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VERBATIM REPORT

FRIDAY, MAY 28, 1971

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

May 28, 1971

Tape 782 (morning)

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The House met at 10:00 P.M.

Mr. Speaker in the Chair.

PRESENTING PETITIONS

HON. J. R. CHALKER: (MINISTER OF PUBLIC WORKS): I beg leave to present a petition on behalf of 233 residents of the communities of Brig Bay, Plum Point, Blue Cove, Pond Cove, St. Genevieve Bay in the District of St. Barbe North. A lot of the petitioners, Sir, are members of the Elementary School Board at Brig Bay to St. Genevieve Bay.

The petitioners prayer, Sir, is that the original local of the new school be adhered to, The original site, Sir, was at St. Genevieve Bay. Evidently some person that has control of the transportation advised the committee that the school would be placed in the wrong place, as regards bus transportation, and he suggest that it be moved further to the north towards Forrester's Point.

Sir, the petitioners claim that this land is boggy and not suitable for the school and furthermore that it would mean that a lot of the children, who would normally come home for lunch would be unable to do so. Sir, I may say that I am surprised, because I understood that this beautiful new school they are building down there, that the site had been selected.

This a complete surprise to me, that some difference of opinion has been made. There is not much that I can say about it, Sir, but I do know that the place that they had originally located at St. Genevieve's Bay was, in my opinion, ideal. With respect to their request, Sir, I ask that this petition be laid on the table of this Honourable House and referred to the department to which it relates.

HON. F.W. ROWE (MINISTER OF EDUCATION AND YOUTH): Mr. Speaker, I am very happy not to exactly support that petition, but at least to indicate that when that petition is referred, as I presume it will be, to the Department of Education, I will be very happy to have the matter looked into thoroughly. In all these questions of where schools will be located and what transportatic systems will be required in the event of new schools being built here and there, there are usually a number of factors, usually very many complications

MR. ROWE, F.W. and very often more than meets the eye. Nevertheless, having said that, I will have this matter thoroughly investigated to determine, from the standpoint of the Department of Education, what is in the best interest of the people concerned.

MR. A. J. MURPHY: (LEADER OF THE OPPOSITION): Mr. Speaker, if I may, I received a copy of that letter. It is one of these complicated things where apparently the proposed site for the elementary school, already referred to in the petition and agreed on by both the people and the School Board, has been refuted by our supervisor of bus transportation, undoubtedly in the interest of Government expenditure.

Now what the actual meaning of that is, I do not know. The petition has been presented and the Minister of Education assures us that he will have the thing investigated. So I can only say that, in view of the fact this committee did me the courtesy of sending a copy of the petition, I can only support their wish, with the hope that the whole matter will be investigated in the best interest of particularly the pupils and in accordance with the wishes of the School Board.

On motion petition received.

HON. W. N. ROWE: (MINISTER OF COMMUNITY AND SOCIAL DEVELOPMENT): I beg leave to present to the Honourable House a petition which I received from LaSchie in the District of White Bay South and from the people of several other communities outside of my own district, in the district of the hon. the member for Green Bay.

The petition, Sir, affecting as it does school construction in the area, particularly speaking, outside of the jurisdiction, constitutionally outside of the jurisdiction of any department of Government here, although I submit, Sir, not outside the jurisdiction of the House, by virtue of the fact, the House does vote money to the Denominational Educational Committees.

The petition reads as follows; "We the undersigned do hereby register our names in a petition to our elected representative. We hereby state

MR. ROWE, W.N. that the Integrated High School serving pupils from Nipper's Harbour, Snooks Arm, Round Harbour, Tilt Cove and LaScie lack the necessary facilities for a modern education. Furthermore, the elementary school serving Shoe Cove and LaScie, 281 children, lack the bare minimum facilities and it is overcrowded to the extent that with its physical construction it is a health hazard and a fire trap.

"We strongly urge our representative, through your direct action through DREE or your efforts through the Denominational Educational Committee, to have monies made available to the Green Bay Integrated School District to rectify this situation."

The petition, Your Honour, is signed by more than 490 people, by their own count. I have no hesitation at all in supporting the prayer of the petition wholeheartedly. For some years now, two or three years, I have been working, on behalf of the School Board and the people in my own district particularly, to get this kind of a facility and I can say now that some encouraging progress has been made. The last word I had from Mr. Hatcher of the Integrated Denominational Committee is that the present plan this year is to use the present high school, I believe, as an elementary school and to commence the construction, after the detailed planning has been done to commence the construction of a new elementary school for LaScie, to serve LaScie itself and these other places which I have mentioned.

Of course, it is not for me to make that decision nor anyone in the Government to make the decision, but I am led to understand that is the present plan, which is very encouraging indeed.

I move, Sir, that the petition be received by this Honourable House and referred to the department to which it relates. In this case, perhaps, if the Clerk were to handed^{it} back to me, I would see that it goes to the Denominational Educational Committee.

MR. H. COLLINS: Mr. Speaker, it gives me pleasure to rise in support of this petition and it points out the fact which we have been drawing to the attention of this House over the years, that there is still a great

MR. COLLINS: disparity between the opportunities provided to some of our young people in some of the smaller outport settlements, when contrasted with the facilities which are available in some of the larger areas.

It is all very well and good, I suppose, to say that monies are not available and that where schools are located is the decision, the prerogative of the churches. Certainly the conditions or the lack of facilities which the people who signed this petition point out certainly indicates, as I say, to me, that there is a great need for improvement in that area to eliminate the very obvious disparity.

It gives us great pleasure in supporting the wishes of the people.

MR. ROWE, F.W. Mr. Speaker, I should like to give my general support to that petition as well, for two reasons, first, of course, because of the interest for some ten years I had specifically in that area and, secondly, because like all other hon. members I am concerned about educational facilities. I would point out here, the matter was actually referred to by the hon. gentleman who presented the petition, that neither this House nor the Government have a right to say exactly what will be done in any particular area, that matter rests with the constitutional authorities, in this case the Denominational Educational Committees set up by law, by this House, and the School Boards acting under those committees.

However, I would point out and I know that all hon. members recognize in this fact that in the past it has been very difficult to give all the attention that the church authorities and boards and the department would like to have had given to these areas, because the sum voted by this House here were not actually adequate to look after all the pressing needs in any one year. It is for that reason that we recommend to this House here, to the committee, and we have already adopted a proposal that this year we will vote for the building of such schools, instead of the \$3 million we voted last year, we will vote \$8 million this year and furthermore that we will give the church authorities, and this has been done, an undertaking

MR. ROWE, F.W. that it is our intention to request the House to vote at least that much money, \$8 million, for the next six years. In that way it is hoped and I have every reason to believe that this is shared by the constitutional authorities, it is hoped that over the next year or two the authorities will be able to make plans and implement programmes which will obviate the very distressing need which has been represented to us in that petition. I have no doubt at all that in the next two or three years that many of these distressing needs will have been met as a result of the decision of this House to increase our vote from \$3 million to \$8 million; that in addition to any monies which might be coming under the DREE programme. Such monies, which I should point out, Mr. Speaker, from the DREE programme, while applying only to specific areas, will have the effect of lessening the overall burden which would otherwise fall on the church authorities and on the Government and on this House. So that the total amount of money to be spent in the coming year, on the construction of schools, will be far in excess of the \$8 million that we have asked the House to vote this year.

On motion petition received.

NOTICE OF MOTION

HON. L. R. CURTIS: (MINISTER OF JUSTICE): Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a Bill, "An Act Further to Amend The Law Society Act."

HON. W. R. CALLAHAN: (MINISTER OF MINES, AGRICULTURE AND RESOURCES): Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a Bill, "An Act To Ratify, Confirm and Adopt An Agreement Made Between The Government And Noranda Exploration Company, Limited (No Personal Liability)."

ANSWERS TO QUESTIONS

HON. E. M. ROBERTS: (MINISTER OF HEALTH): Mr. Speaker, I have answers to three more questions standing in my name, they have been asked by the hon. gentleman from St. John's East, Question No. 546, 547, and 548 on the Order Paper May 7. Question No. 546, Mr. Speaker, the hon. member asked

MR. ROBERTS: me to give all the names of all nurses, full-time employees of the department who are stationed in the following places: He asked for Rencontre West, but I think that was a misprint. He tell me it is, because there is nobody living in Rencontre West. So I have given the answer for Rencontre East, which I think is what the hon. gentleman had in mind. He asked about King's Cove: In view of the fact there are three separate communities in the Province with that name, I have answered each of the three. All the others are answered here, Mr. Speaker, and I will table the answers. I will table a copy; it is quite a long list. Question No. 547, the hon. gentleman asked me to list the places in Newfoundland and Labrador where ^{the} department, by which I assume he means the Department of Health, owns residences. Well, we own none, Mr. Speaker, as a department. The Government own them either through the Department of Public Works or through the Newfoundland and Labrador - it says Housing Authority, but I think that is the Housing Corporation. We own, through those agencies, a total of fifty-seven houses for medical staff and we rent an additional twenty-two. Again it is a fairly lengthy list and so I will give a copy to lay on the table of the House and the hon. gentleman can have copies made. Finally, Mr. Speaker, Question No. 548, the gentleman asked to whom were the consultant fees of \$6,000, shown in the Schedule of Administrative Expenditures for the Newfoundland Medical Care Commission for the year ended 31, March, 1970, paid? The answer is Kate, Peat, Marwick, you know, the management consultants. "Describe the nature of the services rendered by the consultants?" These services were rendered in connection with the introduction of Medicare into the Province, Mr. Speaker. The services I am told included the provision of overall project management and development and implementation of the necessary systems and procedures. If there is further information the hon. gentleman could doubtless get it from the former ministers, who have since fallen into error and crossed the House, Your Honour. They would know more about it than I would. I should add, anything which would get the hon. gentleman over there is well spent, in

MR. ROBERTS: my opinion. I should add; the total cost, Mr. Speaker, of that particular engagement of the consultants was \$15,000, \$9,000 was paid in the Fiscal Year which ended March 31, 1969, the remaining paid in the Financial Year which ended 31 March, 1970.

MR. EARLE: Before Orders of the Day, Mr. Speaker, I would like to direct a question to the hon. Minister of Economic Development. Would the minister advise the House what action, if any, he has taken on the announcement by Canadian National Railway of the very substantial increases in passenger and vehicle fares on the ferries operated by the C.N.R?

HON. J. NOLAN (MINISTER OF ECONOMIC DEVELOPMENT): At the moment, I do not have in my possession, although I am waiting this morning to have a meeting, hopefully, on it, a copy or the details of the increases, I was informed of it, first of all, Mr. Speaker, last night when I had a call from a reporter. I at that time expressed some concern about the matter, as I am sure hon. members are pleased by the fact that we have a new ferry, an extra one that will be operating this year. The fact is we have some good and some bad, the new ferry is fine. The increases are not encouraging to me. When I think in terms not only of the Newfoundlanders travelling but also from a tourist point of view, I have always had the feeling at least, rightly or wrongly, that the Trans-Canada Highway extends from British Columbia to Newfoundland, to St. John's, that in all other areas or most of the other areas you can go from province to province by simply driving over the provincial boundary. Whereas, if you want to come from Sydney to Port aux Basques, you have got to pay your toll one way or the other. I do not like it, I never liked it. I know, through Mr. Jamieson's efforts, we were successful in getting this new ferry. I have discussed it briefly with the Premier, just briefly last night. I am hoping to have more meetings on it, as soon as I can get out of the House.

MR. A. J. MURPHY: Mr. Speaker, before we go into Orders of the Day, I would like to direct a question to the hon. the Minister of Justice: Has

MR. MURPHY: any representation or any information been supplied to his department by the R.C.M.P. with reference to alleged disturbances at Terra Nova National Park and the alleged arrest or summons of nine miners, for consuming alcohol, under age?

MR. CURTIS: I think that question should be put on the Order Paper, Mr. Speaker. But offhand, I think, no.

MR. CROSBIE: Mr. Speaker, I have a question for the Minister of Economic Development: Is there a draft agreement now in the hands of the minister or Provincial Refining Company Limited, the directors of those companies, in connection with the repayment to the Federal Government of the full cost of the wharf at Come-by-Chance plus interest over a twenty-five year period? If that agreement is in the minister's hands, when does he expect it to be signed?

MR. NOLAN: Normally, I would refer it to the Order Paper, but in this instance my hon. friend and colleague, the Minister of Health, had been doing some work on this for me. I do not know if he is in a position to provide any additional information.

MR. ROBERTS: All I can say, Mr. Speaker, is that that will be tabled in the House. We are required to and we will gladly table any agreement. No agreements have been executed by or in behalf of any of the crown corporations.

MR. CROSBIE: Could the hon. minister tell the House whether the question of customs duties or federal sales taxes on the machinery and equipment that comes from England has been resolved?

MR. ROBERTS: Mr. Speaker, I think there is a question on the Order Paper about that.

MR. CROSBIE: Well, is the minister going to answer the question?

MR. ROBERTS: It is not addressed to me.

MR. CROSBIE: Well are the Government going to answer the question?

MR. ROBERTS: I do not know, we will have to see.

MR. COLLINS: Mr. Speaker, I have a question for the Minister of Community

MR. COLLINS: and Social Development. There appears to be some delay in the signing of the DREE programme, can the minister indicate to the House the status of the proposed ARDA Agreement?

MR. ROWE, W. N. The ARDA Agreement, Mr. Speaker, will be signed on Monday or probably today, the announcement of it will be. The Agreement itself will be tabled and the details of it I will announce on Monday coming, in this House.

MR. MARSHALL: Mr. Speaker, before we get to Orders of the Day, I would like to ask the hon. the Minister of Economic Development, whether the other directors, besides Mr. Grubb, had yet been appointed to the Economic Development Corporation? If not, when might we expect them to be so appointed?

MR. NOLAN: I would like for the hon. the member to put it on the Order Paper. But the simple answer to that is "no."

ORDERS OF THE DAY

MR. SPEAKER: Chairman of Committees.

COMMITTEE OF THE WHOLE ON SUPPLY

MR. CHAIRMAN: Order! Heading XII - Newfoundland Liquor Commission. Shall 1201-01 carry?

MR. CROSBIE: Mr. Chairman, there is an amendment I believe, before the Committee, so we cannot carry it before the amendment is dealt with. The motion that I have made, seconded by the hon. the Leader of the Opposition, is that the amount of this vote be reduced by the sum of \$55,490, which is an amount that represents the salaries of the Chairman and members of the Newfoundland Liquor Commission. I spoke last night outlining the reasons for this amendment, the main reason having to do with the administration of the Board in connection with the granting of long term leases on certain buildings.

As I explained last night, Mr. Chairman, what this House and what the people of Newfoundland want is information on who owns the properties in

MR. CROSBIE: question and why these leases were entered into under the terms and conditions they were entered into? The motion that I have made is a technical one. I realize that the commissioners are only technically responsible for these particular actions, that the responsible really rests with the Government or the person who directed them to enter into these leases. There is no question about that. I would withdraw the amendment, if the Government would give the House the information that has been requested by the Opposition, by the Press and which should be given, as to the names of the owners of these premises and the reasons why these documents were entered into, with whose authority and the other information that is in the public interest that should be divulged. So if that information is forthcoming, Mr. Chairman, I will be quite willing to withdraw the motion made but, unless it is forthcoming, we have no choice but to proceed with the motion.

MR. MURPHY: Apparently, Mr. Chairman, no one has risen to give us the information. So I can only say, Sir, that my feelings on all these matters, pertaining to what has been elaborated by the previous speakers with reference to these leases, and while I am on my feet, we were cautioned or forbidden, if you like, to discuss the actual reason for this motion and I might add that I feel exactly the same with reference to the officials of the Newfoundland Liquor Commission, because in my opinion, Sir, they have no more to do with signing this lease than, as I say about other things in this House, the doorman down on Confederation Building down here.

But aside from all this, Sir, we have had many unpleasant experiences in this House. There have been very many accusations back and forth and I believe the blame for all of this, Sir, lies with ministers who are supposed to be responsible, I will not say responsible ministers, because they are not responsible, going around this town today and around this Province, as a result of recent discussions with reference to the Newfoundland Liquor Commission -

MR. MURPHY:

It is appalling, Sir, the names of people that are being brought into this matter as being owners of these buildings. I would not repeat them in this House here. I could but I will not. But all this is due, Sir, to the fact that you have a Government and Ministers that are hiding facts that the public should know.

Now what the true story is I do not know, but I will say this, Sir. I believe I will be reprimanded by the Chair for doing so - we came into this Chamber yesterday and this matter was coming up and I was amazed, Mr. Chairman, at the coincidence of the Chairman having right at his left hand the Order Paper of May 5 and the proper page of Beauchesne open.

MR. CHAIRMAN(NOEL): One might just say, while you are there, that it is the duty of the Chairman to try and anticipate what might come up.

MR. MURPHY: Well, Sir, I will just say that it was a very significant coincidence to me.

MR. CHAIRMAN: It was not a coincidence, as I knew it was going to come up.

MR. MURPHY: To me, Mr. Chairman, whatever the Chairman's feeling is, it was a significant coincidence to me. I will not make any charges there. I can make a charge but I will immediately withdraw it because I still want to stay in this House for the remaining few days that remain for us, although I am not proud of it. The point I am making, Mr. Chairman, is the fact that here is a Department of Government, an arm of Government, which over the years, Sir, and through vast experience outside this House, is the strongest political weapon any Government could use, and I am not going into any details on any of these other items. I will make the statement as I have made it before; that this Government has used this Liquor Commission in the worst political way that any Department of Government could be used.

I also add, Sir, and this is through experience, that this

MR. MURPHY:

Liquor Commission, as far as revenue to the Government is concerned, is the most profitable one that we operate and I also add to that, Sir, it is the most profitable one, as far as the Liberal party is concerned. I can back that statement up. Now, Sir, when we get a department such as this, that yields tremendous profits, that has so much affect on all the Province, I think we are dealing with one of the most contentious items that this Government has to deal with and that is the matter of alcohol, the distribution, the control, the inspection, the huge amounts of money that have been expended and are still being expended by this Commission.

What the authority of the Chairman and the members of the Board is, I do not know what is set out in the Act, but a few short days ago this matter was brought up and it was implied, at least in my understanding, that the Chairman and his Board were entirely responsible, entirely responsible, Sir, for any transactions, any leases, any papers that have been signed on behalf of the Newfoundland Liquor Commission. To me this is not a true fact because, Sir, and I repeat it again, I do not believe that the Chairman nor any of his assistants (and I think of Mr. Vincent and Mr. Banfield and I do not know if Mr. Mahoney is on the Board as such) I do not believe, Sir, that these gentlemen, and gentlemen they are and I say that most sincerely, have the authority, Sir, to arrange matters of business such as we have placed before us in this House and in the estimates.

I feel, Sir, that whoever is responsible is doing a great injustice, a great injustice to an awful lot of people, innocent people in this Province, Sir, who are being accused or inferred that they are the ones that are getting the gravy out of this vote, and it is entirely the fault of either the Minister responsible or the Minister that he is responsible to, the Premier.

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MR. MURPHY:

Simple questions have been asked. The hon. member for Burin quoted an incident yesterday, an incident that has not been referred to in a previous debate, Sir, where someone, some person or persons unknown, imagine, in this Province where we are forking out thousands upon thousands upon thousands of dollars and the Government are ashamed or afraid to tell us who is the beneficiary of these great gifts from the poor hardworking people of this Province. Mr. Chairman, I think it is criminal and I also think that ^{as} in any other responsible, civilized province the Government should have guts enough to resign if they cannot supply this information, Sir. They should resign because they are betraying a trust that has been placed upon them by the people of the Province. The majority of the people are on that side, the majority of the members, that is why they are the Government, Sir. That is why they are the Government and they are morally, legally, whichever way you want to put it, responsible to look after the interest of all the people of the Province, not two, three, four, five or six or seven or eight or nine favoured sons, Sir, and I use that expression because in my opinion, when the truth is told, we will find that the owners of these buildings are owed something, Sir, owed something by this Government in power and I do not mean money. It maybe money, it maybe support.

But, Sir, I think it is a disgrace, an absolute disgrace, that these facts have not been forthcoming. All this discussion all the innuenda, all the insinuations that you hear, that people telephone you, that are inferred, that this is owned by so and so, it is owned by this one and it is owned by that one, I think this is the fault of only one person and that is the Premier or it could be the Minister of Finance. Now, Sir, we are here today again discussing the Newfoundland Liquor Commission and, as far as I am concerned, Sir,

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Tabc 783(Morning)

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MR. MURPHY:

if this information is not forthcoming then there is no sense of us discussing any item in this vote. The Opposition are asking the questions and we feel we are entitled to honest answers, honest answers, not to seven or eight people on this side of the House but half a million people in this Province, Sir, who have the right to know.

We have reached a stage in this Province, Sir, where certain people are getting mixed up in their Cods and you see it in this House. The only Cods, Sir, that we are responsible for are the half a million people of this Province. They are the ones we are serving. They are the ones we are here to represent, Sir, and not any great, big, vested interest who can come along and say: "Look, I have a building here, I have this here, here, here or here. Without any thought or any sense of responsibility, Sir, been shown to the way our monies are spent. That is why, Sir, that is why so many areas of our Province, so many of our people, Sir, have to do without things that they are entitled to, because this Government are throwing their money away to vested interests, whoever they may be.

If there are any cuts, any sense of responsibility, Sir, on the other side of the House, whether it be the Minister of Finance or the Premier himself, stand up now, stand up now, Sir, and tell us who is hiding behind the ghost, tell us now. If they do not do that, Sir, in my opinion they are not fit, not fit to hold a responsible position in this Government. The hon. member is tut-tutting there, perhaps he agrees with what is being done, perhaps the people of Bonavista South are happy to see their money being thrown away to some individual. I know the people of St. John's Centre are not, Sir, and I guarantee you that and I wish I could get my hands, Sir, -

MR. BARBOUR: (Inaudible).

MR. CHAIRMAN: Order please! Order!

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MR. MURPHY: I wish I could get my hands, Sir, on a few thousand of these loose dollars that are being thrown around, to help the people in my district who so badly need it, a great amount of it. So, Sir, we are on this general administration. The hon. member for St. John's West has moved an amendment and he has explained why he has moved this. Sir, There is no fault at all with the Liquor Commission, as such, not a bit in the world, but they are being used, Sir, like a certain other individual was used in this House a few short days ago, the Bulletin was the entire responsibility of one man. Bologna and stale bologna at that.

So, Sir, before this motion is put and to avoid any feeling in anybody's mind, Sir, that we feel any malice whatever towards the hon. gentleman of the Newfoundland Liquor Commission, will the person responsible for perpetrating these fowl leases stand up and tell us who owns them? If not, Sir, we have no other alternative but to support the amendment that is put forward by my hon. friend for St. John's West.

MR. EARLE: Mr. Chairman, apparently there is not going to be any comment from the other side on these particular accusations and I concur wholeheartedly with the remarks made by the hon. Leader of the Opposition. There is no business in this Province handled by the Government that smells so highly as this particular incident which we are discussing now, the question of these leases. The Government is condemning itself by its own silence, in not acknowledging or clearing themselves of these particular accusations. I do not think they are clearing themselves because they cannot and they want to hush the thing up. The attempts last night to silence this debate were atrocious, were quite unheard of in a Democratic House of Assembly.

MR. CHAIRMAN: Order please!

MR. EARLE: All right. Mr. Chairman, I will try to stick to the point. I did not intend to refer to this, although it is so completely unbearable, completely unthinkable that a Government would allow this sort of thing to go on and not say something about it, that it has to be mentioned in this House. But on the general principal of liquor and the actions of the Board, which, as the hon. Leader of the Opposition knows, while the direct responsibility of the servants of that Board is not in a sense their responsibility because this arm of the Government is being used so dastardly for political purposes, being used to promote the Government's image and its friendships in so many ways that those who run the Board are completely powerless to take the actions that they know in their own conscience should be taken. I saw many instances when I was a member of the Government, and it shocked me.

But however, Mr. Chairman, there is one still outstanding incident which I think needs reference to again and that is in connection with the defuncted brewery at Stephenville, which has now been taken over, I believe, by Bison Petroleum or some such subsidiary company of Javelin. That particular thing was a scandal from the time it started. The Government, through actions of the Premier in excusing taxes, lost \$400,000, which we are now told has been recovered. But how has it been recovered? It has been recovered on ten year interest free bonds. I do not know, we have not heard in this House yet even if these bonds have been provided. The brewery apparently was transferred or bought, for \$750,000, for something like a \$4. million brewery, the most modern and well equipped in all the Province, with all the advantages that possibly could be given to it by way of exemption of taxes and other concessions which are prevalent at Stephenville. If ever there was a brewery that should have been able to make profit that should have been, because it had all the concessions in the world given to it by this Government. Yet it went bust and now

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JM -

MR. EARLE:

our \$4. million asset is sold for \$750,000, on the most Liberal terms.

Did the creditors of that brewery, those employees of the brewery who went without salaries and the legitimate creditors around Newfoundland and in Canada receive any compensation? They did not. Employees were ignored, the creditors were ignored and their monies gone down the drain. But the Government tried to secure its \$400,000. on these long-term bonds without interest. At the rate and expense and cost at which Government is borrowing money today, \$400,000 today, to be repaid in ten years time, represents \$800,000, approximately, if you add the interest rates. With the interest this is in effect costing the Government not \$400,000. but \$800,000. and that is a pure gift out of the Treasury of this Province which the Government made and which the Government is responsible for.

Now we may or may not get the \$400,000. back. From what we can hear, there is only a caretaker, of course, over there yet and nothing has been done. It may takes years for this brewery to get on its feet and develop and we hope for the sake of Stephenville that it does. Any industry that is created in Stephenville or anywhere else in the Province of Newfoundland is good for Newfoundland and we would like to see the brewery and all other industries succeed but we do not like to see industries succeed or even get underway, with encouragement of this nature, which is giving away the people's money. A brewery, we have been told, is a something which is tantamount to printing currency it is so profitable and yet the Government, over a period of ten years, will be losing at least \$400,000. in interest, which they are giving, a bond free loan, to these people to take care of this brewery already obtained at outrageously, sacrificial prices. I do not see why such a concession should ever be given to any purchaser of such a money making affair as a brewery.

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MR. FARLE:

But that is all water under the bridge. Unfortunately I do not think it should ever be forgotten because all we hear of in this Province is how industries are created and what employment they give but there is never, never mentioned the other side of the picture, as to what they are costing the people of this Province. Here is a very simple illustration of the incompetence or even worse of this Government:

That deal was made and it is costing the people of this Province a tremendous sum of money which could be better used in other endeavours throughout the Province where it is so badly needed.

