we had an NMA their from the Liberal Party in Quebec, he was there and some other visitors, and the four Atlantic Provinces' delegates. We had a very good conversation, a very good discussion. I sat right next to the Member for Stephenville throughout the entire conference and I have to say to you, he is an all-round spokesperson. He spoke on every single topic.

An Hon. Member: All-round.

Mr. Simms: All-round every single topic. The Member for Stephenville spoke on every single topic: the fishery - what was the other one, Kevin?

An Hon. Member: Education funding.

Mr. Simms: Education funding, Meech Lake.

The Member for LaPoile spoke on just about every single topic, as I recall. I have to say to you, Mr. Chairman, because you would be proud of them as well, when you are not sitting in the Chair, of course, they were very eloquent, they were very articulate, and gave good speeches, very good speeches. In fact, the Member for LaPoile gave a very, very, moving speech. I will not say where, when, or on what topic, but he knows what I am talking about.

My point, again, is my objective in interceding in this debate is to try to encourage members opposite to get up and try to participate in the debate. I have asked the Member for Pleasantville, the Minister of Tourism, and the President of Treasury Board, my colleagues have

asked the Minister of Finance to get up, I am now asking some of the private members, the Member for Stephenville, the Member for LaPoile, to get up. Never mind shouting across the House, get up and tell us why we are wrong, why all our comments on the payroll tax is baloney. Get up and tell us. On your feet! That is what I am asking, because you are all capable of doing it. I do not understand the strategy, Mr. Chairman.

An Hon. Member: (Inaudible).

Mr. Simms: Ah, Mr. Chairman, the Minister of Finance should have a talk to the Member for LaPoile and the Member for Stephenville. They will tell him how great an orchestrator I was over the weekend. I was charged with the responsibility of leading the singsong on Saturday night, and did a marvelous job, and I was joined by the Speaker.

Anyway, Mr. Chairman, let us just see if anyone else speaks. If not, let me put it to them this way: if they do not get up, then I will be forced to get up again. That might do it, so let's just see if anybody speaks.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Chairman. I kind of hesitate to speak after the previous speaker. His comments were full of so much meat, I do not know how to deal with them all.

There are two issues I would like to deal with. First of all, taxes. Taxes are both good and bad. Some taxes are perhaps better than others and some taxes are perhaps worse than others, but

they all have the one thing in common, they are both good and bad. They are bad in the sense that you are taking money from people. In that way it is bad. It is good in the sense that Government has to do things for people, and in order to provide services for people they have to have money. Therefore, the taxes which are bad to take from people are then given back to people to do something good. So I would simply like to make that point.

The second point has to do with the payroll tax and the strategy the member opposite refers to.

Mr. Simms: I never heard you make that point when you were in Opposition, not once.

Mr. Baker: If you would search your memory, I am sure you might find an instance where I did make that point.

Mr. Rideout: We went one better than that, we searched Hansard and we cannot find it.

Mr. Baker: The hon. member will recall that as Finance critic I gave a number of speeches in the House which were very incisive and analytical and, at the same time, made the same point I am making today.

Anyway, back to the payroll tax and the strategy. I support the payroll tax. This is a Government measure which we on this side support. Therefore, by bringing forward this Bill we have expressed ourselves. Now the point I am getting to is that there is 'no strategy' in what is happening here now. None whatsoever! What is happening is that we believe the Opposition in this House serves a very valuable

function.

Some Hon. Members: Hear, hear!

Mr. Baker: The Opposition is important. It is about time that was stated, and I have tried to state it at every possible opportunity. The Opposition in this House is important to the democratic process, therefore, we want to give as much opportunity as possible to Opposition members to express their opinion about legislation. I think that is extremely important.

We formed the Legislative Committees so that legislation can be examined in detail by both Government and Opposition members, so that the legislation can be examined where possible by the public, and in the House of Assembly we are seeing an example now of Government providing the Opposition with ample opportunity, with all the opportunity they want, to express their opinion on this piece of legislation; we have already expressed our opinion on it.

Mr. Simms: I haven't heard a thing.

Mr. Baker: We have already expressed our opinion on it: we have presented the Bill and we support it. That is simple.

Mr. Simms: What about all the answers?

Mr. Baker: We have presented the Bill and we support it, so that is our position on this particular Bill. Opposition members can get up and explain why they either support the Bill - I am sure some of them support it - or why they oppose it. They can explain what things are good about it - I am

sure they think there are some good things about it - and they can explain to the House and go on record, so they can then send it out to their constituents and so on, the things they find bad about this particular Bill.

Mr. Chairman, there is really not a strategy. The only strategy you are finding coming from here is the strategy of making sure that democracy works, of making sure the Opposition gets ample opportunity to examine and to discuss and to express their opinions on bills, to make sure that things do not get rammed through, twenty or thirty pieces of legislation at a time without proper debate.

Mr. Simms: Without proper what?

Mr. Baker: Debate.

Mr. Simms: Debate there hasn't been, from that side.

Mr. Baker: No, but this is the nature of debate. I mean, this is the third time I have been up on this particular Bill. The Minister of Finance has been up at least twice and maybe three times, because I have not been in the House totally. So we have been participating to this extent. But the Bill itself speaks for us. That is our Bill. We support it. We will give you all kinds of opportunity to explain to us what is wrong with it, and if at some point in trying to explain what is wrong with it you make some sense, then we can come back and correct it.

Some Hon. Members: Hear, hear!

Mr. Baker: So, Mr. Chairman, that is what we have been up to. We know that taxes are both good and

bad; we know that in order to provide the things for people we must provide for them we have to get money from somewhere, and it does not grow on trees. Although a fair amount of it comes from Ottawa, it does not grow on trees so we have to collect taxes in order to do the things for people we want to do and must do and need to do, and we are assuring that the democratic process is alive and well in Newfoundland, assuring that the Opposition, the very important Opposition, the Opposition which holds a very special place in this House of Assembly, gets ample opportunity to express their opinion of the Bill. That is essentially what we are doing, and that essentially covers the two main points the Opposition Leader raised, one about taxes, and the other about the payroll tax and the strategy we are implying here, Mr. Chairman.

Mr. Chairman: The hon. the Member for Menihek.

Mr. A. Snow: Thank you, Mr. Chairman. Well, I want to thank the hon. the President of Treasury Board for allowing me the opportunity to speak on this payroll tax.

Some Hon. Members: Hear, hear!

Mr. A. Snow: He concluded his remarks this evening with the remark that taxes are good and bad. Now we have seen the bad side in this, and we each heard all the bad things we have been able to raise with regard to this payroll tax, and we were hoping he was going to enlighten us and the people of this Province about the good things about the payroll tax. Now, I suppose the good things -

An Hon. Member: (Inaudible).

Mr. A. Snow: That is revenue now. You are talking about revenue.

Mr. Baker: (Inaudible) spend it on (inaudible).

Mr. A. Snow: What about what you are not going to spend it on?

Mr. Simms: Yes, like the Labrador travel fund.

Mr. A. Snow: How about the money you are not going to spend on the Labrador travel fund? Or closing down the Grace Hospital? I would like you to explain to me why this is a good tax. We have heard other provinces speak about why they are looking at abolishing this particular tax, we have seen documents presented in this House. The payroll tax, as we all know, has been implemented in the Provinces of Ontario, Quebec and Manitoba. Indeed, the Province of Manitoba is now looking at throwing out this payroll tax: they found it is too cumbersome; it is not cost efficient; it is not cost effective in the actual collecting.

