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Speaker: Honourable Thomas Lush

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The House met at 2:00 p.m.

Mr. Speaker: Order, please!

Before proceeding to routine business, on behalf of hon. members I would like to welcome to the House today a couple of groups of students. Firstly, we would like to extend a cordial welcome to forty-three Grade XI students, accompanied by their teachers Harrison White and Ray Diamond, from Flowers Cove, in the District of Strait of Belle Isle.

Some Hon. Members: Hear, hear!

Mr. Speaker: Also, we would welcome nine students from the Career Educational Exploration Program at the Cabot Institute, accompanied by their Instructors Elizabeth Andrews and Rhonda Whitty.

Some Hon. Members: Hear, hear!

Oral Questions

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

Mr. Rideout: Thank you, Mr. Speaker. Mr. Speaker, the Government brought a Budget into this House on March 15 projecting a current account surplus of \$10 million. Now, in view of the fact that that surplus today is now projected to have disappeared and become a \$120 million deficit - we believe it will be more than that, but that is the Government's projection - and in view of the fact that one of the key components in reaching the projected deficit was a shortfall of \$63.5 million in equalization payments, and in view of the fact that the Premier admitted just a

few days ago, to quote the Premier, 'that he became aware of this just about the time we brought down the Budget' - that was the quote by the Premier in the media a few days ago: 'At about the time we brought down the Budget, we became aware of this projected shortfall of equalization payments' - Mr. Speaker, would the Premier tell the House exactly when the Government became aware of this information from the Government of Canada?

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, I do not know where the hon. Leader of the Opposition is getting his information that I said 'we became aware of it just before we brought down the Budget, or about the time.'

Mr. Rideout: About the time.

Premier Wells: I can say, Mr. Speaker, that whatever was quoted, wherever it was quoted did not accurately state the facts. To the best of my knowledge, the earliest we became aware that there would be some adjustment without any definition of the precise amounts, or we got some information on which we could calculate some potential adjustment was, at the very least, after March 30, which was two weeks after. So how it could ever have been attributed to me that I said we became aware of it about the time we brought down the Budget, I cannot imagine.

I seem to recall that we tightened things up in doing the Budget because we knew things would be a bit tight, but nobody had any information at the time we did the Budget. The Budget was done in

February and was, in fact, read in the House March 15, so that could not possibly be correct. I am not quite sure what the hon. Leader is quoting.

Mr. Rideout: A supplementary, Mr. Speaker.

Mr. Speaker: The hon. the Leader of the Opposition, a supplementary.

Mr. Rideout: Mr. Speaker, the Premier is quoted as a result of an interview with the Editorial Board of the Evening Telegram on September 19 as saying the following: He said, 'At the time the Budget was just about ready to be tabled in the House the Province was made aware by the Federal Government that there would be a \$63.7 million shortfall.' Now, at the time it was ready to be tabled means to me that it was not yet ready to be tabled, Mr. Speaker, so let me ask the Premier this: If the Premier has been quoted correctly by the Evening Telegram, why did the Government not delay the Budget and make appropriate budgetary corrections and bring a more accurate and more honest document before this House, Mr. Speaker?

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, I can only say that whatever he is reading in the Telegram is not accurate.

An Hon. Member: (Inaudible).

Premier Wells: I will give them the information if they want it. I have no idea what the source of that information is or why it was written that way. I can only tell the hon. Leader of the Opposition that the information provided to the Government that indicated

there was going to be an adjustment on prior years' equalization, that there was some revision in the estimates for the equalization in the upcoming year, came in well after the Budget was actually delivered in this House. I can find out the precise date, and I will do so. I will state in the House the precise date when the letter was delivered, or at least the date of the letter - if I do not know when it was delivered, I can tell them when the letter was dated. And I can say with absolute certainty, Mr. Speaker, that it was after the Budget was in fact delivered in the House, and clearly some weeks after the Budget was prepared.

Mr. Rideout: A supplementary, Mr. Speaker.

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

Mr. Rideout: Mr. Speaker, let us accept the Premier at his word. We have no choice but to do that, even though it might be difficult at times. Let me ask the Premier this, accepting the Premier at his word here today, why did not the Premier and the Government bring in an amendment to the Budget as it was going through the budgetary process in the House so that the final budgetary document that was approved by this House sometime in May or June would have been a truthful, honest, best-guessed document? Why did the Premier not do that, Mr. Speaker?

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, I will find out the exact details of when information was provided, what information was provided, when the Department of Finance officials came to a conclusion

that it was likely to be \$63.7 million, I think was the figure that had been calculated, and I will tell the House exactly when that figure was determined so that everybody will know.

My recollection is that we had an estimate in June, and we made it public in June, which indicated we expected a shortfall in the neighbourhood of \$55 million. When they came to the realization that it was \$63.7 million, I will find that out and advise the House, as well. But, Mr. Speaker, it was long after, long, long after the Budget was delivered.

Mr. Speaker: The hon. the Leader of the Opposition, a supplementary.

Mr. Rideout: Mr. Speaker, the Premier's answers here today and in other places indicate quite clearly that before the final Budget passed through this House the Government knew of a significant shortfall in revenue from the Government of Canada.

The Government did know. The Premier has admitted they knew. The Budget was not approved until June. But let me ask the Premier this, Mr. Speaker: Why did the Premier and the Government allow this House to scrutinize, to question and to pass a document that was dishonest, false, and provided misleading information to the people of Newfoundland and Labrador?

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the Premier.

Premier Wells: I am not sure how many dishonest, false and misleading documents the hon. gentleman participated in delivering to this House, but I

can assure Your Honour that this Government has never participated in delivering a dishonest, false or misleading document in this House, and the comment is not worthy of a person occupying the seat.

Some Hon. Members: Hear, hear!

Premier Wells: Now, Mr. Speaker, when we prepared the Budget, we were fairly tight because we anticipated, due to several things we knew were happening. With the cut-back in the fisheries, we anticipated that we would not have as much retail sales tax revenue as we thought we would otherwise get, we knew that was happening, we knew there was a potential problem with Daniel's Harbour Mine closing out, so we tried to take that into account and we cut back on the projected retail sales tax as much as we could to try and cope with the effect of that and project the impact of that. So we cut back to the extent that we could speculate what it might be.

We had no information from the Federal Government at the time the Budget was prepared and delivered in the House. I would expect that the first signs and indications of adjustments from equalization payments were made known to the Government sometime in March or April.

Mr. Rideout: That was long before the Budget was passed.

Premier Wells: Before the Budget was voted on, I would say there would well have been. But, Mr. Speaker, that happens every year. And I will provide the full details so that -

Some Hon. Members: Oh, oh!

Premier Wells: Hon. Members can moan and groan if they want, but I will provide total detail, so let nobody be surprised by what happens. I will provide full and complete detail. I will find out the date when the initial information came in. I will also find out the date when the sum of \$63.7 million was determined and I will advise the House of that, as well.

But, Mr. Speaker, the Budget was in the House, and we delivered the Budget in good faith on the basis of the soundest information we had available at the time. As information became available, by the end of the first quarter, which was some time in July, we let the public know right away what we thought the shortfall might be. By September or October we also let the public know what we thought it might be again, due to the impact of the national economic recession on this Province and other factors that affected it. We let the public know right away. The problem is hon. Members opposite are not used to having such frankness and up-front dealing with the public.

Some Hon. Members: Hear, hear!

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

Mr. Rideout: Mr. Speaker, hon. Members opposite and the people of this Province are used to Governments producing honest budgetary documents and the Premier has not done that.

Some Hon. Members: Hear, hear!

Mr. Rideout: Mr. Speaker, the Premier has admitted once again that his Government brought in a deceitful, fraudulent budget. Now

let me ask the Premier, will he commit to bringing in a new budget to this House this fall, before this session ends, Mr. Speaker, one, hopefully, that is honest and contains the truth?

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, it is difficult to believe that a man with the apparent intelligence the hon. Member is supposed to have can stand in this House and say that the Premier has admitted -

Some Hon. Members: Oh, oh!

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

I remind hon. Members from both sides that Question Period is not a time for debate, that it is a time for seeking information. And I would remind hon. Members on both sides to please adhere to these rules of parliament, that Question Period is for getting information from the Government and neither side should engage in debate.

The hon. the Premier, please!

Premier Wells: Mr. Speaker, it is impossible to imagine how any person in the world with a modicum of intelligence could stand in this House -

Some Hon. Members: Shame! Shame!

Mr. Power: The same insult.

Premier Wells: - and say, 'Now that the Premier has admitted that he brought in a false budget.' I never admitted any such thing! In case the hon. Member has his ears plugged up, I denied it. I denied it before, I deny it again. So, I can't imagine how anybody, and I

can't - it is unparliamentary, Mr. Speaker, for me to attribute motives of deception or anything to the hon. gentleman, so I do not. I am trying to live within the rules of the House, and the only thing I can say is it is impossible for me to understand how any person with a modicum of intelligence could stand in the House and make the statement, 'Now that the Premier has admitted that he brought in a false budget.'

I never admitted any such thing. It is just the opposite. Now it may well be that hon. Members opposite want or would like that situation to be the case so that they could find some basis for criticizing the Government, because they have no other basis. But that is their problem.

Some Hon. Members: No?

Mr. Rideout: Sing as you march past your grave.

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

Mr. Windsor: Thank you, Mr. Speaker. Far be it for the Premier to admit in this House or anywhere else that there is even a remote possibility that he might be wrong. And we are seeing what he spoke about on TV last night, Mr. Speaker. When the Premier can't come back with an intelligent response he takes a personal attack, as he just tried to do a moment ago.

Some Hon. Members: Hear hear! Shame!

Mr. Windsor: He has obviously run out of intellectual responses, Mr. Speaker.

Mr. Speaker: Order, please!

Order, please!

The hon. gentleman is debating the answer of the question given by the Premier. The hon. Member knows he is not to debate the question. The hon. Member is allowed a brief preamble, but not in response to a previous question. So I ask the hon. Member to get on with his question.

Mr. Windsor: Yes, Mr. Speaker. Thank you. You are quite correct. I will have ample opportunity before this session closes to debate the economy of this Province, you may rest assured.

Let me ask the Minister of Finance a question, Mr. Speaker, since we are clearly not going to get any answers from the Premier. The Minister of Finance is quoted as saying that he was advised toward the end of March - "Toward the end of March." The Premier just indicated that it was around the end of March, that the Federal Government revenues would be decreased by some \$63.7 million. Will the Minister of Finance please confirm that indeed it was around the end of March that he was given that information? And if so, let me repeat the question that was put to the Premier by the Leader of the Opposition, why, indeed, did he not introduce an amendment to his Budget document sometime between the end of March and the 29 of May, when the Budget was finally approved?

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

Dr. Kitchen: Mr. Speaker, when we were preparing the Budget in February, we contacted the Federal Government to clear up just what they had, to ask just what things

they had in mind, because we had just received from them a notification that the established programs financing would be cut to the tune of \$19 million, \$1 million for another thing, and \$20 million, and we then had to adjust our Budget and bring in that payroll tax. And we did that. We asked, are there any other adjustments? We were told no. So we brought in our Budget. So there is absolutely nothing fraudulent about that Budget. We responded to the up-to-date information that we had been given by the Federal Government at the time.

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

Mr. Windsor: Mr. Speaker, I point out to the Minister of Finance that revenues from the Government of Canada were not cut, he just did not get the increases that he would have liked. There is, in fact, a considerable increase from the Government of Canada this year; I think it is something like \$1.3 billion, indeed, coming from the Government of Canada.

Mr. Speaker, I will confirm, and the Minister will have to confirm, that the Premier has indicated in his response to questions that he will table any documentation, or at least give the date of the documentation on which the Minister of Finance and this Government was informed of exactly what was happening. The Minister of Finance was quoted as saying 'the end of March' and that will be confirmed. I can tell this House that it will be confirmed that it was around the end of March that the Government of Canada told the Minister of Finance.

Now, Mr. Speaker, accepting that fact, and it will be proven as a fact, why, then, was it not until the middle of August, not early June as the Premier tried to indicate, but the middle of August, that the Minister of Finance told the people of this Province what I had predicted during the Budget debate back in May, that this Government at that point in time was predicting a \$55 million deficit? Why did he hide that fact from the business community of this Province and from everybody else in this Province until the middle of August?

Mr. R. Aylward: When did the House close?

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

Dr. Kitchen: Mr. Speaker, Governments do not adjust Budgets every few minutes. That is something you do not do. Remember the last Budget, before, we were predicting a \$5 million surplus and we came in at the end of the year with a ninety-odd million dollar surplus, largely because of Federal transfers and things like that which went in the opposite direction. It is very difficult at the beginning of the year to know how you are going to be at the end of the year and, consequently, you cannot be forever adjusting your budgets and upping taxes and lowering taxes as new information becomes available.

When the information became available with this particular thing, that we were going to lose on equalization, the other questions: What else will happen? Will the economy go up or down? You cannot be always changing your prediction. What we

did was this: As soon as we were clear that this was not the only trend in the economy for us, in our revenues and in our expenditures, but that the whole situation in Canada had deteriorated significantly, that the economy of Canada was in decline and that was affecting the Province of Newfoundland, that the fishing industry was worse than we had anticipated, when we realized that it was not just this particular thing that came from the Federal Government but other indications were all in the same direction, at that point we felt it incumbent upon us to make it available to the people of Newfoundland. And that is what we did. We had to do it, and we should have. But you cannot alter budgets and make changes as items become available.

Now \$63 million is a lot of money, but you must remember that \$3 billion is the total Budget.

Mr. Speaker: Order, please!

I would ask the hon. Minister to please not drag out the answer. I think he has dealt with it sufficiently. I realize it is a complicated question, but we cannot get into all the economic malaise that took place, or is about to take place. Get to the answer, please.

The hon. the Member for Mount Pearl.

Mr. Windsor: Thank you, Mr. Speaker.

I agree with the Minister of Finance that he cannot, over a short period of time, change predictions, but he has a responsibility to tell the truth to the people of this Province

when he has facts in his possession that impact on the economy of this Province.

Mr. Speaker: Order, please!

I remind the hon. gentleman that he is on a supplementary and that the Chair has allowed him ample preamble. We are now into a supplementary and the hon. member should get on with the question rather than debate the question or give advice to the Minister.

The hon. the Member for Mount Pearl.

Mr. Windsor: Thank you, Mr. Speaker. I simply remind the Minister that he does have that responsibility. The fact is very clear, that he knew at the end of March what the situation was in relation to revenues from the Government of Canada, and he has a responsibility to tell the people of this Province.