Mr. Chairman, the whole question of liquor and its distribution in this Province I do not think would bear very close investigation because friends of the Government have prospered out of this and are continuing to prosper. The Liberal party prospers out of it and continues to prosper and, on top of that, an action is taken by the Commission, it is under, I believe, instructions from somebody higher up, to enter into deals which are outrageous in their very concept - yet we cannot get any answers to these questions. I do not know how any Government can sit there quietly and hear this sort of thing thrown at them and not defend themselves. Their silence speaks for itself so, Mr. Chairman, I will add nothing more to this particular argument.

On motion, amendment, item 1201(01) be reduced by the sum of \$55,490., not carried, on division.

Shall the item carry?

MR. CROSBIE: Before the item carries, Mr. Chairman, there are a few remarks I would like to make. The hon. member for Fortune has referred to the Atlantic Brewery operation and everybody knows the story, of course, of how Atlantic Brewery failed and the story of how they were given a letter by the Premier, unauthorized by the Government or the Cabinet, unauthorized by the law, implying that they had to pay no taxes

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or no commission on the beer they sold in Newfoundland, that they could collect the commission of \$2.49 a case and just keep it themselves. We are all familiar with the fact, of course, that Atlantic Brewery Limited owes the Government \$407,000, I think the amount is, in connection with commissions on the sale of beer in this Province while they operated, which they did not pass on to the Government, in accordance with the law. I think that the Committee is well aware, Mr. Chairman, that under the law, under the Alcoholic Liquors Act, the breweries are responsible, fifteen days after the end of each month, I think it is, to remit to the Government the Government's commission on beer that they collect during the previous month and that Atlantic Brewery operated in excess of a year without turning over to the Government one cent of liquor commission that they had collected from the public of Newfoundland.

So that \$407,000, I think is the amount, paid by consumers of beer in Newfoundland to Atlantic Brewery, as the Government's profit or commission on each case of beer, at \$2.49 a case, was not transmitted by Atlantic Brewery to the Government of Newfoundland and that amount is still outstanding. Now we are given to understand, Mr. Chairman, that Bison Petroleum or some company associated with Canadian Javelin Limited are taking over the assets of Atlantic Brewery at Stephenville and we are given to understand that they are going to give the Government non-interest bearing bonds, revenue bonds, to be paid over a period of five or ten years so that if the new enterprise is a success the Government may get this money back over a five or ten year period.

But in addition to the Government, who lost their \$407,000 through gross negligence and gross carelessness, through gross mismanagement, through failure to administer the law, through failure to enforce the law, through a letter wrongly given by the Premier to

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the principals of Atlantic Brewing indicating that they did not have to pay this commission to the Government, in addition to that \$407,000 which the Government lost as its own fault, there are ordinary creditors of Atlantic Brewing Company Limited who are owed \$342,302. Not preferred creditors, as they have no security, they have no preference, they are ordinary creditors and they are not, Mr. Chairman, going to get one cent of the money that they are owed. December 30, 1970 there was a list of them in the paper showing the amounts owed to various people and concerns both in Newfoundland and on the Mainland, \$342,302 that they owed and that they will not get a cent of.

Now sometime ago in the House the Premier said that negotiations were being conducted with the principals of the Bison Petroleum or Canadian Javelin, negotiations were underway to see whether the Government could do anything to give these ordinary creditors back some or all of their money, that negotiations were underway. We have heard nothing about that since and in fact we have heard nothing since about the Government's arrangement with Bison Petroleum. The Atlantic Brewing operation, Mr. Chairman, was a significant indication of the feeling of the Government or certainly the feeling of the Premier with respect to industrial development and economic development in Newfoundland. It is the same attitude as shown with respect to the pulp and paper companies. The two that we have in the Province already, Price and Bowaters, do not have nearly the importance in the minds of the Government, as the one that the Government hopes to get itself.

Now with respect to the brewing industry, it was exactly the same position. There are three breweries in Newfoundland now, if you forget Atlantic Brewing or Bison Petroleum, three of them all employing Newfoundlanders, all manufacturing beer locally, all employing local people. The market in Newfoundland for beer, when

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you consider the tremendously high cost of beer in Newfoundland, high price of beer, not cost because the cost is mostly the commission that gets paid to the Government and the transportation costs, the price of beer in Newfoundland is much, much higher than it is in any other Province, and that reduces the consumption of beer because beer is too expensive. The higher the price the less consumption you are going to have and the high price is caused by the fact that there are high commissions to be paid to the Government of Newfoundland and high transportation costs.

We have three breweries here. Actually two, from

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the physical point of view, from the point of view of production, of production of beer, can supply the whole Province of Newfoundland, physically. There are three now. There is no room for a fourth, unless it is going to export its beer somewhere else outside Newfoundland. But four breweries cannot survive in Newfoundland, there is no question about that. So, why should Government assistance and aid be given to bringing in a fourth brewery which, if it is successful, is only going to result in one of the others shutting down? What is the good of creating fifty or sixty jobs for a fourth brewery when, if that is successful, it is going to result in one of the present three closing down and perhaps eighty, ninety or a hundred men losing their jobs? It appears to me to be senseless. That is not economic development. That is uneconomic development. It is not development at all.

If the fourth brewery, whether it is called Atlantic Brewery, Bison Brewery or whatever it is called, has to sell its beer in Newfoundland, to be economic, you can count on it that one of the other three will close. The market is just not there. Two could supply the whole market now, physically. So the whole exercise, to my mind, Mr. Chairman, is an exercise in futility. Without any extraordinary concessions, there is no chance of its operation being successful. As a result of what the Government did from 1966 onwards, with Atlantic Brewery, non-secured creditors are owed \$342,000, secured creditors are owed considerable monies, which they are now going to get in first mortgage bonds. The Government are going to take \$407,000 in bonds, which will only be paid if Bison Petroleum is a success. If Bison Petroleum or Bison Brewery make no money, it will not be paying the Newfoundland Government on those bonds. What is going to happen? The Newfoundland Government are going to make every effort to give them concessions to try to make them profitable. It is not going to care one bit if one of the other three go out of business. It will want to get its \$407,000 back. The whole thing is completely ludicrous is completely ludicrous! In that connection, Mr. Chairman, I wonder if the

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Minister of Finance could now tell us what is the latest position on Bison Petroleum? Has anything been accomplished with respect to arranging for the ordinary creditors of Atlantic Brewing to get repayment of their money?

MR. SMALLWOOD: Mr. Chairman, I would like to say two or three things about beer. I will deal first with the two points that the hon. member just mentioned. The first point is Bison and the second is the ordinary creditors.

The position with Bison, I am told and I have checked on this in recent days, the position is that the agreement was made by Bison, with the banks and the Industrial Acceptance Corporation and the Canada Acceptance Corporation, the three or four main creditors who have mortgages or had security for their debts. The deal was made by Bison with those companies to buy out the property, not buy the company but buy the property. The banks, who had advanced capital loans to the Atlantic Brewery, were not paid and so they were heavy creditors and they were owed the money. They foreclosed. They took over the property. So did the two acceptance companies, I think, Industrial Acceptance (Is it Industrial Acceptance?) IAC and CAC, Canadian Acceptance, they became the owners of the property. I may be missing a detail as I go along, but the fact of the matter is that there were three classes of creditors that were owed money. One was the banks and the industrial acceptance companies. The other was the Newfoundland Government and the third were a number of private people, companies, corporations, business enterprises in the Province. There were three classes.

The first class, the banks and the acceptance companies, had an outright mortgage. They had complete security. The second class were the Newfoundland Government and all we had was (What is it called?) a preferred creditor. We were below the banks that had lent them all the money. We were merely preferred but the others were secured. The third class, the ordinary creditors around, who were owed money (There were dozens of them) had no security and no protection and when the company failed they

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got nothing. They did not get a dollar. I do not think they got a nickel. The company failed and had no money. It could not pay. Bison did not buy the company. The company failed. It wound up and went out of existence. But the property did not go out of existence. The property at Stephenville was taken over by the secured creditors, the banks and the acceptance companies. They took over the property. Bison bought the property from the new owners, that is the banks and the financial companies. They bought the property as a piece of property. Having agreed to buy it and the owners having agreed to sell it, it was not until a week ago, maybe not even as long as a week ago that the final documents were signed. There were delays of every conceivable kind. I am told that it was on the part of the lawyers, the lawyers for the banks, the lawyers for the acceptance companies and the lawyers for Bison. There was one delay after the other, running it in to many, many months, so much so that it was only in recent days that the final documents were signed. Now I believe, as of today or at this moment, I believe that Bison owned the property. It had been agreed before that they would own it, but now I believe they do own it.

I urged, I strongly urged Bison or the officers of Bison to do something for the private creditors. They were not required to do it. They did not buy the company that owed the money to the private creditors. The company went broke and it wound up and went out of existence and that was the end of that company. It does not exist any more. The money that company owed to the ordinary creditors went down the drain. The ordinary creditors were left without a cent of what was owed them. So the new company that bought the property but not the company, bought the property that the company had formerly owned, the new company, Bison, have, at my urging, agreed to make payments to the private creditors, the unsecured and unprotected and unpreferred creditors, the private creditors. But that is not what I really rose to say.

I rose to tell the committee something about the proposals that the Government have had to nationalize the sale and distribution of beer in this

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Province. A number of provinces did it. There are provinces in Canada today (We have had these provinces studied. We have had their systems carefully studied) that have nationalized the distribution of beer. They have not nationalized the brewing of beer. The brewing of beer is still a private enterprise carried on by private companies, in those provinces as is here in Newfoundland. They have not nationalized the breweries, the brewing of beer, but they have nationalized the distribution of beer. In those cases, in those provinces, the brewery does nothing but brew beer and nothing else. The government of the province takes delivery of the beer from the breweries and distributes it. We had a study made of the system in those provinces. We engaged one of the great firms of auditors in the world, perhaps the greatest. There are half a dozen really great world-wide firms of chartered accountants and auditors and Price Waterhouse is certainly one of them. It is the greatest or the second or the third greatest on earth. It is a very great firm. That firm had a wealth of experience in this matter. They had been appointed by the Government of Ontario, i.e., to make a survey of the distribution of beer in that province. They had been retained by other provinces besides Ontario to make a careful analysis of the system of beer distribution in those other provinces. They had, and they have a great wealth of information about the distribution of beer, the cost of distributing it and the profits made on the distribution.

Because they had had this great experience, this Government retained Price Waterhouse to come to Newfoundland and make a study of the distribution of beer in Newfoundland. They made the study and they told us, in their advice, their reports to us, that the Government of the Province could collect, if we nationalized the distribution of beer as other provinces had done, we would realize, the Treasury of this Province would realize, extra revenue of \$2,300,000 a year more than we are getting now. - \$2,300,000. They were here for more than a year, Mr. Chairman. They made the kind of thorough-going, pains-taking, detailed examination that probably only a firm of very experienced chartered accountants and auditors could make and then

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if that firm had already had great experience in that matter, in that field in other provinces, which Price Waterhouse did. They were here, I think, on possibly three separate occasions. We were told that if the Government of Newfoundland were to open a number of warehouses across the Province, close down the warehouses that were already owned by different breweries, because you can go to a town in Newfoundland and find three different warehouses owned by three different breweries, close down two, operate one, go to another town and do the same thing, that substantial savings could be made in that regard, in warehousing. From these warehouses, these great distribution centres, the beer would be delivered by the Liquor Commission's own trucks and own employees to the retail outlets, that is to say the taverns, clubs, lounges, hotels, motels, wherever beer is bought by the public. It would be delivered to those outlets from these distributing centres.

There would be an overall loss of perhaps two or three dozen jobs in the Province. There would be no more than that. The Government would collect over \$2 million a year cash more than they now collect. They pointed out that the breweries in Newfoundland, by stupid and expensive competition to make sales, were adding greatly to their own cost of distributing the beer. They were giving away all kinds of gifts to taverns. They were giving free beer as premiums to taverns, to encourage them to sell their beer rather than the beer of a competing brewery. They were sending bartenders on free holidays, free vacations.

MR. CROSBIE: Mr. Chairman, there is no quorum.

MR. SMALLWOOD: free gifts of many kinds, free beer as an inducement to taverns to push the beer of this brewery rather than the beer of those breweries. Free trips for bartenders were given, also free gadgets given out, premiums and gadgets of all kinds, all of which, because of the cost of these premiums and gifts of all kinds, were adding to the cost of distributing the beer. We were told by Price Waterhouse that if we would

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nationalize the distribution of beer, take it over completely, we would clear \$2,300,000 a year more than the Government were taking in, than the Liquor Commission were taking in.

Now there are three breweries in the Province. I do not know how many millions of dollars were paid to buy them. There were three local companies that were owned in Newfoundland, that were started in Newfoundland. The companies were Newfoundland companies. The shareholders were Newfoundland shareholders. They were Newfoundlanders. There are three separate breweries. They sold out to three big Mainland breweries: Canadian Breweries, Molson and LaBatt's. Three gigantic brewing companies in Canada - gigantic, came in here, one after the other, they bought one brewery after the other until they owned all the breweries in this Province. They paid for those breweries, millions piled on millions, Mr. Chairman. There was one brewery here whose shareholders got, I think, \$1 million each, cash paid them. There were three, four or five shareholders. They were paid, I am told \$1 million each, a cheque for \$1 million each by that big Canadian Mainland brewery who bought out that local brewery. Another big Canadian Mainland brewery came in and bought out another local brewery, with millions piled on millions of dollars. Then the third big Canadian Mainland brewery came in and bought up the third and last of the local breweries. Again, they paid out millions piled on millions.

I would say that they paid at least \$10 million to buy the three breweries. These three breweries were not worth even half the money that was paid for them. They were not worth even quarter the money, the cash that was paid for them to buy them, as bits of property, the land that the breweries stood on, the buildings that stood on the land, the machinery inside the building, all the property of the three breweries were not worth one-quarter of the millions of dollars that those Mainland breweries paid to buy them. When the shareholders got the cash, this man a cheque for \$1 million, that man a cheque for \$1 million, the other man a cheque for \$1 million the fourth man a cheque for \$1 million, the fifth man a cheque for \$1 million and so on, when they got those cheques, the money they got was not got for value

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of the property they sold. What they sold was not just property. What they sold was an opportunity to those three big Mainland breweries to come in and have a monopoly of beer brewing and distribution in this Province. What the big breweries were buying was not just property, they were buying the chance to make more millions in profits for themselves.

Mr. Chairman, in Nova Scotia a brewery received \$1.96 a dozen for beer. That is what you would get if you were a brewer in Nova Scotia, you would get \$1.96 a dozen. The Government of Nova Scotia buys all the beer that is brewed in Nova Scotia. They pay \$1.96 a dozen for the beer. In Prince Edward Island the same price, \$1.96. In New Brunswick it is \$2.00 a dozen. In Manitoba it is \$1.87 a dozen. In Saskatchewan it is \$1.91 a dozen. In Alberta it is \$1.90. In British Columbia, it is \$1.99. So the highest of those provinces are : British Columbia, \$1.99, a brewery in British Columbia is paid \$1.99 a dozen for the beer they brew. In New Brunswick it is \$2.00.

Now in Newfoundland, \$2.59½. It is \$2.93 in Labrador - \$2.59½ is what the Newfoundland Government pay to the brewers in Newfoundland for the beer they buy from those breweries. The Newfoundland Government buy all the beer they brew. The breweries in Newfoundland have only one customer in the Province, the Newfoundland Government. They cannot sell a bottle of beer. They have only one customer. All the beer they brew in this Province can be sold by law only to the Liquor Commission. The Liquor Commission are the only customer, the only purchaser, having the legal right to buy - the Liquor Commissioner are the only buyer. They buy the beer from the breweries for \$2.59½ a dozen. In Labrador it is \$2.93 a dozen. That is against, the highest price across the rest of Canada of \$2.00, the lowest price across the rest of Canda of \$1.87 compared with our \$2.59½

MR. SMALLWOOD: Now if the breweries of Newfoundland, getting those higher prices for the beer they sell the Newfoundland Government, are not making as much profit as they would like to make, it could be because of the enormous expense they are under, unnecessarily, no need of it, but brought about by an insane competition between them. They know it is insane. They admit that it is insane, crazy. They admit that. They will tell you that frankly. They told me. They told me in my office. The brewers have come in and told me in my office that the competition they have between them, to sell their beer, one brewery trying to sell its beer, more than another brewery will sell or the third brewery will sell, each of the three breweries competing to sell its own brands of beer, by advertising, by gifts, by premiums, by giving free beer to taverns as premiums, by giving free holidays to bartenders, to encourage them to push their particular brand, or brands, by gadgets and gifts scattered all about in the taverns and motels and hotels and lounges and clubs and what have you, cigarette ash trays, electric signs, drinking glasses, mugs, lavishly distributing this stuff all over the Province. That costs money. So maybe with that kind of competition and that expense that they go through, maybe they need to get \$2.59 and one half cents against the highest price in the rest of Canada that is paid to any brewery, In all Canada of \$2.00, They get 59.5¢ a dozen more than any other brewery in the Nation. \$2.00 is the highest, that is New Brunswick, and \$2.59 and one half, or \$2.93, ninety-three cents a dozen more in Labrador, but that would be the smallest part of it, 59.5¢ a dozen in the rest of this Province.

We thought that, acting on the advice and recommendation of Price-Waterhouse, that we should step in, nationalize the distribution, take it over completely, eliminate these gifts and premiums, cut them out, cut out the advertising, allow no advertising, allow no premiums, allow no gadgets, allow no mugs or glasses or anything else, put it on a strictly cash basis that no tavern, or outlet for beer would be able to get a case, a bottle without paying cash down for it. If a tavern or outlet of any kind wished to go to the nearest warehouse and pick up their own beer in their own car or

MR. SMALLWOOD: pickup fine, they would save something in doing it, if not, the Liquor Commission would deliver the beer to the retail outlet from the nearest warehouse and the Government would make \$2,300,000 extra a year on beer and the brewers would not make any less or very little less. But what

But what happened, Sir? What happened? What happened was that the most intensive campaign, some of it in this chamber, I will name no names, the most intensive campaign was organized and carried on to stop us from doing it.

We have not decided not to do it. We have not decided to do it. Price-Waterhouse told us that we could deliver beer for a cent to a cent and a-half a bottle, their estimate of what it would cost the Newfoundland Government or the Liquor Commission to deliver beer from the brewery by the nationalized distribution system to the retail outlet -

MR. MURPHY: In Corner Brook and Stephenville?

MR. SMALLWOOD: In Newfoundland, in the Province a cent to a cent and a-half a bottle.

MR. MURPHY: To Corner Brook, Stephenville or Port aux Basques -

MR. SMALLWOOD: To the Province I said. To the Province it would cost more the farther you carried it and less the closer you carried it. But you would not do this, for example, you would not have a truck pull up to a tavern and sell beer to that tavern and then an hour later another truck pull up to the same tavern and deliver some beer and an hour later another truck pull up to the same tavern and deliver beer; that costs money.

Have one truck with one delivery and you save money per bottle, per case, per dozen. Now Price-Waterhouse, of course are, as you know Mr. Chairman, slouches, stunned, stupid -

MR. MURPHY: If the members had advised the Government on leasing places, we might have saved some -

MR. SMALLWOOD: They know nothing. They know nothing. They have no experience. They have not examined the liquor system or the beer system in any other Province,

MR. SMALLWOOD: so they came here as complete ignorant green horns and they spent a year here investigating everything, and they came up and told us that if we nationalized the distribution, put in a thoroughly modern system of doing it, computerized it, you would have to have computers, you would have to have the last word in modern accounting controls and you could deliver beer for a cent to a-cent and a half a bottle, averaged over the Province, costs less than that in some parts and more in others.

This campaign that was waged, enlisted the unions, enlisted the brewers' agents, enlisted the distributors. Mr. Chairman, I hope no one dares me to publish the names of the distributors and the volume of their sales, how much beer they sell, I hope nobody does that and I hope nobody dares us to reveal the names of all the distributors in the Province, the amount of beer they sell and the amount of money they make - \$10 thousand, \$20 thousand, \$30 thousand a year each. I hope nobody asks for that. In fact I do not think it would be right to give it. It is private business today. These distributors are private business men, engaged in private business.

MR. MURPHY: It is all right, Mr. Chairman, for the Premier to publish the names of the distributors who are making \$10 thousand, \$20 thousand, or \$30 thousand a year. I would like to see how many are making that much money. How many people are making \$30 thousand a year?

MR. SMALLWOOD: Not many. But I said making from \$10 thousand to \$30 thousand a year. Some are making \$10 thousand and there are more making \$10 thousand, than there are making \$30 thousand. There are more making \$11 thousand than there are making \$29 thousand, and there are more making \$12 thousand, \$1 thousand a month, than there are making \$28 thousand a year. There are more making \$15 thousand, than there are making \$25 thousand, and there are not that many anyhow.

MR. MURPHY: Well they are working for it.

MR. SMALLWOOD: They are working for it and they are earning it and they render a service for it and they are private business men dealing with private business firms but it costs money and that is why they are not

MR. SMALLWOOD: distributing beer for one cent a bottle to one cent and a-half a bottle, but if the Government did it, they could distribute it for that cost and make more than \$2 million a year for the Treasury, over and above what the Treasury is making now out of beer.

MR. MURPHY: I do not believe this Government can do it.

MR. SMALLWOOD: Mr. Chairman, what I can only call a vile campaign was carried on. It was really vile. It was carried on by companies that were frightened to death, and the pressures that were brought to bear from the most unexpected source, the most unexpected and unsuspected sources. You should see the people that came to me, privately, to ask us not to do it. Some of the campaign that was carried on was decent and civilized, honourable. After all, if a man is a business man and his business is the distribution of beer, nothing wrong with that. That is an honourable business and he is going to lose that business, you cannot expect him to be happy about that. You do not blame him if he comes to me and says; "Premier, you know you are not really going ahead with that, are you?" Now it is unlikely that he will say, "now do not go ahead with it, because if you do I am out this income." He is not going to give that as his reason; he will give some other reason. It will probably be a specious reason, but the pressure is put on.

There are eight or nine hundred, or between seven hundred and nine hundred persons in the Province who are agents, brewers' agents. Now these brewers agents make net clear profit every year, between \$10 an agent and maybe \$2 thousand or \$3 thousand an agent, trifling amounts. Some of them do not sell 50 thousand bottles of beer a month. Some of them do not even sell that and really not very many of them sell anything worth talking about, but there are seven or eight hundred of them in the Province - if they were all enlisted, if they were all enrolled in the great holy crusade, the holy crusade for justice and democracy against the tyrannical government.

As a result of all the pressures that were brought to bear, the Government decided to defer decision. That is all we have done, we have deferred making the decision. But we do know this, that there are a couple of million dollars a year and as the population increases and as the economy

MR. SMALLWOOD: increases and as the prosperity of the Province increases, and as our people drink rather more beer than they are drinking now, that \$2,300,000 would become \$2,500,000 and reach up, after a while, to \$3 million a year. Sales this very year, so far this year, sales are up eighteen per cent this year and this is the 28th. of May. January, February, March, April, May, five months, the sale of beer is up eighteen per cent compared with the same five months - three months, the first three months, compared with the first three months last year, the sales are up eighteen per cent, which means that there is a bit more prosperity, people can afford a bit more to buy a bottle of beer or to buy an extra bottle and the sales are up eighteen per cent.

And as the sales would continue to go up in the next five, eight, ten years, you, if you drank a bottle of beer in Newfoundland, you would drink it knowing you were doing two things: (1) you were helping the employees in the breweries, and the truck drivers and the van drivers and the workers in the headquarters of the Liquor Commission, the accountants, and the controllers, the employees in the warehouses, the employees on the trucks and vans around the Island. (1) you would be helping all of them.

(2) you would be helping the Treasury of the Province. You would be helping to put two and then two and a half and then three millions a year into the Province, and not costing you any more for your beer.

So that is why we have not decided not to nationalize the distribution of beer and to take it into our own hands but only to defer it.

Before I sit down, let me say one other thing. Mr. Chairman, I made a remark earlier that might have puzzled some hon. members, when I said that the breweries in Newfoundland have only one customer, the Newfoundland Government. If a citizen sees a brewer's truck load up with beer in the brewery and go off and stop at one tavern after the other and deliver beer and collect the money, that citizen is likely to say, "well, the Premier must be wrong, the breweries have more than one customer." True the Government are a customer. The Liquor Board will buy some beer and put it

MR. SMALLWOOD: in their stores for sale, but that is the only beer the Government buys, the rest of the beer, the bulk of it is sold by the breweries to taverns, to hotels, to motels, to clubs, to lounges, to various outlets of all kinds, that is where they sell it. No, Mr. Chairman, that is not so. Every bottle of beer that is made in a brewery is bought by the Newfoundland Government and we determine what we pay for it, not the brewery, we will tell the brewers what we will pay for it and the Newfoundland Government buys every gallon, every pint of beer that is brewed in this Province. There is only one customer, the Newfoundland Government and that customer tells them what they are going to pay for it, tells the brewers what they, the Government, will pay for the beer. They pay for the beer \$2.59 and one half cents a dozen, on the Island, and \$2.93 in Labrador, but the breweries deliver it on behalf of the Government. When a brewery loads up with cases of beer, that beer belongs to the Government, belongs to the Liquor Commission, and when that brewery delivers ten or twenty cases of beer to a tavern and collects the money for it, they are acting as an agent of the Government. Until the retail outlet buys the beer and pays for it, it is owned by the Government not the brewery.

The Government sets the price that it will pay the breweries for all they brew, the Government sets another price, the price at which the breweries will deliver it to the outlets, that price too is set by the Government and the Government have the right to set the third price, price charged by the retail outlet to the individual consumer. I do not know whether we do it or not. I think we have the legal authority to do it. Certainly there is a wide variety in the prices in the retail outlet, you can pay, for one bottle of beer, in a hotel or motel or lounge or any other outlet, you pay a price for a bottle of beer ranging from 60¢ to 80¢ a bottle. So there is a wide variety of retail prices, in the retail outlets, but the price that the retail outlet pays for the beer is set by the Government and is charged by the brewery, acting as an agent of the Government.