And maybe they, too, initially put it in place for the same reason our Minister of Finance suggested his placing this new tax into being, the fact that he called it a 'get-even tax', he was going to get even with the big bad Feds. Now he made that suggestion, not me. It was not somebody on this side of the House. And maybe the Government of Manitoba decided it was not necessary to get even with the Feds any more; they see eye to eye more, I suppose, on things nowadays. Of course, we see that the other side of this House, this particular Government does not

necessarily see eye to eye with the Federal Government.

Also, the President of Treasury Board suggested that one of the reasons why people on that side of the House were not standing up and speaking was because of the fact that there was not any particular strategy, that they wanted the Opposition to stand and speak and suggest to the people and to members of the House why this is not a good tax. 'This is a bad tax', to quote the President of Treasury Board.

One of the things we have also done, in speaking on this side of the House, is we have asked questions about this payroll tax, we have asked several questions and they are not being answered. All the President of Treasury Board and the Minister of Finance do is get up and ramble on about one thing or another and not answer specific questions. Now that is unfortunate.

I am new in this forum. Previous to coming here, I spent several years on a town council and in debates there people would raise points of view and other persons who had an opposing point of view would correct them or answer particular questions, and quite often these other people could be swayed from how they would feel. Now in this particular forum we are not having our questions answered, and people are not standing to debate points of view. I have often wondered why, in this payroll tax, the mining industry was included, the only resource-based industry to be included.

I represent a district where the primary industry is the mining industry, and that is the industry

today, of course, which is a leading economic generator in this Province. It is now approaching \$1 billion, and about three-quarters of that \$1 billion is produced out of western Labrador. And I find it is the people in western Labrador who have to pay this tax, because it is really upon the people in western Labrador. That is who creates the wealth. It is the miners who create this wealth. And, indeed, maybe when the Minister of Finance talked about getting even he was talking, not just about getting even with the Feds, but he was getting even with the people of Labrador, western Labrador more specifically, in taxing them again with a new tax, when that district is paying more taxes into the coffers of this Province than any other single district in the whole Province.

We have known that the payroll tax is a regressive tax. We have seeing figures being presented in this House of how unemployment is rising, and what we should be looking at is implementing methods to encourage more employment in industry rather than lesser employment. Now we know, of course, that as soon as you increase the burden upon corporations, small or large companies, and a \$300,000 payroll is not necessarily a large company, but by increasing the burden on the employer of carrying a larger payroll, we thus, by placing this new payroll tax, are discouraging that company to create more employment and that, I think, is regressive. I think everybody, even the people on the other side of the House, would have to agree that it is regressive.

We also know, of course, that this

tax is going to hit the consumers. This tax is going to be placed on the telephone company and thus that company will pass on this tax in the form of increased charges to the consumer who has to pay telephone bills. Also, we know this tax is going to be passed on to Newfoundland Hydro and Newfoundland Light and Power, and they are going to pass on the bill to the consumers. Cable companies too will be passing this increased burden onto consumers. So it is just not going to hit companies, it is going to hit the individual, the individual who uses a telephone, the individual who buys groceries. Because, in a grocery store, quite often, they are going to have a payroll of over \$300,000 and thus the increased burden for the operator of the grocery store is going to be passed on in the price of groceries.

It is also, of course, not only going to be passed on to trucking companies, and all the goods we consume are mostly trucked into this Province and increased freight charges are going to be passed on to the consumer, but it is also going to place our trucking firms, which are located in this Province, at a financial disadvantage with regard to competing with mainland firms which will be trucking into here.

Now the Minister of Finance has suggested he has some secret method of auditing or checking up on these firms which will be trucking into the Province. I do not know how he is going to audit these firms, so I would like him to explain to me and to the people of this Province, especially the truckers of this Province, how they can be protected, because this Government here is setting up

a situation where the trucking firms are at a decided disadvantage vis-à-vis the trucking firms from Mainland Canada, which will be trucking freight into this Province.

This is also going to tax municipalities. In my district alone, the town of Labrador City will probably have to pay \$15,000 to \$20,000 more taxes to the Provincial Government, and the town of Wabush will probably have to pay \$10,000 more. When the Town of Wabush is asking this Government for assistance, in the form of a grant or a provision from this Government, to declare part of their recreational service - it is the recreation center in Wabush - a Provincial recreational facility and thus help with funding, Government is increasing the burden upon this municipality, the municipality that provides more revenue per capita than any other Municipality in this Province. That is unfortunate, it is discouraging, and, I am sure, it is going to create a feeling of alienation between the Island portion of this Province, more specifically St. John's, because of this attitude of just taking money out of Labrador and not putting anything back in.

We heard the Minister of Finance suggest that this year he is going to have \$15 million in actual revenues from this particular tax, and that is because it is only going to be implemented after August 1, 1990, I believe. Next year he is hoping to generate the \$25 million revenue. In western Labrador alone, the mining industry will be paying about \$3 million. Now, we have asked several times where the other revenues are going to be coming from. Because of the exclusion of

the fishing industry, the people in the fish plants, the forestry sector and the agricultural sector, we on this side would like to know exactly where this revenue is going to be coming from. He has not specifically answered those questions. I would like him to answer those questions, and I am sure the people of this Province would like him to get to his feet, participate in the debate and tell them where this revenue is actually going to be coming from, not leave them up in the air, confirming in their minds that this was an ill-conceived tax. Some people out there have faith in the hon. the Minister of Finance and they say, no, no, it was just a mistake, just a little miscalculation there. He did not really blow this one. I mean, this was a tax that was thought out.

Ms Verge: (Inaudible).

Mr. A. Snow: He probably gave this several hours consideration prior to implementation. Some people suggested that if they change their minds -

An Hon. Member: (Inaudible).

Mr. A. Snow: Two hours. I just got a figure from the opposite side of the House, from a Member of Cabinet. There were at least two hours consideration given to this new tax that is being imposed on the people of this Province, this infamous payroll tax referred to, and probably callously referred to. It is probably rubbing salt into the wound when they refer to it as the health and post-secondary education tax, because, in fact, we are taxing health institutions and post-secondary education institutions. So this is really

rubbing salt into the wound.

Those are just a few questions I would like to have answered, and I look forward to somebody on the other side, specifically the Minister of Finance, of course, standing and answering some of these questions, not just for my benefit, but for the benefit of the people of this Province.

Mr. Chairman: The hon. the Member for Fogo.

Some Hon. Members: Oh, oh!

Mr. Simms: Let the Minister of Health go, if he wants to.

Mr. Chairman: The hon. the hon. Minister of Health.

Mr. Decker: Mr. Chairman, I want to correct just a few mistakes there. I can understand where the Member for Menihek is coming from. He talks about the health and education tax as if it were a tax on health and on education. Now, Mr. Chairman, that is not what the tax is at all. The tax is for health and for advanced education, which is post-secondary education. I thought it was important to clear that up, because you get that much misconception out there people will actually believe. Because now that we have broadcasting of the House, the words which the hon. Member used would go from one end of the world to the other, and people in South America could be believing that we actually tax health, and that we actually tax education. Mr. Chairman, there is no truth to that. This tax is for health, for education.

Now, I am not going to talk about education, my colleague, the Minister of Education, is much

more capable of doing that than I. But I am going to talk for just a few minutes, a very few minutes, because I do not want to take too much time from the Opposition; it is important they have all the time in the world to really address this.

I want to talk about the health portion, Mr. Chairman. There were two reasons why we had to put this tax on so that we could get some money for health, and here they are: The first reason, Mr. Chairman, was forced upon us by the colleagues of hon. members opposite, by their colleagues in Ottawa, their friends, their buddies, their people who have the same political stripe in Ottawa. They have a problem with their deficit up there, which is a serious problem, by the way, a problem which they are going to have to deal with. They did not show much imagination in dealing with their deficit. Their way to deal with it was to unload it onto the Provinces. So what did they do? They froze the transfer payments which pay for health and education; they froze it, and did not even account for inflation, and that meant that the health care system in this Province lost somewhere in the vicinity of \$25 million. The Minister of Finance, Mr. Chairman, had to replace that money, money which we were counting on. The Tory friends of members opposite, in Ottawa, unloaded a portion of the deficit on us, and we were left with a \$25 million shortfall for delivery of the health care system in this Province.