Mr. Speaker: Order, please!

I have reminded the hon. Member that the Chair is waiting for the question and if the hon. member does not pose the question, then I shall have to go to another member.

The hon. Member for Mount Pearl, a question.

Mr. Windsor: Mr. Speaker, let me ask the Minister of Finance this: In view of the fact that on the day his Budget was brought down the President of Treasury Board did a deal with the Nurses' Union of this Province which gave them 22.5 per cent over the next two years, which was clearly well in excess of the amount the Minister had allocated in his Budget for salary increases, will the Minister tell the House of

Assembly why he did not reflect that, since that clearly set the stage for negotiations and arbitration? Because this Government gave away the power of negotiations to independent arbitrators, why did the Minister not come back with an amendment that reflected that change?

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

Mr. Baker: Thank you, Mr. Speaker. In the Budget, I would like to inform members of the House and the public, there was adequate money allocated to cover salary increases that were given to the nurses.

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

Mr. Windsor: Thank you, Mr. Speaker. Why, then, did the President of Treasury Board say, as quoted in the Sunday Express of last week, 'we could not afford to add onto our salaries next year the amount that was agreed to in the collective agreement. The arbitration boards have given much higher than we were prepared to give, and then the next year it was 2 per cent higher than we were prepared to give? If that was the case, that he had enough in there, Mr. Speaker, why would he make such a statement?

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

Mr. Baker: Thank you, Mr. Speaker. The Member for Mount Pearl is obviously thoroughly confused at this point in time. The original question had to do with the percentage given the nurses, which was five and five during the first year, and the effect on the Budget. I informed

him that there was adequate allowance made in the Budget for that five and five. I will also say to the hon. member that the quote he is using refers to two and three year agreements. They affect two and three years down the road, and have absolutely nothing to do with this particular year's Budget, as it was seen by us in March.

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

Mr. Rideout: Thank you, Mr. Speaker.

For the past nine months the Association of Allied Health Care Workers have been trying to negotiate a collective agreement with the Government. Now, in view of the fact that the Government has frequently postponed negotiations with the allied health professionals when they had to carry on negotiations with other unions during that same period of time, I wonder if the President of Treasury Board would tell the House why it is that the Government keeps ignoring the Association of Allied Health Professionals, and why is it that the Government, during the collective bargaining process with this group, have been continuously treating them as poor cousins in the health care sector?

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

Mr. Baker: Thank you, Mr. Speaker. The whole premise of the Leader of the Opposition's question is that somehow somebody was being ignored, and that premise is totally incorrect. The AHP has never been ignored. I have been involved myself recently, and through the process

they have never been ignored. Therefore, his question has no meaning, Mr. Speaker.

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

Mr. Rideout: A supplementary, Mr. Speaker. Why does not the President of Treasury Board come clean and tell the House the real reason why Government continues to ignore this group is because they don't strike? That is the real reason, Mr. Speaker. Is Government not coldly and callously ignoring this group because it is to Government's advantage to continue to ignore them as long as they can?

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

Mr. Baker: Thank you, Mr. Speaker. The answer to the question is no, we have not been ignoring them. As a matter of fact, what we are getting from the AHP is that in the past years they feel that they have been totally ignored. This is a frustration that has been built up from past years, Mr. Speaker.

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

Mr. Rideout: Mr. Speaker, this group has been negotiating for nine months off and on, except when Government ignored them to go and negotiate with other groups. Now, Mr. Speaker, in view of that fact, is not the President of Treasury Board, in essence, telling this group that in order to get Government's attention, in order to get a settlement with us, you have to be like everybody else, you have to go out on the picket line, you have to set up pickets around the Province in

order to get our attention, if not we are not going to listen to you? Why doesn't the Government deal with this group Mr. Speaker, who vows not to strike and disrupt the hospital system?

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

Mr. Baker: Once again, Mr. Speaker, I have to say no to part of what the hon. the Leader of the Opposition is saying.

I would like to say to him that the communications which I have with the AHP are not going to be through the House of Assembly or through the Leader of the Opposition, they are going to be direct communications.

I have had meetings with the Leader of the union very recently, contacts in the last number of days, and any communications that I have with the union will be through the union leadership, and that is as it should be.

I agree with the Leader of the Opposition that the AHP -

An Hon. Member: (Inaudible) doing nothing.

Mr. Baker: Do you want to listen or don't you?

Some Hon. Members: Oh, oh!

Mr. Baker: Well, I would like to tell hon. members that the AHP - I would like to agree with the Leader of the Opposition, that they are a very responsible group of workers, they are a professional group of workers, and they are being treated properly by this Government and will be treated properly by this Government. But I do admit that

there is an awful lot of frustration which has built up over the years that we are trying to handle.

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

Mr. Matthews: Thank you, Mr. Speaker. My question is for the Minister of Works, Services and Transportation. I am sure the Minister, as well as every one else in the Province, is very much aware that the people of Gaultois are very upset with the current ferry situation, and I would like to ask the Minister why and how did a fifty-three year old wooden vessel, the 'Agnes and Anne', which was previously removed from the Change Islands service several years ago because it was worn out, how did this ferry, this particular vessel end up servicing the people on the Gaultois/Hermitage run. Doesn't the Minister think that the people of Gaultois deserve something much better?

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

Mr. Gilbert: Mr. Speaker, I am sure the Member is concerned about the people of Gaultois, but I would like to remind him that the ferry service which we are now providing to Gaultois is a contract which was left over from his Administration and which we are trying to fulfill.

When the vessel that was put there by his Government got into trouble this year, the owners got into trouble, they had trouble with CSI, the vessel was taken out of service and we put in the relief vessel we have, the Sound of Islay, and it was there during the

summer months.

In August we discovered that we would have to terminate the contract with the person who had the contract, as he was unable to get his vessel back into service, and then we had to make arrangements to continue on with the term that was left on the contract and take the Sound of Islay' and put it back into service so that we could take the vessel from Fogo in for refit for the winter, and the one from Change Islands in for refit, so what we have done is tendered.

Now, the allegations the gentleman is making about a fifty-two year old vessel, I really do not know. We tendered, there were five tenders, and the tender we received for the 'Agnes and Anne' was the lowest tender. As I understand it, this vessel will now undergo inspection by Canadian Steamships and if it is considered safe and seaworthy, we will have no problem with giving the contract to this vessel for the remainder of the term of the contract.

As I have said, we plan to assess the Gaultois ferry service over the next few months and we will be making a decision later on in the year.

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

Mr. Matthews: Thank you, Mr. Speaker. I think the Minister indirectly answered the question. It is obvious that he does not know what is going on. The vessel is already there and the people are very, very concerned, Mr. Speaker, about safety.

Let me ask the Minister, can the

Minister confirm that this particular vessel went to Labrador this summer on a mission and leaked so badly that the Captain left it up there, he did not feel safe to come back on it? Is he aware of that?

Mr. R. Aylward: Shame! Shame!

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

Mr. Gilbert: Mr. Speaker, I am not aware. And, as I have said, when the Canadian Steamship inspection is completed, the vessel will go into service. She is not in service now. When the inspection is done, we will be making a decision once they get the clearance.

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

Mr. Matthews: Mr. Speaker, I thought I saw the boat on television last night, and the Minister and the people of Gaultois.

Mr. R. Aylward: Larry Hudson will tell you where it is.

Mr. Matthews: Mr. Speaker, the ferry service to Gaultois is important for two reasons. One is the safe transportation of the people to and from Gaultois and Hermitage, and the other is because of the impact that a good vessel will have on the future of the town and on the town's fish plant. They have been requesting a roll-on/roll-off service because studies have indicated that it would reduce the cost of operating the plant there by about \$200,000.

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

The hon. the Member for Grand Bank is on a supplementary but is now making a speech. I remind hon. Members that when they are on a supplementary, try and get to the question as quickly as possible.

The hon. the Member for Grand Bank.

Mr. Matthews: Yes. Thank you very much, Mr. Speaker. I will certainly try to do that, but I have to say that the Minister gave a good speech in his answer. Will the Minister make -

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

I would ask the hon. member, if that is a reflection on the Chair of any kind, to withdraw.

Mr. Matthews: Mr. Speaker, I would certainly withdraw any reflection on the Chair. I was just stating a fact as to what the Minister did in his answer.

Would the Minister make a commitment to the people of Gaultois to undertake to implement a roll-on/roll-off ferry service for the people of Gaultois, to provide safe transportation to and from the Island for the people, and, as well, provide an opportunity for the town of Gaultois to attract a new operator for the town's fish plant?

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

Mr. Gilbert: Mr. Speaker, I have told the people of Gaultois, through the Mayor, that we are studying the ferry service to Gaultois and we will be making a report later in the year.

Mr. Speaker: Question Period has

expired.

Presenting Reports by
Standing and Special Committees

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

Mr. Gilbert: Mr. Speaker, at this time I would like to table the reports of exceptions to the Public Tendering Act for the months of May, June, July and August.

Mr. Speaker: Further reports by Standing and Special Committees.

The hon. the Member for Eagle River.

Mr. Dumaresque: Thank you, Mr. Speaker. It is my privilege today to submit the final report of the Elections and Privileges Committee that was authorized to deal with broadcasting of this present House of Assembly and whether we would issue televising to the next House of Assembly.

And today I would like to take this opportunity to thank the Members: the Member from Port au Port, the Vice-Chairman,; the Member for Pleasantville; the Member for Bonavista South; and the Member for Ferryland; and also the Clerk of the Committee, Miss Murphy, for their hard work and diligence over the last six to seven months.

I would just like to say, Mr. Speaker, in a minute, that the thrust of our recommendations is that we unanimously recommend that television be authorized to be put into the next building, the new House of Assembly structure, and

that we also recommend that there be a computerized system, publicly financed, and that it be distributed by the media throughout the province subject to rules set down by the House of Assembly.

Thank you very much, Mr. Speaker.

An Hon. Member: Good job Danny.

Notices of Motion

Mr. Speaker: The Hon. the Minister of Works, Services and Transportation.

Mr. Gilbert: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend The Highway Traffic Act, 1988."

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

Mr. Decker: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend The Western Memorial Hospital Corporation Act, 1947."

And Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act Respecting Chiropractors."

Mr. Speaker: The hon. the Member for Port au Port.

Mr. Hodder: Mr. Speaker, I give notice that I will on tomorrow ask leave to present the following resolution:

WHEREAS thousands of seasonal workers in Newfoundland and Labrador cannot obtain the

fourteen weeks of employment required to qualify for unemployment insurance because of the severe contraction of employment opportunities in the Province; and

WHEREAS the House of Commons has passed amendments to Unemployment Insurance Act, Bill C-21, which includes a reduction in the qualifying period for unemployment insurance benefits in high unemployment areas; and

WHEREAS the unelected Senate of Canada has refused to pass Bill C-21 and continues to pursue a reckless strategy to frustrate the will of the elected House of Commons; and

WHEREAS failure to reduce the qualifying period for unemployment insurance to ten weeks will condemn thousands of families to poverty and the stigma of welfare;

AND WHEREAS in previous years the House of Commons passed amendments to The Unemployment Insurance Act dealing solely with the qualifying period for unemployment insurance benefits;

NOW THEREFORE BE IT RESOLVED that the House declare its outrage at the undemocratic actions of the unelected Senate of Canada;

AND BE IT FURTHER RESOLVED that the House urge the Government of Canada to introduce amendments to The Unemployment Insurance Act in the House of Commons solely to reduce the qualifying period for the unemployment insurance benefits to ten weeks in high unemployment areas.

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the

Minister of Municipal and Provincial Affairs.

Mr. Gullage: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend The Principal Agreement Ratified By The Avalon Telephone Company Act, 1938."

Mr. Speaker: The hon. the Minister of Labour and Manpower.

Ms. Cowan: I give notice, Mr. Speaker, that I will on tomorrow ask leave to introduce the following bills entitled, "An Act To Amend The Buildings Accessibility Act", "An Act To Amend The Occupational Health and Safety Act", and "An Act To Amend The Amusement Rides Act."

Mr. Speaker: The hon. the Minister of Mines and Energy.

Dr. Gibbons: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend Certain Legislation Respecting Offshore Development."

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

Mr. Dicks: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend The Evidence Act." And I give further notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend The Summary Proceedings Act."

Thank you, Mr. Speaker.

Petitions

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

Ms Verge: Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Ms Verge: Mr. Speaker, I wish to present a petition from several residents of Newfoundland and Labrador, people who live in communities from St. John's to Nain. The petition calls on the Government to revert immediately a terribly regressive cut in social assistance that is taking money away from approximately 1,000 single mothers and about 1,500 children in our Province.

The cut I am referring to, and that the petitioners are addressing, came into force on October 1 without any warning whatsoever to the people affected. It is going to reduce the income of the single parent families by as much as \$115 a month, which for families in that very low income bracket represents 20 per cent to 25 per cent of their total income.

Mr. Speaker, I would like to read the petition beginning with the recitals:

"The petition of the undersigned residents of Newfoundland and Labrador that the Government has changed its policy with respect to maintenance and child support received by a social assistance recipient and now deducts family support payments, dollar for dollar, from social assistance, and that this change in policy adversely affects some of the poorest people in the Province, single mothers and children.

This change in policy negates the benefit of a Support Enforcement

Program for the people who need it most. Therefore your petitioners urge the Government of Newfoundland and Labrador to reverse its change in policy and continue to permit social assistance recipients to retain a substantial portion of maintenance and child support payments as well as regular social assistance.

Now, Mr. Speaker, when I heard about this change I heard about it through people working for the Department of Social Services, who are not very happy with having to administer what they know is a bad policy which is going to result in hardship for poor and vulnerable single mothers and children. When I heard about it I assumed that it was a change forced on the Minister of Social Services by the Premier and the President of Treasury Board, who are far removed from the realities of everyday life for ordinary Newfoundlanders and Labradorians.

Mr. Speaker, I was shocked when I heard the Minister of Social Services defend this change, claiming that it was done for the sake of fairness. Mr. Speaker, the Minister of Social Services, who has held himself out to be a champion of the poor, said that since some social assistance recipients do not get any income from family support, from maintenance or child support ordered by the courts, then it is not fair to allow any social assistance recipient to benefit from court-ordered family support.

Now Mr. Speaker, to follow that logic you would have to conclude that it is fair to reduce everyone to the lowest income level. That it is fair to slash the incomes of single mothers and children by as much as 20 or 25 per cent without

any warning, that it is fair to cancel completely the benefit of the Department of Justice Support Enforcement Program for the people who need it most.