MR. SMALLWOOD: Now the Liquor Board could say to the breweries; "all the beer you make, as up to now, will be ours, but unlike up to now, you will start now delivering it where we tell you to deliver it." So some of the beer could be delivered to the Liquor Board here in St. John's and to their warehouses across the Province. All of it, the actual physical distribution would be done by the Government, by the Liquor Commission. That is what I mean by nationalizing the distribution, taking into the Commission's hands the actual physical handling of the beer, where now it is handled by the breweries on behalf of the Liquor Commission, then it will be handled by the Liquor Commission itself, with its own hands, its own employees.

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: The same people who do it now, that is the retailers, the consumers, the public, the St. John's citizen, would continue to buy the beer where he now buys it.

MR. HICKMAN: From the brewer's agent.

MR. SMALLWOOD: If there were a brewer's agent, if not brewer's agents, he would buy it from a tavern, a club, a hotel, a motel, a lounge, all the retail outlets there are in the Province and there might even be, in places where taverns, or not enough taverns to suit the convenience of the consuming public, there might be a number of brewer's agents. But the brewer's agents would get the beer, as the taverns would, from the nearest Liquor Board warehouse, now they get it from the nearest brewery's warehouse. But the warehouse then would belong to the Liquor Board where now it belongs to the brewery.

MR. HICKMAN: The brewer warehouse delivers the beer to the brewer's distributors.

MR. SMALLWOOD: To the distributor, and to the retail outlets. Right.

In some cases, the distributor collects the beer and he delivers it to the taverns and all the other retail outlets, that is actually done by the distributor, who picks up the beer from the brewers, the nearest

MR. SMALLWOOD: warehouse of a brewer, he picks up that beer and he physically delivers it. He has his own trucks. He delivers it to the customers and he collects the money for it, because he has got to pay the brewer's warehouse. He has got to pay the brewer, in other words, so he collects it from his customers.

The distributor is a go-between, middle man between the customers on the one hand and the brewer on the other. In between it is the distributor. The brewers have found, practically, they have found that if they had a smart and popular distributor, take a stretch, any stretch of coast the Committee likes to think of, if in that stretch of coast there is a distributor who represents a certain brewery, he is a good fellow, he is a clever fellow, he is ingratiating, he has a nice personality, that distributor will sell more beer for that brewery that he represents than they would sell themselves or that another distributor would sell, and some distributors are better than others.

If you have two distributors in the same territory, the one that will probably do best is the more popular man, the more efficient man and so on.

AN HON. MEMBER: Inaudible.

MR. SMALLWOOD: Some do yes and some brewers' agents represent all breweries That is true not only of distributors but it is true, I believe, also of brewers' agents.

MR. HICKMAN: A lot of people do not go to taverns.

MR. SMALLWOOD: And they do not want to go to a tavern or even a club or a lounge or a motel or any place where people congregate to have a bottle of beer. They want the case of beer, or the dozen, in their own home, and they drink a bottle of beer.

I often, when I go home myself - I scarcely ever go in a tavern. I have not been in ten taverns in my life and, put all ten together, I have not been in them twenty times in my life. Not that I look down on them. I do not have time to be going to taverns, for one thing. But when I go home it frequently happens, if I

MR. SMALLWOOD (J.R.): arrive home parched and dry, especially if I have spent all day in this House, the first thing I do is get a bottle of cold beer. I am not going in a tavern. So, there are thousands of citizens who would prefer to have their bottle of beer in their own home. I personally, speaking personally, would be in favour of having beer sold in the supermarkets and the grocery shops. In fact, it is sold in grocery shops now. I was in a grocery shop in the Town of St. George's and the distributor there for some brand, I forget what brand it was, I went in to buy something or other for myself. I was hungry and I went in to buy a bag of biscuits. When I went in, the shop was half full of cases of beer, piled up. I enquired, I said, "what is all this?" He said "that is beer." "Why is it here?" He said: "I am the distributor." He had a retail shop and he would sell there in the shop. I do not know whether that is lawful or not...

MR. HICKMAN: It is lawful. It creates...

MR. SMALLWOOD: I do not think it was St. George's, by the way. It was not St. George's, because, I am not sure whether it was legal or not.

AN HON. MEMBER: (Inaudible)

MR. SMALLWOOD: No, it was not St. George's. I think it begins with Saint, but not St. George's. It might be St. Michael's, St. Patrick's, St. John's or St. Paul's, but not St. George's.

MR. HICKMAN: Nor St. Lawrence?

MR. SMALLWOOD: It was not St. Lawrence. This distributor was the owner of a shop, a grocery shop. That is where he stored his beer. You could go in and buy a case of beer from him. You could not buy one bottle, but you could buy a case.

MR. HICKMAN: That creates a problem. You have a small community say with three small storekeepers. One man is a brewer's agent and say, lawfully he sells his beer from his store. This puts the other two in a most unfavourable competitive position, because the

beer is the attraction but they buy the groceries when they go into the same store.

MR. SMALLWOOD: Right.

AN HON. MEMBER: He is supposed to have it separate.

MR. SMALLWOOD: It is what you might call almost not a loss-leader because it is a profit-leader. It is a thing that entices customers in, to buy other things.

I am the first to admit that the distributor, in a good many cases, I do not know in how many but in some cases, performs a useful and necessary function. I am prepared to admit that. I am prepared also to admit that the brewer's agent, in a good many cases, performs a useful and necessary function. I do not think that it is so much the money that goes in their pockets that is driving up the cost of delivering beer to Newfoundland, I think it is this wicked, foolish, stupid, insane competition.

These breweries will get together and they will admit to themselves, "for God's sake boys, we are jackasses, we are fools, we are fools. It has to stop." They will agree to stop and just like our salt cod fish exporters in the old days, who would meet and agree on the prices they would charge for this grade that grade and the other grade, in Spain, Portugal, Italy, Greece, and Brazil and the other markets - the meeting would not be ended and they would not be out on the street before they would be breaking that market. So, also, again and again and again, the brewers of Newfoundland have met in private meetings, they have done it again, and again, and again, and again, countless times. They have met, they have agreed that they were acting like fools, that it was unnecessary, that they would stop it, but they never did stop it. This has happened endless times. They told me, so that is how I know. I was not present at their meetings. They came to me in my office and told me of this stupid, stupid practice they have.

If the Government were doing it, there would not be anything

like that. There would be efficiency. It would be computerized, and while there might be the loss of a few jobs, not many,

MR. MURPHY: About three or four hundred.

MR. SMALLWOOD: Not three or four hundred. Nothing like three or four hundred.

MR. MURPHY: Come on, come on.

MR. SMALLWOOD: Not at all. Beer still has to be distributed.

MR. MURPHY: Sure it has.

MR. SMALLWOOD: It still has to be distributed. There still has to be trucks. There would be no reduction of employment in the breweries.

MR. MURPHY: It is a pity there are local people into this, otherwise you would not hear a word about it. The Premier is so jealous of anything local that is making a success.

MR. SMALLWOOD: Local, local, local. The breweries local?

MR. MURPHY: Yes, absolutely.

MR. SMALLWOOD: The biggest, the most monumental profit making organizations in Canada are (A) the oil companies, and (B) the breweries.

MR. MURPHY: What about the liquor crowd? All the liquor agents are...

MR. SMALLWOOD: And they all make money too. It is a very profitable business. We do not propose even to consider the idea, we are not even going to consider the idea of nationalizing the distribution of liquor, we would not dream of it, but to nationalize the distribution of beer could be sensible, it could be level-headed, it could be practical, and, for the Treasury of our Province, it could be profitable. We have to think of that. We have to think of the Treasury. Every year, as we come into this House and ask the House to vote millions and scores of millions, hundreds of millions of dollars, for us to spend on everything under the sun, all over the Province, that would make Newfoundland a better Province, As we come in here every year asking for these hundreds of millions of dollars, we have to think of the

sources where it is coming from. If there are a couple of million dollars a year, to start with, not, two, two and a-quarter million to start off with, if there is that, I am not sure we should forever dismiss it, and forever not do it. We have decided not to do it at this time. We are not going to do it this year. We might very well do it next year.

As a result of that sentence that I just uttered, the last sentence, I have helped the Tory Party substantially in the coming election. I could spell it out and tell them how, but I do not need to, they know.

MR. MURPHY: What money did the Tory Party get from the great breweries? Will the hon. member tell me what money his party got from the great breweries? Is that what he is vexed about?

MR. SMALLWOOD: I am not vexed about anything. I am not vexed. The hon. gentleman sounds vexed. Has he ever had any connection with beer? The only connection I have ever had is to drink a bottle of beer occasionally. I have not drunk two hundred bottles of beer since I was born in the world.

MR. MURPHY: Perhaps that was too much.

MR. SMALLWOOD: Maybe that was not enough, maybe that was too much, but that is the only connection I have had with beer.

MR. MURPHY: I worked for a brewery.

MR. SMALLWOOD: Well, all right, the hon. gentleman maybe knows something about it.

MR. MURPHY: The biggest employer of labour in this Province, bar none

MR. SMALLWOOD: Am I knocking them? Am I saying otherwise?

MR. MURPHY: Let us abolish it, that is right.

MR. SMALLWOOD: Abolish what?

MR. MURPHY: These mens' jobs.

MR. SMALLWOOD: The breweries? Abolish the breweries?

MR. MURPHY: The jobs that these men are occupying. Give them to the

Government so that they can give them to one of their great friends, so that he can...

MR. SMALLWOOD: The hon. gentleman sounds very indignant, I do not know why. I am not proposing to do away with bingo or anything like that. I am not even proposing to do away with breweries. All I am proposing is, that one day the Government should nationalize the distribution of beer. Mind you, there might be a case for nationalizing the brewing of beer.

MR. MURPHY: Or pork and beans?

MR. SMALLWOOD: Why not? Why not? Why should not the Government decide to be the only brewer of beer as well as the only distributor? Why not? Is there a good reason why not?

MR. MURPHY: Yes.

MR. SMALLWOOD: I would like to know what it is.

MR. MURPHY: Because this Government tangled up whatever they did. They would make some mess of the brewing business.

MR. SMALLWOOD: If we were to nationalize the distribution of beer we would put in the smartest, most efficient, most businesslike systems to control it that any outfit had in the Province. If we were to nationalize the brewing of the beer as well, we would do the same thing. We have no thought of nationalizing the brewing of beer, the breweries. We have thought of nationalizing the distribution of it to put another two millions a year into the Treasury that needs that two millions. That is all; thought, but we are not going to do it this year.

There will be speeches, I would assume, from each individual one of the seven or eight of them, so it is worth seven or eight speeches.

MR. MURPHY: It will not take an hour and a-half.

MR. CROSBIE: Mr. Chairman, the...

MR. SMALLWOOD: It took an hour and a-half to outline the thing, did

it not?

MR. MURPHY: Do you mind Sir, for a moment. Now, the beer that I am somewhat familiar with, not as a partaker of the luscious substance but as one who was employed by a brewery for some eight, nine or ten years, and I have stood up and sat down this past three or four years here listening to this hour or hour and a-half of this great thought on the part of the Premier, where he is going to nationalize the distribution of beer. and he is only going to do away with one dozen jobs, possibly a dozen. Such utter trash and bull I never heard in my life! Such bull!

Price, Waterhouse come in, granted they are a great company, but the Premier did not say; 'look, will you examine the rest of our negotiations. The rest of our business dealings? We are paying hundreds and thousands of dollars for buildings that we could own without costing one tenth.' But the Premier gets very much upset, and he seems to have a certain, I do not know what it is, oppression for anything that is local.

Now, as he said, yes, I know, all the breweries sold out three or four years ago. They started as local businesses right back - Bennett Brewery, I think, is over one hundred years old. They have one of the best labour agreements of any other business or anything else in this Province. I do not hold any brief as such for the breweries. I do not receive anything from them. I do not get any free beer delivered to my house every week or every month. I do not. I am just speaking as a concerned Newfoundlander who is familiar, very familiar with the hundreds of Newfoundlanders that earn a decent living from the breweries of this Province.

The Premier gets up and he talks about how we are paying, are charging the breweries more, if you like, for the bottle of beer or the dozen beer...

MR. SMALLWOOD: We are not charging them more, we are paying them more.

MR. MURPHY: The Government is paying them more. All right! We can

play on words if we want to. Here we are, Nova Scotia, with what, half as much again as our population, can brew beer far cheaper, because of the demand. Naturally enough, in a brewery you have a machine. That machine, if the breweries wanted to, today they could operate their machines for one month, one month, just about, and supply every bottle of beer that was to be consumed in this Province for the next year just about. They could do that. They would save hundreds of thousands of dollars in labour. They could do that. I have known and I have to speak fairly of breweries, through the winter months when the demand for beer was way, way down, they kept maintained, in pretty well one hundred per cent of the cases, their staff right through, on a bit of maintenance work to provide employment for them.

To hear the Premier stand up here in this House and speak in such language, you would think those breweries were a bunch of highway robbers. When we witness, and I cannot refer to a previous debate, when we witness some unknown persons getting thousands upon thousands of dollars, just for sitting on their backsides doing nothing -- at least, these breweries are supplying jobs. I do not know the exact figure, but I will guarantee anywhere from 600 to 750 people are earning a decent living through the three breweries, either directly or indirectly.

The only thing wrong, Mr. Chairman, with our Newfoundland Liquor Commission, is this: It is run exclusively, it is controlled exclusively by the Government and the members of the districts. Now I can document any proof that you like, brewers' agents, distributors, whatever you have, unless he gets a prior approval of a political member on that side of the House, he is out. He is out, absolutely out!

MR. STRICKLAND: Never in fifteen years have I touched it in any way. There is a gentleman here...

MR. MURPHY: Congratulations.

MR. STRICKLAND: Never in fifteen years.

MR. MURPHY: Congratulations, two exceptions.

MR. STRICKLAND: Make sure of your facts. Never in fifteen years.

I refuse to touch it under any circumstances.

MR. MURPHY: I am sure of my facts. There is not a brewer's agent appointed unless he has the political okay.

MR. STRICKLAND: Not by the member of the district.

MR. MURPHY: I did not say the member said it. The member does not believe in liquor anyhow. I am not bringing the member into this.

MR. STRICKLAND: You said the member of the district. That is what you said.

MR. MURPHY: I said it is political. He has to be okayed by a politician on the other side.

MR. STRICKLAND: "Or the member of the district," you said.

MR. MURPHY: Or the member of a district. I did not say Trinity South. Every license had to be approved by the hon. member. I know he has been approached many times like a lot more.

MR. STRICKLAND: I refused to touch it.

MR. MURPHY: Possibly he says, "I am not having anything to do with this."

MR. STRICKLAND: I would not do it for my mother.

MR. MURPHY: That may not be his political belief. It may be his religious belief, I do not know. I do not know!

When we hear, Mr. Chairman, of the breweries and we look at the taxes, people talk about the high price of beer, of a bottle of beer in this Province, we have a set of regulations, (and I have said this for eight years. Eight years!) A set of regulations that were drawn up in 1952, where the price of beer is pegged at thirty-five cents a bottle. How many bootleggers are operating licensed premises in this town or Province today? That is still in

the regulations. Read them.

I have had too much experience over eight or nine years, Mr. Chairman, too much experience with the racket that goes on in beer and liquor in this Province. The Premier is trying to assassinate the breweries eh? Trying to assassinate the breweries! They spend money on advertising. They have neon signs. They have this, they have that, they have something else. Free trips for bartenders. What are the great liquor agents doing for this Province? Has the Premier threatened to remove their commissions? How much would we save there? Could this Government not go to any of the big distilleries and say "we want to buy direct." They would not do that because too many of the faithful would lose.

I would like to know what some of their incomes are? Perhaps the Premier would go the whole hog and tell us what some of the great whisky distributors, rum distributors, and gin distributors are making off this, without even having an employee in this place perhaps.

It sounds grand you know. We are going to save \$2 million for the Government. I would say, Mr. Chairman, after about two or three years this Government would lose money on it, if they act they way they are acting now. Lose money, not talk about making money. It sounds grand all those great schemes. Sounds grand! The greatest racket ever was known was the liquor business in this Province. The greatest racket, and I know that. As I said earlier, the Premier must be a bit upset with the national companies. Perhaps they are not kicking in enough for the slush fund that kept his party in power for so many years. Would this be the trouble? Would this be it?

The Liberal Ball, the great programmes, hundreds of pages of advertisements from licensed premises in this Province! Every liquor agent had to put an advertisement in that Liberal Ball programme. How many did the P.C.'s. get for their anniversary ball? Someone guess! Start at one, start at two, but you will not see any

names in it. I get so disgusted when I hear this. The past three or four years they stand up, with this great survey that was made by Price, Waterhouse. What a lot of bunkum. An hour ago here, we showed where the Government is giving away \$74,000. What was the total amount?

AN HON. MEMBER: \$74,000.00

MR. MURPHY: \$74,000? A million and a-half dollars, over twenty years?

Possibly Sir, the Government could now attack the cost of living. I think we could certainly cut that down, if we went to all the agents for pork and beans, for all the rest of the canned stuff. We are just going to have one warehouse, one truck to deliver. Why should eight or ten firms have their trucks delivering something? We can do that much cheaper. Do away with them. Just have a common warehouse where all the food will come in. Would that not be a good idea? Would it not be far better than worrying about beer? The whole half million of us eat food but I do not think that many drink beer. I do not think that many people are concerned with it. Would that not be a wonderful idea? Would that not be a good plank in the P.C. Platform, to nationalize all food coming into the Province?

AN HON. MEMBER: We will have a beans marketing board.

MR. MURPHY: A beans marketing board, there you are! There is a good idea! When you have to listen, Mr. Chairman, heavens almighty, if that is all! This great, you know, Price Waterhouse. I have seen their names somewhere, but they are "the greatest." There was nothing that did anything for this Government yet but had to be the greatest, or the second, or the third. It was never the fourth. They had to come in here, spend a year here and I suppose it cost thousands and thousands of dollars for this thing.

A few years ago, when I was in the beer business as sales manager, the taverns were having some trouble. The suggestion was put forward by me, among others, that we should have on the Tavern's

Association as such, a licensed premises group that get together to discuss various problems, that they meet and they have their problems which have been accentuated, I must say, by the recent regulations, where the taverns can remain open until one o'clock in the morning. That is a beaut, that is! That is a beaut! God knows they had trouble eleven o'clock in the night, pouring them out of the taverns, not all of them, but a great number of a certain group that frequent taverns.

Now, they are allowed to stay open until one o'clock in the morning, serve beer until one o'clock in the morning or liquor. The tavern does not have to close until two. In my area, where I live on LeMarchant Road, in the centre of St. John's, there are seven or eight or nine outlets and they are in residential areas. Imagine how that tavern owner gets on, trying to get a fellow out at one o'clock in the morning. Of course he is abusive and everything else, waking everybody up in the neighbourhood. I will tell you, it certainly is going to endear beer or liquor to the residents of these areas.

I think it is just a part of the stupid, absolutely stupid, this Government's attitude is on the sale of beer. Mr. Chairman, I can only say that I look forward to the day, and I hope it is not too far away, when the people of this Province, in their wisdom, decide that we have had enough. Twenty-two years has been twenty-two years too long for the stupid administration we have had for that twenty-two years. Liquor is one of them, and my - the concerned people in this Province, and what is in the offing is going to make it far more worrisome to an awful lot of people, particularly mothers and fathers. I say this with the greatest of sincerity.

I asked a question this morning, Sir, and I was asked to put it on the Order Paper. True or false, I do not know about the

disturbance at the National Park last weekend. The story went, as I say, I do not know if it is true or not. I was trying to confirm it with the Minister of Justice. He did not enlighten me. "Put it on the Order Paper." The usual answer you get on something of importance. Nine persons, I do not know if they were young men or young women, arrested or summoned for being drunk or consuming alcohol, under the legal age.

Many people Mr. Chairman, will think I am somewhat of a prude when I refer to these things. Perhaps the blame is not on these young people for consuming this alcohol at the age of eighteen or nineteen. Will some one ever find out, will they take the effort to find out who is supplying these young people with the liquor? We are very much worried about dope today, and we have great reason to be concerned. I think I am correct when I quote the hon. Minister of Public Health, in an address I think last night or the night before, who said; "our greatest problem is alcohol."

MR. ROBERTS: I said our greatest drug problem.

MR. MURPHY: The drug problem I am referring to. Sorry! "Our greatest drug problem is alcohol." When a minister of the Crown says this kind of thing, Mr. Chairman, I wonder does he feel in his heart and soul that this Government is doing enough to allay some of the worries it has about this? Are efforts being taken...

MR. ROBERTS: Yes, maybe not enough, but I really do not know what to do because you cannot stop people drinking alcohol. Next to the drug problem, and quite serious, are cigarettes. Smoking cigarettes will take five to ten years off your life - We are doing more all the time, God knows. I do not know how much more can be or should be done. As long as people drink alcohol...

MR. MURPHY: Ah,

MR. MURPHY:

Are we quite satisfied Mr. Chairman, that we are policing our liquor outlets? I have brought the matter up time and time again but our inspection department and the Premier always tells me that there are numerous cloak and dagger boys going around in civies, that cannot be - but quite frankly - I have been out on occasions to different places where liquor is sold, I have seen young people I am sure they are only seventeen or eighteen years old, there. It may be all right, perhaps I am old fashioned. Perhaps we should let them drink at the age of ten. I may be wrong. I may be completely out of step with the modern world. But in my experience, Mr. Chairman, I can only speak for my own experience, dealing with youth over forty years, I do not think it is good for them to drink at too early an age, quite frankly. As I said earlier in the day, the handling of liquor is perhaps one of the most worrisome problems that any government can have. There are people that are all for it. There are people that are dead set against it, do not want it at all. We do not want that to come back here, certainly Heavens, where they are mixing up shoe polish, drinking it, hair tonic, and what have you. I think there is a happy medium somewhere.

MR. CURTIS: I have just been in touch with my office. We have no letter about any arrest in the park.

MR. MURPHY: No report. It was a report that was just exaggerated, but I just wanted to find out -

MR. CURTIS: We have nothing at all.

MR. MURPHY: Nothing at all, I am very pleased to hear it. Mr. Chairman, I have not planned to speak any further on this. But when I hear the Premier again get up - while they are going to save \$2.5 million dollars; this Government saving any money on anything, to me it is unbelievable. I do not think they know how to handle money, quite frankly. I do not think they know how to handle money, and to come out with this tremendous brainstorm, that we should nationalize the distribution of beer. We have, as I said earlier, some 700 or 750 people earning a decent living directly or indirectly. It just does not make sense. It is certainly not going to make the price of the beer to the consumer any cheaper because our taxes are away the highest

of any in Canada. They are double some of the provinces. It is the government's problem. Here in Newfoundland, for example, on every dozen beer, with their commission and social security tax, it is nearly thirteen cents a bottle, thirteen cents just for taxes and commissions, \$1.51 a dozen, actually. Then we talk about the breweries, they had to create great plants; plus SSA, that is \$2.49. for two dozen.

So, if this is the thinking, Sir, and it has been, I know, with this government, purely a negative thing you know, where the Premier can go away, meet a great industrialist, whether it is Tel Aviv or Florida or somewhere else. It has to be the greatest thing in the world, the greatest thing that ever happened to this Province. Now we play down the fact that we must supply these people with capital of a hundred or a hundred fifty million dollars for this. I doubt if this government has yet to put one cent into any of these breweries, to maintain their operation, to provide these 700 or 750 jobs, which I will say will be four or five times as much as we will get out of Come by Chance or ERCO.

MR. ROBERTS: (inaudible)

MR. MURPHY: The price of the beer.

MR. ROBERTS: The breweries get a nickel a bottle more for each bottle they make. Out of that they have to pay a distribution factor, which is a cent to a cent and a-half.

MR. MURPHY: They have to pay their taxes and everything else.

MR. ROBERTS: So does Nova Scotia, you know, it is just across the Gulf.

MR. MURPHY: But the cost production here, I think the hon. minister must agree with me, if you could sell to 750,000 people -

MR. ROBERTS: No argument. Also the cost of capital is higher, because I think you will find the capital structure of these breweries is hideously inflated. That is how they manage to make five or six (quote) millionaires. You know the man who owned the breweries or who built them or owned the shares and sold them, that all has to be serviced.

MR. MURPHY: That is right. How long did it take to create these?

MR. ROBERTS: I do not know, people became millionaires overnight.

MR. MURPHY: I suppose, I suppose they were entitled to a fair return. They would have been better off perhaps if they had the agency -

MR. ROBERTS: I would like to know if those breweries, you know, to see an independent valuation as to what they were worth. Why do we have to pay a nickel a bottle more here, do not tell me our labour is insufficient, it is not. I mean, a brewery here gets five and a-half cents a bottle more, now -

MR. MURPHY: More than where?

MR. ROBERTS: Than Nova Scotia. They do have to pick up some distribution -

MR. MURPHY: Five and a-half cents, that is sixty-six cents a dozen more.

MR. ROBERTS: Yes, it is sixty-three and a-half cents a dozen more. That is not tax, that is what the brewery gets. They do have to pick up some distribution charges, -

MR. MURPHY: I presume there are freight charges coming in, is there, on bottles and cartons?

MR. ROBERTS: A cent to a cent and a-half. I wonder would the breweries agree to let us pick up the distribution, you know, comparable to Nova Scotia, fair is fair, like is like, then we will pay them the same as Nova Scotia plus anything they can prove, if they have to pay to move bottles in. You know, you can figure that out.

MR. MURPHY: And pay the salaries of the misplaced employees, the displaced employers.

MR. ROBERTS: What displaced employees?

MR. MURPHY: The three or four hundred men or women that are going to be out of jobs.

MR. ROBERTS: We are talking about the breweries nothing about anybody else. We will give them the same as Nova Scotia gets for their beer, \$1.96 a dozen.

MR. MURPHY: You take over the whole operation -

MR. ROBERTS: We will pay them a distribution allowance. My point is they are getting more than Nova Scotia and there seems to be no reason for it.

MR. MURPHY: I have no authority to speak on behalf of the breweries, to negotiate that deal at the present time. If they put it on the Order Paper I might consider it a little later on.

MR. ROBERTS: That is a private members resolution -

MR. MURPHY: Mr. Chairman, as I say, I have been much longer than I planned to be but, as I said earlier, when I hear the Premier getting up and trying to insinuate about the - you know he never acknowledges what is good, he talks about - I bet you that athletic associations and recreation generally would be almost non-existent except for the cooperation of the breweries. I am speaking, I bet you there are a great many athletic organizations -

MR. ROBERTS: I do not argue that. But supposing that the state subsidized them directly, the athletic organizations - let us assume, I quite readily believe they have a value a very real value. But why should they have to look to a brewery, why do not - you know perhaps the government is not putting up enough money? We will take a million dollars away from the breweries, which they may give a-quarter of a million to the athletic associations, we will give the quarter or a-half million or three quarters of a million to the athletic associations.

