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SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order please!

HON. FRANK D. MOORES (PREMIER): Mr. Speaker, I would like to ask this House to join in paying tribute to the Most Reverend Michael O'Reilly, the retired Bishop of St. George's who died on Thursday. A native of Ireland Bishop O'Reilly served in Newfoundland for more than fifty years. His first ten years in this province were spent as assistant priest at St. George's. In 1928 he was appointed parish priest at Lourdes, Port au Port where he led the people of that area into the co-operative movement. He was consecrated Bishop of St. George's in 1941 and served in that capacity until his retirement and succession by the Most Reverend R. T. McGrath in 1970.

I know there are other members of this House on both sides who will want to pay tribute, their own tributes to this great man who was one of the breed who had great influences on the province's social development in the early days of this century. I did not know Bishop O'Reilly personally but I have been very impressed by the great number of people who have spoken so highly and so well of him and of his unselfish devotion and his deep sincerity and his tremendous contribution to our province.

On behalf of this House and of the government, Mr. Speaker, I would like to pass on our regrets and our tribute to one of Newfoundland's most outstanding and distinguished citizens.

MR. E.M. ROBERTS (LEADER OF THE OPPOSITION): Mr. Speaker, I am not sure if the Premier moved a resolution which is the normal way in which the House pays tribute but I assume he did. He may not have used the words precisely but I would like to second the resolution on behalf of my colleagues. In due course, for the Premier's information, the clerk or the Speaker on behalf of the House writes to the Bishop's family if he has

any sisters or brothers surviving him or if not I would think to Bishop McGrath his successor in the Episcopal See of Humber-St. George's. I like the Premier did not have the privilege of knowing Bishop O'Reilly, Sir. I had one long conversation with him coming from London to Gander on an airplane once. We talked for four or five hours. It was after his retirement as Bishop. He had been home to Ireland to visit with friends and I suppose with friends from his college in seminary days. But like any person who has been at all interested in public life in this province in the last few weeks Bishop O'Reilly's name is well-known to me and his work is well and favourably known. He was a deeply christian gentleman in every fine sense of that word or those words. He was a man of very real social conscience, of very real feeling for his fellow man and his concern was pastrol in the best sense of that word. It went far beyond the theological, the religious concern. That was there genuinely and deeply felt and believed by the Bishop but his concern was far more than just the affairs of the church as such. He was deeply concerned with social questions, social issues and I think the record of his years as Bishop, as the leader of the diocese, as the sheppard of the diocese on the West Coast will stand as a tribute to his memory.

Some of my colleagues may wish to speak, I do not know but whether they do or not I do speak for us all when I say that we do extend our sympathy and support the resolution which the Premier has proposed. It is a sad moment when a man of the caliber of Bishop O'Reilly dies but it is one of the incidents of life in a community such as Newfoundland that our great men in the course of time do die as we all must. I think it is a good tradition and an entirely fitting one that this House representing all of the people of this province does take notice and we are happy to join them in tribute proposed by the Premier.

HON. T.C. FARRELL (MINISTER OF TRANSPORTATION AND COMMUNICATION): Mr. Speaker,

I would like to join in the tribute to Bishop O'Reilly for his many years of service to the people of Newfoundland. I knew him very well myself. He was a most kind and gentle and very considerate man and as the hon. Leader of the Opposition has just stated, a most religious and a deeply committed Christian gentleman. He played a large part, as the Premier stated, in the establishment of the co-operative movement in Newfoundland together with the late W.J. Keough. They were both well-known and they helped to establish this movement which has done so much for this province over the years and will do a lot more in the future.

Although Bishop O'Reilly has been retired for many years he still was highly regarded, he was particularly highly regarded by the children of our province who came in contact with him. He particularly paid special attention at all times to our children and for that alone he was regarded very highly in the Diocese of St. George's. I would just like to add my deepest sympathy to the others expressed in this House today. Thank you.

MR. F.R.STAGG: Mr. Speaker, on behalf of the people of the District of Port au Port in which Bishop O'Reilly resided at the time of his death, I wish to add my voice to the tributes to Bishop O'Reilly, that have been extended here this afternoon. The Community of Lourdes on the Port au Port Peninsula was the recipient of his early days, his early vigorous days. He is responsible for the formation of the co-operative at Lourdes which is still flourishing as well as the Credit Union and the Credit Society in that community.

Bishop O'Reilly retired at Stephenville and the people of Stephenville were very pleased to have him there and on many occasions he graced them with his presence.

The church at Lourdes was started by Father Pinneault and finished during Father O'Reilly's tenure as priest in that community. On behalf of the people of Port au Port, I wish to extend deepest sympathy to the family and hope that this House is expedient and very soon sends its regrets to the family of Bishop O'Reilly.

HON. J.G.ROUSSEAU (Minister of Rehabilitation and Recreation: Mr. Speaker, if I may, I would first like to join my colleague the Minister of Transportation and Communications. Having being a former resident of Corner Brook, I join with him in his expression. I think he accurately reflected the feelings of the people in Corner Brook and indeed on the West Coast who had any dealings with the Bishop. I think I would like to take this opportunity on behalf of all the students at the schools in Corner Brook during the late 1940's and

early 1950's who had the pleasure to attend school during the tenure of Bishop O'Reilly.

Bishop O'Reilly, in all our minds(at that time we were young people) was a magnificent man. He made weekly visits to the school every week at St. Bernard's Academy. I remember through elementary and high school you could always expect a visit from Bishop O'Reilly. I would say without hesitation that well over ninety-five percent of the students in the classes that he visited he could name. He knew them very well. I remember each year we put on an annual play and indeed, in my Grade XI year, we put on the play "Hamlet" and Bishop O'Reilly was very deeply involved in the production of it. Because of his interest in drama, he actually did much of the directing.

I remember many Saturday afternoons that he would come over to the school with us and join in. I remember one day in particular that we were sitting down and there was a checker board on the table and the Bishop looked at me and asked me if I could play checkers. I said; "A little, can you?" He said; "No." Three moves later he had all my checkers cleared off the board, which I think shows the type of wit the man had. He was a very sincere man. His wit was touching and I am sure that on behalf of all the students who attended school in Corner Brook during the days that the Bishop was in his heyday, that they would like for me to express their sympathy. I believe that the Bishop has a brother alive in Ireland. As I remember, that is

his only living relative, maybe there are more but I think this is so. If his brother is still alive, I extend to him my sympathy and I am sure join in the echo of all the people on the West Coast who are deeply saddened by the loss of this great man whose life will not be forgotten very easily by these people.

HON. A. J. MURPHY: Mr. Speaker, if I may, for just one moment, I would like also to add a word to this expression of condolence, a resolution that is to go out from this House. I had known Bishop O'Rielly personally for a great many years both through my activity as a member of this House of Assembly for a number of years but mainly, Sir, through my connections with recreation throughout the province and my many visits to Corner Brook. I can just say, in brief, Sir, that he was a very saintly, dedicated clergyman and I am sure that neither race nor creed made any difference to him. He was truly a Christian gentleman and I am sure that his influence, though retired, will be missed in the capacity that I am sure that he was consulted on on many occasions for advice. I can only say that I join with the Premier, the leader of the Opposition and the rest of the House in extending my sympathies to his family and perhaps to the present Bishop of Corner Brook, Reverent R. T. McGrath, and to all his parishioners on the West Coast.

PRESENTING PETITIONS

HON. C. W. DOODY, Minister of Industrial Development:

Mr. Speaker, I have the unpleasant duty today of presenting a statement regarding the steel mill at Octagon Pond.

The steel mill at Octagon Pond was built by a private company, Newfoundland Steel Company, Limited, with government financial assistance, by way of a guaranteed loan, issued September 3, 1966, in the amount of \$5,320,000. The mill began production in the fall of 1966. Early in 1967 the steel mill required additional loan financing in the amount of \$2,500,000, which was guaranteed by the government on March 30, 1967.

By year end, 1967, the steel mill had lost approximately \$1,900,000. By early 1968, the financial situation of the company had deteriorated to the point where on April 8, 1968, an additional loan guarantee, in the amount of \$250,000, was required to enable the plant to continue operation until government could undertake a study of the mill. By mid-1968, the total accumulative operating losses for the steel mill amounted to approximately \$3,000,000 on a total capital investment by the Government of Newfoundland of \$5.3 million.

By this time government's total financial outlay in connection with the steel mill had risen to \$8,070,000. Despite the fact that this mill was managed by a board of men loudly and perhaps accurately proclaimed as amongst the best businessmen in the province, the steel mill did not pay.

In the fall of 1968 the government established a new company, Newfoundland Steel, 1968, Company, Limited; to take possession of the steel mill and absorb accumulative losses as well as its original capital outlay by converting this indebtedness into preferred shares in the new company.

The management of the steel mill was contracted to Lundrigan's, Limited, under the terms of the Government Newfoundland Steel, 1968, Limited, Lundrigan's Limited Agreement, Act No.83 of the Statutes of Newfoundland, 1969.

Under the terms of this agreement Lundrigan's Limited was to provide management for the steel plant and was granted an option to purchase the shares in the steel plant from the government, out of profits, over a period of years.

Under this new arrangement the steel mill still remained unprofitable and indeed the financial situation of the mill became such that on November 22, 1970, government was required to guarantee an additional \$1.4 million to enable the plant to stay in operation, thereby increasing the province's total financial commitment to \$9,470,000.

At the time the present Government took office in January of 1972 the smelt shop at the mill was closed, laying off some 70 men. Newfoundland Steel (1968) Company Limited approached the Government for additional funding of approximately \$300,000 to enable the plant to continue operations for the year 1972. In order to give time to investigate what could be done with this mill, this government agreed to guarantee the additional sum of \$300,000, bringing the government's total commitment to \$9,770,000. The jobs of these workers were at stake, the management of the mill at the time were negotiating with DREE and in order to give the government an opportunity

to investigate the prospects of the mill, this \$300,000 was made available. By the fall of 1972, this government succeeded in interesting the Steel Company of Canada in undertaking the management of NESCO for a limited period of time, with a view to the steel company exercising an agreed option to purchase the Newfoundland Steel Company at the conclusion of the management agreement. At this time the then Minister of Economic Development, the hon. Val Earle, stated quite clearly; "it must be made abundantly clear that this is the last chance for the steel mill. The government feel that they have found the best people to turn this mill into a viable operation and should this fail the plant will close." He went on further to say, "to conclude, this can only be described as an attempt to make the best of a very bad situation which was none of this government's creation."

This management period by STELCO was necessary in order for that company to undertake a proper assessment of the mill. Adequate information on the mill was simply not available. The condition of the mill was unbelievably bad. The working conditions were deplorable and the condition of the plant had deteriorated to a state that was almost unimaginable. Sales had been made to companies at prices far below costs, below market price. The general management and physical condition of the plant was one that defies the imagination. As an example, Mr. Speaker, let me give a detail on a contract given to Brussels Steel Corporation of whom you have no doubt heard. The total orders placed by Brussels Steel Corporation, 1972, with NESCO, amounted to 20,605 tons, although the orders, placed prior to August 28, were for small amounts and were really of little consequence. On August 28, just nine days before termination of Lundrigan's Management Agreement and at about the same time as the termination was being discussed with Lundrigan's, NESCO, Newfoundland Steel, confirmed five orders placed by Brussels amounting to approximately 16,000 tons of rebar. Even considering the inventories existing at the time, these orders

in effect committed the total output of the plant for the succeeding six months at selling prices of over sixteen dollars a ton below market price; sixteen times sixteen thousand, two hundred and sixty-six thousand dollars, approximately - complete loss, sold deliberately and knowledgeably. Also much of the orders were for particular grades of rebar which are the most costly to produce at the mill.

The Steel Company of Canada assumed the management of the steel mill on November 1, 1972. The detail of that agreement was made public at that time and is still available for those who wish to see it. The total operating losses to that date had amounted to approximately \$2.8 million and government's total commitment to \$9,770,000. To provide for sufficient working capital to carry on the operations of the steel mill and to reduce the liabilities of the company to an acceptable level required that the government guarantee an additional \$2 million line of credit thereby bringing the total government commitment to \$11,770,000.