Mr. Speaker, this change is going to remove any incentive for single mothers to go to court to get orders for family support. It is also going to take away any incentive on the part of what are called judgement debtors, or usually fathers, to pay court-ordered support. Any support that they pay now will simply be subtracted dollar for dollar by the Department of Social Services from social assistance to the dependent family members.

Mr. Speaker, the Support Enforcement Program was brought in by the previous Administration. I was Minister of Justice when it was developed and when it opened on May 1, 1989. Mr. Speaker, I can assure all hon. Members that that program was designed to benefit single mothers and children, especially the poor single mothers and children. And now this regressive social assistance cut imposed by this Government has taken away all and any benefit of the program to the single mothers and children on social assistance - just as the program was working well and uplifting those families' income levels and giving them a real chance to get out of the welfare trap.

Evidently this Government and this Minister of Social Services want to pull more people into the welfare trap. Mr. Speaker -

Mr. Speaker: Order please. The hon. Member's time is up.

Some Hon. Members: By leave.

Ms Verge: Thank you, Mr. Speaker.

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

Mr. Dicks: There are a few points in reply to the hon. Member for Humber East. I had the pleasure of consulting with my colleague in this matter, the hon. Minister of Social Services. He is not here today so I would like to take the opportunity to make a few comments on some points made by the hon. Member for Humber East, which are just not valid.

First of all, Mr. Speaker, the comment she made about the cutbacks by this Government is not accurate. As she knows, the social service programs are funded with the Federal Government. The Canada Assistance Program does not allow a recipient of social services to receive two incomes. While the previous Government was in office social assistance persons receiving payments were in fact told that if they received Canada Pension, that that would be deducted from their social assistance payment. That is right, and the hon. Leader of the Opposition agrees with that.

So may I suggest to the hon. Members opposite -

Some Hon. Members: (Inaudible).

Mr. Dicks: Mr. Speaker, I gave the hon. Members opposite the courtesy of listening to them. I would like the same object lesson to apply.

In response to what the hon. Member says, I think the petition is in order, except I think she is presenting it in the wrong House. That petition should be forwarded to her Tory colleagues in Ottawa

who are now enforcing many rules that have been on the books for many years and ignored by the Provincial Government to the benefit of Newfoundland recipients. As we all know the Federal Government is turning the screws on the Province. They are doing it in finance, they are doing it in our transfer payments, they are doing it in equalization, and this Province, no matter which Government were in power, has less money to do the things it would want to do. If the Minister of Social Services is forced to do this it is due, believe me, not to his own initiative but to the clauses in that agreement which are now being enforced by our Conservative colleagues in Ottawa, much to the detriment of the people of the Province, and I agree with her. Mr. Speaker, another comment she made concerns me. She infers that the Minister of Social Services somehow is not responding to the need to get people off welfare and social assistance. Now if there is one thing that marks our colleague, and we all have faults, but I think he is, at least on the positive side, marked by his sincere efforts to advance the cause of those in this Province who are less fortunate than ourselves.

Some Hon. Members: Hear, hear!

Mr. Dicks: That includes my colleagues across the House, particularly the Member for Humber East whom I have known for some years and who I know to be reasonably well-off, as many of us are. It is very easy to stand in this House and make a lot of noises about the poor people of the Province and what should be done, but what is more important is what is being done. I would

like to point out, because people do listen to the proceedings of this House, that the Minister's policy in the Department of Social Services has been to get people off social assistance and put them into the employment field. How is he doing that? Mr. Speaker, the job opportunities are there and the Minister's attitude is, if you want to work we will help you get work. If you are unable to work we will assist you to find work. If your physically disabled we will do so, if you do not possess the life skills, if you do not have the education or the training, we will do so. We have increased student aid to do that and we have also brought in early childhood training programs for people.

Mr. Speaker: Order, please!

The hon. Member can take his place. I want to remind hon. Members when presenting petitions that a petition is not the place for debate and that we should keep our remarks to the material allegations of the petition. Now I do not have the petition in my presence but as I recall the Minister who was talking said the member in the petition was talking about certain deductions, and I think the Minister has strayed from that now and he should keep himself to the material allegations of the petition.

Mr. Dicks: Mr. Speaker, I just want to make two points in closing. The petition is well founded, as I said earlier. It should be presented, but presented to her colleagues in Ottawa with the request to change the Canada Assistance Plan to allow this to happen. There is an element of fairness. I would also point out that the hon. member opposite in

1987 did not exhibit the same sensitivity she now does. I quote from a press release of hers concerning the Support Enforcement Agency, 'There is greater reliance on social assistance than is necessary.' That does not tally well with her comments here. It is a position we have adopted, we have agreed with, and gone forward with, Mr. Speaker, to give people an opportunity to enter the work force and to further their education.

Thank you, Mr. Speaker.

Mr. Speaker: The hon. the Member for Port au Port.

Mr. Hodder: Mr. Speaker, all I can say in response to the Minister of Justice is, what a crock. What he said is just not true. This Government decided to bring in this Act which would make one think that Attila the Hun was in charge of the Government rather than anybody with a social conscience. Mr. Speaker, in no way, when this issue came in, did the Minister of Social Services refer to it, or anything else, and I am sure he would have been quite willing to blame it on the Federal Government. Where the Minister came up with the convoluted reasoning I just do not know. The Minister says that the aim of the Government is to give people jobs. What opportunity does a single parent with two small children have to receive employment in this Province, in any part of the Province? The Government at the present time allows a person who is on social assistance to draw incomes from work, I understand the figure is somewhere around half of up to \$200, somewhere around \$100 a month. An able bodied person on social assistance is allowed to

earn this amount of money. It is known as an allowable income.

Now, Mr. Speaker, if you have a husband and wife and, for instance, two children, now that husband or the wife can go out and work at a part-time job and receive and keep a certain amount of money over \$100 which is classed as allowable income. Now, Mr. Speaker, if something were to happen to that family - and the children we have to keep in mind here - if something were to happen to that family and there is a divorce or some sort of a family breakdown, then, Mr. Speaker, if one of those people, say the husband which is the normal thing, if that husband is working or on UIC and wants to pay child support, what is the difference between when he was with the family? The only difference is, Mr. Speaker, that you have a spouse with two small children who cannot avail of the money.

Now, Mr. Speaker, how can the Minister of Social Services justify something when the family is broken up that he allows when the family is together, because this Government and every other Government allows allowable income for people who want to work. But if the family breaks up and one is left with two or three children then they cannot avail of this allowable income. And, Mr. Speaker, there is no rhyme nor reason nor sense whatsoever.

An Hon. Member: Shame, that is what it is.

Mr. Hodder: Mr. Speaker, in this Province in this day and age there is no work available for single mothers. They are the largest group of people in the Province who are on social assistance. I

think it is something like fifteen per cent of people on maintenance, fifteen per cent.

And the other thing, Mr. Speaker, when there is a marital breakdown what reasons would a husband want to pass over the money directly to the Government - to the Department of Social Services? In most cases it is very good if you can get a spouse to pay \$60 or \$70 a month for a child. And, Mr. Speaker, legal aid will not give her any help anyhow. Why would she want to go and try to get maintenance because number one, she knows that it is only going to cut off her social assistance. And if she is getting it and she does not get a payment for one month then it is on her shoulders to go and try to get that support.

So, Mr. Speaker, this is one of the worst things I have seen any Government do, any Government across Canada. And, Mr. Speaker, when the Minister of Justice gets up and blames it on the Federal Government, well that is just poppycock. That is not true. I will say it here now. He cannot prove that. It does not hold water.

Some Hon. Members: Hear, hear!

Mr. Speaker: The hon. the Member for Fortune - Heritage.

Mr. Langdon: I rise, Mr. Speaker, to present this petition on behalf of communities on the Connaigre Peninsula. I will read the prayer of the petition.

To the hon. the House of Assembly of Newfoundland in the legislative session convened: The petition of the undersigned residents of the Connaigre Peninsula to secure a regional health facility to serve

the needs of the residents of the Connaigre Peninsula. Wherefore your petitioners humbly pray that your hon. House may be pleased to accept this petition and it is in duty bound your petitioners will ever pray.

The communities on the Connaigre Peninsula are namely, English Harbour West, Rencontre, Pool's Cove, Harbour Breton, Mose Ambrose, St. Jacques, Red Cove, Boxey, Coomb's Cove, Hermitage, Sandyville, Belleoram, Seal Cove, Gaultois, and the community of McCallum in the District of Burgeo - Bay d'Espoir. Mr. Speaker, there are approximately 3,000 signatures here requesting a new health care facility for the area.

The old wooden structure that is in Harbour Breton was built in 1935, so it is fifty-five years old. It is woefully inadequate to meet the needs of the area. The staff who are working at the Harbour Breton Cottage Hospital are frustrated because of the inadequate facility. The medical staff turnover is high due in no small part on the dilapidated building and facilities. I remember the hon. Minister of Works, Services and Transportation giving many of the same reasons for a new structure at Burgeo last year.

The Thorne, Stevenson, Kellogg Report, Mr. Speaker, was completed some five years ago and was presented to the previous Administration, but still no action was taken towards the erecting of a new facility, which would be, by the way, a combination of acute and chronic care. I was pleased that the Minister of Health, when he met with the Board in Harbour Breton on August 16, agreed to have the

people in his Department take a further look at this previous study to see what, if any, of these particular proposals would be still fitting for the new structure.

Mr. Speaker, I am hopeful, along with the residents of the Connaigre Peninsula, that when Government prepares its Health Budget for the year there will be some concrete results emanating from years of hard work by the local support people in the communities. So, Mr. Speaker, I am pleased and honoured, as I said, to present this petition on behalf of the residents of the Connaigre Peninsula.

Thank you.

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

Mr. Decker: Mr. Speaker, I must say I am pleased to support the spirit of this petition, which was so ably presented by the Member for the Harbour Breton area. As the hon. Member knows I had the privilege of visiting that area during the summer. The Member accompanied me on the visit, and I was impressed with the people who are involved in the delivery of health care in the Harbour Breton area, and impressed with the standard to which they keep their facility, although it is an old facility which was built back during the Commission of Government days. But the building is extremely well kept. But as the Member points out it is not truly adequate to meet our needs in this latter part of the twentieth century.

During the meeting that I had with the Board in Harbour Breton I promised them, Mr. Speaker, that

before the end of this year, before the last of December, I would be sending from the Department of Health some people to go down to Harbour Breton to look over that facility and to see which direction we should be going in and see whether or not the past studies that have been done can be of some help to us as we decide what we are going to do in the future.

I am pleased to tell the hon. Member that within the last two or three weeks I have had discussions with officials in my Department and we are preparing to send someone down to the Harbour Breton area to meet the commitment which I made to them, Mr. Speaker. And I want to tell the hon. Member that during the budgetary process we will be looking at the needs of Harbour Breton. Now unfortunately I cannot say to the Member that we will be putting a new facility there.

Some Hon. Members: Oh, oh!

Mr. Decker: The hon. Member understands, as do the people in the Harbour Breton area, that we have hit on hard times because of the fiscal policy of the National Government, we have hit on hard times, but, Mr. Speaker, I am sure I convinced the people when I was there, and I want to say it all over again, that I will be looking at it and I will be giving it every consideration, they must understand that I will also be looking at needs for other facilities throughout the Province. But this will be treated fairly and justly based solely on need, Mr. Speaker. But I want to, for the benefit of the people in the area that I visited with, and I am sure the hon. Member will send a copy of this

Hansard down to them, I want to ensure the people that their Member is doing a good job for them, because he also spoke to me about this in private. He has made several visits to my office and he is genuinely concerned, as I and the Government are concerned, and if and when, Mr. Speaker, the money becomes available, we will be considering this facility among the other ones, and as the need arises and we can address the needs, we will be certainly addressing this need as we get the fiscal ability to do it.

Thank you, Mr. Speaker.

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

Mr. Rideout: Thank you, Mr. Speaker.

I just want to take a few moments on behalf of my colleagues on this side of the House to support wholeheartedly the prayer of this petition, Mr. Speaker. The Member did not mention the number of signatures on it, but I believe the table tells me there were over 3,000.

An Hon. Member: He did mention the number of signatures.

Mr. Rideout: I did not hear the Member, maybe he did. But over 3,000 people, Mr. Speaker, on the Connaigre Peninsula are petitioning this Government to improve the health care facilities on that Peninsula by building a regional health centre.

Mr. Speaker, with the age of the present facility that is down there, that is certainly not an unreasonable request, and those of us on this side of the House

wholeheartedly support that request.

Mr. Speaker, the Minister of Health indicated that he hoped the Member might send his remarks to his constituents. I would imagine the Member probably will. The Minister of Health made some glowing remarks about the Member, so I am sure the Member will let his constituents know how the Minister of Health feels about him.

But, Mr. Speaker, the real proof of the pudding will be when the Government brings its Budget before this House next spring. That will be the proof of the pudding, whether or not the Government will have an allocation to begin the construction of a new regional health care facility for the Connaigre peninsula. That will be the document the Member will be able to send to his constituents.

We hope the money is in there, Mr. Speaker. I can tell the House and tell the people of that area this: If the money is in the Budget which will come in next spring to begin the construction of a health care facility on the Connaigre Peninsula, we on this side of the House will vote for it. We will vote for it with a heart and a half, because it needs to be done. It will be an unanimous vote I am sure, so we will await anxiously whether or not the coziness between the two hon. gentlemen, the Member for Fortune - Hermitage and the Minister of Health, will, in fact, become reality when the Budget is brought down next spring. If it does, Mr. Speaker, it will have the unanimous support of everyone of my colleagues on this side of the House, because the people down there deserve it.

Some Hon. Members: Hear, hear!

Orders of the Day

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

Mr. Baker: Thank you, Mr. Speaker. There are a couple of items I would like permission to deal with. First of all, I would like to ask for consent from my colleagues opposite to make a slight change in the Order Paper in the days ahead.

Motion 3, Mr. Speaker, takes up a lot of pages; it goes on from page 5 to page 19 and, I suppose, every day that has to be printed over and over and over again. I would like the consent of my colleagues opposite to give direction to simply print the text of the Resolution and omit the schedules which take up all the pages. We can make it easier on the printers, save paper and, in so doing, save a little bit of time and money, as well. I wonder if the Leader of the Opposition would comment on that suggestion.