So, Mr. Chairman, the Minister of Finance, being a great man of the common people, concerned about the ordinary Newfoundlander, the ordinary fisherman, the ordinary

loggers, the ordinary miners and the ordinary men and women who live on fixed income, all those ordinary people, rather than do what Government members opposite would have done, members opposite would have raised the sales tax by a point and taken in \$45 million; members opposite would have raised the federal income tax by five or six points, they would have stuck the ordinary common man, because that is Toryism, that is exactly what conservatism is all about, sock it to the helpless, sock it to the widows and orphans and the crippled and the lame and the weak and the blind. That is Tory philosophy, Mr. Chairman, and that is how members opposite would have addressed this problem. The Minister of Finance, being a man of the common people, he did not want to impose any taxes on anybody. No Minister of Finance wants to do that. But you have a job to do. You have to open hospital beds. We are opening about 100 additional beds this year never opened before, never in the history of the world. We had to get that money somewhere, and we had to put it on where it hurt the least, so, Mr. Chairman, unlike the people on the other side he put it on the businesses which could afford it, the larger businesses. Not the small mom and pop operations, but the businesses which could afford it.

Ms. Verge: (Inaudible) small businesses have not made a profit.

Mr. Decker: Mr. Chairman, the Member for Humber East, who is not even in her own seat, is trying to disrupt the decorum in this House again, trying to bring it down and interfere with my speech. Well, Mr. Chairman, she does not know what it is to be a member of the common class. I mean, she grew up

in luxury. She grew up on Snob's Lane, in Corner Brook. She does not have any feel for the common man. She does not know what it is all about.

So that is the first reason the hon. the Minister of Finance had to put this tax on, because the Federal Government unloaded their tax bill on us.

Some Hon. Members: Oh, oh!

Mr. Decker: Mr. Chairman, they are trying to divert my attention. They are trying to get me off the issue. They are noted for that. When you hit them with a hard-hitting speech, they try to get you off the issue.

Now, the first point was we had to find the \$25 million which their Tory friends in Ottawa took from them.

The second point I might have referred to before in this House. I don't know if the Opposition House Leader heard me refer to it before, so in case he has forgotten, I will tell him the second reason. We are bringing on this tax for health care because over the past ten years there has been a tremendous attack on health care in this Province - a tremendous attack. Now here are a couple of things I believe I mentioned before. I might have mentioned it once before in the House, but in case hon. Members have forgotten, I will mention it again. There were three years, under the previous Administration, when there was a total freeze on hospital construction in Newfoundland and Labrador, not a nail was driven, not a window was fixed, not a door was caulked, not a new hospital bed was opened, except in Grand Falls. Now I do

not know if it had anything to do with the fact that the member from that district happened to be President of Treasury Board. I would not dare to suggest there is any connection between the two, they are two facts which stand independently of each other, totally unrelated, but by sheer coincidence, when there was a freeze on hospital construction in the Province, a new hospital was built in Grand Falls.

Now, Mr. Chairman, that almost sounds contradictory. But by sheer coincidence, apart from Grand Falls there was not a solitary nail driven, not a hospital bed was opened, the whole health care system was frozen, Mr. Chairman - not a new hospital bed was opened, everything was frozen; a total cap on hospital construction in this Province.

As a matter of fact, Mr. Chairman, right now we are trying to replace the Grace Hospital, trying to replace these beds. You know the previous Administration had promised the Grace Hospital that within a few months they would replace that hospital. The board was told that; the people of the Province and the people of the city were told it was only a matter of a few months, when the new budget comes down, we are going to build a new Grace Hospital in St. John's. This was the advice they were given.

Mr. Chairman, do you know what happened when their Budget was brought down? When the Budget was brought down the Members of the St. John's Hospital Council were waiting with bated breath to hear the announcement that the new Grace would be built; the people on the Grace Hospital Board were waiting with bated breath, because

they knew the Minister of Finance was going to announce a new Grace Hospital. Do you know what he announced, Mr. Chairman? He announced a freeze on hospital construction and on nursing home construction in Labrador.

Ms Verge: Which was not as bad as you have done.

Mr. Decker: Now, Mr. Chairman, here is what happened. When you put a freeze on anything, on health care or on wages, there is a buildup of need, and when the freeze is finally lifted, there is a whole lot more to be done than was ever to be done had you not put the freeze on in the first place. This is the kind of mess this Government inherited when we took over: We took over hospitals which were dilapidated, we took over a health care system that was falling into the ground, with no leadership, with no commitment to it. So we had to find millions of dollars to try to overcome those ten years, when the health care system of this Province was allowed to deteriorate and allowed to just fall into the ground. In order to do that, we were counting on money from the Tories in Ottawa. We thought they would at least live up to their commitments and they would increase the amounts of transfers payments, at least to keep up with inflation. But no, Mr. Chairman, with the blessing of members opposite, who talk to their friends on a daily basis, who advise them of the needs in this Province, who tell them where to give money and where not to give money, where to take money and where not to take money - they have a constant dialogue back and forth, Mr. Chairman, and they said, look, do not give it to the hospital system, do not give it to them - they stopped this

transfer payment and we had to pick up \$25 million. Transfer payments went down, and here was a need in the system the like of which you would never believe.

If anyone were to come into this Province from outside the Province to see what happened to the health care system, they would think we were lying when we tell them the kind of beating the system has taken throughout Newfoundland and Labrador. Today, we have in this City a need to replace 300 beds, which is going to cost an awful lot of money. Up in Goose Bay we have to replace a hospital which the previous Administration allowed to fall into the ground: the roof is leaking up there, the windows rattle, snow blows in around the windows, it is difficult to keep the place warm. That is the Tory legacy to this Province; that is what they left us in Goose Bay, Mr. Chairman, a hospital which is falling into the ground.

Then I go down to Stephenville, down with my colleague the Member for Stephenville, and again a hospital which is falling into the ground. Because the previous Administration had a freeze on hospital construction not a nail was driven, not a door was hung, not a window was repaired, not a new bed was opened. We are left with that, Mr. Chairman.

Let's go up the Northern Peninsula, up to Port Saunders where my colleague, the Member for St. Barbe, is the member, and he is putting tremendous pressure on me to deal with the emergency up in Port Saunders. That structure was built back in the 1930's, Mr. Chairman. In addition to being an eye sore, I believe it is unsafe for people to go into. What did

this Administration do in the last Budget? We announced \$250,000 to start the planning so that we can put a new hospital in Port Saunders, Mr. Chairman, because the Tory legacy left us an institution in Port Saunders which was dilapidated and which was falling into the ground. That was the Tory legacy.

Let me move down the coast. Let me go down to Burgeo. The building there was built in the year 1935, Mr. Chairman. I happened to visit the thing just last spring I think, before the budgetary process, and when this Budget came out, what did you see? Even though their Tory friends in Ottawa had held back some of our transfer payments, we put in the Budget \$250,000, I believe it was, to do the planning so that we could put up a new hospital with some chronic care facilities in it, with some acute care facilities on it, with all the primary needs of level one health care, Mr. Chairman, a tremendous credit to this Province that is trying to overcome the Tory mismanagement of the health care system. That is what we did, Mr. Chairman, down in Burgeo.