It should be noted that this \$2 million was mainly necessary to purchase scrap to keep the mill in operation since the previous management had allowed the inventories to diminish to a point where there was literally no raw material on hand and to pay accounts payable which had been unpaid under the previous management and which would have to have been paid in any event.

It is to be noted that when STELCO began management of the steel mill, as I have said, the scrap supplies at the mill were completely exhausted. The mill itself was in a deplorable condition generally. Tons upon tons of rebar were stock-piled haphazardly throughout the rolling mill. It has taken STELCO almost four months to compile an accurate, finished goods inventory.

During the past four months the Steel Company of Canada

has carried out a thorough analysis of all phases of the operation. This detailed analysis has now been completed.

The results of this study are such that we have been advised by STELCO that they will cease to manage the mill on March 1, 1973. The future prospects for the mill then may be summarized as follows and I read excerpts from the STELCO report: to bring plant efficiency, conversion costs and product quality into competitive range with other steel producers serving the NESCO market area, will require government expenditures of over \$1 million and can only be accomplished over a period of years. Little or nothing can be done at the present or in the foreseeable future to alter the fact that approximately eighty per cent of NESCO's production must be shipped off the island and approximately sixty per cent of NESCO's basic raw materials must be imported to the island due to the geographical location of the plant. This is brought about by the very small market on the island for the plant's product and the relatively limited small supply of scrap generated in Newfoundland.

Little or nothing can be done in the present or foreseeable future to compensate through selling prices for additional costs which NESCO incurs versus the other competitors and the eighty per cent of the product shipped off island markets. These additional costs, Sir, estimated at \$30 per ton on rebar and \$19 per ton on grinding balls, all due to much higher handling and freight charges than those experienced by competitors this, of course, is compounded more severely by the fact that the mill was most inadvantageous situated in the first place in as much as it is far from tide water and must incur the added cost of trucking to a shipment port and from a shipment port in the case of scrap coming in.

Little or nothing can be done in the present or foreseeable future to compensate through selling prices for sudden substantial increases in prices for scrap if imported by Newfoundland Steel

from off-island sources. NESCO's only recourse when this happens would be to live off inventories purchased during periods of lower and more staple scrap prices.

Since Newfoundland Steel has not done that in the past and since imported scrap prices are extremely high today, the long period of recovery and the application of substantial amounts of cash would be required to achieve adequate control on scrap costs. This of course would necessitate even larger infusions of working capital by the Province of Newfoundland.

A great deal of production capacity exists in Eastern Canada and the Maritimes in relation to Newfoundland Steel's two main products and in particular in relation to Newfoundland Steel's two main products and in particular in relation to reinforcing bars. Two such mills are located in Nova Scotia, two in Montreal, with a third being constructed there to come on stream in 1974. Also reinforcing bars can be imported by users from Europe, usually at lower than domestic prices.

With regard to grinding balls, the competition comes from two Ontario based producers and one Quebec based producer, thus constant market pressures will be brought to bear on quality, service and price. Profitability to each supplier will largely depend on cost and availability of raw material, conversion cost and transportation and handling costs. In this regard, Newfoundland Steel is in a distinctively unfavourable position due to transportation and handling costs.

The problem of penetrating and maintaining a sufficient share of this market becomes increasingly more difficult once Newfoundland Steel ceases to be a part of the STELCO total organization. It must be said in all justice and all fairness that the productivity of the work force was never in question and the workers are to be complimented on doing a tremendous job under most difficult of conditions.

The financial outlook for the steel mill over the next ten year period is unfortunately correspondingly bleak. It is estimated that in the current fiscal year, the steel mill will lose in excess of one and one half million dollars. Projected average loss for the next eight years is estimated at approximately three quarters of a million dollars per annum.

It must be emphasized that these projected losses are based on optimum conditions, assuming expert management is available

and contained no allowance whatsoever for depreciation. In other words there is absolutely no hope of government ever recovering any of the \$12 million plus committed to date. We must then take the very serious and undesirous step of closing this mill as of February 28, the end of this month.

This is a step which this government takes with utmost regret and it is the most unpleasant task which I have had to face since taking office. Despite the fact that the mill is located in the District of Harbour Main, despite the fact that many of the employees are constituents of mine and of my colleague the honourable Minister of Manpower and Industrial Relations, I cannot in all conscience recommend that more public money be poured into the steel mill. The present work force of some 170 people will receive severance and holiday pay in accordance with the current very liberal union agreement and with the legislation now before this House. These people not covered by these two conditions would be treated in all fairness and justice.

It was the hope of this government that the mill could be kept in operation until the end of April, so that the necessity of finding alternate employment for the workers at the mill might be made that much easier. However we have been informed that a projected loss for that extra period of time would cost this government an additional \$576,000. Since the severance and holiday pay and other benefits which will be paid to the employees must total somewhere in the vicinity of \$300,000, it is felt that it is in the best interest of all concerned that the plant close as of February 28. The rolling mill may continue to operate until March 10 and the fabricating section will operate a little longer.

The honourable Minister of Manpower and Industrial Relations is taking the necessary steps to work with the Department of Manpower in finding alternate employment for the staff of the mill. I will add for the information of this honourable House details of government commitment under the STELCO agreement and the amounts of money expended under that

agreement. (1) the government were requested to pay STELCO out of project management expenses up to a maximum of \$125,000 for the first six months of the management period November 1 to April 30. As of the end of February government will have paid STELCO \$55,000 under this clause. We chose to stop now rather than go through the full month \$25,000 for the reasons which we have outlined above. Government were requested to provide NESCO with up to \$650,000 in order to allow STELCO to carry out plant refurbishing, that is the necessary repairs and overdue maintenance. Those persons who have worked in that plant under the conditions of the roof fallen in and the side gone out of it, the winter winds whistling through it, will know exactly what I mean when I say refurbishing.

Expenditures made pursuant to this clause have amounted to approximately \$145,000. No additional expenditure are to be incurred. The greater portion of this money was committed as soon as STELCO assumed management in order to repair the plant building in preparation for winter conditions, as I have just described.

Government were requested to provided NESCO with sufficient working capital to allow STELCO to operate the mill. Initially government guaranteed an additional line of credit of \$2 million which has been exceeded by approximately \$300,000. Included in this amount I might add, and I emphasize, is the \$145,000 spent on refurbishing and the \$55,000 management expense.

As well it is to be noted that over \$550,000 of this \$2 million was expended as soon as STELCO assume management in order to reduce the accounts payable of NESCO to an acceptable level and to allow the company to operate. So we talk really in terms of less than \$1.4 million in the

of that \$2 million line of credit. Mr. Speaker, that is officially the end of my ministerial statement. I would suggest that after the ordinary daily routine of business that I propose to move adjournment of this House to discuss this matter as a matter of urgent public importance if it is the desire of this hon. House so to do.

MR. W.N. ROWE: Mr. Speaker, I assume I have leave as spokesman on this side of the House for matters concerned with economic development to make a few brief comments and to mention one or two questions. First of all let me say, Sir, in all sincerity that I do not envy the hon. minister's task this afternoon. It is a very sorry, distasteful and disappointing one for him as member for the district and as minister responsible in this administration. It is a very sad time for everybody in the House and particularly the two hundred or so workers who are directly involved and perhaps as many as two to four hundred depending on what kind of a multiplier you use, workers who might be indirectly involved by this shutdown and then of course there are their families, their wives and children. Perhaps there are anywhere from 2,000 to 3,000 people who will really find a pinch from this action before too much time has elapsed.

One or two questions immediately spring to mind and the minister may wish to take them into consideration when we debate this issue today as undoubtedly we will under the resolution which the minister hopes to move. First of all, Sir, the study by STELCO, I wonder if the hon. minister or the government will undertake to make that public or if not public at the very least to allow members of this House even under an enclosed session, if that be necessary because of privileged information, to have that study scrutinized thoroughly by elected representatives of the people. We would also like to know, Sir, as to what efforts were made with regard to applications to DREE in Ottawa recently or not so recently to get money to put this mill into a more viable if not a completely viable

situation and condition.

Also the minister or his colleagues may wish to mention to the House why after only three months or so following the entering into this agreement with STELCO the mill is now being closed down rather than the six month period which I believe the Minister of Economic Development at the time gave the people and the workers and us the impression, the definite impression that this amount of time would be allowed to elapse before any further drastic action would be taken.

Also, Sir, perhaps the minister would like to comment on the fact that the amount of notice given seems to fly directly in the face of this government's own announced policy of three months notice being given in respect of massive shutdowns of this type and under the union management agreement signed in January, 1971, there are certain, he says, liberal provisions made and so there are fairly liberal provisions made as generally understood in the industry but I doubt if anybody or if there is anybody very few people indeed will have the benefit of three months notice with pay in order to allow themselves to look for other employment.

I am also delighted of course, Sir, that the minister has already indicated, which makes it a fait accompli, that there will be a full-fledged debate on this matter in the House this afternoon. We have many things we would like to say and I am only making these few remarks now, Sir, to allow the minister to prepare his own remarks a little more fully. Finally, Sir, the minister might want to consider and give some assurance to the House that STELCO did make best efforts in this matter and I have no desire, Sir, to cast any aspersions on anyone. Give us some assurance and the members of the union sitting in the gallery today, the members of this House, that STELCO did make best efforts in this matter and that there is no possibility of any conflict between this mill here and the STELCO mills elsewhere in Canada

because there is this nagging suspicion and I do not want to cast any aspersions as I say, there is this nagging suspicion that it maybe to STELCO's over-all advantage to have this thorn in their side out of the way. I do not say that that is a fact. I say that is a nagging suspicion on a great number of people's part.

I will have other things to say later on this afternoon, Sir, but perhaps the minister might be able to answer one or two of these questions when we debate the general issue.

MR. B. HOWARD: Mr. Speaker, I beg leave of this House to present a petition from 266 voters of Old Perlican. The prayer of the petition is that a community pasture be established in the Area of Old Perlican in the District of Bay de Verde. I fully support this petition for the simple reason that the town council in Old Perlican is about to enforce regulations which will have the cattle owners to impound their cattle.

This does not only affect the people of Old Perlican, it also affects the people of the surrounding areas. Since the upper part of the district has become a Local Improvement Area within the last few months, I understand that they will also be implementing this law or this regulation.

So for these reasons I support this petition and I move, Sir, that this petition be received by this hon. House and referred to the department to which it relates.

MR. NEARY: Mr. Speaker, I take great pleasure in supporting the petition presented on behalf of 266 voters in the Community of Old Perlican. While I support the petition I do not necessarily agree with the reasons given by the hon. member for having a community pasture built. It does not necessarily follow because the Town Council are bringing in animal control regulations that you have to build a community pasture. I think the reason is far more important than that to have a community pasture.

The whole idea of a community pasture is to have the cattle

properly supervised and to make the services of a vet available to the cattle owners in that area. But nevertheless, Mr. Speaker, this is an indication of the progress we are making in this province when town councils are bringing in animal control regulations and forcing cattle owners to impound their cattle whereas in the past cattle were allowed to roam at large all over the province. I think it is an indication of progress and I have no hesitation at all, Sir, in supporting the petition. I think now it is the policy of government, a policy that was established I might add by the old whipping-boy, the former administration, to build community pastures around this province and I hope that the new administration will follow the example that we have set.

MR. J.C. MORGAN: Mr. Speaker, I beg leave to present a petition from the residents of the Community of Salvage in my district. The prayer of the petition is to have the road leading from Salvage to Eastport, approximately seven miles, upgraded and paved. I naturally fully support this petition. The road is now partially upgraded and I am hopeful in the coming construction year, financial year, my government will see fit to complete the upgrading and paving of this road.

I move that this petition be tabled in this hon. House and passed along to the department to which it relates.