MR. MURPHY: Because, as I said earlier, Mr. Chairman, I do not think this government could administer -

MR. ROBERTS: That is a matter of opinion.

MR. MURPHY: It is a matter of opinion. I think the opinion is shared by - Just let me finish, then the hon. minister can have his say. I am just about finished with the thing now. It is a pity we have not got a - what happened to John Doyle in the beer? - Would this commission be the answer to it all? When we get the Bison Company in, he would take over the whole works because he comes very well endowed with the necessary and - I just want to finish up Mr. Chairman, and say that it is just a little bit too much when you have to sit there, year after year, and hear this great report of this Price Waterhouse, with the Premier saying we may do it and we may not do it. Now, look, I am not saying we are going to do it, I am not saying we are not going to do it.

But you know the threat is still there. Whatever it is, there is something. I do not know how often the minister of Finance or his commission meets with breweries. I do not know how often they meet with tavern owners, perhaps it is not individually, perhaps as a group, to discuss mutual problems because there must be, if this liquor business is to be handled the way it should be to satisfy every segment of the population, I think there has to be an ongoing discussion. The government in the first instance are the ones that are directly responsible. You have your Newfoundland Liquor Commission to administer the department on behalf of the Government. You have your breweries, who brew the product; then you have your license outlets, who handle it on the retail level or your agents - So Mr. Chairman, as I said a few moments ago, there is one thing I look forward to in a change of Government, a complete rationalization of the liquor laws and the liquor transactions in this Province.

MR. CROSBIE: Mr. Chairman, we will hear the Hon. the Premier on radio again Monday talking about obstruction in the House, After he spoke for an hour this morning; that is not obstruction. The Premier spoke an hour this morning, the dispensable tale of the Government taking over the distribution of beer. We heard it all last year. The matter was debated just a year ago. The Government had the Price Waterhouse report a year ago. The Premier spoke in the House a year ago, giving the same fanciful figures and the rest of it, a year ago. A year has passed; the Government has not acted. The Premier says they have not made a decision on whether they take over the distribution of beer or not. "Perhaps it is the best thing for the Government to do. Other provinces do. There would not be anything extraordinary about it." The Government has had a year now to consider the Price Waterhouse report. So why does the Premier pop it up this morning and go on this spiel about the great monies that the breweries are making; that the Government could make \$2.3 million a year extra if the Government nationalized the distribution of beer. Why? Just a diversionary tactic. The Premier spoke for an hour on this distribution of beer; has not spoken thirty seconds, fifteen seconds, ten

seconds or one second on who owns the liquor stores at Placentia, Grand Bank, St. Lawrence, Marystown, that are hidden behind the Royal Trust Company and the Bankers Trust. Not one second on that, not five seconds, not ten, not thirty not a minute but an hour on something that was discussed last year, about the Price Waterhouse report on the distribution of beer and how the Government could make \$2,3 million and the rest of it.

It is unimportant who owns these other bonanzas. It is a pure diversionary tactic. I say this; if the Government can make \$2.3 million a year off the distribution of beer by nationalizing it, they should do it, if they can, if it will not result in the loss of too many jobs to the people who are distributing beer now, go ahead and do it. They cannot make \$2.3 million off it if they do nationalize the distribution of beer, nothing like it. But, if they think they can, go ahead and do it. Why has not the Government done it? The reason is not any pressure campaign put on by any one. The reason is that so many of the distributors and brewer's agents and the rest of it are people who have been found to be politically sound, loyal Liberals. They are not going to be disturbed and disrupted, this election year, and interfered with and put out of work. The Premier challenges the House, Oh! will he reveal the names of distributors, this that and the other? The hon. Leader of the Opposition challenged him to do it. Why not? I say certainly do that, certainly.

If the Government feels it is right to do it, do it. But at the same time table the names of the owners of the seven liquor stores in Newfoundland that are hidden behind the Royal Trust Company. Table the names of the owners of Marystown, Grand Bank, St. Lawrence, Placentia, Baie Verte stores. The owner of the Clarendville store, the seven stores that are hidden behind the Royal Trust Company. Let us have a clean breast of everything, who distributes beer, who are agents for beer, who makes what on beer, who makes what on liquor leases, who owns liquor stores. That is what we are asking for. That is just what we are asking for.

The Premier says an intensive campaign was put on, an intensive

campaign; here are these three breweries, these sinister forces, these sinister influences, putting on an intensive campaign so that even the indomitable Premier J. R. Smallwood has to quail before this intensive campaign and hesitate to take over the distribution of beer. What poppycock? The three breweries and everybody associated with the liquor and beer business in this Province are completely at the mercy of the Government and the self-same Premier. Are they going to put on an intensive campaign, that will make this Premier tremble in his boots to go ahead with this great public service of taking over the distribution of the beer? What nonsense! They can be crushed, wiped out in the signature of a pen. The Premier can go down to his office this afternoon and wipe them out. Take away their license, that manufacturers beer. He can take away every distributor's license. He can take away every brewer's agent's license. There is not one word in the Alcoholic Liquors Act prevents them. There is not an Appeal Board. There is no one to make an appeal to, They will have no rights. They cannot go to court. Wipe them out.

Now where is this intensive pressure coming from? Intensive pressure put on. What balderdash! Where did the intensive pressure come from, to force the Liquor Commission to enter into those leases? Those leases are giving some mysterious owner tremendous profits, who does not employ one person in this Province, not one person, who has buildings and sits back and collects the rent and does not pay for repairs, does not pay for heat, does not pay for light, does not pay municipal taxes, just collects the rent.

Now I tell you this, Mr. Chairman, one member of this House is not worried about the Premier revealing distributors, brewer's agents or anything else, but at the same time this member wants to see revealed the names of the actual true persons who own the liquor control stores around this Province, hiding behind the Royal Trust Company. I have told this House before, I told it last year, I will say it again, so we will be quite clear on the matter, I am a director of a brewery. A director of one, do not own any shares, I have no ownership but I am a director. I said that last year, I say it now. So if

the Premier is trying to insinuate that I might be afraid if anything was published, go ahead and publish it, but let us have the whole story on everything, on these liquor control stores in particular.

I know distributors Mr. Chairman, a distributor certainly, who lost his right to distribute beer because he had the audacity to support me in 1969. I know agents around this Province that were terrified out of their wits because they dared to express support for me and were frightened out of their wits and stopped from supporting me, had to withdraw from the whole situation, terrorized because they got the message that they were going to lose their license. A man got a call, was told, Confederation Building wanted to know was he a supporter of John Crosbie? They had thirty minutes to get back the answer. The person from the brewery that called him had thirty minutes to report back to Confederation Building, whether this man was a supporter of mine. The poor devil, to protect his livelihood and income, had to say, "no, he was not," and stay out of the whole matter. He lost his license anyway, six or nine months after the convention was over. Democracy in action! I am making these statements now.

MR. NOLAN: I do not deny the hon. gentleman, I can hear him making -

MR. CROSBIE: I am not going to give the man's name and have him pilloried any further.

MR. ROBERTS: The hon. gentleman is relying on -

MR. CROSBIE: I will give you his name, if you like.

MR. ROBERTS: If the hon. gentleman would, and he is relying on hearsay, if he will give me the name, I will see that it is looked into and so will the Premier, so will the minister, so will the chairman.

MR. CROSBIE: I will give the hon. minister his name.

MR. ROBERTS: Not the name of the person in the brewery who, according to the hon. gentleman, contacted him.

MR. CROSBIE: I am having no one discharged from any brewery nor embarrassed.

MR. ROBERTS: Not to see anybody discharged from a brewery, but it is awfully

MR. CROSBIE: You can speak when I am finished speaking.

MR. ROBERTS: All I want, you know, is the hon. gentleman not to adopt the McCarthyist tactics he is on. Put the facts -

MR. CROSBIE: Look, do not talk to me about McCarthyism, -

MR. ROBERTS: I do not have to, you know all about -

MR. CROSBIE: Do not talk about McCarthyism when hon. members on that side of the House are trying to insinuate everything under the sun about landlords and the rest -

MR. ROBERTS: I am not trying to insinuate - now put up or shut up -

MR. CROSBIE: I am stating a fact, I am making no insinuation.

MR. ROBERTS: Then put some evidence up.

MR. CROSBIE: I will put evidence up when the Government puts up evidence who owns those liquor stores.

MR. ROBERTS: Put some evidence up -

MR. CROSBIE: What about evidence, who owns the liquor stores?

MR. ROBERTS: I have no idea, put up or shut up.

MR. CROSBIE: Shut up or put up yourself. Who owns the liquor stores?

MR. ROBERTS: I have not made any charges about liquor stores.

MR. CROSBIE: No you have not. I guess you have not.

MR. ROBERTS: No I have not.

MR. CROSBIE: No, sure you have not. You have not given any answers on the -
Now Mr. Speaker let us have no hypocrisy in this matter. Every member of this House knows that the system of granting licenses in this Province is a terroristic system, knows it. We were given a - by the way there is something wrong with the three breweries in Newfoundland. One is owned by Canadian Breweries, one is owned by Labatts, one is owned by Molsons, you see. Now there is something wrong with that, the Premier implied. But, Bison Petroleum, John C. Doyle, come in to establish a brewery or take over the one at Stephenville is there anything wrong with that? Is not that a foreign company, Canadian Javelin? Is not Bison Petroleum a foreign company? But is there anything wrong with that? No, that is wonderful, that is magnificent. John C. Doyle

is going to do that. Is that outfit coming here to make money or not? Or do they hope to come here just to lose money? Or do they hope to come here just to employ Newfoundlanders? Or is it charity? Or for what purpose? The insinuation is there is something wrong with these other three breweries. Now the people of Newfoundland, the residents of Newfoundland, have established the three breweries that were later bought out by Labatts, by Molsons, by Canadian Breweries, worked hard, had initiative, invested their money, established local secondary industries, which became a success and employed people. My father was one of them. At a certain stage of their life, when they had their estates to consider and the rest of it, they sold out. What is wrong with that? The three breweries are still here. Still employing just as many people.

John G. Doyle is going to put a brewery in Stephenville for some charitable purpose. He is different than Canadian Breweries. He is different from John Labatt. He is different than Molsons. There is something wrong with them. What is wrong with them is they have assets, they have acumen, they have industry, they have money to invest. We do not have to assist them, not one bit. But I tell you this, Mr. Chairman, we are going to have to assist Bison Petroleum and we had to assist Atlantic Brewing. The Government did. They had to let us collect \$407,000 from the pockets of the people of this Province, not turn it over to the Government. That is one bit of assistance, and give them a building in Stephenville for a dollar a year. Heavens knows what other assistance was given them!

There is something wrong you see, Mr. Chairman, with every industry or business that is in this Province that was not brought here by the Government. There is something wrong with the poor Newfoundland businessman if he makes a few dollars. It has to be something new, brought from away, preferred brought by Mr. Doyle or Mr. Shaheen, and we have to dip into the public's credit for millions and millions to help it along, But there is something wrong with the rest.

Now the Premier's remarks this morning were a rehash of what he

said last year, complete rehash. In principle there is nothing wrong with the Government taking over the distribution of beer, Mr. Chairman, nothing at all. Government monopoly and the Government distributes the beer! The Government will not make any extra \$2.3 million out of it, nothing like it. The public will get less service because the Government, if it takes over the distribution of beer and wants to make extra money or save money, will have to lay off certain surplus employees and will have to cut down on the services. You will have to go to certain Government warehouses to get your beer and the rest of it, it will not be the same service. There will be an opportunity, of course, for people to construct warehouses for the Government and lease them to the Government. That will be an opportunity too.

MR. CROSBIE: Well if the Government decide to do it, fine, do it. Negotiation with the breweries and say they are going to do it. As long as the breweries can still manufacture beer and make money, and that beer is still going to be sold in the Province, why should we object to it, if it can be done that way. The Pricewater House shows it cannot. But this was all discussed last year. Nothing has been done since. The Premier has said this morning that it is not going to be done this year.

Sales are up. The Minister of Finance says; eighteen percent in the first three months of this year compared to last year. Yes, compared to the first three months last year. Now I do not know the figures, but I would say the sales this year would not, in the first three months, would not compare to the first three months for several years ago. Perhaps, the Minister has got the figure?

We have the lowest per capita consumption of beer of any province, Mr. Chairman, because the price is so high. One of the reasons the price is so high is that the Government's commission is so high, \$2.49 a case, others, because of the transportation and distribution cost. If the Government can establish the fact, perhaps the breweries are making too much money, I do not think so. I doubt it. Perhaps they are. If so and the Government can justify it, if so, fine, squeeze them, give them the squeeze, take the extra five cents the minister is talking about. Who is going to oppose that, if it is right and correct and it turns out to be right and correct? But it is all a red herring, a complete red herring, it is not going to be done this year, if it is ever done. For political reasons, not from any intense pressure of these sinister breweries, because the Government have made a political judgment that it does not want to disturb the waters this year, it does not want to disturb the people who are distributors and employed by distributors, and brewers agents and the rest of it.

We had some figures given in this House, Mr. Chairman, a year or two ago, about how many licences there are. I can just look them up here. March 1, 1971 there were 468 breweries agents with licences, 468. Since April 1,

MR. CROSBIE: 1970, that is in the last year, eighty-five new licences have been issued. So there are 468 breweries agents licenced by the Government. Now their licence can be taken, anyone of those 468 men can lose their licence tomorrow. If the word goes out from any powerful circle to the Chairman of the Liquor Commission, anyone of that 468 can lose his licence, Mr. Chairman, tomorrow, without any recourse at law, without any appeal to anyone. That is 468 at the mercy of the authorities, if they want to protect their business.

The same reply to the question No. 461, showed that there ^{are} 110 distributors appointed by the breweries and approved by the Newfoundland Liquor Commission question was does the Newfoundland Liquor Commission have to approve the appointment of beer distributors by the breweries operating in Newfoundland? The answer is "yes." So there are 110 distributors of beer who could lose their business tomorrow at the whim of anyone in political power, 110. Four hundred and sixty-eight brewers agents, 110 distributors, that would be 578. Now some of the distributors are companies, some are individuals, and so on, but there are 110 of them. Then the question was asked about club licences and so on. What are the total number of licences issued by the Commission and still in effect with respect to the sale of beer or liquor in the Province and so on? Answer 913 licences issued thus far in 1971. There are 913 establishments licenced to sell beer or liquor within the Province. I will just give the list; bonded warehouse licences - four; club licences - 118; hotel licences - 78; lounge licences - 183; military mess licences - 18; restaurant licences - 32; tavern licences - 6; brewery licences - 3; aircraft licences - 2; airport establishment agent licences - 1; well there is a duplication here; brewer's agent licences - 468, so that 913 includes the brewer's agents. But, if you take that 913 and add on 110 distributors, you have 1023 firms or individual persons licenced in one way or another, either to sell liquor or beer at the retail level or to

MR. CORSBIE: distribute beer or to be brewers agents. Everyone of that 1023 are at the absolute mercy of the Government, as to whether they stay in business or not. One wrong word gets across to anyone who is in a position to power, do their own thing politically, lose your licence tomorrow. You cannot sue. You lose the licence. You cannot appeal to any appeal board. All you can do is get down on your knees, Mr. Chairman, and grovel to the Government and ask them for it back. Now what kind of a system is that, in a country that is suppose to be a democracy.

There is another interesting point that turns up in the answer to some questions, increase in licence fees. Restaurant licence fees where doubled last year. It is now \$300 to have a restaurant licence. It is \$200 to have a club licences. It is \$500 to have a lounge licences, that was increased from \$300 last year. Hotel licences \$200. Tavern licence is \$250. Bonded warehouse licence is \$50. Brewer's agents licence \$5. The Newfoundland Liquor Commission last year collected, as a result of licences or permit fees, \$176,050 were collected just out of licence or permits fees alone.

I also asked, Mr. Chairman, a question as to how many people had lost their licences last year or had licences suspended? Here are the figures on that. From April 1, 1970 to March 31, 1971 there were twenty-five suspensions and closurers of licenced establishments. In each case they were reinstated. There are three establishments whose licences were suspended or cancelled and are still in effect. There were also seven brewers agents suspended and reinstated during the same period, and five whose licences were cancelled. So three establishments were cancelled and still in effect, five brewers agents.

Now, Mr. Chairman, it may very well be that each one of those cases is justified one hundred percent, That could be absolutely justified. Improperly running the establishment or breaching the regulations or selling to the people who are miner. The only point I want to make in that connection is this; that whether everyone of those is justified or not the person concerned had no recourse to any independent authority. He had nowhere to

MR. CROSBIE: present evidence to an independent authority, he could go to the people who had suspended his licence and say, "you are wrong," but he had no independent board to appeal to. He could not go to the courts, he was absolutely at the mercy and discretion of the Liquor Commission and the Government. That is not right. That is wrong. That is unjust. That is injustice.

The same question was asked about the revoking of permits, the last question was suspension. Well that is the same answer, three licenced establishment and five brewer's agents licences. Two licences suspended for non-payment of licence fee, one for failure to comply with the Alcoholic Liquors Act and five brewer's agents because of convictions in the courts, under the Alcoholic Liquors Act.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: Did I not say when I mentioned those that they were probably all justified?

MR. ROBERTS: They all are.

MR. CROSBIE: Right, they all are. So now I say they are, all right. But my point is this - my point is still quite relevant, that none of those eight or anyone else whose licence is suspended or revoked has any recourse to any other authority to try to disprove what is alleged against them. In the same period, since April 1, 1970, the Board received 505 new applications for licences in that year and the Board approved 132 applications and the Board did not approve the 364 applications, and it has nine still pending. So 505 people last year applied for licences, 132 got them, 364 did not, and nine are pending. Now my point there, Mr. Chairman, is this; that not one of those 505 had any recourse. If they were turned down, if they did not get a licence, they had no recourse. They could not ^{go} to an Administrative Appeal Board. They do not have to be given written reasons for the refusal. The Newfoundland Liquor Commission does not have to say a word to them, except "you are turned down." They do not have to get a letter outlining the reasons why they are turned down. So they do not have to be given a reason. They

MR. CROSBIE: have nobody to appeal to. They cannot go to court. They cannot go to an appeal board. It is absolutely at the discretion of the Liquor Commission and the Government. That system, Mr. Chairman, is wrong. It could be that all those 364 were turned down for legitimate reasons, but at least the board should be forced to give them the reason in writing "you are turned down, your application for a lounge licence, because there are too many establishments in this area. The local clergyman has protested. You have a criminal record. You are financially insolvent." What ever the reason is, they should be forced to give the reason. Then the man should be permitted to go, if he disagrees with the reason, to appeal to an independent board set up by the Government. The members should have a term during good behaviour to advance evidence before that board, if he thinks he can disapprove what the Liquor Commission, the reasons they advanced, and the Liquor Commission would go to the board and say, "here is our evidence" and the board will decide whether their rejection on the application should be approved or not approved. This is the system we should have. Why do we not have it? It seems elementary, why do we not have it? What prevents the Government from instituting it? It has been twenty-two years without instituting this or changing it. Why? Why not do it? There is only one reason that I can see why a Government would not do that, because the Government likes the arbitrary, absolute power it has now, and does not want to change it, for political reasons.

Now these are the important issues, Mr. Chairman, in connection with the Newfoundland Liquor Commission. The question of licensing and losing licences, suspending licences and issuing licences without any appeals or recourse, that is one important issue. The other important issue is the one we are all familiar with, that is the ownership and reasons for the seven leases entered into with the Royal Trust and the Banker's Trust Company. These are the two important issues, not this red herring about the distributorship, that the Government might take over distributorship, but it will not take it over this year. It could make \$3.2 million and all the rest

MR. CROSBIE: of it, that is red herring. That is not a real issue. It would be an issue, if the Government acted and took it over and it is not justified, it would be something that you could debate. It is not something that you can debate now when the Government have made no decision. It is pure red herring. There are the two serious issues we have had no answers on, Mr. Chairman. Who the owners of those establishments are. Why the Government will not change the licensing system. Why it will not permit independent appeal board and the rest of it. These are the two serious issues.

MR. G. MYRDEN: Mr. Chairman, I am just going to have a few words to say because - to clear up some of these great, passionate speeches concerning beer and liquor. I guess I am like the Premier, I do not suppose I have drunk ten bottles of beer in my life. I do not like, I like hard liquor, and I might make that quite plain.

I am a businessman and I have been, I guess, since my father-in-law died, He practically left me the business, so I had to go into it. At that time I remember quite plain he was a distributor of Beer. That was first before the road went down to St. Barbe District. So I took over the business, I guess I made a success of it because I made money, not entirely on beer, but coco cola and everything else.

AN HON. MEMBER: Inaudible.

MR. MYRDEN: \$30,000, oh, yes, \$30,000, absolutely. I do not want to boast about it, but I think I did all right out of it. I made a good business, not out of beer, I want to make that quite plain, We handled many other items.

But I was the distributor and had been I guess, until, maybe a year or so ago, we wrote the board and said that we just did not want to supply beer any more or distribute beer, on my own initiative. I would like to make it quite plain here, I am not the distributor that was ever threatened or ever terrorized or any part of it. I do not think anybody ever mentioned

MR. MYRDEN: anything to me about the business I was carrying on, ever, first or last. I am not taking sides or anything like that, but I would just like to make this plain.

Something else was mentioned and I would like to get that off my chest too, concerning agents. I have been a member, I guess, for five years and, like every member, I say this quite plainly, every member at some time or other have been asked to do somebody a favour, to ask how to get an agent, you know, an agency for beer and that. We all have. I tell them the truth, I say; we have to write the board. and, of course, if the board says. Well they will probably come back; "who is John Jones down in Joe Batt's Arm?" I say; "well, I know the man, he seems to be honest. If he wants a licence, if you want to give it to him, it is all right with me. I do not care." I think most of the people have been the same way. Now this is the way it goes, and I will say this about the board, having dealt with them for many years, and many hon. members, like they have all said here, I never, never had a minute's trouble. I have never gotten, not one-tenth probably of the things that ~~was~~ probably needed, but they know better than I do. They investigate, they go down through the district and say; "look, there is one here. There is no need of two here. He cannot make a living." Some fellow, like he says, may sell ten cases, another might sell twenty cases, and some may not make ten cents on it, but, this is the way it goes. As a distributor, we found that there was never any question about whether he was a tory or a liberal or who. If he was a sound businessman, you tried to help him out. \$30,000 that is a little high, I must say, in any business, of course, but you know to be a successful businessman, you had to work at it. We worked hard. But there are other businesses we lost money in, I guess like everybody.

The thing is, Sir, I would like to make it quite plain that a lot of the things in the Pricewater House Report are good. There is no doubt about it. I read it over myself, personally, and there are good facts in it. The

MR. MYRDEN: facts are that, if you manufacture beer and you send it to a central warehouse and the people involved, the agents, the distributors, come in and pick that up, that is your one cost there. There is money being made, I know that, and it is quite proper. Honestly, I think that the Government are going to look into this thing. I think it should be, but I think also they will give the local distributors or the local agents probably the chance to compete in this business. There is nothing wrong with that either. But there is, and we all agree, like my hon. friend here says, there is a lot of money wasted. But again, they do a lot of good too, the breweries. They do a lot of good in sports. We know that. But they waste a lot of money. I will be the first to say it to. Their system of distributing possibly could be made better, but it could be made better out in the districts. You cannot distribute beer in St. Anthony for the same price you can in St. John's; that is quite well known. There are a lot of costs involved. I would like to say that actually it is a business that cannot operate on itself, quite plainly you cannot make money on beer, running up to St. Anthony, itself. The costs are too high, trucking and everything else. It is good with something else, other lines, of chips, coke, chocolate bars, like some distributors around are doing. This is the only way any type of business can be run. But as far as doing some of the things the Pricewater House report and I think it should be done, quite possibly it can be done over the years. Most of the people involved in distributing and the agents and all that would be taken care of, they will be doing some part of the system.

With regards to the other thing, I would like to say, as far as the Board is concerned, I know these men have sat through a lot of hard language on both sides and I would like to say actually these men are very honourable men. I found them quite pleasant to deal with. I have no dealings with them now, and I would like to say that I am sure I speak for all the House, it is quite a ticklish subject, but I would like to say they are very honourable men and it has been a pleasure knowing them and dealing with them.

MR. DAWE: Mr. Chairman, I would just like to add a few words to some references made to the activities, I would assume, of various members in their provincial districts, I can say; in our district of Port de Grave we have about twenty various outlets of liquor within the district. I know my district quite well. I can say of these twenty, I could honestly say that no more than three of these persons are actually supports of this party. No more than three -

MR. SMALLWOOD: Out of?

MR. DAWE: Out of twenty. One of these persons, I am not quite certain whether he owns the liquor licence himself. He certainly manages the property that is at Mackinsons. He was a former member of this House. I am assuming, naturally, he is a supporter of this party, George Mackinsons. Of the other we have four club licences; we have eight retail outlets. There are two distributors. I think six brewer's agents. I have been contacted from time to time, as every other member has been contacted, I have been contacted by the officials of the Board of Liquor Control asking me as to the reliability of this person or that person. At no time did I ever ask this person his political affiliation. I did on one occasion distinctly go out of my way to get an extension to a distributorship, a retail licence that someone had, this person or persons were only selling beer at the time, and they had difficulty in getting permission to add hard liquor with their licence. I did go out of my way to try and get this licence for this person, not on political grounds, but on other grounds, not political in manner, shape or form. I would like to pay my compliments to the members of the board as well as the hon. member who have just spoken. I think I can speak for my own district; there are fair, honest dealings in all our activities actually within the district with regards to the Board of Liquor Control. Since, I have been the member, I have not heard of one complaint in any manner, shape or form. I would like just to have that put on record.

On Motion items 1201-01 through 1203-09-06 carried.

MR. CROSBIE: 07, Mr. Chairman, is a vote called Rentals, Cleaning and Light etc, an amount of \$315, 600.

MR. CHAIRMAN: Order, please. I am sorry that is a transfer, I should not have called it. It does not require a vote. There is no motion on it.

MR. CROSBIE: Well I will make a motion on it anyway, Mr. Chairman, that it be reduced by \$74,192, which is the amount of the seven leases to the Royal Trust Company.