Now, let me go to Corner Brook, where the Member for Humber East is from, to that institution out there which was punished by the previous Administration because the administrator happened to be a Liberal. Now have you ever heard such silliness in all your life? Because the administrator happens to be a good Liberal and was man enough to stand up and say so, Mr. Chairman, they punished all the senior citizens in Corner Brook. Punished them! What did we do, Mr. Chairman? In the last Budget \$200,000 to start the engineering and the planning to put on an

extension and to bring that facility up to level three so that we could put the people in there.

An Hon. Member: (Inaudible).

Mr. Decker: Frank Colbourne, a good Liberal. You thought he was Tory, did you?

Ms Verge: He is the administrator of the Interfaith home.

Mr. Decker: Interfaith, yes.

Ms Verge: (Inaudible) the hospital.

Mr. Decker: No, the Interfaith - Oh, you knew! She knew darn well the administrator of the hospital was no Liberal. She knew darn well he wasn't, because he was the sign maker, he was the guy who led the campaign out there. She knew I wasn't talking about him. As a matter of fact, Mr. Chairman, I see the shock on the hon. member's face. She thought she had lost one of the main supporters out there. No, relax. She is safe.

Now, Mr. Chairman, let us go into that Budget again.

Ms Verge: A point of order, Chairperson.

Mr. Chairman: Order, please!

The hon. the Member for Humber East on a point of order.

Ms Verge: Thank you, Mr. Chairman. I am shocked. I am shocked at hearing the Minister of Health for the Province talk about the partisan political affiliation of administrators of health care institutions. I would have thought the Minister of Health would have been fair-minded enough to ignore any private partisan

affiliation of administrators of health care institutions.

Mr. Decker: To that point of order, Mr. Chairman.

Mr. Chairman: The hon. the Minister of Health.

Mr. Decker: She is absolutely right in thinking that. This Minister of Health does not notice the political affiliation of people, but the previous Administration did, which is the very point I was making, that they punished the senior citizens in Corner Brook because the Administrator was not afraid to stand up and say he was a Liberal. But this minister is not going to fool around with that nonsense, this minister is going to meet the needs of people regardless of their politics.

Mr. Chairman: Order, please! There is no point of order. The hon. the Minister of Health.

Mr. Decker: Thank you, Mr. Chairman. It is difficult to keep your train of thought when people keep interrupting with frivolous points of order.

Now, Mr. Chairman, let me go down to the Burin Peninsula. If ever you saw a mess in the health care system, there was one. I took the helicopter, which the hon. member talks about as if I went - what was it he called me?

An Hon. Member: Air Wolf.

Mr. Decker: He accused me of being Air Wolf. Mr. Chairman, that was a very enlightening, valuable trip I made down to Grand Bank and St. Lawrence, to look at the institutions. What I saw, Mr. Chairman, was a scene out of

something Charles Dicken's would write. I saw institutions which were built for a different age trying to cope with medicine in the late twentieth century, totally out of date, totally out of whack.

Now what happened down there? Some years ago, under the previous Administration, they listened to the experts in the department and the experts in the Province and they did the proper thing, they built a new hospital for the Burin Peninsula, which was a good decision, from a medical point of view, from a health point of view. Part of building that institution meant they had to rationalize the services on the whole Burin Peninsula. There was room for only one regional hospital down there, but because of political interference again, they decided to keep those outdated institutions alive. It was just for the sake of political expediency, Mr. Chairman, nothing to do with the sensibleness of health care.

What did we do when we came to power? We were not afraid to take the bull by the horns and do what was right from the sense of delivering health care, so we went down to St. Lawrence; I flew down myself; I took the helicopter, Mr. Chairman, and went down there for a visit. What did we do with St. Lawrence and Grand Bank? We changed their mandate. We improved on their mandate. We enlarged on it. Prior to us going down there, it was just a place -

An Hon. Member: (Inaudible).

Mr. Decker: Exactly. And we improved on their mandate. These institutions now are community health care centers. On the

hierarchy scale, Mr. Chairman, the cottage hospital is about there and community health care center is up here. It is an improvement. It is a promotion. It is another step on the evolutionary track to becoming a major center. We improved on health care and hon. members opposite are frightened right to death because we are improving on health care throughout the system. That is what we did, and there is no politics involved in it. When in health care you cannot fool around with politics, you have to address the needs of the people. If the Tories over there made their friends in Ottawa stop sending us the transfer payments, we had to do the best we could. The hon. the Minister of Finance, the man of the common people, he put the tax on where it hurt least, Mr. Chairman, and I am proud to be associated with that hon. member.

Some Hon. Members: Hear, hear!

Mr. Decker: Now, Mr. Chairman, let us not forget the Harbour Breton area, an area which was also totally ignored - totally ignored - by members opposite. When they allowed the health care system to fall into the ground, when they had the freeze on and built the hospital in Grand Falls, only in Grand Falls, they allowed Harbour Breton to fall to the ground.

Unfortunately, in this year's budgetary process, after we had taken the beating from the people in Ottawa who took away our money, Mr. Chairman, after we had to contend with a health care system which was falling into the ground, there was not enough money left over for us to do anything with Harbour Breton. But, Mr.

Chairman, I tell the people of Harbour Breton, who I am sure are tuned into this broadcast tonight, not to be too discouraged, because somewhere in the future we are going to address that problem.

Some Hon. Members: Hear, hear!

Mr. Decker: How do we address these problems, Mr. Chairman? Do we look at the way they vote? No, Mr. Chairman, it has nothing to do with the way they vote. What we look at are the needs we have in Harbour Breton, and then we look at the needs throughout Newfoundland and Labrador. That is what we refer to, in our way, as fairness and balance; that is the way we judge everything. You need a road in Roddickton. You need a road in Grand Falls. We say, where is the need the greatest? That is the way we operate, and that is the way the people of the Province are beginning to get used to us operating and they are delighted.

Now, how are we going to deal with the need for a hospital at Harbour Breton? We are going to look at the need in Harbour Breton, we are going to look at the need in Burgeo, we are going to look at the need over in Port aux Basques, we are going to look at the need up on the Great Northern Peninsula, we are going to look at the needs of the hon. the Member Torngat Mountains' district, we are going to look at the needs of all these and, Mr. Chairman, we are going to find that as a result of seventeen years of mismanagement of the health care system, seventeen years of allowing it to fall into the ground, seventeen years of freeze after freeze after freeze, there is an awful lot of need throughout the Province of Newfoundland and

Labrador. Now, we are going to find those needs are going to represent a tremendous pile on one side of the scales, and over on the other side, Mr. Chairman, we are going to see the amount of money we have to apply to those needs. And that is going to be a smaller pile, and it is getting smaller as their Tory friends in Ottawa keep taking away money from Newfoundlanders and Labradorians; it is going to get smaller as Members opposite keep phoning their friends in Ottawa and saying, yes, Mr. Mulroney, yes, Mr. Crosbie, take it away from us. Sock it to us, Mr. Mulroney. Yes, sir, Mr. Mulroney, take it away. Take it away, because they are only just mimicking what their bosses in Ottawa tell them to do, Mr. Chairman. And as they allow their friends in Ottawa to take away the bit of money we should have as Canadians, that pile is going to get smaller and smaller, and this pile is going to get bigger and bigger.

But there is one thing we can tell Newfoundlanders and Labradorians: they can be sure that over the next twenty-five or thirty years we occupy this place, the decisions are going to be made with a fair and balanced approach. No such thing as not building a hospital because it is a Tory district, or building a nursing home because it is a Liberal district. There will be nothing further from our minds. Mr. Chairman, even Humber East. I mean, we know it is going to change next time, but if it doesn't change, it will not make one bit of difference; I know it will, so I am pretty safe in what I am saying. It will never be called. But, Mr. Chairman, no matter what happens in Humber East, we are going to address the

needs of the people.