MR. NEARY: Mr. Speaker, I rise to support this petition. I honestly did not think that when Rossie was finished with the historic District of Bonavista South that there was a mile of road down there that was not upgraded and paved. I am surprised this afternoon to learn, Sir, that he had missed the road between Salvage to Eastport. I do hope, Sir, that the Minister of Transportation and Communications will find it within his power and within his means to upgrade this road and pave it. I do hope, Sir, that the problems that the employees of the Department of Highways are encountering in the District of Bonavista South, especially

in the Town of Bonavista and Lethbridge can also be ironed out in the foreseeable future.

MR. E.W. WINSOR: Mr. Speaker, I beg leave to present two petitions actually. The first is from the people of Gander Bay North. The petition is signed by more than 300 people and the prayer of the petition is that the upgrading and paving project be carried out through the Communities of Gander Bay North. It is estimated that a population of approximately 30,000 people either depend directly or indirectly on linkage of this road. The population covers the area from Gander to Lewisporte including Fogo Area, New World Island in Twillingate and communities which have branch roads from the main road such as Stoneville and Horwood.

In supporting this petition, Mr. Speaker, I have had the experience of navigating during my years as master mariner through pretty dense fog but, Sir, never was I so scared for my life as on one or two occasions last year driving over that road in Gander Bay where the dust was so thick and the heat so intense that it was scarcely navigable without fear of collision or knocking someone down on the road. As a matter of fact, Mr. Speaker, the people of Gander Bay North they eat and breath dust almost twenty-four hours a day and some of the stores there are located pretty close to the road and you would swear that the truck is going in through one door and out through the other.

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I am sure, Sir, that the honourable Minister of Transportation and Communication will give this matter his usual sympathetic consideration. I do not want to throw a bouquet at the honourable minister at this time, but, Sir, I have always found him to be very co-operative, very considerate in any matter that I have had the opportunity to bring to his attention in dealing with the roads in my district.

I realize too that he has a problem of getting the dollars or squeezing the dollars out of the Minister of Finance to be able to do all the things that he desires to do.

MR. NEARY: He is not so co-operative.

MR. WINSOR: No, I can understand the position of the Minister of Finance too, because he was so well trained to be cautious and careful in spending the taxpayers money that he is not too willing to let go at this particular time. However, I would suggest to the honourable Minister of Finance that he be a little lenient toward the honourable Minister of Transportation and Communications and grant him a few extra dollars to make the people of Gander Bay North at least able to sleep comfortable at night. I strongly support the petition, Mr. Speaker, and ask that it be placed on the table of the House and referred to the department to which it relates.

I might carry on, Mr. Speaker, if it is in order, with the other one. The other petition is from the people of Gander Bay South. It is almost a similar petition. The prayer of the petition is that action be taken on the upgrading and paving of roads through the Communities of Gander Bay South, namely; Main Point, Davidville, Frederickton, Carmanville (Carmanville should strike a note with the honourable minister) on through Dead Man's Bay, all the way to Lumsden and beyond. In supporting this petition, Mr. Speaker, all of the traffic as in the previous one, all of the traffic to and from Fogo Island, must pass through Gander Bay South.

Sir, the road is pretty rough at the best of times and therefore presents a very dusty climate, especially during the hot

weather. Again I humbly plea with the honourable minister and sincerely hope that he will be able to find a few extra dollars to go on the southside of the bay as well as on the northside of the bay.

I am not going to criticize the honourable minister for not doing that last year and I am not naive enough to think that it is all going to be done this year, but I feel and I can see by the twinkling in the honourable minister's eyes that he has every intention of at least making a start on those roads. I support the petition, Mr. Speaker, and ask to have it placed on the table of the House and referred to the department to which it relates.

MR. H.W.C. GILLET: Mr. Speaker, having the honour to represent one of the districts mentioned in the petition so ably proposed by my colleague and friend, the honourable member for Fogo, I would like to support that petition wholeheartedly. I think we all know, at least we should, being Newfoundlanders we should all know the conditions that exist on our gravel roads during the summer months.

I was quite perturbed last year when I was trying so vigorously to get just about five or six hundred feet of pavement put on the road in Indian Cove, where forty or fifty thousand vehicles per year pass by the houses. I was very disappointed in not being successful in getting that bit of pavement. I was wondering just now if it has ever happened before when a motion was made that petitions cease? Because actually, there must be enough petitions on the desks of the various ministers in this administration, particularly I would say the Minister of Transportation and Communications to keep him and his department occupied for many years to come.

Last spring I brought in a petition from the people of Merritt's Harbour and Herring Neck concerning one of the worst portions of road in the whole of this province barring none. I have a very lengthy telegram which I received from them recently, as yet nothing

has been done. So like my honourable colleague representing the District of Fogo, I do see a little twinkle in the eye of his Honour the Minister of Transportation and Communications and I feel that he has his cards already to deal. The petitions that were presented last year, particularly mine, Mr. Speaker, will be attended to. I have great pleasure in supporting this petition.

MR. ROBERTS: Mr. Speaker, speaking in support of this petition, I have only three things to say. First of all of course, I support it. Secondly, if memory serves me correctly and memory may not, the minister undertook last year to pave to Carmanville this year. Thirdly, both of my colleagues, the gentleman from Twillingate and the gentleman from Fogo, have detected a twinkle in the eye of the minister. I think I have detected it too.

AN HON. MEMBER: Tears.

MR. ROBERTS: No, the tears are in the Finance Minister's eyes. What I would like to say, Mr. Speaker, is that I think the people in the Gander Bay Area and for that matter the people in Twillingate and New World Islands and elsewhere would like to see a little blacktop on the ground instead of the twinkle in the eye. We hope that when the snow goes there will be blacktop on the ground this year. The time has come.

MR. P.S. THOMS: Mr. Speaker, I too rise in support of both these petitions and particularly in support of the petition for Gander Bay South. As all the honourable gentlemen in this House realize, this is part of the Highway 40 which circles right from Gander down through Carmanville, Wesleyville and back to the Trans Canada at Gambo again. In so supporting this petition, Mr. Speaker

Mr. Speaker, may I put forward one constructive suggestion which I am sure the honourable Premier will be glad to hear. Would the honourable Minister of Highways and Communications embark upon a programme this year, I say not to pave ten miles or five miles of different sections of highway but to embark upon a programme . . . to pave the roads within the communities because this is where this unearthly dusty problem is. I have roads in my community from Hare Bay right on to Cape Freels and the dust problem is atrocious. It is almost unbearable. Our citizens are continuing to complain about it. I am wondering if the minister could take this and consider it and possibly if he can get on the good side of the Minister of Finance he may be able to bring this idea to reality this year, not only on Highway 40 but it could be done all throughout our province. I believe this would be indeed a blessing to our people.

HON. J. C. CROSBIE: (MINISTER OF FINANCE): Mr. Speaker, I would like to rise to support this petition and all similar petitions. I support every petition, Mr. Speaker, that comes before this House requesting the expenditure of public funds. The only trouble is that I will have a double provincial debt this year to even go close to meeting twenty-five per cent of the requests.

Mr. Speaker, let me say further that if the honourable gentleman's colleague in Ottawa, the honourable John Turner, would turn over to the provinces some room to collect some revenue or turn over to us some revenue from the buoyant revenues that they have there this year, instead of retaining the money to make political wind for themselves, we would be in a far better position to do the honourable gentleman's roads and all the other roads that are necessary to be done on this Island. Anyone in this Island, Mr. Speaker, who does not get his roads done this year can blame John Turner, not John Crosbie. I want them done.

MR. SPEAKER: Are there any other petitions?

NOTICE OF MOTIONS AND QUESTIONS

HON. W. DOODY (MINISTER OF INDUSTRIAL DEVELOPMENT): Mr. Speaker, I ask leave to move adjournment of this House to discuss a matter of urgent public importance namely: to discuss the matter of the shutdown of the Steel Mill located at Octagon Pond.

I made a statement just a few moments ago which outlined in some detail the history of the plant, of its origins and of its unfortunate financial losses since that time. I have mentioned the efforts that were made by the previous administration as well as by this one.

MR. ROBERTS: On a point of order, the honourable gentleman will get leave, indeed we had announced earlier that we would be applying for leave; but before he makes his speech there is a formality of getting the leave.

MR. DOODY: I have already sent one up, Sir.

MR. ROBERTS: Mr. Speaker, you may have copies of the one that I have ready. It is the same effect.

MR. DOODY: It is already sent, Mr. Speaker, but I will certainly forward a second one. The previous one did not reach you, through some inadvertent reason.

MR. ROWE, W.N. It was restructured. Yes, restructured on route.

MR. DOODY: Right. I require leave, Mr. Speaker.

MR. SPEAKER: The honourable member asks leave to move the adjournment of the House to discuss a matter of urgent public importance, namely; to discuss the matter of the shutdown of the Steel Mill located at Octagon Pond. Does the honourable member have leave?

MR. ROBERTS: At this time, if I may, this is the first time in my seven years as a member of this House that one of these motions have actually gotten to the floor.

AN HON. MEMBER: Now you have nothing to talk about.

MR. ROBERTS: No, no, I have a great deal to say but that is not the point now, if the honourable gentleman for St. John's Centre would be as serious

as his colleague is, perhaps this debate may be of some value.

MR. MURPHY: I am very serious here.

MR. ROBERTS: The question I have, Mr. Speaker, the point of order is what is the motion now before the House? I have never before heard this one debated, The House Leader may know what the motion is, the honourable gentleman from Harbour Main, The junior member from Harbour Main has moved that the House do now adjourn. Is that the motion we are debating? Could Your Honour tell us because I do not think that anybody in this House has ever heard it debated except the gentleman for Bell Island, the gentleman for St. John's Centre and perhaps the gentleman for Fortune Bay.

HON. W. MARSHALL: (MINISTER WITHOUT PORTFOLIO): Mr. Speaker, if I may, this motion made by the honourable minister is governed by Standing Order (23) of the House. The motion, Mr. Speaker, is that the House be adjourned for the purpose of discussing a matter of urgency

Mr. Marshall.

a matter of urgent public importance. The nature of the matter of public importance is the curtailment of the operations of the steel mill at Octagon Pond. In answer to the question and possibly with a hope of clearing up the point of order, what we are speaking to is a motion that we now discuss the situation with respect to the curtailment of operations at the steel mill at Octagon Pond. I trust that that clarifies the matter.

MR. DOODY: It is your desire, Sir, that we discuss this matter. Thank you. The point of order is going to be decided on now, the point of order of the hon. Leader of the Opposition.

MR. ROBERTS: (Inaudible).

MR. MURPHY: The motion was put and passed unanimously that we -

MR. ROBERTS: No, Mr. Speaker, for the hon. gentleman for St. John's Centre, the honourable gentleman was given leave. As a matter of fact if the motion is passed the House adjourns as of the moment it is passed so it will not be passed until six o'clock.

MR. MOORES: I am sure that there are a great many technicalities that we could discuss all afternoon. I suggest that we get on with the debate that we are talking about because it is serious.

MR. SPEAKER: I think the matter has been taken care of quite ^{adequately} ~~adequately~~ by the hon. member for St. John's East and I trust that we can continue with the debate.

MR. DOODY: I am afraid that I am far more concerned with the matter at Octagon Pond Steel Plant than I am with the procedure or functions of this honourable House and I ask His Honour's indulgence. The hon. member for Bell Island a few minutes ago mentioned the fact that this was a Black Friday. He is probably correct. I hope that he is not speaking facetiously. I would hope that he is not being caustic nor cynical because I remember the hon. member for Bell Island who once was very concerned about people. He was at one time very active in the trade labour movements. He was at one time

very active with the unions on Bell Island.

MR. NEARY: That is right.

MR. DOODY: I would hope, Sir, that you share the sympathy that I have for these people who are out of work today and that the honourable member keep his comments to these matters before us.

MR. NEARY: I will speak on this.

MR. DOODY: I hope he will, Sir, and I hope they are constructive.