MR. CHAIRMAN: The hon. member misunderstood me, it is not before the Committee.

MR. CROSBIE: It is not before the Committee? Well when can we move to reduce it?

MR. JONES: I have been threatening to mention this all along, in the case of these leases, I think you ruled the discussion out of order and rightly so. But on another ground, this money, the Committee have been discussing funds that were voted in the Department of Public Works a few days ago, they are not even mentioned in the estimates of the Newfoundland Liquor Commission.

MR. CROSBIE: They are certainly mentioned there.

MR. CHAIRMAN: Shall Block Provision Canada Pension Plan carry? Carried.

Shall Block Provision Salary Adjustments carry? Carried.

Shall the Total carry? Carry.

Motion, the Committee reports having passed Heading XII- Newfoundland Liquor Commission without amendment, carried.

MR. CHAIRMAN: It now being 1:00 P.M. I do leave the Chair until 3:00 P.M.

The House resumed at 3 p.m. - Committee of Supply.

MR. CHAIRMAN; I wish to rise on a matter that concerns the privileges of the House. I request the House to rise out of committee and let the Speaker be recalled, in accordance with Beauchesne, Mr. Chairman.

The matter of privilege is this, Mr. Chairman: A breach of the privileges of the House by the hon. the Premier in connection with statements made by him this morning on a programme known as, "Conversation with the Premier," at 10:15 a.m. and at 1:15 p.m. on the radio news broadcast, CION, which statements concerned events that occurred in the House last night and which statements approbated an act of violence committed by one member of the House on another member of the House last night. This is a breach of privilege of the House, for one member to incite assault on other members of the House or to condone assault on members of the House, and also a matter of libel upon a member of the House and his conduct as a member of the House.

On motion that the Committee rise, Mr. Speaker returned to the Chair.

MR. CHAIRMAN (HODDER): Mr. Speaker in committee the hon. member for St. John's West complained of a breach of privilege of the House - due to certain statements that had been made this morning by the hon. Premier, which did not arise in committee.

MR. CROSBIE.: The matter of a breach of privilege arises out of the following: As Your Honour knows, assaults upon members of the House are a breach of the privilege of the House. I think, as Your Honour knows, an incitement, that one member should assault another member in this House is a breach of the privilege of the House. As Your Honour knows, libels on members is also a breach of privilege of the House. That is all well known in Beauchesne. The subject of the complaint is this: Last night, Mr. Speaker there was a regrettable incident in this House. The members on the Opposition side of this House decided that it was a regrettable incident and that they would say nothing about what occurred in the House last night, when the hon. member for Green Bay assaulted the hon. member for St. John's East, nor had they said anything on the public air waves or elsewhere. The subject of

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my breach of privilege is this: That at 10:15 this morning, on a programme known as "Conversations with the Premier," on radio station VOCM, the following was said: (These are notes which I have taken myself) The hon. Premier was asked about an incident that happened in the House last night. The hon. the Premier said that incidents like this have happened a hundred times in various Houses of Parliament, that violence breaks out every now and then in a Parliament. He referred to matters in the House of Commons in England, where a few days ago one member had seized a mace and threw it at another member or dropped it on the floor. He then said, "My son did go across and punch Mr. William Marshall in the face. On the other hand, how does a young man sit there and listen to his mother being slandered?" That is a false statement, Mr. Speaker. "Is a young man supposed to take that and remain silent?" He told the House that he punched him, Mr. Marshall, because he had attacked his mother and if he attacked his mother again he would punch him again in or out of the House. Then the Premier went on to talk about his wife. It ended up saying that the only thing that the Premier wondered about was this: "I wonder or the only thing I wonder at or what I wonder at is why he did not go across the House when Mr. Marshall was speaking." In other words, the hon. the Premier was on the air waves this morning, first giving a false version of what happened in the House last night and, secondly, saying that an assault by one member on another was entirely justified and, thirdly, wondering why the hon. member for Green Bay had not committed violence on the hon. member for St. John's East earlier, instead of waiting until he finished his remarks. That was, "Conversations with the Premier," 10:15 a.m. this morning.

As if that were not bad enough, Mr. Speaker, on a public news broadcast, at 1:15 p.m. this afternoon, on radio station CJON - I will summarize a recording of the Premier's voice on the same subject: He said: "Mr. Marshall last night did something that is just not done." I am paraphrasing now. "He brought my wife's name into it." Then he discussed his wife, that she was not a member and so on. He said, "My son, being a good son, decided that he was not going to take it, as he said afterwards, that he assaulted Mr. Marshall

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because Mr. Marshall attacked his mother and that if Mr. Marshall did so again he would assault him again, whether in or outside the House." He said, "I hope he will always be the same about his mother." He said, "I cannot condemn my son for defending his mother as he did. I hope he always will."

Now, Mr. Speaker, both those statements are breaches of the privilege of this House. Firstly, because they are libels on a member of the House; namely, the member for St. John's East. Secondly, and even more important, because they attempt to condone and justify an assault by one member of this House on another member of this House, inside the House. It is an incitement to violence in this House. It is libel because it is not true that the member for St. John's East slandered the mother of the hon. member for Green Bay.

The member for St. John's East was defending the lawyers in this House, particularly on this side of the House, from a false insinuation and charge made by the hon. Minister of Social Services and Rehabilitation, who said that lawyers were the slum landlords of St. John's, own slum properties represented others who had slum properties and implied that members on this side of the House in particular were those slum landlords. In the course of his remarks the hon. member for St. John's East, as I pointed out myself, said he owned no property in St. John's, slum or otherwise.

MR. SPEAKER: I am not getting the point of privilege, breach of privilege of the House. As is customary, I think the hon. member knows this: We cannot start a debate on this now. What I want to hear is what words were used outside the House or inside the House which the hon. member deems to be a breach of privilege of the House. I just want these words, plus the fact that I will obviously require the condensation and the words uttered. I will have to have them in writing. A reasoning why is not in order at this particular time. I just want to hear what were the words uttered. What is the breach of privilege of the House which the hon. member for St. West is alleging?

MR. CROSBIE: Well first, Mr. Speaker, the first breach of privilege of the H

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was a libel, that is a statement that was not true, made by one member, the hon. the Premier, about the member for St. John's East, when he said that the mother of the hon. member for Green Bay had been slandered in this House. That is absolutely untrue. She was neither attacked nor slandered in this House, as by reference to Hansard, the House and Your Honour will discover. Secondly, these remarks that I have quoted (and transcripts can be obtained by the House from radio station VOXM and from radio station CJON) are incitements to violence by members of the House upon one another. The hon. the Premier said that the hon. member for Green Bay was completely justified in his assault, that he was surprised that he had not assaulted the member for St. John's East earlier and it was quite in order, according to these remarks, for one member of the House to assault another.

Now I will just refer to Beauchesne, page 95, where it discusses assaults upon or insults to members which, of course, are a breach of privilege and that the matter must be brought up at the earliest possible time. On page 98, "libels on members have also been constantly punished but to constitute a breach of privilege they must concern the character of members in that capacity. The libel must be based on matters arising in the actual transaction of the business of the House." That is true in this case. That all concerns the character or conduct of the hon. member for St. John's East in the transaction of the business of the House. "It is a breach of privilege (Page 99) to molest any senator or member of the House of Commons or Parliament on account of his conduct in Parliament." "Threatening to inflict pecuniary loss upon a member on account of his conduct in Parliament is a breach of privilege of this House." Also is threatening violence on a member of the House. Page 101, "Wilfull misrepresentation of the proceedings of members is an offence of the same character as a libel." I could go on. This must be raised, as Your Honour knows, at the earliest possible time.

If, Mr. Speaker, any members of this House are to attempt to justify violence by one member of this House on the other, this House

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will cease to exist as an institution. I, myself, have been slandered and vilified in this House in 1968 and on other occasions, yet I never took the uncivilized course of crossing the Chamber of this House and assaulting physically a member. The member for St. John's East (Extern) has had the same experience in this sitting. Yet he would not, being the man that he is, cross the House and assault the Cabinet Minister when he said; he was fired wrongfully from his job, without supporting the facts.

MR. SPEAKER: I would advise the hon. member again that this is making a speech. All I want to hear is the words alleged to have been spoken. I will admit that this matter will be raised at the earliest opportunity. All I want to hear is the words alleged to be used in breach of the privilege of the House, where they were used, by whom they were used? And that, I will submit, should be in writing to me. I will suggest now that in order to give the hon. member time to put it into its proper form that we resume the further business of the House and that I will give judgment after I have had a chance to study his ..

MR. CROSBIE: Mr. Speaker, I do not understand -

MR. SPEAKER: I am not quite concluded. I have given judgment in a similar situation. Further I want to go to my office and get copies of it, and compare the events that are alleged to have happened now with these in the past. There are precedents that we can give. But I would like to have the motion in writing so that it can be studied properly. I suggest that we resume - this does not mean that I will not ask some guidance from other members of the House before giving judgment from the Chair here.

MR. CROSBIE: Mr. Speaker, as I understand the matter, we have not reached the point yet where there would be a motion. I have brought up and explained what the breach of privilege involves. Now all I can put in writing to Your Honour is the substance that was on both radio stations this morning. I cannot obtain a transcript of those remarks for this afternoon.

MR. SPEAKER: I quite appreciate the position in which the hon. member finds himself. That will be taken into consideration. I will obtain whatever words or whatever transcripts are necessary in order to study the matter further.

MR. CROSBIE: There is also the Hansard of last night's proceedings.

MR. SPEAKER: All of this is available to the Speaker's Office and will be taken into consideration.

MR. MURPHY: Mr. Speaker, I was just wondering. You suggested that we resume the business of the House while you were considering, I am just thinking that the hon. member, who has to absent himself to prepare this, may want to take part in the business that is to follow. May we have a ten minute recess?

MR. SPEAKER: I would rather suggest - I do not want a transcript of all this and all the other records of Hansard, I will obtain these myself but just a bare outline of what the allegations are so that I can know, without having the whole matter subjected to debate again, as to what the charges being made by the hon. member for St. John's West are. I would suggest, it will not take very long. It does not have to be in too formal a form. I just want to know exactly what the charge is, so that I can study the matter and see whether it is a breach of privilege of the House or not. If then, of course, it is considered a breach of privilege of the House, then the motion is made and not prior to that.

I would suggest that we resume the business or whatever the Orders of the Day are called.

On motion that the House go into Committee of the Whole on Supply, Mr. Speaker left the Chair.

MR. HODDER (Chairman of Committee of Supply): HEADING IV - FINANCE.

MR. EARLE: Just a moment, Mr. Chairman, please: The item is Finance, page 10, and I would just like to speak generally on this particular department. There are a few statements which I should like to make before we get into the discussion of the item by item of these estimates. The Department of Finance, of course, is the department responsible for all of the finances of the Government, both on the revenue and expenditure side. I would like to

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refer particularly at this time to the capital expenditure and the necessary raising of loans by debentures and so on to cover these capital expenditures. Now it was stated here not so long ago that because of the change in the situation of the European money markets, the value of the Deutschemark and the current troubles that they are having over in that part of the world, which seem to have subsided somewhat in recent days, that the Government by an astute move, which I question, if they had made, would save \$1 million. This was a statement made by the hon. the Premier at the time. I rather feel that that particular statement, although partially correct, is not the full story. It is rather, I think, - it was averting having to spend an additional \$1 million rather than having to save \$1 million.

Now there is a fine distinction here. In connection with these Deutschemark loans which were raised a few years ago, because of the varying exchange rates and so on, the true picture of what will actually have to be paid back for these loans cannot be known, I do not think, until such time as the money is - actually, the loans are converted. At the time I asked the question as to what the cost of this conversion was in the saving of this \$1 million, which was so blightly stated, that we had saved \$1 million. I do not think all of the considerations were mentioned that should have been mentioned. When the money was first raised, it was raised with the German Deutschemark at a certain rate. It was not many months after that that the rates for the Deutschemark rose. There was an increase at the time. What was threatened at the time that the Government made its recent move was that the Deutschemark was going to be floated on the open market and the value would thereby increase considerably more. Now in the meantime Canadian currency had strengthened, as compared to the American dollar. By an astute move, which the Government fortunately carried out, they were able to protect themselves on this floating rate. But it still does not answer the question which I raised at the time because, I think, if one looks at the overall Deutschemark loans, which we raised on the original

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rate paid, at the time, that it will be eventually retired and the cost of the conversions, first of all the cost of raising the loan and then the cost of conversion, I doubt very much that anybody can produce figures which will show that \$1 million has been saved. It is an indirect way of saying the same thing but I contend that what the Government did was avert having to pay \$1 million extra, if the value of the Deutschmark rose on this problem that occurred in Europe recently. I think that the Premier's statement was altogether too cocksure, in a sense, at that time. The full story has not been told.

Now it was also said that we could raise money at the present time, probably to save more money because of the declining interest rates. Well, as I recall it, when these loans were raised (and I had something to do with them) they were raised at $7\frac{1}{2}$ per cent interest rate. I remember very well being in Germany with Mr. Groom at the time and, in discussing this particular loan with the German Bank, after all the preliminary negotiations had taken place, the President of the Bank called me to one side and said, "now we would like to discuss interest rates." I said; "well, would you have any objection if I ask my financial adviser, Mr. Groom, to come along and join us?" He said, "of course not." He called over one of his assistants also. After some preliminary discussions, back and forth, he said; "how would $7\frac{1}{2}$ per cent interest rate strike you?" Frankly, at that time, with the cost of money in North America, I was completely floored, because $7\frac{1}{2}$ per cent was such an attractive rate that I had a job to keep my expressions quite straight. We were delighted to get it. I consulted with Mr. Groom and we both agreed immediately to accept it on what were considered very good interest terms at that date. We did accept it. It turned out eventually that the rate was $7\frac{1}{2}$ per cent. Well what I am saying, Mr. Chairman, is that these were short-term loans. They now have to be converted in the present year and, in spite of these negotiations which took place a week or so ago, when it was said that the Government had saved \$1 million, this money will have to be replaced by

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other borrowed money. I doubt very much indeed, as a matter of fact I question that when the Government go into the markets to raise a long-term loan, whether it be in Deutschemarks or any other way, that they will at this time get a rate any better than $7\frac{1}{2}$ per cent. This has certainly not been the case in all the recent loans that we have seen taken out. The interest rate ranged upwards to 8 per cent, $8\frac{1}{2}$ per cent, $8\frac{3}{4}$ per cent, I think, and 8.9 per cent. Although money is cheaper today than it has been in recent months and years, I doubt very much that it will sink to the point of getting a loan at an interest rate of less than $7\frac{1}{2}$ per cent. I just wanted to correct these statements because the public were given the impression that through some astute maneuvering the country was making \$1 million. To reiterate my point, I think, if the cost of raising the original loan is taken into consideration, the up-valuation of the Deutschemark in the meantime is taken into consideration, the cost of conversion and the maneuvers which took place a couple of weeks ago, I do not think there will be a profit of \$1 million taking place, in fact I would be very, very surprised. There is some cost to the Government. I think this should be explained. I hope that the hon. Minister of Finance, with the advice of his assistants, will be able to explain to the House exactly what these maneuvers were and where the \$1 million has come from? It is a bit of a mystery to me and while I do not claim under any circumstances to be any expert on foreign exchange rates, I think very few people can claim that distinction.

The facts on the surface do not bear out. In a transaction of this type, on the long-range, from the time the original loans were made to the time that they were finally being converted, that there can be a real profit, an actual profit of the \$1 million, I should like the Minister of Finance to explain how that figure was arrived at? Now speaking generally on the Department of Finance, I expressed in a previous debate great pleasure at the fact that the staff of that department has been

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strengthened considerably over the last few years. I have always said that the Department of Finance, in my opinion, was about the most vital and important department of the whole Government system, because it is on them that depends the efficient collection of our revenues and the efficient policing of the expenditure of our money. I have always felt that far more responsibility should be placed upon the officials of the Department of Finance and that their staff should be strengthened so that they can virtually be the watchdogs over all of the financial operations of the Government.

Now somebody may well say that we have an Auditor General's Department and if there are any mistakes made that he will, in his checking and so on, catch up with all of this. The Auditor General is a very busy man. He is always complaining of being short of staff. It takes him months and months to get around to the various departments to do the different audits. Sometimes it is a case of locking the stable door after the horse has bolted by the time the Auditor General is able to get around to it. We see this repeated year after year in the Auditor General's Report. Therefore, the prime responsibility in trying to prevent this sort of thing taking place lies with the Department of Finance. It is for that reason that, during the period I was there, we tried valiantly to strengthen the Treasury Board. It is to the Treasury Board that all requests for expenditures in different departments come to be approved. With an efficient Treasury Board staff, qualified people from that board can go into the departments and dig very deeply into the reason for these expenditures, why they are required and if they are essential, and if the money is being properly spent or properly allocated? I think that this is a very essential point by which the finances can be controlled, that is the expenditures of Government. I cannot lay enough stress on the fact that ^{there} should be and must be a very, very efficient Treasury Board staff in the Department of Finance. I am delighted to hear that this is gradually being done. It was started in my time and it has been improving all along the line. We have to get well-trained

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fellows, with commercial and economic degrees, who know what they are talking about and know what they are doing. They would really look into the finest details of this.

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Tape 790(Afternoon)

JM -

MR. EARLE:

As I mentioned the other day, there was always a certain amount of resentment, mainly due to misunderstanding, I think, of the predominant role that the Department of Finance was taking, under my guidance, because it was felt that perhaps I was getting far too much of the considerations on the decisions which I advocated. I imagine that the present Minister has the same battle on his hands. But the point is that the staff of the Department of Finance can be of inestimable benefit to all other departments of Government. This is where the thing starts, this is the crux of the whole control organization and until you get the commencement, the start of the control in order, do what they will, there are other departments of Government who can very easily fall down on what they are doing because the profit control is not exerted over them.

So I feel that there should be no question whatsoever in Government between departments as to the particular favours or consideration which might be given by Treasury Board to the Department of Finance, because it is in that department that the key men of the Government are required and are needed so badly. We are operating today such a tremendous business of \$500. million a year that even simple bookkeeping errors can cause millions of dollars of mistakes. But it is far more serious than bookkeeping errors, it is the interpretation of policies of Government in expenditures which may cost unestimable quantities or sums of money. Therefore, while it may not be the most popular department in Government, the officials in that department may not ever suffer from an overburden of popularity, they are the most essential and diligent arm of Government and must be that, must always be that.

Now I do not know how the department is getting on now but at the time that I was there we had an excellent Deputy Minister and

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Tape 790(Afternoon)

JM - 2

MR. EARLE:

controller in the person of Mr. Groom. Now Mr. Pepper has stepped up but I do not think he is quite in the same position, as the financial adviser to the Premier, as Mr. Groom was. I do not know how the department operates now along these lines but I remember, I recall very well that when Mr. Groom was appointed he more or less searched all the financial institutions, the Premier did, to get a very highly qualified man to advise him on finances. It gives me cause to wonder at the present time, without the services of people like Mr. Groom, just how much basic financial advice the Premier is getting. I always am a little bit suspicious of the type of financial advice that the Premier may get from our consortium of bond houses and so on. The bond houses are very adept at saying when the right time to go into the market to borrow money is and when our best chances are of raising it at the most favourable rates and that is a service, of course, they can render to any Government.

But there seems to me always to be a bit of a conflict of interest in taking advice or too much advice from bond sellers because, although they may go by high-falutin titles and so on, this is virtually what these people are. They have a very great self interest in it because they gain high commissions. The promoters and salesmen for our bonds do earn considerable amounts of money and, in order to protect their own reputations, they are not going to recommend transactions which will react to their disfavour but, at the same time, the temptation is there to make a dollar and this is exactly what bond salesmen are doing. Whether it is the best advice to Government that they give or not, I sometimes question that. Even if it were the very best advice that was coming from these people, it needs to be checked and double checked and trebly checked by people who have our own particular needs in mind, the people within

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MR. EARLE:

the Department of Finance who know our capabilities and what we can handle and what we can look after and who themselves will act as advisers to the bond houses and actually the bond houses will act or should act more upon the advice of what our qualified people see to be our needs and upon what they interpret them themselves.

So there must be a double check, there must be the ability of the bond houses to know when they can get the money on the best terms but there must also be very strong ability and very qualified ability in our own department to ascertain and determine exactly what our needs are and what we can cope with. I think the basis of many of the arguments in this House on financial matters has been a strong doubt or opinion, particularly on this side of the House, as to just what the Province can cope with. Much has been said about the extent of the public debt and how rapidly that has been increased and whether or not the Province can take care of it in the future. Well this, on a scientific basis or on a practical basis, can only be determined by very, very qualified people who can forecast and see the picture developing. Taking all the evidence they have in their hands at the present time and developing that into the future and forecasting, then they can determine really how far this Province can go.

I think in most circles financial people are apt to be conservative in that way. Business is not noted for taking big risks but it is a great safeguard to Government to have people who are of the mentality that they put the brakes on when necessary. This is where in the Department of Finance people of that type of disposition and character are very, very badly needed because there is always the attitude and the anxiety to spend money, particularly in politics. When politics enters into the business of Government, the temptation

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is to spend beyond our means and it is only with the safeguards of properly qualified financial people that sensible brakes can be applied and this is where the Department of Finance does have a terrific responsibility.

I raised this whole matter by questioning the present structure of the Department of Finance and wondering if the top echelon of people on financial advice to the Premier and to the Cabinet get through to that body, if there is sufficient consultation, if there is sufficient advice coming up all the way up the line and not after a policy has been decided but before a policy has been made. This is one of the points where I was always in some disagreement with Government that policies of Government have all too often been formed, which will cost high sums of money, without the prior investigation being made as to how this money is going to be provided or even how it is going to be spent. Now this in Government is tremendously big today and you can take any of the large spending departments and any one of the Ministers can come up with what sounds like a tremendously good idea and he may be enthusiastic about it and he may feel it is wonderful and from a political stand it may be the best thing that was ever announced by any Government but from a financial standpoint it may be disastrous.

I know some of the policies which have been followed through in the Department of Education, both while I was there and after I left, have cost this Province far more money than was anticipated at the time, and this was all done because the proper investigation was not carried out. The decisions were reached far too hastily. They were without proper consultation and without proper investigation.

I think that the officials of the Department of Finance, who after all had the responsibility for finding this money and seeing how it is spent, are the very ones who should have a very strong finger in advising

MR. EARLE:

Government on whether a certain policy is practical or otherwise, not after the policy is announced, I repeat this; not after the policy has been announced but before the policy is ever announced.* It must put these officials in very embarrassing positions indeed to find that after something has been announced and some programmes are signed that then it is turned over to them to say, "Well, this is Government policy, you find the money for it." This has happened altogether too often in the past.

So, Mr. Chairman, with these few opening remarks on finance I will leave it at that and discuss the items as we go on through the estimates.

MR. JONES: Mr. Chairman, I am quite aware that the hon. the Premier, on my promptings, said that we made \$1. million when the Deutschemark floated. I am quite prepared to admit too, as my predecessor did, the hon. member for Fortune Bay, that when anybody tries to explain what goes on in the foreign exchange market you are into a very deep area, and I do not profess to be a financier, believe you me! But I understand from my advisers that at the time we had \$40. million Deutschemark on deposit in Germany, in other words the equivalent of \$10. million Canadian, before the Deutschemark was floated. Well, where we make the million dollars, this is on paper. Now the Deutschemark has gone up from approximately twenty-five cents to twenty-eight cents, so we estimate on the deposit that we have in Germany we will make about ten per-cent on the million dollars.

Now that may be a very lamish sort of explanation but that is the best one I can give. But I would be quite prepared - I am sorry that the Deputy Minister and controller are not available this afternoon, as I was not sure until a late hour whether or not we would get through the NLC estimates. He is not available but I think he can give you a

MR. JONES:

better and more scientific explanation of that. I want to assure my hon. friends opposite that it was not said, on my part, to try to mislead the House or the people of this Province that we made \$1. million, that was not the case at all.

Now, Mr. Chairman, the hon. member made some reference to the Department of Finance and I want to thank him, I am sure, for his very kind remarks to the staff and the work of the officials of the Department of Finance. I can assure you that in all my experience in Government I have never worked with a better group of people, more dedicated and most conscientious. Now during the past year there have been several reorganizations within the Department of Finance and reorganization is still going on. I like the Committee to bear in mind that the Department of Finance, apart from finance itself, in the past few years have taken on the responsibility of the Public Administration Division. We have also taken on the responsibility, under Treasury Board, for collective bargaining for the whole of the public services and the non-Government hospitals and boards and quasi-Government institutions.

The Department of Finance is also responsible for the operation of the Newfoundland Liquor Commission. The Department of Finance is also responsible for the operation of the Civil Service Commission but we are no longer responsible for the Newfoundland Computer Company, the Newfoundland and Labrador Computer Corporation. This Corporation now, and rightly so, reports to the Minister of Supply and Services because actually a computer service is a service and, while we carry the vote, I believe, here, this corporation is responsible to Supply and Services. Computer Services is a service and I think that is where it should be. We have done -

MR. MURPHY: Motor Registration, is that under Finance?

MR. JONES: Motor Registration has been in Highways for the last two years. It was in Highways, it went to Finance and they kicked it back to Highways. Motor Registration apparently is something like being Minister of Finance, it is a job that nobody wants. We have had some reorganization. We have moved out the Statistical Department of the Department of Finance, under the director, Mr. David Mercer, into the Treasury Board. Now Treasury Board as it is constituted today is responsible for the public administration division and also for collective bargaining. Now that does not necessarily mean that the Treasury Board Secretariat, which we use for the ordinary operation of Government Departments, is also involved in public administration. We have a Public Administration Division and we are slowly but surely building up a collective bargaining division, under Mr. Ted Blanchard, one time assistant-Deputy Minister of Labour.

Much of the work of the fiscal department, fiscal branch of Treasury Board, is taken up in the ongoing Committee meetings and conferences with Federal officials. I have heard it said here in the House that there is not enough liason between the Provincial Government and the Federal Government as to what goes on vis-à-vis, one against the other. Just before I came here this afternoon, Mr. Chairman, I signed two or three travel warrants for officials of my department who are going up to these continuing committees. These meetings go on between Federal and Provincial officials all the time, I am sure, as my hon. friend opposite is quite aware.