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

Mr. Rideout: Yes, thank you, Mr. Speaker. The Government House Leader did, in fact, mention this to me a day or so ago. I suppose in one way we could be mean and unco-operative and say to the Government that it should stay there every day as a testament to your lack of backbone in dealing with this issue when the House last sat, but I don't want to see the Order Paper unnecessarily cluttered, from page 5 to page 19, every day; I don't want to condone the waste of precious resources to

do it, and the Opposition, as normal, Mr. Speaker, will agree with the Government House Leader's request.

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

Mr. Baker: Thank you, Mr. Speaker. I would also like to ask leave, or ask for consent of the Opposition, to proceed at this point in time with first reading of the Bill dealing with the changes in the Offshore Legislation, which are necessitated by Hibernia. The reason is that the Bill was printed this morning and is now ready for distribution, but it cannot be distributed until after the first reading. I would like consent to go to first reading of that Bill.

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

Mr. Rideout: Mr. Speaker, just to let it be recorded, the Government House Leader has leave to go to first reading of the Bill.

Mr. Speaker: Will the Treasury Board President tell the House if there is a number to the Bill so that we can put the proper identification?

Mr. Baker: Bill No. 61, Mr. Speaker.

Motion, the hon. the Minister of Energy to introduce a Bill, "An Act To Amend Certain Legislation Respecting Offshore Development", carried. (Bill No. 61).

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

Mr. Speaker: The hon. the

Government House Leader.

Mr. Baker: Motion 1, Mr. Speaker.

Mr. Speaker: It has been moved and seconded that I do now leave the Chair for the House to resolve itself into a Committee of the Whole to consider certain resolutions to the raising of loans by the Province, (Bill No. 39).

On motion, that the House resolve itself into a Committee of the Whole to consider certain resolutions, Mr. Speaker left the Chair.

Committee Of The Whole

Mr. Chairman: Order, please!

Resolution

That it is expedient to bring in a measure to authorize the raising from time to time by way of loan on the credit of the province the sum of three hundred and twenty-five million dollars (\$325,000,000) and the addition sum or sums of money that may be required to retire, repay, renew or refund securities issued under an Act of the province.

Mr. Chairman: The hon. the Minister of Finance.

Dr. Kitchen: Thank you, Mr. Chairman. What we wish to do by this Bill is to have authorization to raise \$325 million by way of a loan for the purpose of the Consolidated Revenue Fund. As people realize, Mr. Chairman, Government in these days does not balance the books. Every year we

have to borrow. We take our expenditures, we subtract our revenues, and we come up with a deficit position.

This year, we were anticipating a surplus on current account and a deficit on capital account of something over \$250 million. That situation has since deteriorated somewhat and we are now expecting that we will have to borrow more. But I would like to inform Members that because we came in last year so much better than we anticipated - actually the surplus last year on current account was something over \$90 million by latest count, because, as you know, this keeps getting adjusted by transfers from Ottawa and other things - we were able to put \$20 million of that in the teachers' pension fund, which made that more viable than it had been. It is still not particularly viable, but it is coming along; we are going to be putting money into that from time to time.

Then we had something over \$70 million surplus, and that has helped us. That means we did not have to borrow that, so that we are that much better off in our borrowings and we feel that the \$325 million would be ample this year to handle our needs.

No Minister of Finance - at least this one does not - likes to bring in a bill requiring the borrowing of money. Because every time we borrow money we put the future at risk to some extent, and what we are really doing is loading the expenditures of the present off on future generations. We do not like doing this, but we have to in these particular circumstances and we try to keep it as low as we can.

I might say that the deterioration

in revenues is not unique to this Province. I was aware, as you may be, that other provinces are having similar problems this year. The Government of Ontario, for example, which was forecasting a surplus of \$25 million, is now predicting a deficit of \$2.5 billion. Now if you want to look at that, Ontario being about 15 times the size of Newfoundland, the deterioration in their position of \$2.5 billion, if we were to take off 1/15 of that, since they are 15 times our size, that would be the equivalent of \$167 million worse off than they were before. We are about \$125 million worse off. So, in effect, Ontario's financial position has deteriorated much more drastically than the financial position of this Province. I am sure hon. members, while they do not rejoice in that in Ontario, will feel some comfort in that.

Particularly, we do not like that very much because, as you know, if the economy of Ontario deteriorates, if the difference between Newfoundland and Ontario compresses, then our equalization payments will be worse. So we are very much concerned about the deterioration of the economic position of Ontario and other provinces because that will impact in the future on the equalization payments that we get.

As people look over the economic situation in Canada, we find that the federal economic position has also deteriorated significantly in recent months. The economy of other provinces has deteriorated. In fact, Canada has entered into a period of recession much more serious than in the United States and in other countries, and it is, to some extent, the problems that have been caused by policies that

originate in Ottawa. I take no comfort from having to shift responsibility for problems to another Government, but the fact remains that much of the source of our problems in this Province originate outside the Province.

We are not responsible for the management of the fish stocks, and that is one of the major factors that are hurting the economy in this Province. We are also not responsible for this very strange policy of excessively high interest rates. We are also not responsible for the Free Trade Agreement which is driving businesses out of Ontario down into the United States. Every day you hear of businesses closing, branches closing up and the operation moving south of the border. This free trade has not worked out at the moment to the advantage of Canada and as a result, we in this Province have fears that the deterioration of the economy in central Canada will impact very seriously on us in the future.

An Hon. Member: (Inaudible) free trade?

Dr. Kitchen: There are certain good things about free trade, but a serious problem is created for us. The other major problem, and we have tried to confront it with the Federal Government, is the high interest rates. Virtually every government of Canada has communicated this to the Federal Government to try to get their high interest rates down. And what is happening now is that long-term borrowing rates are going up - long-term borrowing rates in this country have gone up. Where a year or so ago we could borrow for approximately 10 per cent, we now probably have to

pay 12 or 12.25 - that is what the Government would have to borrow - and that is a pretty serious question. Of course short-term interest rates are coming down a little bit at present, but the high interest rate policy in Canada is devastating for businesses. A great many businesses I know, if they have any long-term debt, are paying prime plus one, or even more. Fish companies and others are saddled with interest rates of 15 per cent and up, so it is very, very difficult for anyone to come out on top in situations like that.

The economic problems that this Province is facing are largely the result of forces outside our control. And the deficit we are talking about is partly the result of equalization payments and partly the result of somewhat deteriorating retail sales tax, although, I might add, the deterioration in the retail sales tax in Newfoundland is much less per capita than the deterioration of sales tax collections in Ontario. In Ontario, they estimate that the retail sales tax went down by \$450 million. If you divide by fifteen again, since their population is roughly fifteen times ours, that is about \$30 million for Newfoundland. Our sales tax is gone down maybe \$16 million, the last count, and possibly a bit more. In the last month we have not had a report. It could be as much as \$20 million. But at the moment, according to the latest figures I have, it is not more than that. So the deterioration of the sales tax revenue is worse in Ontario than it is here.

So what I am saying is that there has been a serious deterioration in the economic performance in

Canada and this has affected us. However, there is a bright spot in Newfoundland, and that is something which this Government has been working on quite assiduously and quietly over the past year or so. We have been able to bring in Hibernia, and as a result of making that commitment, construction has started and we are looking forward. The only bright spot in Canada is Newfoundland.

Some Hon. Members: Hear, hear!

Mr. Tobin: You had a lot to do with that, didn't you?

Dr. Kitchen: Yes, and that has helped us quite a bit. And we look forward in the future to our retail sales tax increasing, not in rates, but in the revenues, and to our personal income tax receipts increasing, our corporate tax increasing, our payroll tax increasing, and everybody being well off, or more people being well off so that the next time I come here, or after a year or two, we will not have to bring in a Bill which asks for as much as \$325 million.

Mr. Tobin: You will never bring in another Budget. Your last Budget is in.

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

Mr. Windsor: Thank you, Mr. Chairman. First of all, before I get into the meat of some of the things the Minister of Finance said, I just have to reflect to the House Leader as to why he chose to introduce this piece of legislation today. I congratulate him for it. I suspect it is because they are out of their borrowing authority from previous

years, because, first of all, the Minister of Finance forgot to bring this Bill in in the spring session. He got caught, and so they have had their hands pretty well tied. He managed to do a borrowing in Switzerland, I believe, during the summer. The minister had a nice trip to Switzerland, and was treated well, as he should be. He did a borrowing in Switzerland, and I think that pretty well exhausted the borrowing authority of this Government.

That is why the President of Treasury Board, the House Leader, is introducing this piece of legislation today. I could be charitable and say they are hitting it head on. They know full well that the biggest single issue facing the Province today, facing this Government today is the state of the economy of this Province, the state of the finances of this Province, and the incompetence of the Minister of Finance. So I would like to be charitable and say they did the honourable thing, they brought it forward because they know it is so important to give the Opposition an opportunity to debate the economy. Maybe that is true! The Premier shakes his head, it is true. I suspect it is more a fact that the Minister of Finance's hands are tied. As we all know, at least many of us know, there is a very narrow window of opportunity in borrowing funds in the world marketplace. You always have to be poised and ready to go. The Minister of Finance has to be given a lot of leeway by Cabinet to jump when the opportunity presents itself to borrow \$100 million or \$200 million on the world marketplace. Whenever his people, his advisors in the department and the fiscal

agents, advise that here is an opportunity, he has to have a chance to go. He does not have it anymore, because he does not have borrowing authority until this loan Bill goes through. I would say the cash situation now for Government is getting very, very low, probably at an all-time low. He is scraping the bottom of the barrel. I wonder if the Minister of Finance is able to pay salaries next week?

An Hon. Member: (Inaudible).

Mr. Windsor: He is able to pay salaries next week. The week after, perhaps not. I would say it is urgent that this piece of legislation go through so Government can do some borrowing again and get on with the business of paying their bills.

Having said that, Mr. Chairman, this is indeed an opportunity to debate one of the most serious situations facing a government in recent history. I think we must put in perspective exactly what has happened here. You have to look at what took place over the last number of years as it relates to deficits, Mr. Chairman. If I can find my notes, but I do not really need them, over the past number of years the previous Administration put this Province on a program of reducing deficit, admitting full well that we had a deficit. It was no secret that we had deficits. We went through a terrible economic recession in the early 80's, the worst, in fact, that this nation has ever seen. We do not apologize for that. In fact, we take great pride in the way in which we dealt with that deficit, Mr. Chairman. We dealt with it by making some very serious decisions. They were difficult politically, but

important decisions for the future financial integrity of this Province. We made a number of decisions which were aimed at reducing costs over a period of time. And we took some very serious decisions, very difficult decisions, in relation to collective bargaining. Here is one area where this Government has failed miserably, Mr. Chairman. I say to the President of Treasury Board he has failed miserably in his collective bargaining. Failed miserably. It is very easy, Mr. Chairman, to reach a collective agreement with a union when you throw taxpayers dollars at them, and that is what this Government has done. That is what this Government has done. When they got into trouble negotiating with unions they turned chicken, Mr. Chairman. They either threw money at it as they did with the nurses union, and I have no doubt that the nurses wanted it, but they perhaps even deserved those increases. But that has to be balanced. That has to be balanced with the ability of this Province to pay.

Now what this Government has done, Mr. Chairman, is they have turned over the purse strings of the Province. Fifty per cent of the expenditures of this Government go on salaries to the public service or Government agencies, fifty per cent. This Government has turned over to independent arbitrators control of fifty per cent of the public purse by turning over these collective agreements and saying to independent arbitrators, giving them binding arbitration, you go and have a look at it and you tell us what we must pay. And this Government has been told what they must pay.

The real thing we are debating

here today, Mr. Chairman, is not the \$120 million deficit. I would predict that we are going to have a \$150 million deficit at the end of this year. What will be the deficit next year and the year after? Because these collective agreements, as the Minister of Finance said a moment ago, really impact on the following years more so than this year, although they are having a serious impact this year as well. But what is really dangerous here, Mr. Chairman, is that this Government has lost control of their expenditure program as it relates to public service salaries.

It is very easy to throw money at that problem, Mr. Chairman. It takes a lot of intestinal fortitude, a lot of political guts - that is an unparliamentary word, I will withdraw it - parliamentary intestinal fortitude and political intestinal fortitude to withstand pressures from public service unions. I would be the first one to say that perhaps that whole system needs to be reviewed as to whether or not the Province and the people of the Province are being well served by a cat and mouse game that is continuously being played. And I think we need to look at that, I really do. It is just an unfair situation when people such as the hon. gentlemen opposite and on this side - and ladies, I cannot forget the ladies - people who have to go to the people to be elected also have to make these types of decisions which have such an impact on the political process. And so independent arbitration is good from that point of view, but it takes out of the hand of Government control of their purse strings and I think that is very, very serious. And that is what has happened here, there have been

too many disputes that have been turned over to independent arbitrators. And we have on the record, two is too many. Two is too many.

I saw an article related to the hon. gentleman, I think this weekend, which made some comment in reference to two comments on this that I have made that legislation was left in place by previous Administrations. That is a cop-out, Mr. Chairman. There are a couple of public service unions that have the right to independent arbitration and binding arbitration, and these are the essential services, the police and fire department and groups such as that. And it was a well thought out decision that provided these groups with that. I will point out to the hon. gentleman when he points fingers in this directions, Mr. Chairman, that it was this Administration that gave the public service union the right to strike in the first place. We gave them the right to strike in the first place in the early 1970s, the previous Liberal Government refused to give them the right to strike, and I would say on balance that the right to strike is a fairer tool than binding arbitration. Neither one is entirely good, and I think a thorough review of the whole process is warranted and we should get into it.

Mr. Speaker, what is going to happen on our surplus next year? As I said, we were faced in the early 1980s with a horrendous problem, a horrendous financial problem in this Province, a national economic recession such as we have not seen for fifty years, and we hopefully will not see again - we are not even close to it. The hon. Gentleman will

try to point fingers and say all of our problems now are because of an economic recession, nationally, and I will say, yes, a certain portion of it is, but certainly not all of it. And I would say to the Minister of Finance that he could have predicted this \$120 million deficit, and I will come to that.

What really concerns me here, Mr. Speaker, is that the implications of the failure to properly negotiate collective bargaining will impact in future years. We may have had a serious financial problem, but we dealt with it and we made the decisions, we said what we would do.

We put in place a five year plan to deal with the deficit and we did what we said we were going to do, and if hon. Gentlemen will look at a fiscal performance chart, which comes out of some Government document, you will see where the deficits were - we were down at \$87 million in 1984/1985 and you can see we came up very nicely, very nicely, so we handed this Government a fiscally sound Administration, a fiscally sound Province.

A fiscally sound Province with a good plan, a plan that had us on the road to economic recovery in this Province, Mr. Speaker, and the Government pulled in a little surplus their first year on the coattails of the previous Administration, and now what have they done?