MR. NEARY: They will be for a change. The honourable minister will not pay any attention to them.

MR. DOODY: The honourable minister had to pay attention to you while I was outside this House, Sir, for a great many years. I watched your great economic progress in this province. I saw your great strides that you made toward turning this into an industrial -

MR. NEARY: You are being political now.

MR. DOODY: I am not being political, Sir, but I am a little bit irritated by the honourable member's attitude towards this matter.

MR. NEARY: (Inaudible).

MR. DOODY: Thank you. The comments that I made earlier, Mr. Speaker, I will not elaborate on at this time. However, there were several questions raised by the hon. member for White Bay South which I will only be too happy to comment on now. The study by the Steel Company of Canada which he asked to be made available to the members of this honourable House shall certainly be made available. It is a confidential document that was submitted to this administration and I hope that the members of the opposition will treat it with the confidence that it deserves.

The hon. member for White Bay South also inquired about the DREE negotiations which I mentioned in my preliminary remarks -

MR. NEARY: Would the honourable minister permit a question?

MR. DOODY: Certainly.

MR. NEARY: Do I understand from the honourable minister that he will make this report available to the opposition?

MR. DOODY: Yes.

MR. NEARY: Well, if he does, Mr. Speaker, I want to advise the honourable minister right now that if I get a copy of it, I am going to give it to the union. It is not a confidential matter. It is a public matter. The public should have this information.

MR. DOODY: Mr. Speaker, if the union request off me a copy of that report, I will make it available to them. I made the same offer to Mr. Parsons yesterday. I will make it to him again today. I really expect no more from the hon. member from Bell Island than that which he just demonstrated, neither courtesy nor confidentiality nor good-manners. I do, however, expect that the union people -

MR. NEARY: Oh, come off it!

MR. DOODY: I do expect that the union people will treat us with the same good, honest desires that we are trying to treat them with. To get back to the point with regard to the DREE negotiations, there was a rather substantial amount of money being discussed by the then management of the steel plant and the officials of DREE, with the previous minister, (I forget the exact amount. I have it on file) it was \$1.6 million, that is what they offered. The conditions under which this offer was made the \$1.6 million were such as to make it impracticable if not impossible for the steel mill to accept the offer. The condition of sales that were necessary (as I remember it, there was nothing like ninety per cent of the product of the mill over a period of years) had to be pre-sold before the DREE people would consider giving them the funds that they were discussing. The DREE grant of \$1.7 million, which is what was offered, in the expansion of the modernization programme - the DREE grant of \$1.7 million toward the \$5.5 million expansion, which they were talking about at that time and asking for, was made. However, the one condition

that makes it virtually impossible to take advantage of this offer is, as I said, the inability by NESCO to meet the condition of obtaining a commitment from the Labrador Iron Ore Company for the purchase of 16,000 tons of grinding balls per year at \$190. per ton at the start of the new operation. In short, Mr. Speaker, the reason that this DREE grant was not obtainable was because the steel company was unable to meet the conditions attached to the DREE offer.

MR. W.N. ROWE: Would the honourable minister permit a question?

MR. DOODY: Yes.

MR. W.N. ROWE: When was that application made and when was it accepted with these conditions attached by DREE?

MR. DOODY: In April of 1972. These negotiations were underway at the time that we assumed office because, as I remember on my first visit to this steel mill, upon being elected to the District of Harbour Main, these were among the items that were discussed by the then management and they informed me of their attempts to get these funds from DREE and so I assume that they had been started prior to our assuming office, and subsequently they were not.

The amount of time available for the steel company to manage the plant - the honourable member suggested that it would have been in the best interests perhaps of everybody if the full management agreement time had been exercised by the steel company. However, we were not given that option and if we were, I doubt very much in all good judgment that it would have been acceptable. We received a letter from STELCO, the fourth paragraph of which says: "We hereby give you notice that the management agreement is terminated effective March 2, 1973. This notice is given pursuant to paragraph (B) of Clause (10) of the management agreement." It may have been desirable, certainly it would have been from the viewpoint of the people employed to have kept the management agreement in operation. It would have simply prolonged the period of loss. It would be a further drain

on public funds and in the long run the employees at the plant would have been no better off.

It has been suggested to us that, did we make every effort to find out, if indeed STELCO made their best efforts available to manage the mill? There is certainly no doubt in my mind on that. There were a group of people

from STELCO and I am sure that the people in the union will go along with this that there was a concerted effort by the people in the STELCO'S Management Team who came down here, who made a tremendous effort to get that mill into profitable productivity and make no mistake about it the productivity was never in question. They did manage to reduce the cost of producing the steel in there by a considerable amount. They did get maximum co-operation and maximum assistance and help from the people who worked at the mill.

The product that was turned out at the mill was never in question and STELCO came to grief only, as was pointed out in the previous statement, in marketing the product. The freight differential and shipping the product around the province or the island really of Newfoundland to the Mainland markets simply put the product in an uncompetitive position when it reached the market place, not a very complicated but a very, very unfortunate economic statement of fact.

The Steel Company of Canada, and I do not have to emphasize this, is a very, very creditable company indeed. There are few steel companies in the western world who are more knowledgeable in the marketing of that type of product and I am convinced for one that they use their best efforts to manage the mill and to market the product and I think that when the hon. members get a copy of the STELCO report that they will agree that is so.

I think, Mr. Speaker, that I will close my comments for the time being with these remarks and I will speak later on today.

MR. WM. ROWE: Mr. Speaker, I hope that I might have the benefit, being few in number, of hearing one or two other members or ministers speaking on that side before I had to rise to my feet again. If anyone wants to speak over there I will yield and speak later.

Well I have already outlined, Mr. Speaker, one or two of the considerations that concern us on this side of the House. Naturally, we are very concerned mainly or perhaps mainly because of our lack of knowledge at the present as to what exactly is going on. I have asked

for a copy of the study of the report by STELCO which the hon. minister has said he is going to give us. The copy of the agreement. I do not think he mentioned in his opening remarks.

MR. DOODY: It has never been made public.

MR. POWE: The agreement has never been made public. I think if the hon. minister checks with his colleague who was Minister of Economic Development at the time he will find that aside from his public statement reported in some of the newspapers at that time. Here it is public statement dated October 13, here it is, Mr. Speaker.

"It has not been made public." Well, okay, that point is clarified.

If we could have a look at that, Mr. Speaker, we would appreciate it very much because it is a little difficult at this point in time, with a lack of knowledge, not to accuse the government or one or two ministers involved in the government of something akin to (and I hope it is not unparliamentary) either negligence or someone might say bad faith. I doubt if it is bad faith but there seems to be some negligence in fully explaining the whole situation to the workers involved, the union members involved, to the opposition members of the House at the time that that statement was made on October 13th by the Minister of Economic Development concerning the deal that had been entered into with STELCO.

That statement from Newfoundland Information Service carrying the ministers name had this paragraph in it.

Number two of some of the points he is making. Number two, a six months management contract paying STELCO an estimated \$125,000 to cover all actual management expenses to be entered into with them. The agreement to contain options whereby the management period could be extended up to the end of 1973 under the same terms and conditions.

Now, Sir, I would have thought that it might have been worthwhile at the time for the then minister or his government or his colleagues to have stated clearly, unequivocally and certainly that there was an option up on the part of STELCO apparently to pull out of this deal at any time with very little notice if any notice. The definite impression which obtained at the time I am sure which the members of the union - I have had conversations with them and I am breaching no trusts, I hope - the definite impression which they had and which we had at this time was that there was a six month's term certain and that hopefully knowing the policies of the present administration and the policy of the opposition in the matter with regard to three month's lead time, three month's notice when there was going to be a massive layoff, that they could count on, the men, the workers in that plant could count on nine full months from the time that this agreement was announced to have been entered into.

Now we find, not only that STELCO is going to pull out after, what is it? Three months or so following the execution of the agreement or at the least the announcement made by the minister, not only three months has elapsed since that time but that the workers and the union cannot even take advantage of the stated government policy of there being three months notice given in this type of layoff.

So this is why, Sir, that I say with all sincerity, I do not want to be partisan about it, I do not accuse the government of bad faith but I certainly accuse the government of some negligence in not making this very clear in the circumstances. We are talking about two hundred workers or a little more in some cases and other people affected directly and their wives and families. Here they find themselves with a few weeks at best to come up with the necessary work to keep bread their tables, their families' tables.

The union agreement, Sir, between the United Steel Workers of America, local union 7144 and the Newfoundland Steel Company, Limited, 1968 signed, I believe January 1, 1971 and extending into December 31, 1973, is still in effect. In other words, states that where an employee has one year seniority but less than three years he shall receive three weeks pay at his appropriate rate of pay, three weeks. I would submit, Sir, there are some people in that category and three weeks is a far cry from three months.

Where he has three years seniority but less than five years he shall receive seven weeks pay, less than two months notice from the time that, I would assume from the time that he is laid off.

Where he has five years seniority but less than seven he shall receive twelve weeks, which is the three month period.

Seven years seniority but less than ten, eighteen weeks pay.

I do not know how many men fall into these various categories. On the average I wonder how many men and what would be the average tenure to date of the men working with the plant? Three years? Two years? Any idea? Three years would be about the average. So, we find that they probably fall within the one to three years or some would be the three to five years so they have three weeks pay or seven weeks pay. Still there is a substantial differential between that and the three months which is a stated policy of the government which we agree with over here and if we have the opportunity to vote for it, either the government or opposition, we will vote in favour of that type of legislation.

So, Sir, on those two counts alone it seems to me that the men in that plant have been let down rather badly by the present administration.

I understand their concern about more public money going into this plant. When I had the honour to be a member of a previous administration, we had several meetings with management concerning this very matter and it was a terrible situation because you did have the feeling at that time that there was money going down into a sink hole that

probably would never be recovered again. We used to always weigh that against the fact that there were two hundred men employed there and they were making fairly decent wages and that they were at least not on the dole line, not on unemployment insurance, not without work.

Another point that I would like to make, Sir, concerns the DREE agreement. I asked the hon. minister to give some information about when DREE made their offer of \$1.7 million dollars with certain conditions attached and it turns out that that was in April of 1972 which is less than one year ago, not too long ago. Since that time we got a new

minister in Ottawa. We have had a federal government which has been chastened, to say the least, by voters - the Canadian electorate. I would not be surprised, Sir, the minister who is a Newfoundlander, although he may not do anything prejudicial to other parts of Canada, he is certainly going to bend over backwards to help his native province and if anyone believes otherwise about this gentleman or any other honourable gentleman who may be a minister in Ottawa, well then I would say they are sadly deceived.

It might be worthwhile, I do not think it is clutching at straws, it might be worthwhile, I think it would be worthwhile for the government to approach DREE again to enter into direct political discussions, at the political level I mean, not partisan politics, at the political level between the Premier and one or two of his colleagues and Mr. Jamieson in Ottawa to see if they can upgrade their offer somewhat - come up with a better deal which might make the operation of that plant a little more feasible. At least that effort should be made, Mr. Speaker. I think that is owed to the people working in the plant and their families.

As to the question which I raised earlier about STELCO making best efforts, who knows if they made best efforts or not. Certain workers in the plant (are they speaking from a position of knowledge or lack of knowledge? I do not know) seem to be under the impression that best efforts were not made by STELCO in that plant. As I mentioned earlier, there is always the nagging suspicion, as great as might be the reputation of that steel company, there is always the nagging suspicion that this is something now that they do not have to bother about.

I understand that the Newfoundland Steel Mill earlier had some very good contracts with Wabush Mines and with Iron Ore Company of Canada. It might not be a bad idea.

AN HON. MEMBER: All at a loss.