We are involved in the DREE agreements, we are involved in mining tax, we have been involved up to our ankles, head first, in the White Paper and so on. There is quite a strong liason between Federal Treasury Board, Federal Department of Finance and our own Department of Finance. I do not know if there is anything else I want to say in a general manner now, but it is difficult to get the

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type of personnel that we want in Finance. We brought in several again this year and we have the same difficulty, Mr. Chairman, in the Auditor General's Division. It is not a case always of; we have two problems. You get a good fellow, you find out he is a good fellow, you pay him what we are permitted to pay him, he stays for six months, a year, and then somebody will come and get him. It is very difficult to hold on. I am losing two if not three of my top men in Treasury Board staff very, very shortly. They get experience, they are young men with degrees and they go on farther afield, but I think it is natural and sometimes I think that probably the Government is a training ground for these young men and probably, Mr. Chairman, Government rightly so should be a training ground for these men.

I do not think it is always a question of salary. I think they move on for other reasons. They see more progress, a chance of promotion ahead of them, but all in all we have strengthened up Treasury Board and we are making quite a bit of progress in our collective bargaining and our public administration division.

MR. CROSBIE: Mr. Chairman, I have a few questions I would like the Minister to clear up. First I wonder if the Minister could explain, in connection with Consolidated Fund Services, the question came up several weeks ago, why this year -

MR. JONES: You are going back to Head(1) are you?

MR. CROSBIE: Yes, because it is not voted. I am asking you about it now, as the Department of Finance looks after it. Why we are paying \$1,075,000 less this year, apparently than last year, in interest on temporary borrowings, demand loans and treasury bills? Last year, as the Minister knows, we spent \$1,150,000 under those two items and this year he only has \$70,000 in for that. So what is the particular reason for that? Is there going to be less temporary borrowings?

MR. JONES: Well, we were just fortunate enough, Mr. Chairman, at the end of the year that we had surplus funds on hand and we did not have to do so much temporary borrowings. So that is the answer. Now, Mr. Chairman, that the hon. member for St. John's West has reverted to 102 under Head 1, this is the only item that had to be voted under Head 1, I wonder could we carry that item now? Well, Mr. Chairman, we are on Head 1V, can we -

MR. CROSBIE: There might be another question, that is all. The Minister says then that there is not so much requirement for temporary borrowings this year as there was last year because he has funds on hand, in other words -

MR. JONES: We had funds on hand.

MR. CROSBIE: Had funds on hand. Well we are less than two months into the next financial year, There is still ten months left of the year; are there not going to have to be temporary borrowings later in the year? In March the Minister had two bond issues, one in Europe and one in New York, for \$50. million, so naturally he had some of that \$50. million on hand when we went into April this year, You know that is not going to last all year, so why does he feel that there is going to be less temporary borrowings all year?

MR. JONES: Mr. Chairman, I can answer that very, very briefly and that is this, that in the DREE agreement, that we have discussed here back and forth in this House on various occasions, we are getting advanced payments, that is various different progress payments on projects. Now in the old Trans-Canada agreement there was no advanced payments from the Federal Government, you would be paid when the job was done, but here it is different. We can draw down money from the Federal Government toward these various projects, seventy-five per-cent, my colleague tells me, when the contract is let and, in anticipation of

MR. JONES:

this, we feel that we will not need these temporary borrowings.

MR. EARLE: I would like to ask the hon. Minister, Mr. Chairman, concerning the interim supply which this House voted, of \$100. million approximately, it was stated in the House yesterday by the hon. the Premier that that had practically all been used up. Now I understood at the time that this was to carry us from three to four months of the year. Has there been any unexpected expenditure in this part of the year? After all we are not quite to the end of May yet, and the \$100 million is supposed to have been used. Worse than that, the excuse is now being used that the Government cannot proceed with its programmes because the House refuses to vote them any money. Well, we have voted \$100. million and normally the programme should proceed, so how can it be claimed that we have held up in any way the expenditures of money? This is not so. Has all that \$100. million been expended?

MR. JONES: No, Mr. Chairman, all that \$100. million has not been expended and I am quite sure that the hon. the member for Fortune Bay is quite well aware of that. There have been no, as he said, untoward expenditures this year. He says that it has been said that programmes have been held up because money has not been voted, but I do not recall, and I have been here every session of this House and I do not recall hearing that. I am quite sure, Mr. Chairman, that no bills or programmes have been held up by the Department of Finance for shortage of funds.

MR. EARLE: The statement was not made in the House, Mr. Chairman, the statement was made over the radio, outside the House.

MR. JONES: I do not listen to the radio.

MR. CROSBIE: Mr. Chairman, I heard the statement myself. The hon. the Premier said that the obstruction in the House would have to be dealt with by a closure and by all kinds of means because of the fact that

MR. CROSBIE:

the House was still in session and all the estimates were not passed, which meant that the Government could not start its various programmes for the year and that we were holding up money for the Government. Now would the Minister confirm that the \$100. million that we voted in Interim Supply, with the use of closure, at the end of March, that the Government can still carry on for a while with that \$100. million? Has there been any programmes held up, as far as the Minister knows, because we have not passed all the estimates yet?

MR. JONES: No, Mr. Chairman, I would not say at the moment that there are any programmes being held up because the estimates have not been passed. But I think it must be obvious to all members of this Committee that one of the essential things for departments to know is to have their estimates passed, to know the sum total that they are going to get. We are dealing here with the "red" estimates which have not been approved by the House. If I were a Deputy Minister myself I would feel a little bit leery, being a civil servant and launching into a lot of programmes with no authorization from the House. He would be placing himself in a position of spending money before it had been voted, whether you have Interim Supply or Supplementary Supply or what have you. I think, for the protection of the civil service and so that we can get ahead with our programme, quite frankly, if I had my way, I would like to see this House opening in January and close before the end of March -

MR. CROSBIE: Here! Here!

MR. JONES: and then, let us get down to the business. But we are here day after day after day. I think, if the Premier said it I did not hear him but he is quite right in saying the fact that the estimates are not through, while technically it may not be holding up the work of Government, it is in effect hanging up the work of Government. The

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MR. JONES:

quicker we can get them through the better.

MR. CROSBIE: First, Mr. Chairman, the Minister of Finance confirmed that the Premier's statement was poppycock, designed to fool the people of the Province. There is no programme of Government being held up at this moment because the Government does not have money. It has \$100. million it jammed through this House at the end of March. That is an amount of one-fifth of the total vote for this year. The Minister confirmed that. Then he knew he had to recover the ground because it contradicted what the Premier said and suggests that programmes might be held up because civil servants might be nervous if all the estimates are not passed. Now that is

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MR. CROSBIE: absolute nonsense. The Government of Canada carries on its programme all during the year and the estimates go through month after month and this House is no different. When the Government needs money it has a majority. Everyone in the Country knows that the Estimates are going through.

MR. CHAIRMAN: Could we just stick to the item that we have before us?

MR. CROSBIE: I think we are discussing Finance, Mr. Chairman.

MR. CHAIRMAN: It is not Finance, it is the Department of Finance.

MR. CROSBIE: I am discussing Finance, the Department of Finance is a department that operates the finances of the - Are we not now to discuss the financial matters of the Department of Finance?

MR. CHAIRMAN: The hon. member was not discussing that at the time.

MR. CROSBIE: As to the opening of the House, the date of the opening of the House, we would all like to see it open in January but it was opened March 22nd., and that had nothing to do with the Opposition.

MR. JONES: I was not saying it was the fault - I was just stating a principle, a personal opinion. Actually I think Mr. Chairman's, his suggestion is a request. He did not say as much, but he asked to revert to head (I) for an explanation on debt management expenses. I gave the explanation and I asked if we could pass head 101, which is the only voted item in head (I).

MR. CHAIRMAN: The item that has been called now is 401.01, if hon. members are willing to revert to head I - Consolidated Fund Services, for 101-01 there, the Committee can do it but without the unanimous consent - Well then let us revert to heading I - Consolidated Fund Services. All members can see certain items there that were statutory.

MR. CROSBIE: Could we ask a question under 107.01, we know it is statutory? Issues under guarantees, \$1,500,000, this would be an amount that the Government calculates it may have to pay this year because loans the Government guaranteed, the borrowers will not be able to meet these loans. I assume that is what it is. Last year the amount paid was \$1,392,000. Could the Minister confirm that this is what that is and just say what it is based on.? How does he know it will be this amount? Is this amounts presently in arrears, that he knows had

MR. CROSBIE: to be paid this year?

MR. JONES: These are issues under guarantees, Mr. Chairman, that we feel we may have to meet this year. It is just an item we have there if we are called under our guarantees, we will have to meet them. The exact figure, I am informed is, \$1,502,000, I think here it is rounded out to \$1,500,000.

Department of Finance, Head IV

MR. CROSBIE: On 401.01, Mr. Chairman, I have some questions. The Public Administration Associates of Chicago did a survey for the Government, perhaps they are still doing it, to classify all positions in the Civil Service. I think they are doing it also for other Crown Corporations and the like and Government Corporations, could the Minister tell us whether all Civil Service positions are now classified and if that is the case, has the machinery now been set up for hearing appeals if a Civil Servant does not agree with his classification or reclassification? Is the Appeal Board now functioning and just what is the status of the reclassification?

MR. JONES: Mr. Chairman, I will try to outline the present situation as best I can. The Public Administration Services, now I want to make this quite clear, the Public Administration Services of Chicago have not been with the Government of Newfoundland, Department of Finance, since July 1st. last year. Since that time, the Public Administration Division, I think this is where the confusion is, you have P.A.S. and P.A.D. and people keep thinking of them as the same thing.

The Public Administration Division, since last year, have done a reclassification of the whole public service and when I say the whole public service I mean to include the boards and commissions, the non-Government hospitals and various other groups working in and for the Government.

The classification has been completed and there was a commitment made last year that before the classification and new pay plan would be brought in, consultations would take place between the then N.G.E.A., which is now N.A.P.E., and other bodies representing the public service of

MR. JONES: Newfoundland. Simultaneously, Government agreed that they would grant collective bargaining rights to the public service of Newfoundland.

At the present time we have signed agreements with various branches of the Public Service. The Committee is familiar with them, the police, firemen, instructors in technical schools and technical college and presently we are in the process of negotiating with the nurses. We have still outstanding various other groups, the Fisheries College, I think to name one, I do not mean to single out the Fisheries College, and the whole group of Public Service, which is in the main represented by N.A.T.E. or N.G.E.A., We are in the process of negotiating with them now.

The thing is this, that we are making the reclassification plan, pay and reclassification, a part of our collective bargaining. We feel this is the best way to do it. Now the whole field of reclassification, pay is interwoven with collective bargaining, and with the Appeals Board and other branches of it. I do not think we can move in one field in isolation in this dealing with the Public Service of Newfoundland. I think the whole thing must go along in camera, if we are going to operate smoothly.

To speak frankly, I have been very pleased with the results and the results have cost me money or cost the Government money, I assure you, but we have been quite pleased with the atmosphere and the relationship that we have built up.

Now the hon. member for St. John's West asked me specifically if the Appeal Board had been set up. The Appeals has been set up, yes. It is not functioning, for the simple reason we have not completed the Collective Bargaining regulations. This is all part and parcel of the same thing. The reason, I am sure the Committee is aware, as was mentioned here earlier this week, that the Newfoundland Federation of Labour, the N.G.E.A. and other labour groups, representing public servants, have asked us to go slow in bringing in, as they call it, Bill, (using an American term) Bill 85 of last year, "The Collective Bargaining Public Service Act and Regulations."

While, of course, I have been going slow on this for the past year, for the simple reason, this is our first approach into this field and I would

MR. JONES: like to see the whole thing come up together, so that when we bring in our Act, when we bring in our regulations, we will be operating from a firm base rather than from a sort of a hodge-podge position. I can only repeat what I said to the Federation of Labour a few days ago, that I feel quite certain that anything that we do in this field of collective bargaining and other public relationship with the Public Service, that it is the intention of Government that whatever we do will not be unpalatable to the Public Service.

MR. CROSBIE: Mr. Chairman, in connection with what the Minister has said, could he tell the House whether the Public Administration Division - has the Minister got any information from that Division, for example, in connection with classification, as to how many female employees of the Government Service will receive pay increases as a result of the equal pay for men and women principle announced by the Premier before the House met?

Equal pay for men and women is supposed to commence, as the Minister knows, April 1st., 1971 and has not yet, but the Government said it will be retroactive. Does the Minister's Department know how many women will be affected, who will receive increases, strictly as a result only of this new principle, that they are doing the same kind of work as men?

MR. JONES: No, Mr. Chairman, I am sorry I do not have that information. The information is being brought forward by Department of Health officials and officials of P.A.D. One of the reasons too is that, as the House is aware, we have just been going through a series of negotiations with these non-Government hospitals, until this thing is out of the way, we will not have a clear picture, but shortly we should know exactly what the numbers are.

MR. CROSBIE: Could the Minister say then how the figure of \$750 thousand was arrived at by the Premier when he made his announcement?

MR. JONES: Mr. Chairman, I have already answered that question here at an earlier, another occasion -

MR. CROSBIE: I must have missed that one.

MR. JONES: You might have missed that one. Yes, it is quite true. It was a figure given, I understand the Premier, by officials of the Public Administration

MR. JONES: Division and officials of the Department of Health.

The Premier asked the officials if they could come up with a round, flat figure, if you want to put it that way, of how much it would cost for equal pay. I was off duty at the time, I am not familiar with it, but this is my understanding. With a rough calculation, it was estimated it would cost \$ 750,000.

MR. CROSBIE: Another question, Mr. Chairman, could the Minister tell us whether the Government or any agency of the Government, including Newfoundland Industrial Development Corporation, now has on deposit any monies, at any bank or other financial institutions outside Canada, and if the Government does, where and what amount and why?

The Government, as the Minister remembers, the Government could not do this until the Revenue and Audit Act was changed last year.

MR. JONES: Apart from the Deutschmarks that I mentioned a few moments ago, Mr. Chairman, it is my understanding that we do not. We have, as you were referring to, banks, like Franklyn Bank - no that matter has been cleared up.

MR. CROSBIE: Could the Minister tell the House, Mr. Chairman, what the reason was for the guarantee of a loan by the Government to Atlific Newfoundland Limited? Atlific Newfoundland Limited is a private Corporation that manages the Holiday Inn hotels, which are owned by a Government Crown Corporation, but it is not itself a Crown Corporation, it is a private company that is managing these hotels, under management contract.

Incidentally, the Premier promised, five or six week ago, to table in the House a copy of the management contract entered into between the Government and Atlific Newfoundland Limited, under which they managed these hotels, and it has not been tabled yet. I wonder if the Minister could remind the Premier about that? The hon. the Premier does not seem to take any notice of it now, but he did promise to table that agreement. I am sure he would, if the Minister of Finance would remind him. But can the Minister tell us why this loan was made, \$150,000 to Atlific Newfoundland Limited? I am not sure, but the loan may have been repaid since. There was a question put on the Order

MR. CROSBIE: Paper, I do not know whether it was answered or not.

MR. JONES: Mr. Chairman, I am afraid I do not know the reason.

MR. CROSBIE: You could get it though, could you not?

MR. JONES: I imagine, Mr. Chairman, if the Government loans anybody money it is because they need it.

MR. CROSBIE: Yes. There is no question about that.

There are a couple of other points, Mr. Chairman. We do not want to make any speeches, we just want to ask the odd question, that is all. I have a great admiration for the way the Minister answers questions.

What has happened, Mr. Chairman, in connection with this question of the Iron Ore Company of Canada and the mining tax, that is in dispute, that \$500,000 that was mentioned in the Auditor General's Report for last year, additional royalty amounting to \$504,076, has been assessed the Iron Ore Company of Canada, by the Government on the Iron Ore Company; but not paid by them?

MR. JONES: Mr. Chairman, we are still battling away at this question, the question of the tax for the Iron Ore Company of Canada. We have not dropped the issue. We are still trying to come to some agreement on it.

MR. CROSBIE: Are they disputing that this amount is owing? Is there a dispute as to whether this is owing or not?

MR. JONES: I would not say, Mr. Chairman, so much as a dispute; I think it is more of their discussing the legal technicalities of whether or not it is owed. I think that once the point is resolved that it is legally owed; the Iron Ore Company will pay. It is a legal, very, very involved thing.

MR. CROSBIE: I asked the Minister a question the other day about the Superannuation Act of the Government of Canada, as it applies to employees of Newfoundland who transferred to Canada in 1949. Apparently the Government of Canada is going to permit retirement at the age of fifty-five years, for people who have thirty years service with the Government. But the Government of Newfoundland will have to agree with that, applying to former employees of Newfoundland who transferred in 1949, with respect to their previous years of service. The Minister said then that the Government of

MR. CROSBIE: Newfoundland had not been contacted up to that time by the Government of Canada, about this question, but he felt that the Government of Canada would agree to this applying to the former Newfoundland employees, has he received any representation from the Government of Canada yet?

MR. JONES: No Mr. Chairman, I am advised by my Assistant Deputy Minister, who is also Chairman of our Pensions Committee in the Department of Finance, and he advised me right at this moment, that up until now we have not received one solitary word except what has been read in Hansard from the Federal Treasury Board.

I may say, Mr. Chairman, in passing, that it is the feeling of our Pensions Committee and the Department of Finance that we will go along with the Federal Government's position.

MR. CROSBIE: One final question then, Mr. Chairman. This is a question that is on the Order Paper. I wonder if the Minister, if he cannot answer it now or could answer it next week and that was in connection with the issues of debentures.

AN. HON. MEMBER: Are you going to be here next week?

MR. CROSBIE: We will be here next week, unless we sit for the sixty-four or eighty-four hours straight, at which time we may tire, you know, but it will take that. We are not going to be bullied by Saturdays; we will meet Saturdays and Sundays, forty-eight straight. We wonder who will drop first? We are not worried.

Since April 1, 1969, the question is: "In connection with issues of debentures sold by the Province of Newfoundland, what was the total amount paid out by the Government in legal fees, and to what legal firms were these legal fees paid? The total amount paid each legal firm in those two years? The other part of the question was: What is the total amount it is costing the Government in commissions, underwriting fees, and other expenses?"

MR. JONES: Would the hon. member give me the number of that question. I have a feeling that I have answered it?

MR. CROSBIE: I have not got the number on me, but I will look it up for you.

MR. JONES: I have a feeling, Mr. Chairman, that that question has been answered.

MR. CROSBIE: I do not think so. Anyway we will resolve it together. You have the information anyway, if it is not answered, have you not.

MR. EARLE: 402-01, under this heading, Mr. Chairman, General Administration, this covers just about everything in the Department in the way of taxation, central accounts and so on. I would like to ask the hon. the Minister, under the S.S.A. taxation, what amount is outstanding or was outstanding as at 31st. March on delinquent S.S.A. collections and at the same time, if he has the figures, can he advise the House how much was collected on delinquent taxes during the 1970 fiscal year.

MR. JONES: The total of arrears, as of March 31, 1971, was \$2,321,838. Now, in saying that I want to make an explanation: During the past year we have strengthened our audit and compliance staff to the point now where we have thirty-five men in the field and for the first time in history our compliance officers and auditors, and field staff, are able to make more or less regular assessments and visits to various businesses and we are finding that the more checking you do, it has a tendency to build up the arrears.

In talking to the Assistant Deputy Minister for Revenue, I asked him the question; if he was alarmed about this amount outstanding; He said; "no, it compares very, very favourably with the position in other provinces." This thing fluctuates and I have a little graph here, Mr. Chairman, which shows the rate of collection.

In April of 1970, it was down to \$2 million, and then, for some reason or other, as the weather improved, it went up to a high in October, to \$2,500,000 and took a big dip in January, it came back down to \$2 million and so on. This thing fluctuates.

We are using now the legislation that we have the power, under the legislation, we are putting penalties on people who fail to report on time. I think the rate is \$10 for the first offence, \$10, a return; \$25 for a second offence and \$50 for a third offence.

MR. JONES: I think I am correct in saying that beginning the 1st. of July this year, we propose to introduce interest on overdue S.S.A. payments. That is where a person is delinquent, who is making no effort to pay, we propose to charge them interest.

MR. MURPHY: Mr. Chairman, just on this particular matter: We had a list, I have not seen one this year, of arrears for S.S.A. and on that list were quite a number of licensed outlets, I am wondering if not the Department had the right, in lieu of not being paid, to cancel the licences or suspend them or something like this? Because, after all, it was an astronomical figure that I saw last year, many, many thousands of dollars, and this is money that is collected directly into a very well paying business and instead of abusing-- the people paid to the Government, not the operator, and if he is diverting that to his own use, that is a criminal act, as I see it -- perhaps a little store or something like this.

MR. HICKMAN: Inaudible.

MR. WORNELL: In a great many cases it would be unpaid accounts. Unpaid credit accounts now, I mean.

MR. MURPHY: In a tavern - you are not allowed to charge beer in a tavern.

Mr. Jones.

I cancelled their registration. I have asked the Board of Liquor Control not to give them any more booze. I have closed them up. I have agreements with them. In some cases, I have an agreement where every week they put money into a trust fund so that automatically the money goes into a trust fund into the bank and the bank pays it directly into us. I can assure you that as far as the collection of S.S.A. is concerned, I have not been pulling any punches and I know my friend has not either. This is money which is taken from the people in trust, to be handed over to the Government. I have no sympathy at all with any one who does not pony up. As my hon. friend from Hermitage says, a lot of these arrears which I have mentioned here, are on unpaid accounts, big accounts to .

MR. MURPHY: I am also speaking of the licenced outlets.

MR. JONES: Oh, you leave them to me. I will watch them.

MR. MURPHY: But you cannot open an account at a beer parlour.

MR. COLLINS: We asked for a list of the delinquent -

MR. JONES: Mr. Chairman, under the Act, I am not permitted to disclose the names. I cannot give you the list.

MR. COLLINS: (Inaudible)

MR. JONES: The names of delinquents? I doubt it.

In answering the question -

MR. COLLINS: Every year since I have been in this House, it has been tabled.

MR. JONES: Well not since I have been Minister of Finance. I gave you an opinion from Mr. George McAulay, Assistant Deputy Minister of Justice, which states that this information cannot be used for any purpose except for the enforcement of the Act.

MR. EARLE: Mr. Chairman, there used to be a position known as the Assistant Deputy Minister in charge of Revenue. Do we have such a person now? What is the position known as?

MR. JONES: Mr. C. W. Earle, as I am sure you know, is the Assistant Deputy Minister of Expenditure. And Mr. Bernard Carew is the Assistant Deputy Minister of Revenue. The post of Associate Deputy Minister has not been

Mr. Jones

filled as of this moment.

MR. EARLE: Mr. Chairman, while we are still on the subject. Is the practice still being followed and adhered to of any firm to which the Government owes money, say for social services or any other division of Government, are such monies being withheld until all S.S.A. taxes or any other indebtedness is paid up? Are there any cases where money is paid out when the same person owes money to the Government?

MR. JONES: The only case when any money is paid out, Mr. Chairman, is, inadvertently a case might slip through in the process of business, that we are not aware of. We are using the countering system with the Crown Corporations, if they owe money - yes. We have a system now where we check with the Central Pay Office on the Main Lobby and anybody that owes money to the Government, we are sticking strictly to the provisions of the Revenue and Audit Act and making sure that we grab it before it goes out.

MR. MURPHY: Just a question, Mr. Chairman, on the answer with reference to the publishing of delinquents for S. S. A. This list is apparently not being released, according to the minister. By what means, and I have been just informed of this, does the Credit Bureau get this to publish every month in their report to their customers?

MR. JONES: These, Mr. Chairman, I would take it, would be cases that we are prosecuting in court for arrears of S. S. A. The Credit Bureau or down on Brad Street, anybody can pick it up. We do not give it out.

MR. MURPHY: It is only prosecutions?

MR. JONES: Any correspondence that we have in connection with S.S.A., as between the Government and the person concerned, goes out by registered mail.

MR. EARLE: Mr. Chairman, would the minister tell the House, in connection with gasoline rebate on the fishermen's gasoline, I believe it was known as "acto" once upon a time, how rapidly is that going through? How long does it take a fisherman, after establishing a claim or a dealer establishing a claim, before he gets paid? My reason for asking this is that I continue

Mr. Earle.

to have inquiries from my district about people who are awaiting the payment of gasoline refunds. Are they being held up for any reason?

MR. JONES: Yes, Mr. Chairman, I am well aware of the position on the southwest coast, because I have had very strong representations from that area as well. Actually, I think the procedure is that a fisherman can claim within three months, every three months. He must claim within twelve months. I would draw the attention of the committee that I have an amendment to the Gasoline Tax Act before the House at the moment, in which I propose to recommend that we abolish this rebate system. It is costing us too much in administration. It is causing confusion between the fishermen, the distributors and the oil companies. What I propose to do is to go back to the old system, where the fishermen do not pay the tax. We have to get the legislation through, Mr. Chairman, before we go ahead, because there might be some form of licencing, as the hon. the Leader of the Opposition suggests. But I hope in this session to be able to get the amendment through, so that we will not have this rebate system. It has proven to be too cumbersome. As my hon. friend says, in isolated areas with which he is familiar, the Great Northern Peninsula, out in Notre Dame Bay where they probably still do not have the up-to-date ways of doing business and bookkeeping, it is causing confusion compounded. I hope to go back to the straight system of not paying it at all.

MR. MURPHY: That sounds like an excellent idea, Mr. Chairman. I can imagine that it would do away with a terrific amount of bookkeeping, back and forth. But while on that, Sir, I brought up a matter a few days ago with reference to a request from Labrador South, regarding the winterized vehicles and whatnot and the price to pay for gasoline there. I think the hon. Minister of Labrador Affairs told me that it was actively being considered by Government. I was wondering if the Department of Finance know how far we have advanced with this or has there been any meetings on it for this particular purpose, to treat them the way, actually as they use their boats in summer and actually their track vehicle is the same in winter for firewood and this type of this

MR. JONES: Yes, Mr. Chairman, we have been looking into it. There are so many grey areas in it that I do not know where to move. I have a great sympathy for the representatives from Labrador, for the people there using their ski-doo's and other equipment, for the means of a livelihood and for hauling firewood or if you go into get a caribou. But then, on the other hand, how are you going to - are we going to give Mr. Mulholland, Churchill Falls? Are we going to restrict it to Labrador? Are we going to bring it over into the Great Northern Peninsula where the situation is the same? Are we going to bring it down into White Bay? We have been looking at it and probably the game is not worth the candle, probably we should say that we should treat these machines as fishing boats, I really do not know. Some of our gasoline inspectors have been looking at it and I hope (I will not be this winter now because the winter is over) that we will be able to - it is a vexatious problem for the people that have to depend on those machines for their livelihood, I assure you.