You give them eighteen months, and they have us at \$120 million deficit. The greatest deficit that we have seen in this Province; I do not know if ever we have had a bigger deficit, but I predict, in fact, it will go a

heck of a lot more that \$120 million, we will probably go to \$150 million.

Now, Mr. Speaker, let me address for a moment this matter of timing that was discussed briefly in the Question Period. This is very serious, Mr. Speaker, this is very serious and the Premier has answered in Question Period that he was quoted incorrectly, even though the Editorial Board and the Evening Telegram quoted the Premier as saying that he knew - a few days prior to the Budget being introduced.

Well, the Premier shakes his head and I accept that. He says it is not true, and I preface my remark by saying, the Premier has already told us that is not true. Well, we will let the Editorial Board deal with whether or not that was what the Premier said to them. We have no way of verifying, other than to listen to the Editorial Board and to listen to the Premier and judge for ourselves; the people of the Province will judge for themselves whether or not they think that the Premier actually made that statement.

Now, Mr. Speaker, the President of Treasury Board, made a statement, that sometime in August, was the first time he knew it. Sometime in August, I think it was. I cannot quite find that quote now, but sometime in August he knew that there was a problem, so we have the Premier saying it was prior to the Budget, at least quoted as saying.

The Premier says it is wrong. You see the Premier has this flaw. He thinks that whatever he says, everybody is going to accept. I for one do not, and I have enough reasons over the past year and a

half not to believe what the Premier says.

I do not accept verbatim everything the Premier says, and the people of this Province, Mr. Speaker, are getting to know him very well. We saw during the Meech Lake fiasco how much you can depend on the Premier's word, how many times he went back on his word, word given to other Premiers and the Prime Minister of Canada in private meetings, so we know how good the Premier's word is, Mr. Speaker, so we will judge for ourselves whether we choose to believe the Editorial Board or we choose to believe the Premier.

It is interesting that the Premier did not go back to the Editorial Board the next day and charge them with misquoting him or anything else, he did not defend himself.

Premier Wells: I did not read it.

An Hon. Member: He did not read it, no.

Mr. Windsor: But the President of Treasury Board says it was some time in August before they knew. If that were true, well, there would not be a problem, I mean that is interesting, because it was the middle of August that the Minister of Finance told us there was a problem. But the Minister of Finance is quoted as saying that he knew sometime around the end of March, a couple of weeks after the budget was brought down.

Now if I am not mistaken the budget was introduced on March 15 and we trotted off for Easter vacation until some time early in April, so we learned during the Easter recess. Perhaps he ran into Mr. Wilson down in Florida somewhere. But he learned during

the Easter recess, he says, that there was a \$60 million shortfall in what they had projected. The Minister of Finance.

Oh, he is quoted. Let me be clear for the Premier. I would not want to get the Premier upset. The Minister of Finance is quoted. Now that may be totally wrong, the Minister of Finance will let us know. But he is quoted as saying that he knew around the end of March. And I will tell the Premier that I have it on good authority that this Government did know at the end of March that there would be \$63.7 million less than they indicated in the budget document.

And that was before debate even started on the budget. We did not start until some time in April debating the budget. And we did not finish until May 29. May 29 the budget was approved by this House, Mr. Chairman. Nowhere during that period did the Minister of Finance come clean. In all of the times that he spoke - he was not allowed to speak very often - but whenever he was allowed to get to his feet, never did he say to this House, oh by the way there has been a change. A very simple amendment that the gentlemen at the table could have brought in, could have included in the final documentation. A very simple amendment - oh, change that \$10 million surplus to a \$55 or \$60 million deficit.

We told them that during the budget debate, and early in the budget debate, that he would be faced with a \$55 or \$60 million deficit. But it was not until the middle of August that the Minister of Finance finally came clean with the people of the Province. And what is even of more concern, Mr.

Chairman, was that it was not until then that he came clean with the investors in this Province. I ask the Minister of Finance now, will he please table public information, prospectuses of this Province, all prospectuses that were prepared during that period of time. That is public information so I have no doubt they will have no difficulty with tabling those prospectuses.

I would like to see what information the Minister of Finance gave to investors internationally, to the international money market and to our fiscal agents, and to the credit rating agencies, during that period of time. It would be interesting to see, Mr. Chairman, if he came clean with them. Or did he go to the money markets with this false document? That is an important question.

It is an interesting question, Mr. Chairman, whether or not the Minister of Finance is in breach of the Financial Administration Act, if he knew at the end of March, which we know he did, and he did not tell the people of the Province until the middle of August, if he knew during that period - if that was not an undue period of time. Many things take place, Mr. Chairman, based on the budget of the Province and the financial strength of the Province. And the Minister of Finance has a responsibility to the people of this Province who invest hard earned dollars in business and industry in this Province, ventures right across this Province, they have a right to know how strong their Government is. People who invest money from outside this Province, even more particularly, have a right to know what the state of

the Province is that they are investing in, and how much security they can have, how much belief they can have in this Province.

That has been jeopardized drastically, Mr. Chairman, in the past year and a half. Even prior to the election, the Premier was talking about whether or not he would honour the loan guarantees that the previous Administration had put forward. That rattled investor confidence in this Province, Mr. Chairman. That rattled them. Who wants to invest in the Province? Just the banks, let alone international investors; they shook their head. And the Premier can poo-poo it all he wants. When he has not got a good answer he poo-poo's it.

An Hon. Member: He does not have an intelligent response.

Mr. Windsor: No intelligent response, right.

But even the banks, the Canadian banks, the financial institutions, they were concerned at the time as to whether or not, if this particular Leader of the Opposition, as he was at the time, became Premier of the Province, was he going to turn this Province into a banana republic? He soon found, after he became elected, that he could not undo guarantees put in place by a duly elected Government, acting clearly within the authority given to them by the House of Assembly. And none too soon, because you would find that nobody wanted to invest in this Province. Mr. Chairman, we have to unravel the question of when this Government knew, and it is very important.

An Hon. Member: (Inaudible)

amended the Budget the year before last to reflect loan guarantees.

Mr. Windsor: That is right. There was an amendment to the Budget the year before last. They did not do it this year to reflect changes. They brought in amendments the year before to reflect some loan guarantees that were put in place, but they did not do it this year when they knew prior to the Budget being approved that they were going to be \$60 million short. I think that is very serious, Mr. Chairman, but we will get another opportunity to get back to that.

The question is, what has happened to the economy of this Province, to the finances of the Province? How has this Government gone from a \$10 million surplus projected, from a \$70 million surplus they had at the end of last year - by the way, as I recall, \$35 or \$37 million of the surplus they had last year was because it was an amendment to equalization payments. So they do not mind sticking their chests out saying we had a \$70 million surplus and we made a \$20 million contribution to the pension fund because of it. They don't say, Oh, by the way, that came from the Government of Canada, they gave us \$35 million more than we thought we were going to get. That was not such a drastic thing last year, but all of a sudden they lose \$60 million this year and this is devastating to their Budget.

Dr. Kitchen: (Inaudible).

Mr. Windsor: The Minister of Finance is mumbling, but my ear does not pick it up here. So, Mr. Chairman, where has the money gone? Where has that money gone? The Premier was on television at a

great press conference a couple of weeks ago - the Minister of Finance was not allowed to speak at it - making the announcement that we have a \$120 million deficit now, we think. In fact what he was saying was it is probably a \$150 million deficit, maybe more, but we are going to take some drastic action over the next six months and the best we can hope to do is get it down to \$120 million. We have not yet heard totally. We know there are going to be drastic cutbacks in the public service. I am hearing figures of 1,500 to 2,000 people being laid off in the public service over the next couple of months. They are going to have to do it quickly if it is going to have an impact this fiscal year, Mr. Chairman, because you have to give certain notice, a minimum of two weeks or probably thirty days to most employees. There are severance packages, there are pensions to be refunded, and things of that nature. Even temporary employees have certain benefit packages they will have to get bought out. So it is very doubtful, Mr. Chairman, if they are going to pick up very much this year by laying off people. It will have an impact for next year. The Premier confirms that, and I appreciate it. I think what the Premier is also confirming is that the deficit projection for next year is worse. I hope the Minister of Finance or the Premier will tell us what the projected deficit for next year is. At least come clean with us. Now that you have admitted there is a problem, tell us what the problem is we are facing next year. Let us not let the people of this Province go running around on the strength of Hibernia starting thinking that all is going to be well. All is not well, Mr.

Chairman, all is very much different from that. All is quite unwell in this Province, financially.

Government expenditure in this Province, Mr. Chairman, is an important component of the economy, and if this Government is cutting back by 1,500 people or 2,000 people, as the heads of certain unions are predicting, if there are 2000 people going to be laid off, that is like closing up the Corner Brook paper mill and the Grand Falls paper mill and the Stephenville paper mill. That is what we are talking here. That is pretty serious business, Mr. Chairman. That is a lot of people in this Province, a lot of valued public employees with many years of service and loyalty to this Province who are going to be laid off with very little opportunity for other employment opportunities, I would think, as well. And when you look at the unemployment statistics, what has happened this year, 6,000 people fewer working today than at the same time last year - 6,000 fewer people - and this Government is going to add another 1,500 to 2,000 highly qualified public employees to that force.

Mr. Chairman, what has caused all of this? And why are we simply looking to solve our problem on the backs of the public servants? Or are we? I will come to that in a moment. But why are we looking at the public servants to correct the incompetence of the Minister of Finance? You have to realize that this Budget document, even though the Minister of Finance stood in his place and said this is a people's Budget and there are no tax increases, we shall clearly - I will not go through it again. Just in the highlights alone there

are \$93 million identified of new taxes. And the Minister of Finance just stood up and said, Oh, but our personal income tax is up and our corporate taxes are up and all those things are up. Sure they are, because he increased it by 1 per cent. The personal income tax went up to 62 per cent from 61 per cent. That will have an impact. Gasoline tax went up, Mr. Chairman, for the first time since 1981? - yes.

An Hon. Member: (Inaudible) the facts, now.

Mr. Windsor: These are the facts.

Mr. Baker: (Inaudible) the facts.

Mr. Windsor: The facts. The facts are very simply, Mr. Chairman, and the President of Treasury Board can go look -

An Hon. Member: The fat, he said.

Mr. Windsor: Oh, the fat! I will deal with that. I will get to that.

I am talking about gasoline tax, Mr. Chairman. The Minister of Finance stood up and said no, no, there are no tax increases, yet gasoline tax was increased in the ad valorem from 61 per cent to 62 per cent - no, I am sorry, to 23 per cent from 22 per cent, a 1 per cent increase in the ad valorem. Now the ad valorem means that every time there is an increase in the price of gasoline, this government gets more money. So the fighting that is going on in the Middle East now is a great boost to the Minister of Finance. The price of gasoline is going up. So 23 per cent of more money means more taxes for the Minister of Finance. Now that is an automatic thing. Why did this

Government see fit to increase by 1 per cent, from 22 per cent to 23 per cent, their cut? It is first time there was an increase since 1981, Mr. Chairman. So there was a tremendous amount of additional money there.

There was \$40 million taken out of the pockets of taxpayers of this Province through lost subsidies to the PDD through Newfoundland and Labrador Hydro and they hide that as, oh, we are just cancelling the subsidy to PDD. That is a tax increase, Mr. Chairman, any way you want to look at it. It may be indirect, but it certainly was clearly a tax increase.

Then the Minister of Finance said to this House and to the people of this Province, there is only one tax measure, a little health and education tax, because this Government's platform is to do so much in health and education. They rode to power on the promises of all kinds of improvements in health care: new hospital beds opening, five regional campuses of Memorial University. What a hoax? The Member for Lewisporte has his ears perked up now, because he knows that he is not going to see a campus in Lewisporte and he never was going to see it in Lewisporte, anymore than it was going to go in Gander or in Botwood or in Grand Falls or Windsor. It was a hoax! An election gimmick! That is all it was. There is no hope, Mr. Chairman, of five campuses of Memorial University in this Province. There is no hope.

The Minister of Development should not start laughing, Mr. Chairman. He has a lot to answer for. We call him the Minister without Portfolio over here, because all of his responsibilities have been

dished out to commissioners, too. He has no responsibility anymore, nor has he done anything, I say to the minister, my good friend whom I have great respect for as an individual. But he has been a dismal failure in the Department of Development.

Mr. Parsons: He doesn't have any jurisdiction.

Ms. Verge: Some of his constituents are in jail because they did not pay their school tax, they thought the Liberals were going to keep their campaign promise.

Mr. Parsons: The Premier don't give him a free hand (inaudible) could.

Mr. Windsor: Mr. Chairman, the Minister of Finance introduced a health and education tax. He is going to pick up an extra \$25 million a year which he says we need to dedicate toward health and education. So where is that gone? Where is that \$25 million gone, Mr. Chairman, when the Premier is now saying we have to cut back on health and education budgets in spite of a health and education tax, a payroll tax, more accurately? In spite of bringing in that tax, we are now looking at serious layoffs in the health services area, we are looking at a serious decrease in funding for education.

Mr. Chairman, the Minister of Finance has to answer for this. He can laugh all he wants to. He may find this funny, but I can assure him the people of this Province do not find it one bit funny. They find the Minister a joke, but they do not find the financial situation of this Province funny. So what are his

alternatives? What are his alternatives, Mr. Chairman? He made a speech not long ago, very prophetic. He said, well we have three choices: we can increase taxes, or we can cut expenditures, or we can borrow more money. Where did you get that, out of a Grade III reader? Very profound, Mr. Chairman. Of course those are the three options. He failed to say that there is no room in this Province for tax increases.

Dr. Kitchen: (Inaudible).

Mr. Windsor: Oh, there is? Now we have an inkling. The Minister of Finance says there is room for tax increases. People in the Province are going to be delighted to hear that.

Mr. Hodder: Now we will see him take away some more money from the widows.

Mr. Windsor: Yes. A lot of people out there will be delighted to hear that. We hear, Mr. Chairman, and the Premier confirmed it in fact, that this Government is looking at the whole tax system, certainly looking at retail sales tax. There is a quote I have heard somewhere from the Premier. What was it he said? '...currently looking into the issue of whether or not the province should combine its 12 per cent retail sales tax with the 7 per cent Goods and Services Tax being implemented by the Federal Government on January 1'. Now there is a clue, Mr. Chairman, as to what we are looking at now. Here is the latest scam. All provinces, I think, with perhaps one exception - certainly Alberta had no comment on national sales taxes. They do not have a tax over there anyway, so they wanted nothing to do with the national

sales tax. I will say most provinces, because I might be wrong if I said all provinces, most provinces bitterly opposed Michael Wilson's proposal for a national sales tax. This was prior to the hon. gentlemen and lady opposite coming into power, during our term of office. The original proposal was for a national sales tax, combining the Goods and Services Tax, as it is known now, with retail sales tax. There were two things that provinces said: first of all, you are moving into the room of the provinces to apply taxation. Traditionally, consumer taxation has been the room of the provinces to tax. So we objected that they were moving into that area. They said no, no, we are on manufacturing. Now we are just moving into services. But still moving into the room of the provinces.