MR. WM. ROWE: All at a loss - there have been companies in Canada supported by the federal government and other provincial governments which have suffered but which were carried on in any event. But it might not be a bad idea and again I am not casting aspersions, it might not be a bad idea for somebody in the government to check with Iron Ore Company of Canada and with Wabush and with any other companies who might be friendly to the province, to see if STELCO has or has not, at least the point would be cleared up, to see if STELCO has through any of its other plants or any of its other subsidiary operations, recently within the last year or so, entered into deals with these two companies and then we would know whether or not there is any proof positive or lack of proof that there might be a conflict situation. I am not accusing them of this, I am saying that this is a stone which should not be left unturned, that it should be looked into because there are some people who are convinced that best efforts were not made by STELCO in this. That might be bitterness, it might be a feeling of frustration, I do not know, I have no knowledge in the matter, I am merely raising the point as a question to the administration.

With these few remarks, Sir, let me conclude by saying that there have been eleven or twelve million dollars down the drain, so to speak, over the past eight or nine years with regard to the steel mill. The capital cost was some \$5.7 million or something and then there were subsidies and current losses throughout the whole operation of the plant during that time. The old saying of cutting your losses and running might not be applicable to this situation. It might not be a bad idea to consider that to be a loss; there is nothing we can do about it, water under the bridge, money lost, This maybe a wrong concept to begin with, maybe stupid, Who knows? An effort was made to set up this plant to give men work and to create economic development in the province. It might be an idea to consider

that, not to be bringing that loss to the fore all the time but to think in terms of what I have already said, make another application to DREE, talk to Mr. Jamieson, see what DREE can come up with, see what modernization can be made with the plant, see what new equipment can be brought into the plant, see what the plant is best suited for, Grinding balls for example, I think is what the plant is suited for best. Apparently this is the guts of the operation - well that is the backbone of the operation.

In any event, Sir, speaking from no technical knowledge whatsoever, maybe if we put that past loss behind us and thought in terms of the existing structure, that infrastructure, that capital investment which is out there, forget about the loss and say now: "What can DREE do?" What in fact can the Government of Newfoundland starting afresh do by way of subsidy and by way of other plans and things, to put this thing on, if not a viable operation maybe a break-even operation, maybe even at a slight loss?

Other provinces and other countries in the world think that a certain value can be attached - a dollar figure can be attached to jobs in a country, on an ongoing basis. Maybe this will be a viable, economically sensible proposition, I do not know but it seems to me, Sir, that there is a little undue haste, not only with regard to severance of the men but undue haste in trying to get rid of this albatross around the government's neck. A few more months study - perhaps we can use some of the time of the four or five hundred experts, so-called, making big salaries in Ottawa, in DREE, to look into the situation to see if there is any possible way. Maybe it will all come to naught, finally and conclusively but I think there is a last ditch effort to be made. I think another attempt should be made to DREE and I think that every effort for another few months should be made to keep the thing going for the benefit of the workers.

In any event, the plant should be allowed to carry on. The very least the government should do is to allow the plant to carry on for three months more from the date of this announcement or if it is going to close down in a few days, to give all the men there, without exception, at least three months notice with pay, and if there are any other men who can get a better deal under the union company agreement, then of course they should get it. But the bare minimum should be in accordance with stated government policy in a bill I believe already on the Order Paper in this House, should be a minimum of three months notice.

I hope, Sir, that nothing I have said today is taken as partisan or spleen or anything else. We are genuinely concerned about the men involved as I know the government are. I hope the government's vision is not clouded by an understandable desire to get rid of this albatross. I hope they do reconsider their position and that perhaps some other method, with DREE help, with federal government help, can be come up with to keep this thing going for at least a certain period of time to allow the men to find a job.

In any event, the government should make perfectly clear, not as they did on October 13, but if any other consideration is going to be given, the government should make perfectly clear to the workers in that plant what is going to happen. There should not be any things left out. There should not be anything left to surmise or speculation. The thing should be perfectly clear. It is clear now the plant is going to close down, if the government do give further consideration then whatever consideration they are going to give to it should be made perfectly clear to the men so that no false sense of security is raised in them.

That is all I had to say, Mr. Speaker. I hope to hear more members on the other side as well as this side speak on it because it is a very important, it is even in a way a provincial catastrophe

and something that deserves the attention of every elected representative in this House.

MR. EARLE: Mr. Speaker, I was very closely associated with this project for a matter of several months, because at that time I was the Minister of Economic Development. May I say at the outset that right from the time I became first involved with this project up until the present day which has ended in literally disaster for a lot of Newfoundland people, my concern has been very deep and very sincere for the workers in the plant and still is.

In fact it goes a lot farther back than that, Mr. Speaker, I was knowledgeable about this plant away back in the days when the Liberal Government started it. I thought at the time, as I think all my colleagues did, that possibly here was another good industry for Newfoundland, that perhaps we had something good

which would go ahead and give work for men. But the thing had not been operating for very long when it became patently obvious that it could not succeed. To begin with the mill itself was not on tidewater, it was in a very poor place. The cost of transportation, both to and from the mill, the fact that we had to buy so much raw material outside of the province and bring it in, made it terribly, terribly obvious that it was extremely doubtful, even in the early days of the start of this mill that it could at any time be successful.

I recall very vividly when the new scheme for the conduct of the mill was brought up in the previous government. I think a great many of us had doubts at that time that it could possibly succeed and I for one have no hesitation in saying at that time, which was some six years ago or more, I recommended that the mill be closed down then. Had my voice been accepted Newfoundland would have been in pocket perhaps \$6 million or \$8 million. But I was only one of many and actually of course the majority counts in this thing and the mill went ahead. But never in all its long history could I see daylight in this operation.

Now I did not come into contact with it again until I became Minister of Economic Development and at that time I think the mill had cost the governments of the previous day and that day close to \$9 million in capital expenditure and losses. We looked at it extremely closely, I came in at the stage where the DREF agreement had been turned down for the simple reason, as has been said by a previous minister, that the offer made under the agreement could not possibly be accepted. It was completely unworkable. We could see that obviously, from the studies in the department, that that was completely impossible and would only result in more money going down the drain and the last state of that situation would be worse than the first.

On top of that another offer was made during my tenure of office which I took a very close look at. That was by the then operators of the mill, Lundrigan's Limited. They wanted the government to plow a considerable amount of money into the thing and refurbish it and so on and bring it back.

Perhaps I was criticized to some extent that I did not make more publicity on that or accepted it or talked about it. The reason there again was very, very obvious indeed. The operators of the mill at that time were doing such a terribly bad job that any businessman had to be completely out of his mind to advance further monies to these people to carry on operating it. The mill was losing at that particular time something like \$100,000 a month. There were sales of steel made \$16. a ton below cost. Then for the people who are operating on that basis to come to government and ask for several million dollars to be plowed into this operation, to give to them to operate, was so unthinkable as to be ridiculous. It could not be done. About that time the Steel Company of Canada came into the picture.

Here again as my public utterances at the time and believe me, Mr. Speaker, there were very few indeed, my public utterances at the time showed no optimism or no great encouragement that this could be a success. I was under extreme pressure at all times in the press and to some extent from members of the union to make public statements. There was a time there when almost every day there would be requests from the press and the media to make statements on the steel mill at the Octagon. I deliberately and conscientiously did not make statements because the only statements that I could have made at that time would have been extremely pessimistic and extremely detrimental to the whole project. Then we were just started negotiations with the Steel Company of Canada.

I was hoping and praying at that time that the Steel Company of Canada would come in and with their expertise and experience that somehow unknown to me they would be able to make a success of that operation. I dared not say anything at that time that would indicate any lack of faith in this thing which would upset perhaps a potential operator. So I had to take all the gaff and all the flax that came at me from the press and everybody else and keep quiet, which I still contend at that particular stage was the best thing to do.

Anyhow that is all water under the bridge at the present time. But the opposition keeps referring to 200 men. There is only one point I think, at which there were anything over 200 men there, at the stage when I picked it up there were about 180, it is now 160, so it is not 200 men that were affected. It is bad enough that it is 160, but it is not over 200 men or not even 200 men or more men.

MR. NEARY: Mr. Speaker, could I ask the honourable minister a question? Does that include staff, office workers? What would be the total number?

AN HON. MEMBER: One hundred and eighty-one.

MR. EARLE: Yes, 181 when you take the complete management and personnel and so on. But these are not really in the same class, it is the workers that I am talking about, the actual workers in the mill because obviously of peak experience in the manufacturing of steel and so on.

AN HON. MEMBER: Inaudible.

MR. EARLE: Yes some of these people will obviously find no difficulty in getting jobs in another operation.

However that is what it was, 160 at the time. The accusation was made at me when I made the announcement, which was read by the honourable member for White Bay North, that when I made the announcement that it was a six month contract with the option of renewal for another six months, I did not say at that time that the thing should be clued up at any time in a matter of a few weeks or months that the thing could phase out. But what I did say at the time and made it quite obvious in my remarks, is that it was up to six months or longer if the steel company could find that they could make it viable. I repeated that on several occasions in various things that I had said over the press and radio and so on, that it was up to six months or longer. The statement which was sent out by the Information Services merely said that it was a six months' contract with a renewal of six months if necessary.

But contingent upon that I made several statements to the press and radio that it was up to six months if they could prove it to be a viable operation, giving no indication for my part, Mr. Speaker, that it could or could not be proved to be a viable operation at that time because frankly I did not know. I was hoping that it would be. I was hoping beyond anything that the Steel Company would make a success of it but I nor nobody else nor the Steel Company themselves knew at that time whether that could be made a viable operation. We had to give them a chance to prove it.

The honourable Minister of Industrial Development in his remarks pointed out quite clearly that if the Steel Company had not drawn out of this now and had not agreed to close down, that there would obviously in the succeeding months and years, however long the thing was allowed to go on, a steady drain of losses.

I think the remarks made by the honourable member for White Bay South: "Why does not the government go on with further negotiations with DREE or somebody or other and try to get some more experts to try to carry this thing?" Obviously if the Steel Company of Canada are not experts in this, who is? I do not think there is anybody in Ottawa or anywhere else that can offer better advice on this type of thing than can a company which has been in the field of business for all its history. I think that it is quite obvious that the information that they are giving us is correct. But further than that, Mr. Speaker, the government when they were negotiating with the Steel Company insisted that there be a gentleman for close liaison with the government. This was in the person of Mr. Don Wilson who admittedly is not an expert steel man but believe me a very keen and sharp operator in his sense of business and knows the thing when he sees it. His reports, which were coming back to me periodically, showed just how disasterously the thing was shaping up.

But under the agreement with STELCO they were permitted to carry on as long as they had any hope at all of perhaps proving the thing to be feasible. Well, unfortunately or otherwise, that has come to an end, perhaps

a shorter period than we anticipated. But nobody, I say the Steel Company themselves nor our government could anticipate at that time how long this thing would take to prove itself. It is perhaps fortunate from a purely financial standpoint that the story has

been revealed so quickly because I think the longer it went on and the longer the thing was kept in operation the more hope the men would have that it would be a viable operation and that their jobs would last and so on, where it is obviously not true and could never be true. The idea of going into further negotiations and carrying on when the reports we have that for a period from eight to ten years that project would continue to pour money down the drain, surely anybody that has any sense at all is not going to recommend to this government or any government that they fool around with that sort of thing, possibly a continuous loss of \$100,000 a month for years hence. The Newfoundland people would never forgive us for undertaking anything of that nature. There are far too many things required in this Province of Newfoundland for this government or any government to blatantly take on something that was throwing \$100,000 a month down the drain when there are so many other things of a far more viable nature that need to be done in Newfoundland. I would say politically and otherwise we would never be forgiven and I am sure that the members of the opposition if they were in our position would realize exactly the same thing.

You simply cannot afford to play around with public money knowingly knowing that it is just going straight down the drain and we quite obviously could not see any alternative. This has been borne out by the Steel Company because they can see no alternative.

The question has been raised whether we are getting accurate information from the Steel Company. I am quite sure that when the confidential report is shown to the members of the opposition they will agree that it is a factual one. They can pick it to pieces and study it all they like but I am quite sure that they will come to the conclusion that this is a realistic and factual report. I think this happening today is far above the level of any partisan politics. We can go back and blame the past administration if we like for creating this monster. You can

accuse this government of carrying on under false pretences if you want to but that is not being done.