MR. COLLINS: Mr. Chairman, tax exemption is one thing. The fishermen and others having to pay a tax on a barrel of gasoline and go all through the summer possibly buying ten or fifteen or twenty barrels of gasoline, which means that those fishermen are required to come up with an additional amount of money which they might well be able to use in buying nets or for any other purposes. Is this what was raised?

MR. MURPHY: Go on.

MR. COLLINS: There must be some better way where a check of the amount of gas used can be kept and the men required to remit the tax afterwards, if that is the best that can be done.

MR. JONES: The hon. the member for Gauder was absent when I explained that we hope (actually it is Bill No. 61) to abolish this and go back to the old system, where we do not pay any tax at all - get rid of the rebate.

MR. COLLINS: Why cannot we do it?

MR. JONES: We have to get legislation through this House first, Mr. Chairman.

MR. COLLINS: Call it some day and we will put it through.

MR. JONES: It is here, look!

MR. EARLE: On this item, Mr. Chairman, I note that the minister expressed dissatisfaction with the Audit Division. It has been greatly strengthened. This was always a bit of a sore point down there, I know. I was wondering if the minister could inform us, during the past year how much, in the way of taxes they collected from Mainland companies, where auditors were sent away to check on these accounts? I remember the year that I had something to do with it, we collected \$2 million in taxes which we would not otherwise have gotten had we not sent auditors to the Mainland to check books. Does he have that figure?

MR. JONES: No, Mr. Chairman, I do not have that figure with me. I would be quite happy to get it because it is a sizeable amount. As a matter of fact I was told a few days ago that one auditor came back, on one trip he came back with \$65,000, just on one visit. As I said a few moments ago, I think Mr. Carew is within my hearing, he will probably be able to get that figure shortly.

MR. EARLE: The other division down there which often came in for great criticism was Central Accounts. This was very weak a few years ago. I know that now there is a staff of twenty-nine. Have all positions been filled and is that division functioning well?

MR. JONES: Mr. Chairman, here to in Central Accounts, we are doing a bit of reorganization. As a matter of fact, we hope to get out of the old fashion machines. They are noisy. They are troublesome. They do not fit in with the computer system. We have at the moment two vacancies and one new post has been created for the position for a chartered accountant who will be in charge of this particular division, with particular emphasis on trying to dovetail all of the operations of the various departments of Government into the operation of the Department of Finance, on to the computer. At the present time, although the system is working very well, there is a difference in the accounting procedures in various departments of Government. This comes to a crunch in our Central Accounts Division. What we hope to do

Mr. Jones:

we are getting this chap in and having him to try to smoothen out the whole flow of the accounting procedures, not only within the Department of Finance but for the whole Government as well.

MR. EARLE: Mr. Chairman, the computer centre which is now removed from the Department of Finance, was a branch of the Department of Finance. It started down there on that floor. It was a modern type sort of thing, to walk past it and see the wheels flying and so on. This has now been moved over, I understand, to the basement of Elizabeth Towers. That was done a couple of years ago, in conjunction with the Memorial University who also had a computer centre. In going through our estimates, I notice (This is also included in the Department of Finance) a certain charge for computer services. Each department is charged so much for the use of the computer service. I wonder if the minister is in a position to tell the House if that computer centre has not reached the stage where it is self-supporting or does it cost the Government anything and, if so, how much?

MR. JONES: Mr. Chairman, I have the report of the Newfoundland and Labrador Computer Services Limited here. It is not an audited report but Mr. Kelly, the President, has given my deputy permission to use it. Actually the Newfoundland Computer Services is self-supporting. It was started without any Government assistance, oddly enough. It is operating on a revolving bank loan of \$175,000. There is quite a massive amount of information here. This report, after it has been audited, will be made public. I seem to think that last year they had an overall profit, operating profit, of something like (I cannot find the figure right of but I will make a shot at it) \$160,000.

MR. EARLE: How are the various departments charged? They use peculiar language in this service - how many outputs or something? I could never follow them. How is this arrived at, the volume of work done for each department? Are they charged so much per item? How are they charged for the services of the computer?

MR. JONES: That figure was not \$160,000 Mr. Chairman. It was \$91,000. It is on the hours, I understand, of time consumed in the work.

MR. EARLE: Is medicare still taking the bulk?

MR. JONES: Medicare is the big user, Memorial University, and the Department of Finance, of course, on behalf of all of Government. Other departments of Government are more and more coming into it. The Department of Highways now are coming in on the Equipment Management Programme. The Power Commission is a big user. The Board of Liquor Control will be using it next year. We hope in the Board of Liquor Control to have a computerized inventory control. I know I am not on the liquor estimates. We hope to bring in or we hope to buy our liquor in stock, bulk, on consignment, have it held in a bonded warehouse, instead of tying up huge sums of money in capital, we will run our needs through the computer and we can then buy as we require. Incidentally, I have been told by outside sources that we have the best computer service east of Montreal. We have the best computer service east of Montreal.

MR. EARLE: Has it issued any more \$20,000 to stenographers lately?

MR. JONES: I did not hear that one. They have reached the point now where they are beginning to sell services to outside customers, which is an indication that it is. I think, Mr. Chairman, this committee should be proud of the work that they are doing.

MR. MURPHY: I think the whole Government should be proud to operate something profitable.

MR. JONES: Yes!

MR. MURPHY: Just one question, Mr. Chairman. This may sound just a little silly but it always sort of bothers me, and this is mail and mailing within the Provincial Government. I presume this applies right across the nation. The Federal Government, no postage on their mail - here in the Province there must be a tremendous amount spent on mail. Why is it that a province cannot get the same rate as the Federal Government? I am just

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wondering because, just judging by the small office in here, every month and now you are paying \$.06 forever, you know, it must be staggering. Why is it that provincial governments cannot obtain - have they ever tried? I am speaking under the general mail division on this. I do not think there is any item particularly for it. It is just as a matter of curiosity.

MR. JONES: I have often thought about the same thing myself, Mr. Chairman, Our postate stamps alone, that is this year, we are going to pay the Federal Government \$208,000. Apart from the staff and the equipment, the stamping machines and the meters and everything else, just for actual postage, I really do not know.

MR. EARLE: Mr. Chairman on 403-07, Pensions and Gratuities, I wonder if the minister could inform the House what is the net balance between pension contributions placed in consolidated revenue funds and pensions paid out during the year, say for last year, up to the 31st March? How does this compare with pensions paid out as to contributions received?

MR. JONES: We do not have the figure for this past year, Mr. Chairman. I am informed that the figure is in the Public Accounts. You can find it in the Public Accounts. The net credit in 1969-70 was \$131,245,00. We do not have 1970-71.

MR. EARLE: You do not have 1970-71?

MR. JONES: No, but we could get it.

MR. MURPHY: Mr. Chairman, on 405-01, this is the Civil Service Commission. Allowances have been made here for the Chairman's salary? Have we appointed the third member to this commission yet? Is the minister still looking forward to it? I noticed that we had - I was looking at the salary there and I think the Chairman is \$15,000 and two members at \$10,800 or \$11,000 each. I was just wondering if it is planned (or should I not ask?) for someone else to fill that vacant post during this present year, because provision is being made for it? Have we the total office expenses here, to hire an office down town and this type of thing? In other words is

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this the total cost of the Civil Service Commission, \$63,300?

MR. JONES: No, Mr. Chairman, it is not the total cost because there is a transfer from the Department of Public Works to pay the rent for the offices in on Kenmount Road. Now there is a question on the Order Paper with regard to the refilling of the post of Chairman of the Civil Service Commission. Here again I would like to point out to the House that the Stuart-Kotze Report and the work done by the Public Administration Services made certain recommendations as to how the operation of the Civil Service Commission should tie into the operations of the Public Administration Division. There are probably some fields of overlapping. No decision has been reached as yet as to whether the Public Administration Division should do recruiting and training or whether it should be left to the Civil Service Commission. This is a part of the whole parcel Mr. Chairman in relationship to the public service. We are trying to tread lightly. We are trying to bring the thing in, as I said a few moments ago, as a whole rather than in bits and pieces.

MR. MURPHY: You did not advise that the Civil Service Commission be absorbed into this whole setup, where it would become a part of -

MR. JONES: At the moment, the Civil Service Commission as such is responsible to the minister and not to Treasury Board. Yes, there is a suggestion there probably that the Civil Service Commission on one hand should be strengthened and it has to be strengthened. They are the most overworked people in the whole public service, I would say. I know that some members may not agree with me. They are understaffed. On the other hand, in a Province as small as this, there is always a danger of building little empires around you. I, for one, ^{would} rather see it go on as it is rather than have a duplication of services, having somebody in the Civil Service Commission doing something and having somebody in P.A.D. doing exactly the same thing.

MR. MURPHY: Perhaps this is a leading question but - I should not ask the question, I suppose. It should be integrated into P.A.D., the whole thing

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and remove the Civil Service as such as a sort of an arm rather than an integrated part of Government. Would it not work more efficiently within the department where you have, as I have been suggesting, senior Civil Servants to become a part of this, who would know right from the outset what they are looking for in a man, rather than have a group of people outside the service interview him on certain areas but then to have to recommend him back to the actual department to find out if this is the type of man he wants.

MR. JONES: Oh, Mr. Chairman, I think I better explain that for the past year or more now when ever^a department of Government, when there is an application sent to the Civil Service Commission for a replacement, filling a job, a new post in any department, when the examination comes up, the deputy minister of that department is notified that it is coming up. He has the right and he is requested to have officials of his department sit in with the Civil Service Commission in an advisory, probably in a technical capacity, if you want to put it that way. It is not a case of the two commissioners sitting down and deciding this. If a particular department does not avail itself of the opportunity to go and sit in on the hearing, you cannot blame the commission for that. I am reminded, too, that we always have three recommendations. A department still has the option of choosing one of three or rejecting them.

MR. MURPHY: After listening to the hon. minister's answer, I wonder who is superfluous at these examinations? Is it the three senior members from your department or the two members of the Civil Service Commission? What I am actually trying to get at is the facts. I have been trying to establish for years whether this is an unnecessary expense. Now the minister tells us that if there are applications to be heard, he takes two or three of his senior Civil Servants to sit in on these particular tests. My suggestion is, well, let us forget going there. Bring them in and let them sit down in the department before these three same senior officials.

MR. SMALLWOOD: There was a Civil Service Selection Board.

MR. SMALLWOOD: for each department.

MR. MURPHY: Under the Liberal Government since '49?

MR. SMALLWOOD: Yes, for several years after we came in office. It was there years before we came in, because it was introduced by the Commission of Government. Before the coming of the Commission of Government there was nothing whatsoever in the nature of the Civil Service Commission, or the Civil Service Selection Board.

The Commission of Government instituted the system of Civil Service Selective Boards, and that is really a departmental commission. When we came in office, we continued it for a good many years, maybe, eight or ten years. Then we followed suit, as they have done all across Canada in every province and as the Government of Canada have done, we instituted the Civil Service Commission, which is what we have now.

MR. HICKMAN: Will the hon. minister indicate to the Committee at what level the Civil Service Commission asserts jurisdiction? I know, for instance, if there is a vacancy for a deputy minister, that is not channelled through the Civil Service Commission or for an assistant deputy minister. At what level must an application be dealt with by the Civil Service Commission?

MR. JONES: Mr. Chairman, deputy ministers are appointed by the Lieutenant Governor in Council.

MR. HICKMAN: Right.

MR. JONES: So are assistant deputy minister, chairmen of boards and in the main, members of boards. There is no set level where the Civil Service Commission - I cannot give you a plateau and say, "under this everybody goes to the Civil Service Commission, over this nobody does." The situation is this, that in a large number of the technical services in the Government, a deputy minister or a minister can come to Cabinet and ask that this position be removed from the ambit of the Civil Service Commission. This may be on a personal basis. It may

be a one-shot thing, or it may be that the post is removed permanently.

For instance, there are quite a few posts, as I know from experience in the Department of Highways, that are outside of the ambit of the Civil Service Commission. There are several in categories in Health...

AN HON. MEMBER: (Inaudible)

MR. JONES: That is right, yes. In Health, doctors, and nurses and what have you are all - I cannot say that there is any level.

More and more posts I would say are coming to the Civil Service Commission who get fewer and fewer requests to have positions exempt from the ambit of the Civil Service Commission, as time goes on.

MR. COLLINS: Mr. Chairman, with reference to the question I asked the minister a little while ago, why we did not get an answer to the question concerning the tabling of outstanding Social Security Assessments, where the answer was that it was against the Revenue and Audit Act, and I said it had been done in the past:

I have before me, question (73) of 1969, 'Will the minister supply a list of all persons or firms owing amounts for Social Security Assessment in excess of \$200, when these amounts are outstanding for more than one year?' Here is the list which was tabled: It is a considerably long list naming dozens of firms and individuals and companies across the Province. So, if we received this information in '69, why cannot we receive it in '71?

MR. JONES: The reason, Mr. Chairman, as I said before, it is contrary to existing legislation for me to table it, and I have no intention of doing so. I have given the Committee or the House a legal opinion from the Department of Justice; that I cannot do it.

MR. EARLE: This might be the right place to ask this question: The Civil Service Commission is not resident in this building, it is somewhere else, and I know that computer services are in the Elizabeth Towers, how many divisions of the Department of Finance

are not actually in Confederation Building, but are somewhere else?

MR. JONES: These are the only two, Mr. Chairman. The Civil Service Commission - Computer Services of course, is not Finance any longer. Of course we have men in the field, but we have no other offices in St. John's that I know of.

MR. MURPHY: Would the minister just give us a short bit of information on what they cover. The Fisheries Loan Board or anything like that.

MR. JONES: That is the cooperative, the industrial and the fisheries Mr. Chairman. For some reason or other we carry the salary votes in the Department of Finance.

MR. HICKMAN: General contingency, Mr. Chairman. I do not know if the hon. minister can help the Committee on this, but I have been looking through the estimates and waiting for a vote to come this year to provide for the salary for the ombudsman. I would have anticipated that it would be under legislative, but it is not. The only possible place that I can see where that salary could now be included, if there is going to be an ombudsman appointed by the House, is under the general contingencies of the Department of Finance.

Hon. members will recall that last year there was a great deal of fanfare and unanimous approval when we passed an Act to provide for an ombudsman, who is to be a servant of the House. There is a provision in that Act that if the gentleman or lady is appointed when the House is not in session, it has to be confirmed by the House later on. I had assumed and I suspect other hon. members did too, that Government were very properly awaiting this session of the House, to recommend to the House a person, for the approval or otherwise of the House.

There is no where in this estimate, in the estimates that are before the Committee, any provision to pay for the salary and expenses of an ombudsman, unless it is in the general contingencies.

As, in the final analysis, the hon. minister has the responsibilities for the finances of the Province, maybe he can, if it is not under general contingencies, maybe he can direct the Committees' attention to the vote for this salary and indicate whether or not it is the intention to recommend an ombudsman to the House or do we go by another year without?

MR. JONES: Speaking completely from meory, Mr. Chairman, I do not think that the ombudsman legislation comes under my department.

MR. SMALLWOOD: If we decided to appoint one, the salary could be found in general contingencies. He has to be paid.

MR. CROSBIE: Mr. Chairman, last year on this vote, the House voted \$175 thousand in the estimates and \$312 thousand was spent by the Government, according to the revised estimates, under general contingencies. Could the minister tell us what was actually spent and could he read a list of these general contingencies? There are some quite peculiar items under general contingencies.

The minister this year is only asking for \$200 thousand. What was actually spent last year and on what?

MR. JONES: No, Mr. Chairman, I do not have a list of all the various sundry items that are covered under general contingencies. I think - I was looking at my favourite, I think the hon. member for St. John's West asked me if I could read out a list of all the items that were spent. He did ask me also what the actual was. I think I have that figure here some place, \$339,400.00, that is the actual for '70 - '71.

MR. CROSBIE: That is practically double the amount asked for originally last year.

MR. JONES: That is right.

MR. CROSBIE: Could the minister explain then why this?

MR. JONES: We had more demands, Mr. Chairman, obviously. General contingencies account covers all of the entertainment, official banquets and other functions carried on by dinners, sight-seeing tours, you name it.

MR. CROSBIE: Gratuities.

MR. JONES: No.

MR. CROSBIE: Ex-gratia gratuities?

MR. JONES: No.

MR. CROSBIE: Payments?

MR. JONES: No.

MR. CROSBIE: It has in previous years.

MR. JONES: No, we do not pay gratuities, do we?

MR. CROSBIE: Yes you do.

MR. JONES: Well, it could very well be for the whole Government service. During the past two or three years we have been trying to control getting some probably rhyme and reason into the expenditure under general contingencies. In that, we have endeavoured to restrict Government entertainments to bodies of national or international character which visit Newfoundland for the first time.

We have been more or less successful in doing this but sometimes, it is not always possible to stick strictly to the rule. I notice one item that is here; An evaluation of the Government's pension plans are presently being carried out by Keats, Peet, Marwick and Company. Premiums on non-scheduled air travel insurance: Cost of public administration courses: This is a set of courses that I referred to a few days ago, The ongoing courses in public administration which we have at the university, where public servants, above grade V. I think it is...

MR. CROSBIE: Could the minister supply us with a list of the amounts expended last year under that vote? We will agree to pass it if the minister will agree that we can have the list.

MR. JONES: Yes, I will get a list from the ...

MR. CROSBIE: Rather than have him tabling a question or anything like that, because this is almost, as the minister knows, it is double what the minister asked for, just about. This year there is only \$200 thousand asked for. Could the minister give us that Monday or Tuesday?

MR. JONES: Mr. Chairman, I find now that I have the list here with me. It is handwriting and a general copy. I think it could be more presentable - if I have to read it we will be here all night, there are so many different items in it. I will undertake to have it typed and presented.

MR. CROSBIE: A photostat of the hand-written one will be all right.

Royal commissions, Mr. Chairman, the minister is asking for \$125 thousand for payment of Royal Commissions. Last year we had quite a debate on this item. The amount the minister asked for last year on Royal Commissions is \$40 thousand. I can remember quite a hot and heavy debate went on in the House when I said that \$40 thousand was far too little an amount to ask and that it would be at least three times that amount. I was phoo-pooed - it was nonsense and all the rest of it. I pointed out what Royal Commissions were outstanding, that had not been paid. and the number that were outstanding, including the Royal Commission on St. Lawrence radiation, and the rest of it.

Sure enough, they revised the vote. It shows \$125 thousand, which is three...

MR. JONES: The actual was \$88 thousand.

MR. CROSBIE: Ah! I am glad you let me know that. It was only double and I was going to say that it was "thruple." The actual amount was \$88 thousand, was it? How much was it?

MR. JONES: I can still say that it was \$88,700 Mr. Chairman.

MR. CROSBIE: The minister says it was \$88,700, but I think the officials say it was something else. In any event, whether it was \$88,700 or \$125 thousand, it was either double or triple what the request was last year.

Mr. Chairman, it would appear to me that \$25 thousand seems to be a low amount this year, in view of the outstanding Royal Commissions. There are not all that many, but there is the Fraser Commission. Perhaps there will not be any money needed for the Fraser Commission. it is not likely to report until this year anyway. We

have another ten months of this year.

MR. MURPHY: It was appointed in '65, was it not?

MR. CROSBIE: It was appointed in '65, but probably we will not have to spend anything on it this year. Then there is the Stirling Royal Commission

MR. MURPHY: We will if we are paying by the hour.

MR. CROSBIE: It is by the hour he will be a wealthy man then. There is the Stirling Royal Commission on the Holiday Inn land. There is the Adams Royal Commission on Bay Roberts. Could the minister tell us whether any bills have been received for that Commission yet?

MR. JONES: No. When I say no, the bills have not been received.

MR. CROSBIE: How many commissions is he expecting the \$25 thousand to be used for? Are the bills of all the other commissions paid?

MR. JONES: Mr. Chairman, at the time the estimates were prepared they were all paid except an outstanding amount of \$15 thousand for the St. Lawrence radiation study. This is a matter which has been disputed.

MR. HICKMAN: How much?

MR. JONES: \$15 thousand. We have not received any bills for the Bay Roberts Commission, nor on the Royal Commission on Labour Legislation. We received no bills yet from the Fraser Report or we have received one and paid it, from the St. John's taxation, Doug Fraser. Dr. Rousseau has submitted a bill for \$24 thousand, but it has not been certified for payment. There is no provision in the ...

MR. CROSBIE: Is that bill for the whole Royal Commission that \$24 thousand, or is it just for the chairman? Is this for the expenses of his commission, or just a bill from him personally?

MR. JONES: This is I think for the whole commission, Mr. Chairman. Dr. Rousseau and all hands, a bill submitted by him on behalf of the commission.

MR. HICKMAN: Rousseau?

MR. JONES: Rousseau, yes.

MR. MURPHY: That is forestry.

MR. JONES: Forestry, yes.

On motion, item carried.

MR. HICKMAN: On this -05, Mr. Chairman, would the hon. minister indicate if this is going to be a recurring grant of \$15 thousand to the St. John's Trotting Park Association? I have no doubt at all that that association makes a worth while contribution to spectators in the St. John's area, but it is rather difficult to see how that sort of grant can be found on the list of priorities, when we have all sorts of grants, all sorts of requests from athletic associations, service clubs and charitable orgainzations, year after year, for assistance, that are turned down. Is this going to be an annual grant? Is there any statutory requirement or is there any agreement between the association and Government which obliges the minister to bring this forward each year? What is it used for?

MR. JONES: Yes, Mr. Chairman, I think when this thing was set up there was an agreement signed between the Government and the operator that he would be repaid one half of the tax each year.

Mr. Chairman, I have the answer now to questions asked earlier, I think by the hon. member for St. John's West: Assessments arising out of mainland audits, in Ontario and Quebec only, for the period the 15th of April, 1971, to the 15th. of May 1971, for one month, netted us \$245 thousand. Assessments from all audits for the seven months ended the 31, March, 1971. (These are mainland audits) \$821 thousand.

AN HON. MEMBER: (Inaudible)

MR. JONES: Well, if you collect it, I could not collect it. I mean to say, if you collect it it is not mine.

On motion, Heading (4), Finance, carried without amendments.

MR. MURPHY: I would like to thank the minister and his staff for the very courteous and pleasant way in which we handled his estimates. It is a pleasure to do business with you gentlemen.

HEADING 15, ECONOMIC DEVELOPMENT:

MR. CHAIRMAN: Shall 1501-01 carry?

MR. HICKMAN: Mr. Chairman, this department covers a multitude of sins, and deals with a large number of I will not say related items, in fact, some of them seem to be quite separate and apart. I do not propose to comment on all of them at this time but, Mr. Chairman, an issue that is very current and very much in the minds of Newfoundlanders today is the question of the increase in rates, passenger rates, just announced by Canadian National Railways.

I heard the hon. the Premier say this morning that this will obviously have a very serious and adverse effect on the tourist industry in this Province. So it must; there is no doubt about it. I submit that we have not been getting anything like the tourist dollar into this Province that we should. The investment, the amount being spent by the Tourist Development Wing of the Department of Economic Development, is a paltry \$537 thousand. If we are going to even capture a little of the tourist dollar that our sister Provinces in the Maritimes get. It is "the" industry in Prince Edward Island. It is one of the major industries in New Brunswick and Nova Scotia, and it could be one of the major industries in this Province.

This takes an expenditure of something more than \$537 thousand, which is in particular the amount for advertising and general publicity. I have heard the Tourist Director say this publicly, at addresses here and there, that his budget is not sufficient to enable him to carry on the type of advertising that is so necessary if we are going to attract this dollar into the Province. Only by chance, a couple of days ago, I came across this month's issue. (to give you

an idea of what I am referring to) of a magazine called "Carte Blanche." It is put out by one of these credit organizations, a world wide or North American Tourist Companies. There is another one called "Travel." That too is put out by I think it is "Diners," or I do not know who it is...

AN HON. MEMBER: Insurance companies.

MR. HICKMAN: No, no. It is not an insurance company, it is a tourist publication. The thing that caught me very forcibly is that, in "Carte Blanche", which has a tremendous circulation, because it goes to most Americans who travel today use credit cards and it goes to all the holders of credit cards. I think "Travel" is by the "Diners' Club" but I am subject to correction on that.

AN HON. MEMBER: I think that is insurance.

MR. HICKMAN: No, it is either "American Express" or the "Diners' Club." I do not know which, but here is "Carte Blanche," the last issue, the May - June issue. It is on Canada. It deals with Quebec, the Maritime Provinces, Montreal, Toronto, and British Columbia. When you go through the articles, they are well written. They are designed to catch the eye of the average American family, not the millionaire who wants to come down and spend three days fishing on the Gander, but the people who want to make and who will only make one visit in a lifetime to Newfoundland. People who want to come in and see the historic sites, who are not particularly interested in lounging around sandy beaches and who are not particularly interested in staying in luxurious hotels with exquisite cocktail lounges, They want to travel. They come north once in a lifetime.

There is no point in believing that the Tourist Bureau in Nova Scotia will encourage them to cross the gulf, when they get as far as Sydney, if they have not heard of it before. If they do not hear of it from us, they are not going to hear it at all and they will not come. There is no one else to induce them to come to this

Province other than our Tourist Bureau or any friends of theirs who may have been up here and gone back.

AN HON. MEMBER: "Travel Magazine" is put out by Travellers Insurance.

MR. HICKMAN: The Travellers Insurance Company, is it?

Well, again in the "Travel." Here is the "Travel" preview for May; Nova Scotia: Great articles. We had one in "Holiday Magazine" I think it was, but surely goodness one article is not going to bring the desired result. We had another thing, (this is rather dear to my heart, if I may have the newspaper) and that is this; we have a tourist attraction on our South Coast that goes virtually unnoticed by our Tourist Department here, and that is St. Pierre and Miquelon. If you go to Nova Scotia, guess what you will see in the advertisements or in the travel papers? "Visit Nova Scotia, the gateway to St. Pierre and Miquelon."

MR. HICKMAN: I was furnished the figures quite recently of the number of passengers, tourists, who passed through North Sydney last season, on route to St. Pierre and Miquelon. I am hesitant to give the number now because I cannot recall it exactly, but I think I am safe in saying there were more went through Sydney than through Newfoundland. They went through because there was a very intensive advertising campaign.

AN HON. MEMBER: Because of the French boat.