And our second objection was that by combining the two, you were removing flexibility from the Government, from the Minister of Finance of the province to use our tax system for social reasons - to meet social objectives and social problems in this province. And that is an important power of a provincial government, to use a tax system for social reasons.

And that is always what has been done in this province. We have exempted heating fuel and electricity, we have exempted food, children's clothing, textbooks, things of that nature. Now if we were to broaden that tax base, as we hear from the Premier that this Government is proposing to do, then we are going to be taxing all of those things. We have to tax all of those things. The Minister of Finance can shake his head, and I will be delighted

if he can tell me how he is going to broaden the tax base without touching those things. Because those are the only things that are not taxable right now, and services, of course: services, hair cuts, tourism services, and things of that nature. The Minister of Tourism will be delighted to hear that, I am sure.

So that means, Mr. Chairman, that if we are going to broaden the tax base, we are looking at about \$65 million per percentage point. Right now it is around \$50 million. Per each percent of retail sales tax imposed by the Province on the existing tax base is around \$50 million. If you broaden that tax base, I will predict that that would mean about \$65 million per percentage point. That means, Mr. Chairman, that if the tax were left at 12 per cent, this Province would pick up about \$180 million in additional taxation from retail sales tax.

The Premier indicated that, well, we will probably drop it to 11 per cent. So I can see the Minister of Finance now with a great announcement: We are lowering the retail sales tax rate to 11 per cent. Oh, by the way, we are going to broaden the base a little bit. He will slip that in there, broaden the base a little bit. But we are lowering the retail sales tax to 11 per cent and we are going to join with the Government of Canada. So this will all be very simple then, you will not have two tax rates when you go to a cash register. It will be great for the merchants in the Province. They will only have to have one tax rate then, 18 per cent - 7 per cent Federal and 11 per cent Provincial. 18 per cent we will stick on.

Mr. Baker: Eighteen point seven.

Mr. Windsor: Eighteen point seven.

Mr. Parsons: They have it figured out, boy.

Mr. Windsor: The President of Treasury Board confirms what I am saying, and I thank him for that. Eighteen point seven per cent we are going to pay now at the cash register and this Government will pick up about, I would predict, \$130 million additional revenue from retail sales tax.

An Hon. Member: (Inaudible).

Mr. Windsor: Oh, oh, where did I hear that number before?

Mr. Hewlett: (Inaudible).

Mr. Windsor: Could that possibly be equal to a \$10 million surplus and a \$120 million deficit? Does that add up to \$130 million. It happens to be the same. Is that our gain? But, of course, we will blame it on the Government of Canada. It is all because of GST, this new tax that comes in.

An Hon. Member: Is that what you would do?

Mr. Windsor: No, that is not what I would do. I would fire the Minister of Finance forthwith, that is what I would do. That would be a first good step.

An Hon. Member: If you were the Minister of Finance.

Mr. Windsor: Oh! If I were Minister of Finance, this Province would not be in this position today. We would have continued the way we were going.

Some Hon. Members: Oh, oh!

An Hon. Member: Why don't you quit while you are ahead?

Mr. Windsor: And the economic policies of this Province would not be out in the hand of a commissioner; and the wage settlements of this Province would not be in the hands of independent arbitrators; and the taxes of this Province would not be in the hands of the Government of Canada. We would have retained it in the hands of the Government of Newfoundland and Labrador.

We would have exercised the responsibility we were given by the people of this Province, not turned our tail and run away, as this Government has done consistently. That is where we would be, and I would be putting some more money into the hands of the Minister of Development. I can see why they would not put it into the hands of this Minister of Development. But I would not cut expenditure on resource -

An Hon. Member: (Inaudible).

Mr. Windsor: I would not cut the per cent of the Budget spent in the resource sector down to 6.7 per cent from the 15.1 per cent that we had spent two years ago, that I had allocated in my Budget. There is where your problem comes from, Mr. Chairman. If you are not going to develop the resource sector, how do you expect to get the economic revenues to come in to support the social sector? This is where this Government has gone astray, Mr. Chairman. They were so wrapped up in the Premier's great prophesying about new universities and better health care and all the rest of it, they forget that somebody has to generate the money to pay for that stuff.

I ask the Minister of Development - I am sure he is going to get up and address the economy - when he speaks, to give me a list of what jobs he has created - I would love to see them - outside of the jobs created for the Commissioners of the Economic Recovery Team. There are very few others. And let them explain the research done by the research and analysis division of the Cabinet Secretariat in their second quarterly report which says average employment during the second quarter fell by 6000 from the same period last year. Let them explain that, and tell me what he is doing about it. Let him tell us, Mr. Chairman, what this Government is going to do and what proposal the Minister of Development, the Minister without portfolio has brought to Government to deal with the fact that bankruptcies in this Province have doubled this year. What is he going to do about that, Mr. Chairman?

I am asking the Minister what he is going to do about it? I am blaming this whole Government for the state of the economy in this Province, this whole Government - for failing to deal with the economic situation in this Province properly, for misleading the people of this Province into thinking that everything is rosy. We got a people's budget with a \$10 million surplus, there are no tax increases other than a little payroll tax for health and education. But look at what we are going to do. Look at all the new hospital beds and universities we are going to have. Where are they now? Six months later the Premier is saying we have to cut back in health and education, and we have to cut the public service by 1,500 to 2,000 people.

An Hon. Member: No.

Mr. Windsor: No. Tell us how many. Labour leaders are predicting 2,000.

An Hon. Member: You just said that Premier Wells said that. That is not true.

Mr. Windsor: Said what? He said we had to cut back in the public service.

An Hon. Member: He did not say 1,500.

Mr. Windsor: He did not say 1,500. Oh. How do you propose to pick up \$30 million?

An Hon. Member: He did say that he was going to cut back.

An Hon. Member: (Inaudible).

Mr. Windsor: Now, Mr. Chairman, there are only a couple of areas that we can deal with. The question is why do we have this \$120 million deficit? The Premier tried to say, well, because of the high interest rate policy. That was no surprise, Mr. Chairman, we all knew the Government of Canada was going to maintain a high interest rate policy in order to fight inflation and fight the recession. We all knew that. And it has been very effective I might add, but we all knew that. The Premier said, 'Well, the fishery has been a problem. A great downturn in the fishery,' he said, Mr. Chairman. So, that has really been devastating to us.

Well, in the offshore fishery, Mr. Chairman, the quotas were controlled by the Government of Canada. They set a quota allocation for Newfoundland fish

plants this year, which was higher than this Government had asked them to set. How can they say that the fishery was responsible for their inability to predict accurately revenue from the fishing industry, the impact of the fishery when they wanted the Government of Canada to set lower limits. Well, the hon. Member might say, well, it is the inshore fishery. The inshore fishery is down.

Oh, he was sensible. Yes, he was. Yes, a very good decision by the Government of Canada to set those quotas, I think, in my view. Others would view that it should be less in the offshore because it impacts on the inshore. Yet, this year the inshore fishery has been better than it has been for many years. Some areas have been an absolute disaster. The south coast, certain sections of the northeast coast have been a disaster. I have not seen any program from this Government, Mr. Chairman, to deal with that problem. I have not seen any fisheries displacement program or anything of that nature, any fisheries response program to deal with the specific problems in those areas. But that is not what I am talking about here now. We will get to that another day. But I am saying, Mr. Chairman, that the inshore fishing industry, from a global point of view, has been very good this year and that prices are up by about twenty per cent. So they can hardly blame their financial problems on the fishing industry. The offshore has more quotas than this Government has asked for and the inshore is stronger than in previous years, and prices are up. Fishermen have generally done well, with the exception of those

areas that I have mentioned and we are very aware of.

The Premier mentions mines. Is the Premier surprised that Daniel's Harbour closed down this year, I am surprised that did not close down five years ago. That is a surprise.

The problems in Baie Verte: that is no surprise, we have been dealing with that. It was August of 1980 I believe we first had the announcement that Baie Verte mines would close down; I recall I was in hospital at the time when I got the news.

I came out of the hospital and the next day I took a flight to Toronto to meet with the Advocate Mines people to deal with the problem, the former Minister of Mines and Energy, Mr. Barry and I, and we have been dealing with Baie Verte ever since, there are no surprises in Baie Verte.

Forest Industries have been reasonably stable this year. It has been very stable, I do not know but it may be even up a bit this year. Certainly Corner Brook is doing very well, Corner Brook has been very stable. So what are all the surprises. Where has all the money gone? To say that the economy is weak, we can accept that because the economy has been very weak, all you have to do is ask the business sector out there.

The Minister of Finance just told us that corporate income tax and personal income tax are up, the only thing is down is retail sales tax and I would say that is because they were overly optimistic in their projections on retail sales tax, overly optimistic. None of these factors, Mr. Speaker, were outside

the realm of possibility for this Government to predict accurately.

The Minister of Finance points to Ontario and says, well, Ontario has a greater deficit than they projected. Many provinces have a greater deficit than they projected, indeed they have, but they do not have a 5 per cent difference - 5 per cent of total Budget they were off.

I have gone back over, I think, the last ten or twelve years of Budget projections, to look at what was projected as a deficit or a surplus and what the revised figure was at the end of the year, and there was never a variance that I could find of more than one per cent. Now how come this year there is a 5 per cent variance, five times greater than the largest variance we had in the last ten or twelve years at least, I did not go back any further. Sure, there are variations, we had a variation last year. The Government came in with a \$70 million surplus, that was a variation.

An Hon. Member: (Inaudible).

Mr. Windsor: You have not explained where that \$130 million has gone, where is it gone, tell us where it has gone. Where is the \$25 million from the Health and Education tax gone? It has not gone into health and education, we are telling them they have to cut back.

An Hon. Member: That was part of the original Budget.

Mr. Windsor: Part of the original Budget. I would like to see how much revenue is coming from the Health and Education tax and where. We will get into that

another day, Mr. Speaker, we will get into that another day. How about some of the little forms that are being sent out to little, small business people. Somebody was telling me today about somebody who got a form because they had a baby-sitter in, had a baby-sitter in. Fill out this form right away. Well, what foolishness.

An Hon. Member: That was the GST, wasn't it?

Mr. Windsor: No, no, it was a payroll tax. They had to register as an employer because they had a baby-sitter come in during the day.

An Hon. Member: One sitter for all (inaudible).

Mr. Windsor: Give me a break. I will hire somebody to mow my lawn some day. I suppose I am an employer and I have to register and then claim my exemption because I am not going to pay \$300,000 a year to mow a lawn for sure.

Fish plants in this Province: even though the Government has said all fishing industries are exempt, agricultural industries are exempt, they still have to register, even though they are fish plants. Here I am, here is all the information, but I am a fish plant, so the amount is zero. I mean, what foolishness. What foolishness.

An Hon. Member: (Inaudible).

Mr. Windsor: No, I do not understand that. No, no. If a tax auditor is concerned about a company, they can ask them are you a fish plant? Anybody who goes within ten miles of a fish plant and does not know it is a fish

plant, is in trouble anyway. I do not understand that, no I do not. You will explain it.

Mr. Speaker, this Government has to tell us, where has this money gone. We are talking a lot of money here, we are not just talking \$130 million. We are talking about all the tax increases which were imposed last year, all the programs that were cut in the Budget. Let us compare where we are today with where we were twelve months ago. The programs that were cut, such as the PDD subsidy of \$40 million, things of that nature, there is a couple of hundred million in programs that were cut in last year's Budget. There is \$100 million in additional taxes imposed in last year's Budget. Now we have \$130 million deficit or \$120 million deficit - the Premier just confirmed it could be \$150 million or \$160 million. Where is that \$400 million gone, Mr. Chairman? This is not a laughing matter. The fact of the matter is we have no control over the finances of this Province. We are totally out of control, and we do not know where we are heading. And where will we be next year? We only have six months left to go in this, and here we are six months into the year, and we know now that we are off by \$150 million. I mean are we sure that at the end of the year we are only going to be off by \$150 million or will that be gone to \$300 million? Who really knows? The problem is nobody has any confidence any more in this Minister to accurately predict where we are going to be.

But where will we be next year? I really hope that the Minister of Finance or the President of Treasury Board or the Premier will

tell us: what are you predicting for next year without taking any further action, without bringing in a whole new realm of taxes, without major cuts, without any changes in programs either revenue or expenditure. What would we be faced with next year, if we continued on this same course?

Well that is a serious problem. We know the problem we had with pensions. I will get into that in detail, a serious problem with pensions. But if you add to that a growing deficit at the rate that we have seen over the last six months, Mr. Chairman, then we are headed for certain disaster in very short order. I think the Minister of Finance has a responsibility to tell us, and he has to be honest with us, tell us exactly where we are and I will say to you, Mr. Chairman, there is only one way that he can do that now, is to come in with a revised Budget immediately. The Minister is shaking his head, so I assume he is saying he is not going to come in with a revised Budget.

Dr. Kitchen: I do not know yet.

Mr. Windsor: You do not know yet. The Minister of Finance does not know yet. He does not know yet. He does not know what he is going to do, that is the fact of the matter. He does not know how to deal with it. If we are going to have these kind of expenditure cuts that the Premier talked about, if we have the kind of variation, \$130 million, maybe \$150 million or \$160 million, a variation in revenues or in a deficit situation, then it would seem to me, Mr. Chairman, that merits a revised Budget immediately. Let us get a plan of action that first of all is realistic in it's prediction of

revenues, and honest in its prediction of revenues, and has a realistic program of expenditure. We cannot spend what we do not have. Let this Government bite the bullet and come honest with the people of this Province immediately, Mr. Chairman, that if we are facing \$130 million deficit at the end of this year, and if we are projecting \$200 million or \$300 million or \$400 million next year, and probably more the following year, who knows, the Minister hopefully will tell us, then we have to deal with that now. You cannot sail along merrily pretending that all is going to work itself out, as the Minister of Finance was quoted as saying, well, I heard a few months ago that we might lose \$55 million or \$60 million, but we hoped revenues would increase - he is quoted in one of the newspapers there.