All the information that could be sensibly given with the hope of perhaps somehow or other carrying this thing on was given but I would have been a fool of the first order and I think the public would recognize it, if I came out with any cheerful or optimistic statements or any statements that would have given greater credence to this thing at a time when it was just in the course of examination for proof as to whether it could operate or not.

Well the story is here now and unfortunately this is where we are. But it would be complete hypocrisy on the part of this government and complete hypocrisy on the part of the opposition to try in argument or debate to recommend, after the history of \$12 million gone down the drain, that further attempts be made to try to rescue this operation. Gentlemen it is simply impossible. It was impossible from the start and it is now completely impossible and as I say the Newfoundland public would never forgive us if in order to keep 160 men or so employed we continued to pour the public money down the drain at the rate that operation was consuming.

HON. W.G. DAWE (MINISTER OF MANPOWER AND INDUSTRIAL RELATIONS): Mr. Speaker, it is indeed most distressing and disturbing to me today to have to sit here in this House and hear my hon. colleague make his ministerial announcement concerning this situation. Being the member for the district and Minister of Manpower and Industrial Relations makes it all that much harder to take. Realizing my responsibility in this situation as Minister of Manpower and Industrial Relations, I hope that I shall play some role, some measure in alleviating this situation which affects over 200 men. Not so long ago we experienced another tragedy in the employment field in the closing of the Whalesback Mines, where quite a number of people were affected. I do not have the exact number right here but through

the Department of Labour and with the help of the staff of that department who are expert in the field of apprenticeship training and upgrading and placing people in positions and so on, it was possible before that mine closed to have all the workers of the Whalesback Mine placed in alternate positions. Before the mine closed they were all employed in one way or another, through the apprenticeship training or the upgrading plans in conjunction with the Federal Government and so on. Some people found employment on their own.

I have already instructed my staff to get in motion, to start working immediately on this situation and to commence a similar programme and hopefully we will be as successful in this one as we were in the Whalesback Mines incident.

What I have to say following will not be of much assistance and of little consequence perhaps to the plight of these unfortunate people who work in the steel plant. It was my opinion, Mr. Speaker, and in the opinion of many people here that this in the first place was a poorly planned and poorly worked out industry. In the first place it should never have been located near Octagon Pond as has already been said. If it had to go in the District of Harbour Main there was an alternate site which would have been perfect for it, where there is access to the water, to the Trans Canada Highway and to the CNR. Where it is located today requires extensive trucking both of raw material to the plant and of the finished product from the plant and because of a defective bridge in Manuels it has been necessary to truck the materials via the Trans Canada Highway which is about three times the distance.

Then too we have to realize that when this plant was built the machinery which was installed in it was outdated and probably was picked up from some old dump somewhere. The machinery manufactured was I think last used in the year either of 1914 or 1928, I am not sure

but it was one of these years. You can imagine the impossibility of trying to make such an industry workable and feasible with machinery like this. I do not know how anybody in this House could expect even the most experienced in the steel industry to make such a plant work with machinery such as this. This was a scheme which was conceived by the former administration, constructed by the former administration, one of many grandiose ideas of the former premier and he must have had some great and wonderful visions in his days. It is unfortunate that they all ended up similar to this one.

I have before me a sketch of the great dream of the administration of that day for the Octagon Pond Area and it is here for anybody to see. This picture comprises an area of about fifty acres and it is totally built up with various industries and they were supposed to have been machinery industries. It would have, according to this dream book, employed about 500 people and we can be very thankful today in this province that this did not get off the ground. Even if they put brand new or up-to-date machinery in it there is very little likelihood that it ever would have been a success in the location.

There is an ideal spot in Harbour Main, as I have just mentioned, close to the water, harbour

C.N.R. and Trans-Canada Highway. We might today be facing a greater tragedy had this ever gotten off the ground.

In any event, Mr. Speaker, I am very saddened today to learn that one hundred - well two hundred employees will be out of work within two weeks unless, of course, we can be successful in finding alternate employment. Many of these people are my personal friends. They are people I know and have known for years. They are my neighbours, all constituents, practically all of them, there are very few from outside Harbour Main. They branch from Marysvale right around to St. John's. I am very, very saddened indeed that this tragedy has come upon them. I will certainly do all within my power to try to alleviate their situation and try to have them placed in alternate employment as quickly as possible.

MR. CROSBIE: Mr. Speaker, I am sure that everybody here feels every sympathy with the workers who are to be terminated as a result of the close down of this steel mill. I certainly sympathize with the honourable members for Harbour Main who of course are directly affected as representatives of that district where most of the men live.

The honourable member for White Bay South suggested that perhaps this close down was being made with undue haste. This is certainly not the case, Mr. Speaker, because when we came into office January 18, last year, the steel mill was in a very precarious and sad situation. We have spent, keeping it going up to now from last January 18, to give this another chance, the present government have spent at least \$3 million since that time to keep this plant going. when in fact, if you are only going to examine the situation analytically and cold-bloodedly, the right thing to have done last January or February, as soon as it came to our attention, was to close it then, because we knew ...

AN HON. MEMBER: You were going to have an election.

MR. CROSBIE: Well then, the right day if the honourable gentleman is going to talk election is fine, close it April 1, you know, after the election. That was not in our minds. The right thing to do, Mr. Speaker,

would have been to close it last January or close it last April, if one worries about elections as the honourable gentleman opposite does, as we know from the enquiry that is going on now how much he worries about elections. There is a lot more that will be coming out on that.

MR. NEARY: What about E.P.A.? Tell us about the millions of dollars being pumped into that.

MR. CROSBIE: The honourable gentleman did the pumping. The honourable gentleman did the pumping, just as he did on Bell Island. He pumped the mushrooms on Bell Island. Mr. Speaker, if I might carry on. Instead of closing it down last January (as anyone should have done if they were just looking at it from the point of view of could it succeed) or last April, or last May, or last July, or August, or September or October. We have kept this mill going to give it every chance and it has cost the people of Newfoundland, as a result, in excess of \$3 million to do that. Yet the honourable gentleman says this is undue haste.

The honourable gentleman mentions STELCO, as to whether- he does not want to infer that STELCO has not used their best efforts, he does not want to suggest that they have not used their best efforts, he does not want to hint that they have not used their best efforts, he does not want to whisper that they have not used their best efforts, he does not want to imply that they are biased, he does not want to imply that they are just out to scuttle the steele mill, but he will mention all those things because other people are thinking it. To say that, of course, is to put into print the idea that STELCO was scuttling it for some reason of their own, even if the honourable gentleman does not believe it. I do not believe that for one moment.

STELCO did not come to us looking for that steele mill, STELCO did not approach the government, STELCO was not interested, STELCO had to be badgered by us for two or three months before we could

inveigle STELCO to take it over. Then STELCO would not pay a cent, then they drove a hard bargain, then they still were not interested, then they were going to get it for one dollar if they wanted it and assume an eight hundred thousand dollar obligation at the bank. We were prepared to give it to STELCO for zero if they found that they could operate it and get nothing back and wipe off the ten or twelve million. But STELCO did not come to us, we had to plead with STELCO to do this. STELCO has given their report and the only reason why they have come in and given it three or four months is because they now know the answer. It took them three or four months to find out that this does not have a hope, it does not have a prayer, it does not have a chance and that if they kept on taking our money they would be taking our money under false pretences.

We agreed to spend six hundred thousand dollars to renovate the plant and to improve the mill and so on. They did not spend all of that six hundred thousand, they could have kept going another month or two and used up the rest of our six hundred thousand, but they thought that was not fair, they thought that was not right, because STELCO knew two weeks ago, as a result of their expert survey of the situation, that it had no chance, it was not viable, if you got it for one dollar, if someone gave it to you, if it were a free gift it could not go on any longer because it would continue to lose money.

What did it lose in 1972? Over one million dollars. In 1971 it lost over one million dollars. In 1972 it lost \$1.3 million. It lost in the first half of 1972 over one half million dollars, then \$1.3 million for the year and still we have kept it going.

I well remember, Mr. Speaker, I was in the cabinet in 1966, not when this got started but when it first got into trouble. This steele mill was started by a group of Newfoundland businessmen. Ches Pippy, Gordon Pushie, Albert Martin and two or three others started this steele mill.

MR. ROBERTS: Arthur Lundrigan and Cam Eaton.

MR. CROSBIE: Arthur Lundrigan and Cam Eaton. It was going to cost one million dollars or one million and a-half dollars. It was going to get a DREE grant, it was going to do this and that. Why did it not get a DREE grant then? Because they bought secondhand machinery.

SOME HON. MEMBERS: An ADA grant.

MR. CROSBIE: It was an ADA grant it was not DREE. There was going to be an ADA grant but they did not get that grant because they had secondhand machinery there. Therefore, it was not eligible for an ADA grant.

MR. HICKMAN: That cost money too. That is not settled yet.

MR. CROSBIE: Which?

MR. HICKMAN: Gamma Engineering.

MR. CROSBIE: Gamma Engineering claim, well that is passed I suppose, it is too far back. Then they came to the government having gotten themselves in trouble and the government got them out. I well remember a meeting where Mr. Smallwood said when they were in looking for another guarantee of two and one-half million dollars, Mr. Smallwood said; "Has Ches Pippy ever been involved in anything that was not a success?" Therefore they got the guarantee of two and one-half million dollars and it went on from there.

Then they had tremendous losses and it ended up in 1968 with the Newfoundland Government with eight million in it and it was turned over to Lundrigan's to manage. We know the history of it since then. There is no undue haste about this, Mr. Speaker, because we have not been unduly hasty. It is going to cost the people of this province over three million dollars for our effort to keep this going.

As a matter of fact, in the estimates for the year coming up we had to put in almost four million dollars to pay off the money guaranteed at the Bank of Montreal. The guarantee at the bank when we took over last January of 1972, was \$1.4 million. We increased it to

\$1.7 million, as we said, last winter to give it a chance. Since that we had to give it another two million dollars. That has all been expended so that is \$3.7 million. It will be over four million dollars that we have to pay off under that guarantee in the year coming up.

I was involved in this quite intimately from January of 1972 onwards. As soon as we got into office we had a report on the steel mill from Leonard and Partners Limited, Leonard Kostaszek, who was appointed by the Liberal Administration to review. His review indicated chaos, total chaos administratively, unqualified staff, lack of staff this lack of management support, lack of files,

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lack of security, shambled. That is what his report revealed and he was there for six or seven months. Then we agreed to keep it going. We wrote, in February, 1972, Lundrigan's. Under the management agreement that Lundrigan's had the Newfoundland Government were not required to put up the money - they were required to put up some. If they needed money, they should have put it up. We wrote them on February 17, 1972, asking them to put up some money. We got the reply (I am sorry, the letter is dated February 24, asking them to put up additional money) They replied on February 29, 1972, to confirm that it is not possible for Lundrigan's Limited to advance funds to Newfoundland Steel at this time. They did not want to put any money in it, although they had this management agreement and so it went.

The DREE grant that the honourable gentleman talks about, if you would throw your minds back a few months, you will recall that there was supposed to be \$5.5 million, an application to DREE for \$5.5 million. DREE finally came up with \$1.7 million. The idea was that the whole mill should be modernized and expanded. DREE came up with \$1.7 million, disgrace - generous DREE up in Ottawa, that fountain, that treasure chest in Ottawa, that golden bosom motherload, up in Ottawa came up with \$1.7 million. That is what the DREE grant was and \$5.5 million was asked for. They put a condition on it that we had to get the iron ore companies in Labrador to agree to buy 16,000 tons of balls a year from us for the whole life of the DREE loan, at a price of sixteen dollars per ton or some price that they never paid up to that time and will not pay now. It was \$190.00 a ton. The iron ore companies said; "no, we are not going to enter into a take or pay contract with Newfoundland Steel to buy balls for \$190.00 a ton for the next ten years or whatever it was." The condition was not met. DREE knew that the condition could not be met. The federal government knew that that condition could not be met. That was only a political maneuver

so that time they could say that they had agreed to a DREE grant; when they attached an impossible condition to it. As it appeared later on, in any event, if you got the whole \$5.5 million, it still would not have been economical to operate that mill.