MR. HICKMAN: No, no, well there is a French boat on, there is a French boat running between (up until this year) Fortune and St. Pierre. Look, this is the logical place for tourists to come, if they want to go and visit these islands. They do not want to go and spend two weeks or a month there, they only want to spend two days there. But fortunately, if they use the Newfoundland route, they are bound to spend ten or twelve days in Newfoundland and if we accept the propaganda that is issued from time to time and properly so, by the Tourist Board here, a great deal of money is left in this Province by our tourists. Why is it that this attraction has not been noted and pushed? This year we have an even more serious situation; the French boat was lost. The C.N.R. made a staggering and slow step in the right direction by putting on a boat that runs twice a week. But this means they have to stay in St. Pierre for four days.

Now last month, when this question was first raised, a gentleman from Newfoundland, Captain Arthur Scott, who owns a fleet of tugs and other boats in the Toronto area and who operates cruise boats in that area and who is still buying Newfoundland schooners and re-rigging them. He has just completed (something) "Adams" this year. She is now in Toronto and he has the "Robert J. "Cannicle" in Lunenburg now undergoing a similar refit for cruising and for tourist purposes. He has an idea they could have tied in very nicely with the Tourist Development of the South Coast, if he had gotten some co-operation from Ottawa. He has a steel ship called the "Queen City". Now I do not know anything about the ship. I have never met Captain Scott. I only know him by reputation, that he used to be quite a fish-killer a few years ago,

MR. HICKMAN: when he was a bank fishing skipper off the South Coast. I am sure he will not mind my mentioning his name. The other night he telephoned me from Toronto to tell me of the difficulties that he is experiencing. He has a good boat called the "Queen City"; It takes 150 passengers, I am told (and I can only rely on what I read in the "Burin Peninsula Post" which is a first class paper and what I was told by the Captain) that this boat is one hundred percent better than the "Paschel Annie" which was operating under French registry, for the last five or six years. Those of us who represent the South Coast constituencies were flooded with complaints by passengers who went on the French boat, but there was nothing you could do about it, she was a French registry, she was not subject to CSI regulations.

This man has this large boat and he wants to bring her and put her on a regular service between Fortune and St. Pierre, but he does not seem to be able to get any co-operation at all from the Department of Transport. The thing that concerns him is in effect he has been forced to abandon this year's operations because if you do not start by June, the season only lasts three months, well there is no point in starting at all.

Then he came up with a second proposal, so he tells me, to the authorities, because Newfoundland is indirectly and the Tourist Board is directly involved in this or should be or affected by it. He said; "I will build a new one. I will build a new steel boat. A new steel passenger ferry. If I can get some sort of protection on that run. I cannot be expected to put \$200,000 or \$300,000 into a new modern ferry and have her operating for a month or so and then have some other fellow come along with a schooner and go in a business and cut the rates and put me out of operation." But again he gets no. The poor man, he phoned me out of absolute frustration. He has been going all over the globe and trying to get some assistance, trying to get some encouragement. The only encouragement he has been getting is from the Joint Councils of the Burin Peninsula.

But he had an excellent idea with respect to the "Queen City". He was prepared to take the, (I cannot remember the first name of the vessel, Doer

MR. HICKMAN: the hon. the senior member for Harbour Main know?)

MR. LEWIS: The "Harry Adams."

MR. HICKMAN: The "Harry Adams," he now has the "Harry Adams" completely re-rigged, , the old cursier stern taken off of her, topless, a good set of sails made by a gentleman from Grand Bank. He is about the only sail maker left now, he lives in Montreal, and she is now in Toronto. If he could have gotten the "Queen City", partly out of his deep attachment to the deep sea fishery and partly to encourage tourist to come through this route to St. Pierre, he was prepared to take that boat and put it in Grand Bank as a floating museum. But the whole deal is off.

What an opportunity! He and many others like him now are dotting these Newfoundland schooners all along the Atlantic Seaboard. He told me of one he was down to visit in Maine quite recently. He told me that the "Nina W. Corkum" is now in Manhattan Island. They came down recently, about two weeks ago, to Grand Bank and bought the "Reel Second" and they have taken her to Lunenburg as the second museum. They already have one there. You know, this was the sort of plan in my opinion the Tourist Development and if the hon. the minister has not heard of it before, I suggest to him that on Monday morning he get on the telephone and get hold of this great Newfoundlander, Captain Scott and say; "whatever you want us to do, we will do it. If you want me to go to Ottawa, I will go to Ottawa. I will do anything to get this boat put on, and I will do anything to follow your great concept of attracting tourists." Because when people come to Newfoundland, they want to see a great deal more than a hot dog stand and fried chicken legs that they can buy anywhere in North America. They want to come down and -

AN HON. MEMBER: Inaudible.

MR. HICKMAN: Canadian Steamship Inspection, who closed their eyes for five years to that French boat that was operating back and forth, you know, many times just barely made it, even though she was carrying Canadian passengers.

MR. HICKMAN: He does not know the answer. He does not know if the C.N. wants protection for the bi-weekly run that they now have instituted with the "Petit Forte", which you know is better than nothing. Do not get me wrong, it is better than nothing, but it is not tapping the potential at all. He told me of the number of trips he has made to Ottawa, then they send him to Halifax. They send him down to Halifax to see the Department of Transport. Again, here is significance, they suggest that he solicit the aid of the Nova Scotia Tourist Bureau you know, to generate more activity and more interest in St. Pierre and Miquelon. Surely goodness, the generation of interest in St. Pierre and Miquelon as a tourist attraction should be coming from this Province.

Now I am not blaming the hon. Minister of Economic Development, He probably has not heard of Captain Scott until today. But the gentleman lives in Toronto, I have forgotten the name of his company now. He is a native of Little Bay East. He comes here quite a bit in the summer. He sailed his ship "Harry Adams" down last year, after he had her re-rigged. On the way back to Toronto, he was telling me, talk about attracting tourists to Newfoundland to look at one of our old fishing ships, he said that, hundreds of people in Grand Bank came on board of it; for the first time they saw a banking vessel. Anyone under twenty-five years of age it was for the first time and if it is a novelty to that generation of Newfoundlanders, how much more so and how much more of an attraction will it be to North Americans who want to come around and look at our sights, at our development.

I have got a great deal of literature on the port called, "the Port of Mystic", Connecticut. There, if you want to see an imaginative tourist development programme that is pretty well self-supporting, it is self-supporting except for capital cost. I met the curator of the port when he was here about six or seven years ago buying a Newfoundland schooner the "L.A. Dunton", which he has re-rigged. That port has been restored to a

MR. HICKMAN: typical shipping port and fishing port, as it existed one hundred years ago. Everything is there. They built a church or restored a church similar to the old church. The chemists shop is there. The ship stores and ship chandlers' displays are there. All the old nautical instruments. They have one of each type of sailing vessels. There is a whaler there. The "Joseph Conrad" is there. The "L.A. Dunton" is there. I know about ten or twelve, all re-rigged to their former state.

He tells me that, starting about now until late November, they can barely handle the crowds that move through that Port of Mystic, Connecticut. It is the money they leave behind; they leave enough money within the walls or within the fence that surrounds that port to pay all administration costs. If they have to buy a new schooner and re-rig the boat, (it will probably cost \$100,000) they go either to the Government of Connecticut or the Tourist Bureau of Connecticut or some benefactor. This is where they get their money. But this is only chicken feed, the bit of money that is left to operate this port, compared (according to him) to the amount of money that is left outside. Because literally hundreds of thousands of tourists have come to that area in Connecticut for one reason only and that is to visit the Port of Mystic. So they put up in a hotel the night before, spend the day in the port, go outside the port again and stay in the motel for another night. It gives employment. It generates real dollars. The investment is minimal compared to the return. I do not believe, Mr. Chairman, we have even tapped our tourist attractions. Now I know this is a great subject for everybody to get up and talk about. It is like talking about motherhood, you know, and talking about the fish, the great lakes and streams and lofty mountains and all that sort of stuff.

But the simple fact is that North Americans, for very good reason, are looking more and more to the north, to escape the heat and to look for the tranquility that they so desperately want to find. Each year they have to come further, but they are not going to come to Newfoundland unless they are told (1) there is a Province of Canada called "Newfoundland"

MR. HICKMAN: (2) it is easily accessible, (3) when you get here we will show you enough historic sites to fill your photograph album for the next ten years. Until they are told that and not by just one or two advertisements in "Time Magazine" or in a weekend supplement. But, if advertising means anything - the hon. the Minister of Economic Development should be a great disciple of advertising; he is in the business long enough - if you can accept the fact that if you spend money in advertising, you are bound to get an adequate return. My goodness this vote that is here, you know, should really be put under the heading of "Token" because there is only a token vote for the amount of money that should be spent in tourist development and the millions of dollars, millions and millions of dollars that could be and should be generated annually from this part of the economic development of this Province.

I know there are other problems. I know accommodation still has a long way to go to provide housing, a roof and shelter for everyone who will come in here. But we are not getting, I submit, Mr. Chariman, anything like the number of tourists into this Province to meet the potential that we have and the number of people who would come here if they knew we existed.

MR. STRICKLAND: Mr. Chairman, I am wondering if the CSI is blocking in because of (a) the condition of the hull of the boat or (b) the lack of equipment. I am thinking especially of life saving equipment, which costs a fabulous amount of money, if he is going to carry passengers? I am wondering where he is blocked?

MR. HICKMAN: I do not know, He did tell me this, as I say I do not want to go into detail on this, but he has obviously made a similar statement to the press and to the Joint Councils of the Burin Peninsula: This boat apparently has been operating as a ferry somewhere in Canada, He was told that there were some additional equipment required. He then went to Halifax and ordered that equipment. They got it. Ordered it, ready to pay for it. He gets his equipment then when he goes back he runs into some official who says, Ah! there is something we forgot about. He is convinced

MR. HICKMAN: that he is getting a deliberate run-around. It is most unfortunate. It is most regrettable. He has been right up the line to the Minister of Transport and back again. He tried every other ministry and every other bureau and now the season is gone. But the thing that caught my fancy was this added benefit that we were going to get; of this schooner which now, I think may be up for sale, if somebody wants to buy her.

MR. EARLE: Mr. Chairman, under this particular Department of Economic Development there are many other headings other than Tourist Development, but this is one that seems to be getting quite an airing this afternoon and it is good for endless discussion. But, I think, a lot has been said over the years about Tourist Development. Yet, the figures are revealing of certain increase in the number of tourists coming here and the expenditure which they make, but I do not think that under any circumstances we can afford to be complacent and think that we are by any means getting our share of the tourist trade.

Now today's announcement by the C.N.R. authorities of increasing the ferry rates, I take a very serious view of it indeed, because with economic conditions throughout North America having slowed up somewhat during the past year, people are becoming very budget conscious indeed. The average family with a few children, who wants to go off and have a reasonably cheap holiday, is scared to death by increased expenses. These ferry charges are certainly something that we should protest with all the vehemence we can - an outrageous amount for anybody trying to come to visit the island.

We find now that what is happening in Newfoundland, it is common to other places but I think it is even more serious here. I was talking to a gentleman the other day who drove in from the Mainland, with his own car, when he reached St. John's, I suppose, like everybody, is rather tired and fed up with the trip and so on. He said to me, "why is it in Newfoundland, as soon as you leave the Mainland you immediately meet such a bunch of sour pussers?" He said, "sour

MR. EARLE: pusses, you meet discourtesy, you meet a group of people who seems to think it is a compliment because they serve you! I was arguing with him, as a Newfoundlander will, I said; " I got to stand up for my fellow Newfoundlanders, At least we are as cheerful and happy and good a bunch as you will find anywhere." "Well," he said, "that is not so, particularly in the food service industries." He said, "I drove all the way down through Central Canada and into Newfoundland, and" he said; "the first place that I found discourtesy and not careful attention was when I hit Newfoundland." He said; "it was true all the way along from the gas attendant's at the service stations to the restaurants and all the way through." Well, I took that same gentleman out along the Trans-Canada during the afternoon, I wanted to show him certain sections of the country and to test him, I went into one of our better known places to have a meal. A young sniff of a girl that served us there, why she was ever taken into the business, why she was ever thought she was fit to serve food, I do not know where she ever learned it. Because, I remember some years ago, when I was connected with the Department of Education; as a trade in vocational school we stressed very heavily the food-service industry. We had several seminars and meetings and courses and everything like that to try and upgrade things. The attitude, even at that time, there was something down-grading or something not to be taken seriously in looking after people who wanted to eat. I do not know what it is. I do not why our people take the attitude that this is something that only the lower classes will tackle and they are not the sort of industry or trade that they want to get into. There is a tremendous lack of willingness and cheerfulness and the sort of welcome which Newfoundlanders are traditionally known for. You go into an Newfoundlanders home; she is as hospitable and happy to see you as anybody can be. You go into a Newfoundland public eating place, and you wonder if you have taken a time bomb in your pocket or something, the reception you get. This is true all across the Province. I do not know how it can be cured or what the Tourist Board can do about it, but with few exceptions, you do meet a very cold and unfriendly reception. Then, on top of that, what has happened in Newfoundland,

MR. EARLE: we know the food prices are rising everywhere, but the prices in some of these places are astronomical. I do not know if there is any check on them at all. To begin with you cannot usually get a local food at all. You cannot get fish or anything of that nature, which is fresh and decent and fit to eat. If you do get fish, it is so fried up that you cannot cut it or chew it. If we ask for beef, it is cold black almost be the time it is served to you. The food itself is inferior, but the prices are very, very superior.

If you go down the Burin Peninsula, I will not mention places by name, but go down the Burin Peninsula, as I do often, and travel down to the end of it and go into some of these places, you think you were off Fifth Avenue in New York, when you go to pay the bill. It is incredible what some of these are charging, and they are getting away with it because they have more or less a monopoly in the area. The service is terrible! The food is worse! The prices are awful!

Now this is a general complaint, I am afraid, in the Tourist Trade across North America. But here in Newfoundland we are trying to build an industry. Certainly there must be some careful check on this sort of thing in some way or another. Our very future in this industry depends on the reception we give to our visitors and our guests. It is so fantastically obnoxious, in so many cases, right from the little fellow at the gas pump right up to the waiter in the restaurants, that I do not know what on earth mainlanders or other people think of us. The only place I can compare it to is sometimes the airport service bars you get in large cities. You go to New York or somewhere and they treat you like you are garbage, that you came in there, they do not want to see you, just shove you out and give you something slopped on a plate and let you go. But that is about the only comparable sort of situation I can find compared to many of the places which claim to be food establishments in Newfoundland.

Now the Government have done an excellent job, and I should like to compliment them on these public parks. I think the public parks are a great

MR. EARLE: credit to us. They come under this Department of Economic Development and I am quite happy to pass all the bouquets we can on the public parks - the only trouble is there is not enough of them. Some of them have not been developed to the stage that we would like to see them developed. I suppose this is the tight money situation again and the lack of funds. One thing I feel where they have fallen down to a great extent is adequate trailer park facilities, no running water, no light connections, no sewerage disposals and this sort of thing. There is a great lack of these around the Province, everywhere you go. I hope that we will never develop, as they have in some other places that I have visited, in the Carvan sites or trailer parks, which are just like that, one trailer after the other with about two feet between them. How on earth anybody ever goes to one of these places for a holiday, I do not know, but they go there by the thousands and hundreds of thousands. But, as and when we develop trailer park sites, I do hope that we show more imagination than has been shown in many places in the development of these sites. I know that there are some parks planned for this year, apart from the Gros Morne National Park which we hope will get underway this year.

But as I said in speaking about historic sites and other things under other votes, cannot we retain in some way or other a bit of individuality in Newfoundland? In the planning of our facilities to attract tourists, cannot we retain

MR. FARLE:

something of a Newfoundland flavour in these things, because we are literally being invaded, I suppose it is a commercial effort, by all of the gadgets and all of the equipment and all of the things which you see piled upon pile on the Mainland. You go to any small plant or any small town and they look identical. You can drive into one and on to the next one and follow through a third and you may be going into the same place and coming out of the same place. The signs, the neon lights, the types of buildings, the whole thing is just so mediocre and so boring actually that you fall asleep driving.

Now if anyone takes the trouble to come down from North America, any part, to visit us in Newfoundland, they come this far because I think they want to see something different. That is why they take the trouble to come this far. We cannot offer them the best of climate. Unfortunately, that is something we cannot do very much about, but we have a basic difference here both in the people, in the surroundings and in the sites we have to show them, which we should try to retain. I hope that the Tourist Division, in encouraging people to develop sites and so on will not just readily accept counterparts of plans of things which you see all over North America. There must in some way or other be an individuality about it which makes this place different. It may, in the first instance, cost a little more money to do this but it will, in the final result, I am sure, succeed in attracting far more people here and getting them to come back.

Mr. Chairman, we will not go into the other items under this vote; we will take them as they come. But I just wanted to have these few words to say about tourist trade in particular, the great need of somehow or other getting through to our people that courtesy and friendliness is the essential element in building a tourist trade. The second most essential element is good food at reasonable prices in

MR. EARLE:

clean accommodations. The third, and I believe even more important than all that is to be able to show our visitors something different when they come here.

MR. CROSBIE: The topic is Economic Development, I understand, Mr. Chairman, and there are a few words, I think, I might have to say on it.

The first thing I want to point out is the failure of the Minister,

There are quite a few questions he has not answered, by the way, on the Order Paper and I am hoping he will answer them next week.

There are quite a few tabled by me that are not answered, none of them requiring that much searching to get the answers. One of them, I will just give an example, is the electric power sold to the Electric Reduction Canada Limited at Long Harbour - what is the price it is sold for? Is it two and one half mills per kilowatt hour or has the price changed? Asking, in the financial year that commenced April 1, 1970, what amount was paid by the Government to Newfoundland and Labrador Power Commission to make up the difference between the cost of the power they sold to ERCO as compared to their actual cost? We all know that there is a subsidy and we know that one year, I think, the amount paid out, the Auditor General's Report shows \$3,147,000 - that was the amount paid out in the year 1969-70 - that is not answered.

Apart from that there are many others questions, but I will not list them all. But the Minister is also, Mr. Chairman, violating the law of this land, the laws of this Province, as I have pointed out in the House several times and I have to point out again. In answer to question 209, that was asked by the hon. member for St. John's East in this session, on the Order Paper of March 29, the member asked; "To what companies are we committed to supply electric power at subsidized rates, either through Acts of the Legislature, by

MR. CROSBIE:

letter or any other form of agreement?" The answer the Minister gave was Electric Reduction Company Limited, Long Harbour; Fisheries Products Limited, St. Anthony; Nath Lake Limited, Burgeo; Burgeo Fish Industries Limited, Burgeo; Newfoundland Forest Products Limited, Hawkes Bay; John Penney & Sons Limited, Ramea and H.B. Clyde Lake Limited, Englee.

Now, Mr. Chairman, this House passed the Industrial Development Incentives Act as Act No. 12 of the Statutes of Newfoundland 1968 and this Act deals with the question of power subsidies and, unless there is some technicality, the Minister is in violation of this Act. Under this Act the Lieutenant Governor-in-Council may designate as an incentive consumer any company or partnership which in their opinion may become a large user of electric power and energy by virtually establishment or expansion by it of an industrial plant in the Province. Then the Minister can, that is the Minister of Economic Development, enter into agreement with any agent of the Crown, which naturally includes the Power Commission, designated by the Lieutenant Governor-in-Council or any incentive consumer providing that the Government will undertake to pay to such agent or to the consumer a rate equal to the difference between the incentives rate for power and the estimated cost rate. In other words, this is legislation that deals with agreements concerning the subsidization of the cost of power for the industries settling in the Province.

Under that Act also, Section (7), "Every agreement executed and delivered pursuant to Section (4) or (6) shall upon such execution and delivery be valid and binding and the parties thereto shall have the force and effect of law." Under Section (8), "Every agreement executed and delivered pursuant to this Act shall be laid before the Legislature by the Minister within fifteen days after such execution and delivery if the Legislature is then in session

MR. CROSBIE:

and if it is not then within fifteen days after the commencement of the next ensuing session."

Now, unless there are no agreements entered into, Mr. Chairman, under the provisions of this Act, unless these seven agreements that the Minister has mentioned where electric power is being supplied at subsidized rates, unless there is some technical reason that they will not pass under the provisions of this Legislation, the Minister is in defiance of that Act. Now I do not want to pursue the point, if there is some technicality that justifies the Minister in not tabling any of these agreements. I will ask the Minister is there some technicality that - Are there no agreements entered into under the Industrial Development Incentives Act of 1968?

MR. NOLAN: Is the member going to sit down?

MR. CROSBIE: I am asking the Minister a question.

MR. NOLAN: Well, when the member sits down I will stand up.

MR. CROSBIE: Well, if the Minister says there are no agreements then I will sit down and let the Minister explain how there are no agreements.

MR. NOLAN: Well, ask all the questions.

MR. CROSBIE: Okay answer them all at once. Now, unless there are no agreements passed under the provisions of that Act, then the Minister is violating the Act. Now a question was put -

MR. NOLAN: Getting warm now.

MR. CROSBIE: What is getting warm?

MR. NOLAN: The hon. gentleman is getting warm.

MR. CROSBIE: Yes, well the hon. gentleman put a question down about a month ago, asking the hon. Minister were there any agreements entered into under the provisions of this Act and the hon. Minister has not deigned to answer that question. That is a question that could be

MR. CROSBIE:

answered the next day. If there are no agreements then he simply answers it the next day. In fact on April 8 I tabled this question, Mr. Chairman. "I ask, in connection with this Act, what were the total payments made in the last financial year? I ask in connection with the Act, what companies or partnerships had been designated as Incentive Consumers? How many agreements had been entered into and their names? I ask, would the Government table in the House these various agreements?"

Now the Minister has not answered. April 8 to May 28 is a month and twenty days and the Minister still has not answered that question but he has said that there are seven companies, who are not getting electric power at subsidized rates through Acts of the Legislature by letter or other form of agreement, and this is the Legislation that provides for it. So the question then, I will finish this part and then the Minister can tell us whether there are or are not any agreements. He has not bothered to tell us for a month and twenty days. So I will come back to that, depending on the Minister's answer. This was an Act passed in 1968 and since 1968 at least, I would say, six of those agreements have been entered into since 1968. So I will not pursue that point further until the Minister gives us some information or answers that preliminary question.

Then there is another question in connection with power that the Minister might want to answer to while I am on the subject of power. That is that last year the Premier announced that he was conducting negotiations with the Electric Reduction Company of Canada, concerning the sale of electric power and the tremendous cost to the Government of subsidizing this delivery of power to ERCO. In excess of \$3. million every year it is costing us to subsidize the power to ERCO, the same plant that polluted Placentia Bay, the same plant

MR. CROSBIE:

that has unhealthy working conditions for its employees and the rest of it. The Premier said negotiations were underway, last year, He was going to have a great announcement to make, last year, on that. Well, no announcement was made last year and in the House several weeks ago I think, he said that negotiations were still going on.

Well, I wonder if the Minister of the department, who is responsible for this department, could tell the House the position with respect to these negotiations. Is ERCO going to agree to pay more for power or not pay more for power? If ERCO is being requested by the Government, (ERCO, by the way, has a binding legal agreement with the Government) if ERCO is being requested by the Government to reverse this or to agree to pay a greater price, what quid pro quo is ERCO asking for from the Government in exchange for this concession? Are negotiations still continuing? Is there any chance or hope of them succeeding or being concluded?

MR. SMALLWOOD: Does the hon. member want an answer to that now?

MR. CROSBIE: Not until I am finished. That is several questions on the aspect of power, the power aspect one might say. Then another question that the hon. Minister might answer when he speaks in reply is this; it has been mentioned in this House half a dozen times this session and has to be mentioned again, Mr. Chairman, and that is the problem of customs duties and sales taxes on the machinery and equipment that are being manufactured in England, by Procon Great Britain Limited, to be delivered at the site at Come By Chance. Now as I pointed out in the House several weeks ago, there is \$118. million worth of machinery and equipment under the construction contract that is to come from the United Kingdom, That is \$118. million of the \$155. million that is going to be spent under that contract.

Under the construction contract that the Government entered into

MR. CROSBIE:

with Procon and the Provincial Refining entered into, Provincial Buildings, under that contract it is specifically stated that if there are any Canadian customs duties or if there are any Canadian Federal sales taxes or if there are any other Canadian taxes in connection with the contract and the goods under the contract the money is to be raised and provided by the Newfoundland Crown Corporations. Now they had no way of raising money, Mr. Chairman, except by the Newfoundland Government raising it for them. They can only raise it by using our credit. They do not have any ability to borrow on their own.

Now everyone in this House knows, Mr. Chairman, that Canada has a customs duty. So when you import goods into Canada you pay duty on them. We all know that and we all know that Canada has a Federal sales tax and every item that you bring in from abroad you not only pay Canadian customs duties but you pay Federal sales tax.

MR. ROBERTS: I am told that if we do not adjourn the Committee before six we have to come back at eight and it is not the Government's intention to do so, unless the hon. gentleman wants to come back?

MR. CROSBIE: But the Government is coming back at eight anyway.

MR. ROBERTS: That is not my information. I am sure that if the hon. gentleman wants us to we will, but I for one am not happy about it.

MR. CROSBIE: I mean the Government does not want to sit tonight or is not going to.

MR. ROBERTS: As far as I know there are no plans to sit tonight.

On motion that the Committee rise report having passed Heading 1, XII and IV, report progress and ask leave to sit again, Mr. Speaker returned to the Chair.

MR. NOEL: Mr. Speaker, the Committee of Supply have considered the matters to them referred and have passed estimates of expenditure under the following Headings: Heading 1 - Consolidated Fund Services,

MR. CROSBIE:

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MR. NOEL:

all items; Heading XII - Newfoundland Liquor Commission, all items; Heading IV - Finance, all items, report progress and ask leave to sit again.

On motion report received and adopted.

On motion ordered to sit again on tomorrow.

MR. CURTIS: I move, Mr. Speaker, that the remaining Orders of the Day do stand deferred and that the House at its rising do adjourn until tomorrow, Monday, at ten of the clock and the House do now adjourn.

MR. SPEAKER: Moved and seconded that this House at its rising do adjourn until tomorrow, Monday, at ten of the clock and that this House do now adjourn.

MR. MURPHY: Mr. Speaker, on the motion to adjourn, what happened to our business this afternoon? I understood the Speaker was going to report back with his decision on the matter raised.

MR. SPEAKER: There is no time right now and I think it will be just as effective on Monday.

On motion the House stands adjourned until tomorrow, Monday, at 10:00 A.M.

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