In conclusion, Mr. Chairman, I hope I have corrected the false impression the Member for Menihek had. The health tax is a tax to make money available for the health care system, not to take from it, to make money available for it. That is the first point.

Ms Verge: How are they going to be compensated?

Mr. Decker: Now, Mr. Chairman, I am reaching the climax of my speech and I ask the hon. the Member for Humber East not to interfere. Mr. Chairman, the money is for the health care system. The man of the common people, the hon. the Minister of Finance, is going to apply this tax where it hurts the least. We are going to take that money and we are going to apply it to the health care system in a manner which is fair and equitable, treating all Newfoundlanders exactly the way they should be treated, with fairness and balance and common sense, and that will get us re-elected time after time after time. Thank you, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Decker: Thank you, my friends.

Mr. Chairman: The hon. the Member for St. John's East.

Ms Duff: Mr. Chairman, I am so glad I was able to get back here tonight, because I have heard legendary reports. I was at a wake. It is not something I want to get into a debate about, it was a very sad occasion. But I did come back here, because I wanted to be here for the House. And I wouldn't have missed it for the

world! Because I have been hearing legendary tales about that formidable fighter, that partisan, biased, prejudiced former liberal on the other benches. He has been fairly meek and mild ever since he has been over there. The odd time, when I get up to ask a question, he kind of gets his irk up or his dander up and gets very unprofessional, but most of the time he has been very, very quiet. And I think it is probably because the boss, the king has other fish to fry tonight that he finally let loose. And I can't say I blame him, because it must be very hard to have to keep your mouth shut, sit on your speech and never be allowed to let the juices flow, to let all that bias and prejudice and partisanship come out. I think the minister had fun; I could see the smile on his face, I could even see the tongue in his cheek.

Mr. Winsor: Yes, he swallowed some words twice.

Ms Duff: He did, indeed. But I am glad he enjoyed it. I was not entirely going to talk about health care tonight, but I do think perhaps it might be worthwhile to set straight a few of the misconceptions, a few of the errors the minister has just brought forth. I hope it is not because he doesn't know what he is talking about. I hope he was just having fun. In any case, I think if I have heard once I have heard a 110 times that in the era of the previous Administration there was this wonderful freeze on hospital bed construction, and the phrase is that there was not a nail driven, not a door hung in the health care system in Newfoundland and, consequently, everything had gone to rack and ruin, and I think the point was that that was one of

the excuses for putting on this wonderful regressive payroll tax. Well, maybe I had better give the hon. minister a little bit of history about what happened in health care.

In the early '80s, the previous Progressive Conservative Government constructed hospitals in the Liberal district of Forteau, in the Liberal district of Port au Basques. Now I have to admit that the wonderful facility that was put in Carbonear at the time, was in a Conservative district, and that the new hospitals in Clarenville and an extension at the Western Memorial and the marvellous secondary facility in Burin, at Salt Pond, certainly were in Conservative districts, but at that time, when the planning was done for those hospitals, there were only eight Liberal seats in the House of Assembly, so I would say eight out of fifty-two to get two hospitals out of eight was pretty good. But that was probably the most construction of health care facilities that this Province has ever seen in its history, since Confederation!

And then the Government did a very intelligent thing. After it had built all those acute care beds, it commissioned a study, known as the 'Commission to Examine the Cost of Hospital and Nursing Home Care'. I think the minister would have to admit that every now and again you need to look and assess the situation, because health care needs are changing and you want to know that where you are spending your money is the right place. As a result of that study, the Government was advised not to build for the time being any more acute care beds, but to tackle what was even a more serious

problem at the time, the serious -

Mr. Winsor: No heckling. No heckling.

Ms Duff: I don't mind him. I love him to heckle. I love his smile. You know, he is such a cutie!

Some Hon. Members: Hear, hear!

Ms Duff: Never mind. When the House closes, we will have to show him how to make pickles.

Mr. Efford: (Inaudible).

Ms Duff: You think I have had a lapse of good taste, do you?

Mr. Winsor: That will silence him for the night. That will do it!

Mr. Efford: I will say nothing (inaudible) reason.

Ms Duff: In any case, we had a very serious lack of chronic care beds in the Province, so the Government very wisely set about to not build more acute care beds, but to address the chronic care needs of the Province because, I think the hon. minister surely understands, the utilization of acute care beds by chronic care patients was not a logical or good or sensible utilization of the funds for health care. So what did the Government do? It built a marvellous new chronic care facility in Dr. Hugh Twomey's district, in Exploits, the Dr. Hugh Twomey Centre; it built a marvellous extension to the facility in Carbonear; it built a very significant extension, eighty-nine beds I believe, to the Agnes Pratt Home. And then what happened?

Mr. Decker: When was that?

Ms Duff: In the last two years before this Government took over. They were ready to be opened.

An Hon. Member: Oh, Shannie (inaudible).

Ms Duff: In the Tory days, when they really cared about senior citizens and chronic care. But the Government changed, and lo and behold what happened? The Liberal Government, the beautiful Government whose heart is as red and as big as the cover on the Budget, suddenly put a freeze on chronic care beds and left those beds empty, there, built. These were the nails that were driven and the doors that were hung. The fact that they were chronic care and not acute care, I think, made a lot of sense. And it was only after considerable pressure and criticism from the media and hammering from this side of the House that the minister finally decided, this year, not to open all the beds, but to at least open some of the beds so that poor families who are trying to care for their chronically ill elderly and their patients with Alzheimer's could finally get some relief and make sure those patients were properly cared for.

Mr. Furey: Why didn't you open them?

Ms Duff: Because they weren't quite built when the Government changed. That's why we didn't open them.

An Hon. Member: You said they were (inaudible).

Ms Duff: No, they were built. You know, you do have to paint the rooms and put on the gyproc before you can actually put patients in the beds.

An Hon. Member: Well, why didn't you open them?

Ms Duff: We would have. All the openings were lined up -

Mr. Furey: You were too busy building Sprung. (Inaudible).

Ms Duff: Oh my! It was just an unfortunate accident for the elderly of this Province that the Government changed at that point and they had to wait another year before they could get in the beds that were built by this enlightened and progressive Government. I guess this is just an example, perhaps, of the kind of hyperbole and exaggeration and partisan comments the minister has indulged himself in tonight. And I am not criticizing him for that, I know everybody needs a little safety valve now and again. As soon as king Clyde comes back, he is going to have to be glued to his seat and watch his bobber; he is not going to be able to say anything, so I just hope he had fun tonight.

There were a couple of things I wanted to say about the payroll tax, and one of them is that I think it is time this Government reached a certain level of maturity and started to take responsibility for its own actions. We expect teenagers, when they get into trouble or when things don't go right, to blame their mothers or to blame their teachers or to blame circumstances, but after a while, when they grow up and get mature, they begin to realize that they, in fact, are in control of their own lives and they start looking to the future instead of the past, and they start taking some responsibility for what they are doing. I think there has been

enough grace given now to this Government, and we are getting awfully sick of Fed bashing and blaming the previous Administration; I think it is time you started taking your own agenda in your own hands and taking responsibility for what you do.