We had a letter from Lundrigan's on July 20. This is before they left the project at our urging and STELCO got in, July 20, 1972. The alternatives for the future are: (a) make no capital expenditure and continue operating as long as the value to the province of 200 jobs exceeds the loss if any incurred on operation; (They estimated a substantial loss starting within six months) (b) invest \$880,000 over the next two or three years; (They then thought a profit could be achieved, which was nonsense) (c) invest approximately \$8 million, including \$3 million in working capital to explore virtually new operations. Potential profits and associated risks do not justify such a large investment.

Every one who has looked at this, Mr. Speaker, has concluded that they do not want to operate, that it is impractical to operate it, that it cannot operate without severe losses and, therefore, nobody but a government would operate it. Even the government at some point have to say; "No, we cannot go on" We cannot go on with \$2 million or \$3 million to keep 160 jobs going. There must be better ways of creating jobs than that. On August 18, we got a report that there was a loss of \$437,000 in six months, which is understating it.

The honourable gentleman mentioned the agreement with the Steel Mill at Octagon Pond, the agreement with the steel yard with STELCO. I might just give him some of the points to that agreement. Now remember they did not want to enter into it. I do not have a copy here today but I am sure my honourable friend does not mind -- copy of the STELCO Agreement. They had an option, exercisable not later than April 2. It is in a six months' agreement with options to extend. There was a crown representative and that was Mr. Don Wilson. They had

the right to manage the steel plant, to make renovations, renewals, alterations, such as they thought appropriate, engage employees, do all of the usual things, negotiate collective agreements, set out their intentions and all of these things - they will be paid one-half the profits if they made any. There is nothing at all unusual in the agreement. The government agreed to provide \$650,000 additional capital for renovations, renewals, alterations, improvements and repairs. They could engage what employees they like. They had an option to take over the plant, if they decided that it was viable. They are to put in monthly statements.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: Right. This can be filed. They had the right to terminate the agreement on thirty days notice and so did the government. The parties hereto acknowledge that at the date of the commencement of the agreement, the company is sustaining substantial losses. Notwithstanding anything in this agreement to the contrary, the manager agrees that if at any time after six months they continue to be substantial, we could give thirty days notice to terminate and they had the right to terminate at any time on thirty days notice but they had to make a report to us on the operation, and that is the report that they have made. The honourable gentleman can see a copy of the agreement. It will be tabled. There is nothing unusual in it except its unusual generosity, because the government wished to keep this effort going.

The honourable gentlemen are going to see this report also. I just want to read one or two sections from it: "The geographical location of the NESCO Steel Plant, relative to its natural market areas and sources of raw materials, presents a financial burden through transportation costs that cannot be overcome by the best-know steel plant operating efficiencies and sound marketing and purchasing practices. There is no way." Anybody who reads this that knows anything about economics or business, will have to agree. "Eighty per cent of NESCO's production

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must be shipped off the island and sixty per cent of its basic raw materials must be imported to the island due to the geographical location of the plant. The additional cost of these transportations costs is \$30 a ton in re-enforcing bars and \$13 a ton in grinding balls and so on.

The net loss for 1972 was \$1.2 million. The loss estimated for 1973 exceeded \$1.5 million. On and on it goes, Mr. Speaker so that there is no question in looking at this report but this plant cannot continue to operate. It should sell about 38,000 tons of re-enforcing bars a year. The market in Newfoundland is only 6,000 or 7,000 tons. Its only natural market is Newfoundland where it has an advantage because of transportation costs. It needs about 30,000 tons of scrap each year to operate. It can only get 5,000 or 6,000 tons a year from the Island of Newfoundland so that all the scrap has to be brought in. It is an economic impossibility. To make sure, Mr. Speaker, that every possible thing was done to see if this plant could survive, both myself and the hon. member for Fortune Bay and the hon. Minister of Economic Development, the present minister, did our best, at considerable expense to the taxpayers, to continue this effort going, with the full backing of the government. It is obvious now,

MR. CROSBIE: Mr. Speaker, that this cannot any longer be continued, that this drain cannot continue. As the Premier will explain, we are going to be as generous as possible to the people that work there. We are sorry, as they are. We are sorry that this thing was not economic. It is very regrettable and a great pity.

But I do not think that the honourable gentlemen, and I hope honourable gentlemen will not say again that there is undue haste or that we could possibly go to DREE and get more money for this. DREE would not touch this with a barge pole. DREE does not give grants or loans to an enterprise that has no economic chance of continuing. The honourable gentleman knows the rules and regulations of DREE. DREE would not make a grant to this plant today. If this plant were just starting new today and there would be a new plant put there, I would say that DREE would not make a grant to it because it would never pass the test of economic feasibility. So there is no undue haste. We have risked the taxpayers money as much as anyone could humanly expect us to in an attempt to keep it going. The thing now is to treat the employee with justice, to keep them going over the next several months when they are going to have a difficult period, to assist them we hope in getting other jobs in other enterprises that are economically feasible.

MR. WM. ROWE: Before the honourable minister resumes his seat, I would just like to state something for the record and ask a question relating to it. The main part of my remarks about undue haste dealt with what I consider to be shoddy treatment of the men not being given the opportunity to have three months pay. Would the honourable minister like to deal with that point? It has been announced government policy about this three month period, perhaps the -

MR. CROSBIE: The honourable Premier is going to deal with that point but I do not think the men have had shoddy treatment. I have just spoken to show what we have spent in keeping the men employed for the last year and the Premier will deal with what we are going to do in connection with the close down. There has been no shoddy treatment of any men at the steel plant, in my opinion.

MR. NEARY: Mr. Speaker, the honourable Minister of Finance made one of his typical political speeches in this honourable House. We were told at the beginning of this debate, and the honourable member for Harbour Main, junior member, also brought politics into this -

MR. ROBERTS: He is the senior member.

MR. NEARY: Senior member. He will not be very senior after the next election. We were told, Mr. Speaker, that there would be no politics, no politics in this debate and I am sorry to say, Sir, that the honourable Minister of Finance has dragged politics into this, in his usual way. Sir, he has not convinced me and I am sure he has not convinced any of my colleagues on this side of the House that the steel mill should be closed down the end of February. Two week notice, Sir? He has not convinced me.

He put up some strong arguments, quoted some sections from the report and incidentally, Mr. Speaker, we are debating here today at a disadvantage because we have not seen that report. Maybe if we had the report we could quote sections from the report that might be favourable, that might be in favour of the steel plant. We do not know. We have not seen it.

AN HON. MEMBER: Inaudible.

MR. NEARY: I will come to that. I will come to it, Mr. Speaker. If the honourable minister would just keep quiet I will deal with this.

AN HON. MEMBER: The honourable minister asked for the adjournment of the debate.

MR. NEARY: Mr. Speaker, the honourable Minister of Finance talks about the steel plant in 1972 costing the taxpayers of this province, I think he said \$1.2 million and this year 1973, if the plant continued to operate, would cost around \$1 million in grants and subsidies.

Well, Sir, I did a little mathematics here while I was listening to the honourable minister making his speech, if two hundred families, Sir, are thrown on welfare as a result of this plant closing, and I want to say to the honourable Minister of - what is it - the honourable Minister of Public Works says 180 people will be effected by this close down, Sir, I say that it will average 200 or more.

AN HON. MEMBER: He said it was over 200.

MR. NEARY: He did not say it was over 200. He said it was 180. As a matter of fact he used a figure much less than that to try to camouflage and to try to paint a good picture. I reminded the honourable minister that it would be closer to 200 because there are people outside the steel mill who are providing that steel mill with scrap, who will also be effected by it. All the scrap dealers, all the people who go around this province picking up scrap, it will come to much more than 200.

The honourable Minister of Finance, Sir, has the gall, the gall and the audacity to slap up to me the enquiry that is going on downtown, Sir, but I want to remind the honourable minister that a part of that enquiry, the second part of it deals with the disposal of the DOSCO assets. That was not raised in this House, that should not have been a part of the enquiry and while that enquiry is going on, thirty-five men on Bell Island are forced on welfare. Thousands of tons

MR. NEARY: of scrap is laying on -

MR. SPEAKER: I feel the honourable member is straying away from the topic of the debate.

MR. NEARY: Mr. Speaker, the point I want to make is that there are thousands of tons of scrap on the ground over there. You have the steel mill in here crying for scrap, it is on the ground, I brought it to the attention of the Minister of Economic Development about two weeks ago, told him it was there, shrugged his shoulders at it, could not care less, Sir.

AN HON. MEMBER: Untrue.

MR. NEARY: It is still there. It is still there. The steel mill was hungry for scrap, Sir -

AN HON. MEMBER: Had the agreement been legal it would have been taken out.

MR. NEARY: The steel mill is hungry for scrap, Sir. It is there on the ground and it cannot be released, the minister told me, because there is an enquiry going on. In the meantime they had to close the steel mill. They had to close it. Thirty-five men on Bell Island out of work for almost a year because of the stupidity of this government.

AN HON. MEMBER: The agreement was entered into, it is not really an agreement at all yet.

MR. NEARY: Mr. Speaker, it has not been proven yet if that is a legal or illegal agreement. It has not been proven yet, but the scrap is still on the ground. The scrap, Mr. Speaker, could have been released. The owner of it, Mr. Speaker, offered to turn the scrap over to the steel plant and let the minister hold the weigh slips. No, Sir, he would not do it. The scrap is still there. It will rust-out there. In the meantime, the steel mill is importing scrap from the United States and the Mainland of Canada at much more cost than they could have had it from Bell Island, Sir.

MR. NEARY: Incidentally, Mr. Speaker, the honourable minister, in his opening remarks, said that he hoped I was serious about Black Friday, well I was quite serious, Sir, because a lot of these employees at that steel mill are former employees of DOSCO over on Bell Island, who got jobs in the steel mill when it opened and relocated on the south shore of Conception Bay.

These men have gone through something, Mr. Speaker. I know what they have gone through. I have gone through it myself. I was laid off in 1966 when DOSCO closed the mine. But my honourable friend does not know anything about that. These men now, Sir, are up in the honourable minister's district on the south shore of Conception Bay, now they are going to be thrown out of work again, not on your life, Sir, if I have anything to do with it.

Mr. Speaker, I did all the rough mathematics when the honourable Minister of Finance was speaking and I discovered, Sir, that even if the province had pumped \$8 million or \$10 million into that steel mill, does the honourable minister know what it paid out in wages over a seven or eight year period? How much would the honourable minister say?

MR. CROSBIE: It is on record.

MR. NEARY: It is on record. How much?

MR. CROSBIE: I will answer you when you are finished, go on.

MR. NEARY: I would say, Mr. Speaker, nothing under \$85 million in wages, nothing under \$85 million. That is a lot better than welfare, Sir. That is a lot better than welfare.

The honourable Minister of Public Works dwells on the past. Well, Sir, if he wants to dwell on the past, I hope the honourable Premier when he stands in his place in this House, to speak in this debate, will tell us how much Burgeo is costing the taxpayers of this province. There is a subsidy.

MR. MOORES: If I might say so, could the member for Bell Island - I would ask on a Point of Order that he remain relevant to the subject. There are people who are very, very disturbed today about this layoff at the steel mill and could he just keep the politics of other issues out of this and deal with the matter at hand. I would ask for a ruling on that, Sir.

MR. NEARY: Mr. Speaker, this is relevant. I am speaking on the Point of Order. This is relevant to the discussion. I am drawing a comparison between the steel mill and the fish plant at Burgeo and the subsidy that is being pumped into both of these operations by the taxpayers of the province.