Mr. Chairman, we can hope all we want. The Minister of Finance of the Province does not have the luxury of hoping. The Minister of Finance has to know. We can all hope that we are wrong, but we have to take action to deal with the problem, and if we are wrong, and if our hope is right and things turn out better, then fine, we will come in with a surplus. But we can't carry on unless we are prepared to accept a \$130 million deficit at the end of this year, unless we know the impact that will have on the credit rating agencies. Because there is what is going to happen next, Mr. Chairman. I will predict now that if we come in at the end of this year with a \$120 million - I will be charitable and say that this Government can keep it to \$120 million. I do not believe for a moment they can. But if they do, if we end up this year with a \$120

million deficit, and if we project a higher deficit for next year, I will predict right now that this Government and this Province is faced with a downgrading in our credit rating. The President of Treasury Board confirms that. I think he is right, and I thank him for being straightforward on that.

Now, Mr. Chairman, I do not have the figures at hand. The Minister of Finance, I am sure, does. I hope he will tell us what will be the impact of a downgrading on our credit rating? A simple calculation - his people downstairs have it. I would be surprised if the Minister does not have it in the notes that are before him, because I am sure his people, unless they have changed drastically since I was there, have briefed him well and have given him a lot of very good information. I would suspect that on his desk he has a number that tells him the implications of a downgrading on our credit rating. What will that do to the interest rate that we pay on the borrowings that we now have in place, over \$3 billion, as I recall off the top of my head. Over \$3 billion we now have outstanding in the international money markets. What is the impact of a 1 per cent increase in the interest rate on \$3 billion?

Now, there is where your \$120 million deficit starts to rise very quickly. Then the Minister of Finance will have a much more serious problem than he has today. So will the Minister of Finance tell us that -

Dr. Kitchen: (Inaudible) materials alone.

Mr. Windsor: No, the borrowing rates. The borrowing rate does

this, you know.

An Hon. Member: What is wrong with you? You know the difference of that.

Mr. Windsor: Mr. Chairman, I mean that is a very serious question. A very serious question. The Minister of Finance says our long-term rate does not change. No. But a great amount of that borrowing will be rolled over this year. Every year we roll over \$400 or \$500 million and re-borrow it, basically. It is refinanced and the interest rate changes, based on the prospectus of the day.

Dr. Kitchen: One per cent on (inaudible).

Mr. Windsor: All right. One per cent on \$500 million is \$5 million, and one percent on \$3 billion is \$30 million. So \$30 million is a fair bit of money.

Mr. Chairman, perhaps I will sit down and I will have another opportunity to address this question, to get into more details on some specific items.

The key question still remains, Mr. Chairman, why did this Minister not come clean with the people of the province when he knew at the time - he may not have known. I suspect he knew verbally prior to May 15, the day he brought down his Budget. May 15 you brought down your Budget.

Dr. Kitchen: March 15.

Mr. Windsor: March 15, sorry. March 15 you brought down your Budget. I suspect that prior to March 15 he had an inkling. I suspect the Budget numbers were changed two or three days prior to March 15, as they always are.

They always reflect the latest up-to-date figures, but I suspect that he had an inkling that this was going down.

He certainly knew by the end of March. The Minister of Finance is saying no? Well, would the Minister of Finance like to answer that on the record of the House, to say no, he did not know by the end of March? No. He has gone silent all of a sudden. Because he knows I am right, Mr. Chairman. He says I do not know. I challenge the Minister of Finance to stand in his place and say to this House that he did not know at the end of March that he would be \$63.7 million less in revenues received from Ottawa than he had in his Budget. I challenge him now, Mr. Chairman.

Of course he will not stand. Because he knows to deliberately lie to this House is a serious offence and he does not want to do that. Because he knows that what I am saying is right, that he knew by the end of March. He knew by the end of March, Mr. Chairman, what was going to happen and he failed to come clean until the middle of August. He held a press conference and finally admitted, Oh, oh, it looks like \$55 million. And a month or so later the Premier came back and said, it has gone from \$55 million to \$120 million, in one month. I would love to know what the real projections are now. Another month after that, where have we gone?

The Minister of Finance, Mr. Chairman, has to come clean. He has to tell us where we are now. He has to come forward with a program of dealing with that situation. What is this Government going to do to deal

with that deficit, and how is he going to deal with the money market? How does he expect to borrow the money he is asking for in this loan Bill? This loan Bill, Mr. Chairman, there is nothing in it to ask for the \$325 million that was announced in the Budget and, of course, it has to be approved in due course as part of the Budget. The important question to be asked here, Mr. Chairman, is can we depend on that Budget, and will this Minister come in with a revised Budget that, for the first time, tells the truth to the people of this Province?

Some Hon. Members: Hear, hear!

Mr. Chairman: The hon. the Member for Green Bay.

Mr. Hewlett: Thank you, Mr. Chairman. I would like to make a few remarks on this borrowing Bill, as well. I guess it can be safely said, Mr. Chairman, that if our Meech Lake debate in this Legislature was a watershed experience, then certainly the hon. Minister's Budget has become a very taxing experience. Perhaps the upcoming Budget in the next fiscal year will not be referred to on the front cover as a Budget at all, but rather what we might refer to as cutting remarks.

When I had the opportunity to work in the Premier's office, Mr. Chairman, I designed the cover for the Throne Speech and the Budget Speech. At the time, I believe, the colours were in the order of blue and gold. Now that this new Administration has taken over they have changed the colour scheme on the front covers of both these documents, and it has become entirely appropriate that the colour of the Budget document

right now is red. It was meant to be the Liberal Party colour, but I think it has also taken on another meaning altogether. Not only is the colour of the document red, but, I think, finally this particular Administration is starting to make the people see red.

Meech Lake and all that lovely rhetoric notwithstanding, certain harsh realities are starting to come home to the people of this Province. Since this Minister of Finance started bringing in Budgets, Mr. Chairman, he has risen the income tax rate, he has introduced the payroll tax, and he has introduced the removal of a subsidy to the Power Distribution District. That and the payroll tax are obviously driving up electrical rates throughout this Province. The Government has overseen the restructuring of the Public Utilities Board which, rightly or wrongly, from a technical legal point of view, has essentially muted the consumer advocate role of that particular Board, and consumers are no longer being protected as well as they might under the new structure that the Premier has brought in.

In this Assembly, in this Chamber, back in May I believe it was, of this year, 1990, the Liberal member, I believe it was for Pleasantville, introduced a Private Member's Resolution condemning the Goods and Services Tax proposed by the Federal Government, and if I remember correctly, that particular resolution was supported by all members voting in the Chamber at that particular time. More recently, things seem to have changed. I do not know if there has been light or red ink on the road to Damascus, Mr. Chairman,

but both the Premier and his Minister of Finance have been talking increasingly about a possible GST from this Provincial Government. The way it is being slipped in is first we are told that the provincial tax will be on the cost of the item plus the federal tax. The merchants in this Province, Mr. Chairman, especially a lot of small businesses, are faced, in that particular situation, with a situation where their cash registers have to perform two separate tax calculations. This is going to cost the merchants a fair bit of money, if you are into a small business situation. So, from the point of view of their convenience, I have had merchants in my district speak to me and say that they would prefer a unified tax from their own particular point of view, and I understand where they are coming from.

But if this Government does break with the resolution passed in the House some time ago and join with the Federal Government in the collection of a super GST, the question we in this Chamber and citizens throughout the Province should have to worry about is what would be a reasonable combined tax rate if we have one super GST? Mr. Chairman, the way this particular Government is talking right now, they are talking about a tax rate that would bring them in a tremendous windfall of taxes.

The current retail sales tax rate is in the order of 12 per cent. They are toying with the people's emotions and dislike of taxes by saying, possibly we could drop it a point and apply it to the same items the GST applies to. Mr. Chairman, that would not be a revenue-neutral act on the part of this particular Government, that

would be a massive tax grab on the part of this Government, disguised as a tax decrease. Your average citizen is being told it is going to be dropped a point, but they will not go to great lengths, I am sure, to explain that the tax will be on many more items and services and that, in effect, it will bring in some one hundred-plus million to the Minister of Finance to take care of the deficit he had no small part in helping to create.

So, Mr. Chairman, when we wonder about a possible unified taxation system, we have great concerns with regard to what would be an appropriate combined rate. Rather than say 7 per cent Federal and 11 per cent Provincial, I would suggest that the probable revenue-neutral total, from the point of view of this Province, might be in the order of 15 per cent or so. Certainly not the 18 per cent they were talking about in these little newspaper articles, where they float these ideas to see what kind of public reaction they get.

Now, Mr. Chairman, we have seen in this House, and we saw it in a petition today, the Minister of Social Services cutting the maintenance payments to single parents who have court ordered maintenance for their children. The Minister of Justice indicated this was being forced on us by the Federal Government. That is something, obviously, we will have to check to just see if that is indeed the case. At the moment, we can only take the hon. Minister at his word.

But, Mr. Chairman, I find it passing strange that the hon. the Minister of Social Services, when bringing in this very unpopular move, would not have immediately

hung his hat on the nail of the Federal Government, would not immediately have hidden under the idea that this move was being forced on him by the Feds. Instead, he came up with this absurd notion of fairness as the reason they had to do this, that the only fair way to treat people is not to bring everybody up a notch, but to bring everybody down to the lowest common denominator. That is really enlightened social policy, Mr. Chairman.

As well, when you think of it, if parents are married, one or both of the spouses are allowed to keep part of earned income as part of the social services system that is now in place. If the parents are no longer married, if they are separated or divorced, they nonetheless still have responsibility for their children - they are not separated or divorced from their children. And an absent spouse who earns income cannot have any of that applied to the child. The children have not divorced anyone, the only difference is that the two parents are living apart. Yet, earned income of parents living apart, none of that can go towards the children. Whereas right now when we have a whole family unit or one person in a single family unit working, earned income can be applied to that family and not lose at all.

So, Mr. Chairman, I find the social policy as enunciated by the Minister of Social Services to be rather retrogressive. As well, earned income is earned income. And if parents who are living together can keep some of their earned income, I do not understand why parents who are living apart, for the sake of their children, would not be allowed to keep

earned income as well. And if a court is going to order an absent spouse to make maintenance payments, then obviously that absent spouse has a source of income which, in all likelihood, would be earned income, certainly in the vast majority of situations. So why an absent spouse could not be allowed to have earned income applied to the single parent family unit left behind is beyond me, and it is certainly not, as I say, enlightened social policy at all.

Mr. Chairman, much has been said of this Government's record in the matter of Labour negotiations. Even though certain labour settlements are coming in at double the rate of inflation, which are generally higher than many other places in Canada if not, indeed, North America, there is, nonetheless, a terrible labour relations climate prevalent in this Province at the moment. This Government, Mr. Chairman, I think, was afraid of the collective bargaining process, was afraid that budgetary requirements might require tough negotiations that may have led to an increase in strikes or whatever, so they ran away from the collective bargaining process, Mr. Chairman; they shied away from it; they were afraid of it. They were afraid to do the tough job of negotiating with the unions in tough economic times, so independent arbiters are setting the wage settlements.

But, Mr. Chairman, even though the unions are themselves garnering wage increases at double the rate of inflation, the unions are not pleased with this Government. Because, basically, even though the settlements are relatively good by a lot of standards, the union leaders, I do believe, are

expressing the opinion that the money, basically, is sort of being slapped at them, that they are getting no respect; they are getting the cash, but they are getting no respect so, therefore, even though settlements are double the rate of inflation over a three year period, Mr. Chairman, the labour relations climate is, nonetheless, terrible. Because from everything you hear on the news from the labour leaders, they do not think they are getting appropriate respect, both personally and in their positions in the community.

An Hon. Member: (Inaudible).

Mr. Tobin: Do you support the NTA (inaudible), Roger?

Mr. Hewlett: I know at the hospital in Springdale, Mr. Chairman, there are cutbacks occurring already. I have heard that people, to avoid layoffs, have started job sharing activities. Obviously it is a good idea in a family which has probably two people working and can afford to have one of the people work part-time now instead of full-time. That is better than being totally laid off, I agree, Mr. Chairman, but the fact is cuts are coming. When this particular party was in Opposition, closure of hospital beds was a cause célèbre. The closure of hospital beds was a major social crime, Mr. Chairman - a major social crime - yet, since they have come to power, fifteen of the twenty-five hospital beds in the Springdale hospital have been closed, now staff are into reductions, layoffs, that sort of thing.

And from what we hear, the Hospital and Nursing Home Association mentioned on the news

today that they are expecting tremendous cuts, in excess of \$50 million to \$60 million in the upcoming Budget year, which will mean somewhere, probably, in the order of 1,000 to 2,000 workers being laid off in the health care system. So, Mr. Chairman, for a party in Opposition that was absolutely abhorrent to any idea of cuts in the health care system, this particular Government, since coming to office, have done nothing but cut, cut, cut, and more to come next year. When it comes to taxes it is up, up, up. When it comes to expenditures on the social areas, where people are most affected, it is down, down, down.

And what about job creation programs, Mr. Chairman? This particular fall, I know, in my district on the northeast coast of the Province, a lot of people have not qualified for UI, especially with the thing at fourteen weeks rather than ten. But where is the help for the people? There are some monies being made available for brush cutting as a last ditch measure for people to qualify for UI, but, Mr. Chairman, what do they have to do? First off, they have to go on welfare. They have to lose their car back to the car dealership. Their fridge, stove, chrome set, whatever, if they have it out on installment payments, it has to go back to the merchant it came from. They have to exhaust their bank account, they have to become destitute, and then apply for social assistance in order to qualify for a job program in order to get their stamps. That is the social conscience of this particular Administration.

There are no Liberals over there, Mr. Chairman, in any vague understanding of the word

'liberal'. We have a Thatcherite, ultra-conservative, right-wing Government with a heart of pure ice, Mr. Chairman.

An Hon. Member: (Inaudible) like that stuff.

Mr. Hewlett: I am not supposed to like that, Sir. I have always taken great delight out of being known as a red Tory.

An Hon. Member: (Inaudible).

Mr. Hewlett: And I would not come over there to become a blue Liberal, either.

Some Hon. Members: Hear, hear!