Now the payroll tax, and I like to be fair about things, obviously I think the Government if it needed to raise revenue probably had to consider a number of tax measures. We oftentimes are criticizing you for not spending enough on this or that, but of all the tax opportunities that were available to Government, especially when this Government made that wonderful statement about being so proud that they did not have to put in an aggressive tax measure which would hit those who are least able to pay, they then bring in a tax which is, in essence, a consumer tax, which is a totally regressive tax and will hit everybody, whether they can pay it or not, and it is all part of the smoke and mirrors with which this Government has been dealing! I don't know how long you think you are going to be able to fool people, but I have heard a hundred times if I have heard once, for every excuse you have for things you have not done and taxes you have put on, it was because those terrible Feds took all that money from you. Well, I have said it before and I will say it again, the Federal Government did not take any money from the Government of Newfoundland, it gave the Government of Newfoundland \$43 million more than the previous year, and it gave the Government of Newfoundland a total of almost \$1.5 billion, which is not chicken feed; it was fairly generous, and it amounts to almost half the total revenue of the

Government. But the amount you were expecting to get was \$20 million more than you got. You perhaps shouldn't count your chickens before they are hatched.

But I can not blame you for going by the Premier's formula, and I am sure it was a little bit of a shock to find that the formula had changed and there was not the same increase in the EPF funding, so you had to scurry around and find some money. But what you did was scurry around and put your hands in the pockets of the Newfoundland taxpayers to the tune of \$93 million, in various ways, and I will not outline then, as that has been done in the Budget debate, but \$93 million in additional tax revenue, every cent of it blamed on the Federal Government for the \$20 million you expected and did not get.

Well, I would certainly have to call that overcompensation, and I think the excuse is wearing very thin. With this particular tax, and I suppose I should deal with it partly on the basis of what it will do to local Government, it is part of a trend. Unfortunately, I hate to admit, it is part of a national trend by provincial governments to pass their burdens, either in responsibility or in tax raising, down to the local level of Government. And for a Government which claims they only bring in very fair and equitable tax measures, and that they were so proud to avoid regressive taxation because it hits those least able to pay, to bring in a payroll tax and apply it to the Municipal level of Government who can only raise their funding - it is a tax on taxes - by the property tax, which is the most regressive form of tax, because the poor widow who has a house and

is probably eating cat food to allow her to stay in her house, has to pay that tax the same as the person who is building in Bally Haly estates and has millions of dollars. So it is a very regressive and very unfair tax.

It is also unfair to municipalities to add this taxation burden when they are already scrambling and are very limited in their sources of revenue to provide the most basic level of service for their constituency. In addition to that, it is an administrative nightmare; it is another administrative burden passed on to small business, passed on to municipalities, passed on to hospitals, which is not necessary, because there are simpler ways and cleaner ways of raising that revenue, provided you are willing to have it up front so that the people can see it in the budget and take the flack that inevitably comes with new taxes.

I find it very strange to find this Government beating up on the Federal Government constantly for the Goods and Service Tax and, at the same time, refusing to have the blended tax. If I have heard the Minister of Finance correctly, and I may not have, as he was into his interview before he did, I think the reason he gave -

Mr. Chairman: Order, please!  
Order, please!

I am sorry to interrupt the hon. the Member for St. John's East while in full flight, but there are a lot of conversations going on to my left and I have difficulty hearing the speaker.

Ms Duff: I have difficulty

keeping my train of thought together. I listened to the hon. the Minister of Health with such rapt attention that I hope he is listening to me with the same rapt attention.

An Hon. Member: The substance of your speech is sort of (inaudible).

Ms Duff: I think it has a great deal of substance, compared to the Minister of Health.

Ms Verge: It is too much for most of those hon. Members to take in.

Mr. Decker: You autograph (inaudible).

Ms Duff: Oh absolutely! Absolutely. Provided you will do the same for me.

In any case, the payroll tax, which, as I have already said, although nobody was listening, is regressive and puts an unfair administrative burden on municipalities, also penalizes unfairly the self-sufficient and fiscally responsible municipalities and, therefore, their taxpayers. We already have very serious tax inequities at the municipal level, and this is only adding to that burden. It took us so long to find out how this tax is going to be applied and what was in it; I think the information trickled out so that we have little bits of it.

We did, fortunately, find out that the tax would not be any net burden on hospitals and schools, which I think was an enlightened move. I am not sure if it was a move the Government intended originally, or a move they were shamed into by questioning from this side of the House. But they will receive a rebate, and it was

certainly not announced in the Budget. And it is not clear as yet whether this rebate will include the finance charges, but I am sure the Minister will clarify that. It also does add an unnecessary administrative burden in collecting it. Now, this particular piece of legislation we have before us, Bill No. 28, dealing with the payroll tax, is certainly not terribly enlightening, only in the very draconian measures the Minister of Finance will use if the poor, small businesses or small municipalities do not pay the tax, because I think three-quarters of the Bill is dealing with the horrible things that will happen to people who renege on this payroll tax.

There is one question I would like to ask the Minister, when he speaks, in relation to this Bill and it is on page 4 under, I guess, the definitions. Under 2(d) it says: 'an employee means a natural person employed in the Province by any employer', and I was wondering about the use of the word natural and, in fact, what would constitute an unnatural person. It is a very strange word, and it struck me the minute I read the Bill. The Minister may be able to enlighten us on what a natural person is in the context of an employee in the Province of Newfoundland.

I would also like the Minister to enlighten me on what he estimates will be the total additional cost of the bureaucracy he will have to set up: the inspectors, the accountants and others, in order to collect and administer this tax, and the total cost of the burden of this collection on those agencies which will be taxed. I have a feeling it is fairly

significant, but, of course, it may be a project of the Economic Recovery Team to create another ten jobs in the form of tax inspectors and tax collectors. And it is going to be a tremendous boon for lawyers and accountants.

In any case, there is not much more one can say about the clause by clause on this Bill, except to say that any poor person who is wondering about whether or not they should start a small business who reads it, would probably get scared to death from all the frightening legal consequences of not paying the tax and give up before they even start.

Mr. Simms: Good point. (Inaudible) good questions put to the Minister.

Ms Duff: Yes, which I am quite sure will be answered in due course.

Now one of the most serious negatives about this Bill is the fact that it will place yet another burden on small business. I have heard hon. members on both sides of the House say time and time again that small business is the absolute core of the economy, that we are going to be looking for small business to make any real gains in generating employment in the days ahead, yet it seems that not only this Government but the Federal Government seems to constantly knock it to small business so that the average person thinking about setting up a small enterprise, a small factory, a small business of any kind must spend a very high proportion of their creative energies, and creative energies is what makes business work, dealing with the flood of paper and regulations and burdens that are

passed onto them by the Governments who keep, on the other hand, praising them up and saying how much we rely on them and how wonderful they are. That, it seems to me, is a little bit hypocritical. We should be doing everything in our power to simplify the administrative load on small business, and to make it easy for people to get into business, so that they can create jobs which, in turn, will create the revenue we need so we don't have to be constantly going with the income taxes.

And the one very distressing thing about the record of this present Government is actually how there has been a very disturbing trend of an increase in unemployment almost every month this Government has been in office, culminating in a 3.5 per cent increase in unemployment over May of last year, and I think that is not something this Government should be proud of. It is, in fact, something they should be extremely worried about.

What else can I say? How much more time do I have?

Mr. Winsor: You have twenty minutes.

Ms Duff: Twenty more minutes! Oh, my, I do not know if I even want more.

Mr. Chairman: Ten minutes.

Ms Duff: I do not think I need to say a whole lot more. I think there is one more point I would like to make to the Minister of Health. This Government seems so terribly proud about not having any increases in sin taxes.

Mr. Efford: In what?

Ms Duff: Sin taxes. You know, liquor and cigarettes. Because they are one of the first things the press would pick up or the public would pick up. They would not notice this health and education payroll tax, because that was motherhood. It has no more to do with health and education than my foot, it was just called a health and education payroll tax; it goes into general revenue and I doubt if we are going to see any enrichments in health and education as a result of it. But if you say health and education, who could be against health and education? It is just pure motherhood to cushion it, to make it like a little smartie, a candy covered pill so that people would swallow it and not realize what the Government was doing.