Mr. Hewlett: So there you are, Mr. Chairman. No job creation programs of any use whatsoever in a seasonal rural economy. The job creation program announced with such fanfare last year required that you take someone on for 60 weeks, which the bulk of new money-creating industries in rural Newfoundland cannot avail of. The people availing of that sort of program are people in the retail sales who have stores open 12 months of the year. They can afford to take on someone for a 60-week period. But if you are in a resource-based industry, if you are in a seasonal rural economy, you are creating new wealth, which is what this province needs more than anything else, you cannot avail of a job creation program from this Government, because the only one they have out there is absolutely useless in a seasonal rural economy. And as I say, Mr. Chairman, if you want to get on the ones they do have available, the first thing you have to do is become utterly destitute and go on welfare.

Now, Mr. Chairman, we have the Economic Recovery Commission. Recently, in the newspaper, I think the gentleman who heads that up indicated that he has run out of answers, he does not know what to do, and has ended up blaming Newfoundlanders for having a bad attitude. Well, Mr. Chairman, I do not blame the individual for not knowing what to do. As I understand it, he is a PhD in sociology. And while it might be appropriate for such an individual to study a socio-economic problem, one wonders at the wisdom of having a sociologist put in charge of economic development; one would think that someone with an economics background would be more appropriate to the task.

It is one thing to have a sociologist study an unemployment problem, but if you want something real done about it, you need a Lee Iacocca-type to take on the problem and do something real and practical in the real world. Unfortunately, the sociologist is still studying the problem and the conclusion he is coming up with is that he does not know what to do about the problem.

Mr. Chairman, what has this crowd done since they have come to office? They have raised taxes, raised electrical rates, cut social programs. They have done absolutely nothing whatsoever to generate jobs and wealth in this economy. They bought new cars for themselves through a supposed saving on the old system of ministerial cars. They blamed the Federal Government, blamed the world for all the problems, but did not take anything on the chin themselves, Mr. Chairman. They have done absolutely nothing except hide behind the skirts of Meech Lake.

If the Premier of this Province had been an avowed provincialist rather than an avowed centralist, he would have supported the Meech Lake Accord. It would have gone through this Assembly, and he would not have had the year of having to do nothing that we have just put under our belts. Because he would have had to deal with the realities of the economy of this province. But for the last year, as I indicated in the very first speech I made in this House with regard to Meech Lake, it has been nothing but a smoke screen. But sooner or later the smoke is going to blow away and the people are going to see that this Government has done absolutely nothing to create jobs. All they have done is create unemployment by laying off public sector workers, they have increased taxes, they have increased hydro rates, and cut social programs.

Welcome to the nineties, Mr. Chairman. Thank you very much.

Mr. Chairman: The hon. Member for St. John's East Extern.

Mr. Parsons: Thank you, Mr. Chairman. It is always a pleasure to be able to stand in your place and have a few comments on what is going on, in particular, today, this loan Bill. You know, Mr. Chairman, when this Government came here on the fifth of May, 1989, I looked across and I saw some fine young men, some new faces, a lot of new faces, and I said, perhaps they have more answers than we have. I did not know. I was an optimist. I listened. I gave them the benefit of the doubt. Because I had been over there and I had listened to them as they ridiculed the previous Government for all the inaccuracies, for the mistakes

they made. And then the Premier did it, he shook me in my seat because he said, I am going to pass it all over to our Recovery Commission. Now Recovery, the word Recovery did not do very much to me, but when the word Commission came out, I said, here we go again.

From day one, when we got into a problem as it pertained to a boundary issue between Torbay and Flatrock, the Minister did not do it, he appointed a Commissioner. Now the Commissioner was never elected to do the job, but he got out from underneath it by appointing a Commissioner, and here it was going right back to the 1930s and our Commission of Government.

Now, we are going to have to go to the money market. We need money, the \$10 million surplus is now a \$120 million deficit and we have to go I suppose and say look, here we are, we want money and we want it in justification of what our past performance has been under this Commission, because, presumably the Commission handles all aspects of Government, but in particular the monetary side of it.

Now, what has the Commission done? This Commission of Government you know - I mean I am surprised that the Minister of Development, a smart young man, not bad looking on that little clip, I see him on television every now and then, and we always said he was a good actor. I think he did some acting in his earlier days, he is good at it, he is a fairly good performer, he did a bit of a skit and I have to say it is not bad.

An Hon. Member: A good actor, but he could not skate.

Mr. Parsons: Oh, he could not skate, no. But I am surprised as to why the Premier did not give that young man, and there are more young men over there like him, or men even my age over there, that he did not give him more clout within the Cabinet. He did not tell him: Look, use some innovation, use some new techniques, do not be used by someone on the outside who does not have to answer to the public. You go out and do your own work in your own Department, do not have someone come in and dictate to you because that is what is happening.

That is what is happening with this Government, that is why they did not know about the \$130 million, because the Commission never told them. The Commission held it as a secret saying, you know, I hope something happens. Something might happen, the Federal Government might see fit to throw in \$100 million if they know we are in dire straits, but the Federal Government could not do it because the Federal Government already had increased the overall payments to Newfoundland by \$20 million, and all we can hear from the Minister of Finance is that he does not know. Ask the Minister of Finance and he says he does not know.

I mean, how does he know, the man is not running the Department. The Commission, your Commission of Government is running it, your Commission of Government is your overall, it is your God Almighty. Well, the Premier is up there too, he has a halo on, but nevertheless, this Government is not operating on its rights. It is not operating on our system. Our system is the representatives elected by the people with the

majority runs the Province or country or whatever it is, and that is not happening here any more than it is happening in the Senate of Canada. It is certainly not happening here in this Legislature.

The Premier was up today and he was talking about there were no lies, no deception, just a wrong guess. That is exactly what he said, that is exactly what they said in Ontario as well, but there is some good advice in that and I am sure the Minister of Finance has read it, because I just saw him passing the Globe and Mail to one of his colleagues and I am sure he is going to take that advice. Then the Minister of Finance gets up in his place and says there is a lot of downside to the economy. If we had more jurisdiction over the fishery we could perhaps have more money generated in our Province. The Minister of Finance is telling this to the Legislature, but the Premier, who is his boss in every respect, he runs the roost, he rules the roost at least, he said that we should not have any more jurisdiction. He did not want any more jurisdiction, and the Minister of Finance now blames it on Ottawa not giving us more jurisdiction, but the Premier does not want it. We can blame the Feds for what we like. We can get up all day and say it is a Federal problem, the Feds caused this, the Feds caused everything. God Almighty, it is a wonder that the Minister of Finance is not going out and shouting in the streets, \$130 million, \$130 million, the Feds owe us \$130 million. Mr. Chairman, I feel, and I am being truthful in every respect on this, I believe that even the decrease in our own sales tax is caused by the insecurity of the people out

there not knowing whether to spend money or not, and even more so now, because we have union leaders, and rightfully so, saying to their people, there is a minimum of 1500, and perhaps that could rise to 2000 people who are going to be laid off within the Government system. In Newfoundland where the population is small that is a great number of people unemployed to be added already to the list of unemployed. When you people on the other side came into power it was come home. It was almost like a come home year. Come home, we are going to create the work. We are going to create the jobs, and now statistics show us we are 6000 jobs less than what we were this time last year, so the come home bit just did not work. It is not working and neither are the policies of the Minister of Finance. Sometimes I have a job blaming the Minister of Finance because, again, he is in a shadow. He is running under, Number One; the Commission which approves or disapproves, and the second thing is the Premier's ego. He is certainly not able to do what he likes within his own Department, and I think he could perhaps do a better job if he were doing the job that he was appointed to do - Minister of Finance. Mr. Chairman, the Minister of Finance also compared today Newfoundland's economic situation with Ontario, and there is as much difference between chalk and cheese as between Ontario and Newfoundland. Ontario, as we all know, had a balloon situation as far as the economy was concerned, where houses went beyond the realms of sanity, but it had to explode, it had to come back, and what is happening in Ontario is perhaps a coming back to its natural ability

of performance. In Newfoundland it is a different situation altogether. Here if the Minister of Transportation, and God knows we have asked him often enough, we have tried to persuade him to the best of our ability to do some work as it pertains to the Outer Ring Road. If that Outer Ring Road was started it would generate jobs and put more money into the hands of the public. All it is is a matter of putting the money there and the people will spend it, if they can see three or four years work. The Minister of Works and Transportation can huff all he likes but when he goes down, and I am not trying to be facetious either, but when he goes down and says yes to that ferry that they are putting on Gaultois well then there is something wrong. I mean that is almost like a joke. I mean what was said here today, and I have no reason to disbelieve what was said that that boat was sent to Labrador, and the captain left it down there because it was leaking so bad that he would not come back in it. You know, it is almost like Farley Mowatt and The Boat That Wouldn't Float. You know, still we are \$130 million in the hole.

Now let us go back to that \$130 million. That \$130 million is what they conceive to be a problem coming up for the fiscal year. But the money that they have saved already in the cutbacks that they have generated up until now, there is more money involved. So, in essence, not alone are you in debt \$120 million, but that is not counting the money that you are saving now by your cutbacks off the backs of the poor people.

And I look now right at the President of Treasury Board and I say to him that rather than cut

that \$125 off the backs of the poor people, the single parents, would it not be much better if all the Cabinet ministers had said, look, let us give back the money that we got for the cars.

Mr. Tobin: Hear, hear!

Mr. Parsons: If we are going to tighten our belts, let us do the tightening. Let us start. I mean to take money away from people that are already poor - and I will have to agree with one of the speakers - I hope that the President of Treasury Board heard what I said. When I think of a poor person out there that perhaps only gets \$500 a month, which is \$6,000 a year, that is all it is, and then someone takes back \$1,200 or \$1,500 of that.

Mr. Tobin: And then gives himself \$8,000 for a car.

Mr. Parsons: Then the Ministers themselves say it is right that we have \$8,000 for cars, \$8,000 we are allowed for cars, and the poor person on welfare gets cut by \$125 a month. Mr. Chairman, where is the justice?

The Premier kept saying that everything was going to happen from here on in when he became Premier. He was going to be just to all people and, in particular, the poor people. Mr. Chairman, that certainly is not the case.

Now, Mr. Chairman, let us go back to the subsidy that was paid on the PDD subsidy, \$40 million. Mr. Chairman, when you come to think of it, that is \$40 million saved.. But in essence that was \$40 million that was taxed on to the people. So that was another windfall. A windfall through taxation. By eliminating the

subsidy, the PDD subsidy, you also gained \$40 million. Now they had \$10 million going in, that was a surplus, that was \$50 million. I am not sure of the amount that has been saved by the cutbacks that are presently taking place. Over and above all that you have \$120 million. What a mess this Government is in. And what a mess this Finance Minister finds himself in.

When I listened today to the Minister of Justice, a young man, a lawyer, get up and defend the policy of this Government when he says, that is right, the cutbacks should take place for the welfare recipients. I do not believe there is a person in Newfoundland or any other part of this country - there might be a few, few in number - that would want to be part of the welfare system. People are forced on welfare because of many reasons, but they are forced on welfare. No one wants to live on that measly amount. There is no one on the other side, and I am sure there is no one on this side, who would want to live on that measly amount.

So when you see the Minister of Justice - the name explains and describes itself - standing in his place today and defending the Minister of Social Services and the Premier for the cutbacks to the social service recipients, the single parents, I wonder where is the justice? I find that hard to take, I really do. I find it very hard to swallow that, that the young Minister of Justice will get up and defend that policy.

Mr. Chairman, I read in the paper also today where the popularity of this Government is very high and the Premier has worked hard on that. Oh yes, we all read it.

There is no doubt at all about it. But I am wondering now if the Premier would work as hard in perhaps talking to his buddy in the Senate, McEachern, have a talk with McEachern, ask him to look at the moral aspect of what they are doing in holding up Bill C-21. There are people hurting, let me tell some of you young fellows over there. The fishermen in our district, in our area this year, right along the shore, Southern Shore, some parts of Trinity Bay, are hurting. Here in St. John's, Critches and those fellows did real well.

It is fine if they can catch fish in six weeks, they can average out their earnings and get top stamps, no problem. But there are people working alongside of those fishermen, fish plant workers, truck drivers, labourers who work the same time.

Yes, I do have knowledge of it, yes, I certainly do. But there are people in the fish plants, and the hon. Member for St. John's South can verify that, who did not get enough work, the time was not there.

An Hon. Member: 1000 out my way.

Mr. Parsons: Yes, 1,000 over your way alone who just cannot get that unemployment stamp. People look down on UIC and say you know, it is a misdemeanor, it should not be, but Mr. Chairman, it is all right for people who have it, but to the people who have not, it is essential, it is a necessity of life to draw that UIC, and I think that the Premier should put all the pressure he can on his buddy in the Senate, the Liberal Leader in the Senate, McEachern, and explain to him the hardships being caused by that Bill not coming

through.

You know, some of your problems would be solved right there if this Bill would come through and revert to the ten weeks. That is all I am asking the Premier, is to contact him, is to try to persuade him, to say to McEachern, let Bill C-21 come through.

There are people hurting out there. It is a hardship on people, let it come through, that is all, let C-21 come through, there are good things in that, there are good things in that UIC Bill.

I do not think in the St. John's area that it will come down to ten weeks, but if it came down to twelve weeks it would be a big asset, and I again ask the Premier to use his office. In the St. John's area we are down to about twelve weeks, so use his office, his good office, to contact those people.

Some of those people are aloof, they do not understand what is happening, especially in the outports, in the rural areas of Newfoundland. Ask him to let it through, to let C-21 through, if not, encourage his Minister to contact the Federal Minister, to see if we could bring in some kind of a stipulation which would let it revert to the ten weeks.

An Hon. Member: We already did it.

Mr. Parsons: You did it? Well, more power to you. I hope that I have tried my best to influence the people that I know, for it is essential for Newfoundlanders. It is essential for Newfoundlanders that that be reverted to the ten week program. There are a lot of people out there hurting.

Mr. Chairman, going back to the budget and the Premier today where he told us that he is going to have proof that the Minister of Finance and the Cabinet did not know of the shortfall or the shortcomings from the Federal Government, but Mr. Chairman I have a job to buy that, I have a job to swallow that. I believe that any Government doing their job as it should be done should have known, and I think they did know. And in that respect, Mr. Chairman, I say that the Minister of Finance should bring in a new budget. Bring in a budget that represents the truth of what is happening in this Province. And with that, Mr. Chairman, I adjourn the debate.

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. L. Snow: Mr. Speaker, the Committee of the Whole have considered the matters to them referred, 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 President of Treasury Board.

Mr. Baker: Mr. Speaker, before we adjourn I just want to verify with the Leader of the Opposition that tomorrow is Private Member's Day. It is the Opposition's Private Member's Day and I assume that the resolution is the one by the Member for Port au Port. Is that correct?

An Hon. Member: That is correct.

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