I would suggest to the minister that the next time he wants to raise taxes, he perhaps should look to the cigarette tax. I am a smoker, and I would tell you that I do not care if you tax it off the earth, because there is a direct relation between health care costs and smoking. The Province of Quebec has certainly whacked on the cigarette taxes; it costs over \$5 to buy a package of cigarettes in Quebec. I would suggest the reason the Government did not increase its sin taxes is because it probably would have been a deterrent and would have meant a loss of revenue the Government already gets from cigarettes and liquor, because I am sure there is a cross-over point where sales will decline if the price goes up.

I would admire this Government a great deal more if it were willing, instead of trying to hide its agenda, and I do not even criticize your agenda, because I

know you are having a struggle, I know we have scarce resources, I know there are demands, but if you would be completely honest about it and just say to the people of this Province we have to have these revenues if you are going to have these services; up front, straight out, here are the revenue measures, here are the expenditure measures, instead of trying to hide it all and code it all and make pious statements and have to be drawn out like hens teeth over the course of a debate.

So maybe when the Government has more confidence, next year, and is able to stand on its own two feet and does not have to rely on beating up on the Feds or blaming the past, we are going to get the first honest budget from this Administration. I really look forward to it. Thank you, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Chairman: The hon. the Minister of Social Services.

Some Hon. Members: Hear, hear!

Mr. Chairman: I recognized the hon. the Minister of Social Services.

Mr. Efford: With all the cheers and applause, I did not hear the hon. Chairman recognizing me. Thank you, Mr. Chairman.

It is necessary, Mr. Chairman, for some of us on this side to keep ourselves from falling into a deep, deep slumber, to once in a while stand on our feet to keep ourselves alive over here. After the past three or four weeks, it is almost impossible.

I had to stand to my feet this

evening to say a few words. I have a lot of admiration for the new Mayor of St. John's, a lot of admiration.

Some Hon. Members: Hear, hear!

Mr. Efford: Mr. Chairman, I will say this publicly, to the people in the galleries, for everybody to hear, that I have even offered to go down and campaign. And with my history of campaigning -

Mr. Murphy: We will all go down, John.

Mr. Efford: With my background in campaigning, and all my hon. colleagues, we can assure you that Mr. O'Neil or Mr. Wells will not come close to you in the polls. We can assure you of that.

Some Hon. Members: Hear, hear!

Ms Verge: (Inaudible) campaign for you to be mayor of Coley's Point.

Mr. Efford: I thought I already was. In fact, I thought I was mayor of the whole District of Port de Grave. Everything that goes on in Port de Grave District, nothing passes my humble fingers. But it really disappointed me. The hon. the Minister of Health I have a great deal of respect for; he advocates on behalf of health and he practices; he don't smoke and he totally disagrees with and deplures anybody else in the Province of Newfoundland and Labrador who smokes. In fact, if I can convince the hon. Minister of Health and my colleague, who once in a while I have to duck a few times around here, the Minister of Works, Services and Transportation, there will be no smoking anywhere in the Province of Newfoundland and Labrador

before long.

Some Hon. Members: Hear, hear!

Mr. Efford: In the Department of Social Services there is no smoking. In fact, I want to help the hon. Minister of Finance next year in not having to increase taxes, and I think a great way to do it is to decrease health costs. How do you decrease health costs? Cut out smoking. Stop polluting your bodies. Then I heard this evening our health critic, who I had a great deal of respect for, and I am trying to maintain that respect, tell the House that she smokes. You actually smoke, and then you will stand up advocating on behalf of the health care system in the Province of Newfoundland and Labrador and expect the overworked nurses, the overworked nursing assistants, and the overworked doctors to maintain the service when last year they had 56,000 people go through the health care system in Newfoundland and Labrador because of ill-health caused by Smoking. Why do we have to increase taxes? Because people promote smoking. When you smoke, what do you do? You create bad health habits and ill-health. So the hon. the Minister of Finance owes it to the people of Newfoundland to increase taxes, and the root cause is people who smoke. It is very, very simple.

Now, I am totally shocked. I understand that some members on this side smoke, but I had thought such a good opposition member as the health critic would not, because of the position she was advocating on behalf of the health care system in this Province. Now, I know their poor administration over the last 17 years caused the \$5.2 billion -

\$5.4 billion debt, but I thought that now, at least at this stage of the game, they would have some feelings for decreasing the debt and the extra costs in the health care system, and they would stop and try to help.

Ms Verge: How about the pickle book?

Mr. Efford: Well, I was just going to reach down and get that. Really, you have stood up for the past three or four weeks and talked tax after tax and asked, why should you put a tax on? coming down on the poor Minister of Finance about increasing tax costs. Now, I sympathize with him. No man, no person wants to tax businesses or individuals. Nobody wants to do that, but you are placed in the position where you have to. What are the interest payments on our debt?

Mr. Simms: You are asking a beaut now.

Dr. Kitchen: \$520 million.

Mr. Efford: \$520 million. Let me ask the Minister of Finance another question. What is the payment on Bev's Dip every year?

Dr. Kitchen: Over \$2 million a year.

Mr. Efford: Over \$2 million. On the first word in the book, Bev's Favourite Dip, \$2 million, and you wonder why we have to increase taxes and you criticize the fact that it is put on businesses.

An Hon. Member: (Inaudible) Bev's favourite dip, or what.

Mr. Efford: Well, how could he order Bev's Favourite Dip up there? Old Mr. Yum Yum himself.

The \$101,000 severance yum yum. Well, well!

That is costing an interest payment of about \$14,000 a year. I would say this is a good one for the hon. member up there: Simple but good. That is actually here! I am not making up things, this is actually here. I believe it is a cucumber hor d'oeuvre. Let me read you what simple but good means. 'Slice one Newfoundland cucumber thinly. When serving, sprinkle lightly with vinegar, sugar and pepper. Simple but good.'

Mr. Chairman: The hon. the Opposition House Leader on a point of order. I have not recognized you yet.

Mr. Simms: Mr. Chairman.

Mr. Chairman: The hon. the Opposition House Leader on a point of order?

Mr. Simms: Yes. Mr. Chairman -

Mr. Chairman: I haven't recognized you yet.

Mr. Simms: Sorry about that. As Your Honour is well aware, I am sure you listened with great interest to the magnificent speech from the Minister of Social Services, he read from the pickle book and, as the rules say, the minister must table the document.

Ms Verge: They all have a pickle book.

Mr. Simms: That is right. But if we does it often enough, they will soon run out of them.

Mr. Chairman: I will rule on the point of order. As the rules indicate, if an hon. minister

reads from a statement or text, he has to table it. I request that the hon. the Minister for Social Services table the pickle book.

Mr. Simms: Give us the one with the notes on it now. Not that one, the other one with the notes on the back. That is the one I want.

Mr. Efford: They are getting down.

Some Hon. Members: Hear, hear!

Mr. Chairman: The hon. Member for Social Services.

Mr. Efford: Thank you, Mr. Chairman. I have to go home tonight and I have to try and memorize some of those recipes, I can see that. But there is one in there I can't memorize. I have to read this one, Mr. Chairman, so I do not mind tabling this. Listen to this, because this really shows you what type of Administration we had the last time. I am serious now, because this Province is in debt over \$5.4 billion and it has to do with the poor administration, with the incompetence of the past administration. When the Province was sinking in debt, \$532 million to pay in interest alone on a debt, this is the greatest thing they could come up with to solve the problem, to create jobs, to employ people: new industry, new technology to come on stream to answer the demand for jobs in Newfoundland and Labrador.

Ms Verge: (Inaudible).

Mr. Efford: Not only one pad, we had eight pads. Eight pads in the city of -

Mr. Simms: Pods. Pods.

Mr. Efford: Pods, is it? Pods. I don't need to read from it - I do not have to table it. Eight pods in the city of Mount Pearl. But someone decided to write about it. I have to get new glasses. I am starting to -

Some Hon. Members: Oh, oh!

Mr. Efford: Old Yum Yum. Listen! The addition of lime water serves to keep your pickles crisp. However, I made mine without this ingredient and though a little soft, they still tasted quite good. Now, that is what our former Administration -

Mr. Simms: A point of order, Mr. Chairman.

Mr. Efford: I will table it, Mr. Chairman. I will table it.

Mr. Chairman: The hon. Opposition House Leader on a Point of Order.

Mr. Simms: It is the same point of order, but he is tabling it anyway.

Mr. Efford: I will table it, Mr. Chairman. There is no problem, I will table it. In all seriousness, Mr. Chairman, we have 4,989 left - \$20,000 just to print them. I do not know what they paid the authors to write it, but I will tell you one thing, there are an awful lot of poor people and if we had what was paid out to print that book, it would fill an awful lot of food banks in this city. But the nerve, the audacity of people to stand up there and criticize the Minister of Finance for putting the minimum 1.5 per cent payroll tax on payrolls over \$300,000.

The Member for Ferryland said this afternoon that he had a company up

in his district which had a payroll of \$400,000. Well, I can tell all Members on the opposite side, I wish I had a dozen companies in the District of Port de Grave with a payroll of \$400,000.

Some Hon. Members: Hear, hear!

Mr. Efford: I do not think for one minute that any owner or any shareholder in that company would mind paying 1.5 per cent payroll tax and then be allowed to claim it on their income tax.

Mr. Grimes: That is right. For health and post-secondary education.

Mr. Efford: For health and post-secondary education. Now, Mr. Chairman, I would much rather impose a 1.5 per cent payroll tax than tax the poor people of this Province, than keep the food banks empty, than have an administration like the former Administration, which had absolutely no idea of management, of new business.

Mr. Matthews: A recipe for disaster, you are. Sit down out of it.

Mr. Efford: No, sir, you made history in that. There is no one who will ever fill the shoes of members opposite in doing that job, making fools of themselves, and the whole populace of Newfoundland and Labrador is quite well aware of that. I am almost tempted to read another one. But my books are getting low it seems, so I am going to put it away, Mr. Chairman, and I will adjourn the debate.

Mr. Chairman: The hon. the Opposition House Leader.

Mr. Simms: How come you are adjourning the debate? We have five minutes left yet, so I want to have a couple of words before we move the Committee rise.

Mr. Chairman, I must say this: When I got up earlier tonight and pointed out the fact that nobody on that side was participating in the debate, and I spent a considerable amount of my time during that ten or fifteen minute allotment trying to encourage members to get to their feet, participate in the debate and give us their opinion on the payroll tax, little did I know that all we would get from members opposite would be comic relief for the rest of the night.

First we saw the Minister of Health get up and give, perhaps, a variation of the evangelical speech he used to give when he was on the opposition side, a variation of it, twisted so that it would fit the mouth of a Minister of Health as opposed to a health critic. Now that's what we saw first. We saw the President of Treasury Board -

An Hon. Member: (Inaudible).

Mr. Simms: Yes, and made some comments about Grand Bank and things like that which, I can guarantee you, will come back to haunt him.

Then we had the President of Treasury Board who tried to say no, there is no stranglehold on members over here. There is no strategy. Everybody is encouraged to get up and speak. I was hoping he would tell them to get up and speak some sense.

Then, of course, the grand finale. The final speaker for the

evening, on the Government side, was none other than, as our friend from Ferryland calls him, the \$100,000 minister, who gets up and speaks in every debate, makes the same speech, reads cucumber recipes from the pickle book, and that's his total contribution to the debate. Now that is what we have heard for the last fifteen or sixteen minutes.

In the interim, Mr. Chairman, we had members on this side of the House, the Member for Menihek and the Member for St. John's East, who asked pertinent questions about the payroll tax; they asked the Minister of Finance for some interpretations of clauses and did not get a single answer to a single question.

Ms Verge: We still don't know how the agencies are going to be compensated.

An Hon. Member: There hasn't been a question yet.

Mr. Simms: Oh, yes, there has been - a lot of questions! The best way from the Government's perspective of answering questions is to avoid them, skirt all around them, and talk about every other single issue in the world. That's the approach of the Government.

Anyway, Mr. Chairman, we will be getting on to this another day. There are more days to come to talk about the payroll tax, and at the appropriate time, when we feel we have received some responsible response and responsible contribution to the debate, then we may very well decide that is as much debate as we can put forward; there is not much point, as we are not getting any answers. But, I say to members opposite, that day hasn't come yet, and it will be

another few days before it does come, I can assure them.

Mr. Chairman, I move that the Committee rise, report progress and ask leave to sit again.

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

Mr. Speaker: The hon. the Member for Bellevue.

Mr. Barrett: Mr. Speaker, The Committee of the Whole have considered the matters to them referred and 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. Speaker: The hon. the Government House Leader.

Mr. Baker: Thank you, Mr. Speaker. Tomorrow I intend to call Bill 47, Bill 7 and Bill 43. One of those is at Committee stage, Bill 7.

Also, at this time, Mr. Speaker, it is customary that we announce the Private Member's resolution for Wednesday. I would like to express my intention to ask leave of the House to forego Private Member's Day on Wednesday, because of the unique circumstances, to try to finish off the business we need to finish off before we close for a brief recess to handle the Meech Lake situation. I wonder if we could have agreement to do that on Wednesday?

Mr. Speaker: The hon. the Opposition House Leader.

Mr. Simms: Mr. Speaker, with respect to the legislation for tomorrow there were three Bills, as I understand it, in addition to the one on the Order Paper as already in Committee. Is that correct?

An Hon. Member: Including that one.

Mr. Simms: Including that one? I just want to get it clear now. Okay, 43 -

Mr. Baker: Bills Nos. 47, 7 and 43.

Mr. Simms: Plus -

Mr. Baker: That is it.

Mr. Simms: Okay. With respect to the second request in terms of members opposite foregoing their right to a Private Member's Day on Wednesday, I guess we really cannot argue a lot. It is our Private Member's Day, and we cannot argue it and we can hold it up. But if it is the wish of the Government to forego their Private Member's Day, take away the opportunity of their Private Members to introduce a resolution, to debate Government business, then we will not hold that up unnecessarily - we have done it before, on one occasion this session already - but we are doing it on the understanding that the Government has legislation it would like to proceed with, and also on the understanding or expectation that on Wednesday evening the likelihood is that we may adjourn for a few days to give members a chance to go to their ridings, or whatever, to do their bit on Meech Lake. As I understand it that is the request, and if it is for that reason, we are prepared to co-operate, as the

Leader of the Opposition said.

Mr. Speaker: The hon. the Government House Leader.

Mr. Baker: Yes, Mr. Speaker. We feel we need to provide some time for hon. members to do whatever they intend to do, at least a few days, and we would like to finish up on Wednesday if at all possible. That is why we are asking to proceed on Wednesday with some legislation.

Mr. Speaker: The hon. the Opposition House Leader.

Mr. Simms: Presumably, before we adjourn on Wednesday we will have some idea of when we will be coming back.

Mr. Baker: Absolutely.

Mr. Simms: But we do not have that understanding yet.

Mr. Baker: Well, I think we should, perhaps even before Wednesday - like tomorrow - come to some agreement on that.

Mr. Speaker: This House now stands adjourned until tomorrow, Tuesday, at 2:00 p.m.