MR. SPEAKER: I feel that I must agree with the honourable the Premier. The member does seem to be straining away from the topic and I would again like to remind him that he should stick to the topic in question.

MR. NEARY: Well, Mr. Speaker, let me say this then - perhaps I can get away with this. If they had spent the money at the steel mill that they spent at Burgeo before the last provincial election, it may not be necessary to close it down today.

AN HON. MEMBER: Burgeo is not closed down.

MR. NEARY: What is not closed down.

AN HON. MEMBER: Burgeo is not.

MR. NEARY: I am talking about the steel plant.

Mr. Speaker, the member for Harbour Main talked about all the grandiose plans of the previous administration, well Sir, what about the \$40 million that the honourable Premier announced the other day that is going to be spent on draggers

to get the fish plant owners off the hook, buy draggers for them so that they will not have to spend their own money. Why not put some of this in the steel plant, Mr. Speaker? Why not take some of this money and put it in the steel plant, upgrade the steel plant?

MR. CROSBIE: Close down the fishery?

MR. NEARY: No, not close down the fishery. Let the fish merchants buy their own trawlers. Why should the government and the taxpayers of this province take them off the hook? Mr. Speaker, I met with the executive of the union on a number of occasions during the crisis last year in that steel plant. I got the impression from the discussions with the executive of the union down there, Sir, that STELCO had a six month contract, they had six months to take a good hard look at the steel mill and then they had an option to extend that period by another six months. Sir, I would go as far as to say that the Minister of Public Works who was Minister of Economic Development at that time and the Minister of Finance who was in on the negotiations left the impression rightly or wrongly with the union members that they were guaranteed work for at least a six month period.

AN HON. MEMBER: Nonsense.

MR. NEARY: That is not nonsense, Sir. The union executive is sitting in the gallery and I spoke to them before I came into this House this afternoon and they were definitely left with that impression, Sir, rightly or wrongly. Maybe they misunderstood the minister but the Minister of Finance they did not understand him. He left them with that impression and so, Sir, they were also told by both ministers that if the plant had to close, if at the end of the period STELCO pulled out and the government had to close the plant that they would be given three months notice. So the men sat back, Sir, relaxed, the crisis is over, no elections on and they buckled down to trying to save that steel mill and they figured they had nine months to do it, six months STELCO would be in here, three months notice if the government had to close it down,

nine months and what are we here today, Sir? Three months. Two weeks notice. STELCO came in and stayed three months and then pulled out for reasons that we do not yet know about and the government gives the men two weeks before they get the axe.

Right at this moment as my colleague from White Bay South pointed out the government have before this House a piece of legislation if it is passed, brought into law, Sir, will compel the employers in industry and businessmen in this province to give employees three months notice before they get the axe. Why do they not follow their own example, Sir? The Minister of Finance says, "Why continue negotiations with DREE? Why continue the negotiations?" Well I will tell the hon. minister why he should continue the negotiations because the original negotiations were not followed up on and we have a Minister of the Department of Regional and Economic Expansion today, Sir, who happens to be a Newfoundlander.

AN HON. MEMBER: Worse luck.

MR. NEARY: Why not go and talk to him? Why lock the doors of the steel mill? Why not go and talk to Mr. Jamieson? Mr. Jamieson made a statement in Western Canada when he became minister of that department that they were anxious to put money into the Maritimes. The Minister of Finance says, "No, do not bother him." As a matter of fact, Mr. Speaker, when that crowd on the other side campaigned in this province they said, "We are not going to go to Ottawa looking for handouts." They said, "The 'h' with Ottawa we will become independent." That is why they will not go, Sir. Then the hon. Minister of Public Works has the gall to get up and say: "Don Wilson," or I think it was the Minister of Finance.

AN HON. MEMBER: Public Works.

MR. NEARY: The Minister of Public Works, "Don Wilson," he said, "is an expert, he is a sharp operator." He is a sharp operator, Sir, there is no doubt about that but I would not take his advice on this steel mill. He

is no expert on that. He maybe an expert on politics, campaigning for the Tory Party but he is not an expert on that steel mill. The Minister of Finance says if we carried on there would be another \$100,000 a month down the drain. Well, Sir, if all these people that are earning a living from that steel mill are forced on welfare it will be \$60,000 or \$70,000 a month it will cost the taxpayers of this province. It would be far better to subsidize the operation, Sir, keep the thing going. Far better to do that to keep the people off welfare.

MR. MURPHY: \$60,000 a month welfare?

MR. NEARY: \$60,000 or \$70,000 a month for welfare. Take it with 250 or 300 families affected by it, multiply it, with an average of five in a family. The hon. minister is a good mathematician. He knows the figure is true. The minister says they are not acting in haste, the Minister of Finance. Well, Sir, they are acting in haste. Two weeks notice. The minister talks about all the money that has been put into it. He never mentioned all the money that has been paid out in wages. Then the hon. Minister of Finance talks about there is a better way to create jobs. That is a grandiose statement, Sir. What are the better ways? That crowd now have been there for thirteen months and they have not told us yet how they are going to create jobs. Where are these men that are going to be laid off out of that steel mill, Sir, going to find jobs? We have the highest rate of unemployment in Canada right now and he says there are better ways to create jobs. Well I would like for the hon. minister to tell us how they are going to create jobs, how these men are going to find work.

I think the government is acting in haste, Sir. I do not think there is any need to close this steel mill the end of February. I would like to suggest, Sir, as a constructive suggestion for the hon. the Premier, that he not listen to these colleagues of his who want to balance the budget. They want to put the thing in the black. Do not listen to them,

Sir. They are businessmen. A leopard never changes his spots. The human element does not enter into it. It is black or it is red as far as they are concerned and that is the difference between Liberalism and Torism in this province, Sir. We create industry. The Tories close it up. We are not afraid to gamble. Put us back in office, Sir, put us back and watch us gamble. Just watch us. We are not afraid of it, Sir. We will create work for the unemployed in Newfoundland and if I ever get a chance to get back in office again just watch me gamble, watch me and I will not gamble with EPA either. That is the difference, Sir. Cautious, they are cautious. They are afraid to gamble even if it does mean jobs for the hundreds and thousands of Newfoundlanders who are unemployed.

Now I would suggest, Sir, that this House this afternoon give very serious consideration -

AN HON. MEMBER: (Inaudible).

MR. NEARY: Look, Mr. Speaker, before I come to that. The hon. minister came in and moved that the House adjourn regular business to discuss the matter of urgent public importance. Sir, we could sit here for days and weeks and months and discuss this matter. What are we going to do about it? I mean, Mr. Speaker, that may sound good, sure let us have a discussion. What I want is action not talk. We can punch the whole afternoon in here talking about this. It is not going to affect the government one bit. They are not going to change their mind, Sir. But I have a suggestion for the hon. the Premier. If he wants to satisfy the workers of that plant and the opposition and probably some members on his own side of the House that instead of proceeding with the closure of that plant at the end of February that a Select Committee of this House be set up to thoroughly look into this matter and while the committee is looking into it keep the plant operating. A lot better, Sir, than throwing all these people out of work and forcing them on unemployment insurance and welfare because in the long haul, Sir, it will cost the taxpayers of this province

a lot more than it will keeping that plant open and providing it with a subsidy if necessary or a grant to keep it going.

MR. MOORES: Mr. Speaker, I would like to speak not at any great length but hopefully to the point as far as what we are talking about today. I am very sorry that the attitude of the member for Bell Island was as political biased as it was -

MR. NEARY: Crocodile tears.

MR. MOORES: He talked about the people unemployed on Bell Island and that is a concern of this government naturally as are the people unemployed all over this province. But what we are talking about today is the closing of the steel mill at the Octagon. He talked about the scrap metal on Bell Island being available. I am sure it has been available for many years because certainly the mine has been closed for quite some time. But what I want to talk about, Sir, today is what has happened at the steel mill.

First of all, this is a very unfortunate state of affairs. It is not a thing that this government wanted to do in announcing the closure of this mill. I could go into the figures of the mill having cost us \$12 million dollars over this past six years or not quite six years. An average of \$2 million dollars per year and that is the position it is in today with no prospect of making any better money in the future.

Going through the figures of what the losses would be in the mill, the fact that it is in the wrong location really is not what is at issue right now. We could blame the previous administration for not having done adequate study in even establishing the mill. I suppose we could accept some blame for keeping putting money into what was obviously or looked to be obvious an uneconomic situation.

The think is now, what can we do about the situation as it exists? We, as we have stated, will make available the copies of the study and the agreement to the opposition and to the union. We will answer any questions in the future and certainly anything constructive that the opposition or any other people can let us have in the way of trying to ease the way of the worker who is going to be unemployed, even to keeping a mill operating, if it is possibly viable, we are only too glad to listen to it.

The point has been made over and over, Mr. Speaker, by the opposition - why did we stop at three months rather than six months which was mentioned in the agreement? The reason is very simple. It is that because it is forecast that in the next two months that mill will have lost us five hundred and seventy-six thousand dollars and if a decision had to be made, it had to be made and just as well now.

Mr. Speaker, at the termination of employment of these people at the end of the month, every person at the mill will get a minimum of eight, severance pay. In the legislation proposed yesterday it was for

in excess of five hundred employees, twelve weeks. Under that number it would be eight weeks. It would be the intention of this government to ensure that all employees at the Steel Mill at Octagon, will get eight weeks severance pay plus any agreements that any people who have been there for an especially long time have under the union agreement that would be additional to the eight week period.

Talking about the possibility of DREE involvement, Mr. Speaker, political discussions are not necessarily the answer to economic problems. It is much better for us to put our effort elsewhere into projects where more benefits will accrue and not where losses will almost naturally happen.

There are a great many programmes that Newfoundland needs. There are a great many programmes that Conception Bay South needs and I am sure that any DREE money acquired from Ottawa can be better spent in that direction.

Now, Mr. Speaker, what is to be done at the steel mill? We will try to keep the steel mill alive but there is virtually no hope of that and as is announced today, as of today it will be closed at the end of the month. We must face reality. We must face the fact that the mill cannot make money. It is better to shut it and try, above all else, and this is the important part, Mr. Speaker, to establish some formula where by the 160 to 180 men, whatever the figure

here is; are located in jobs as quickly as possible. Now not long ago, this is the real issue we take today, Sir, not long ago at Whalesback we had a similar situation where people were being laid off. At that time the company involved there, plus the Federal/Provincial Departments of Labour at the time and the union representatives, got together. Now we are proposing today and we will start immediately to ask representatives of Federal Manpower, representatives of the Provincial Department of Manpower and Industrial Relations and representatives from the union to start work with the knowledge that these people on this job will have priority in any jobs that are available and that can be found. This we will do.

Mr. Speaker, before sitting down I just want to say one thing, and that is for anyone to say that this government or any individual is not concerned about the welfare of these men is absolutely inaccurate and wrong. It happens that we had to face an economic reality that is a very unhappy fact. It happens that 160 to 180 individuals are directly affected. It is the intention of this government, Sir, to do our utmost to relieve any suffering that may be in store for them and to ensure that as quickly as possible alternate employment will be found for each and all those individuals.

MR. ROBERTS: Mr. Speaker, let me begin by commending the Premier on his remarks. I do not think he will propose against me if I say he does not intervene overly frequently in the House in the debates. Perhaps he should, perhaps he should not, that is a matter for him to decide. I thought his remarks were about the only ones from the other side today that have been positive in the sense of looking where we go from here. I suggest, Mr. Speaker, that is the question before this chamber now. We cannot undo what has been done. We can certainly learn from what has been done and try not to make the same mistakes another time. The question now is; what happens to the two hundred men whose jobs evaporated?

Before I go on to say a few words about that let me just pick up one thing the Premier said, I do not know if he is reading the same piece of legislation that I am with respect to the "An Act Respecting The Termination of Employment Of Substantial Numbers Of Persons In Certain Industries." He was relying on memory and memory can be fallible, but I think the Premier's statements were not correct and perhaps I should set them straight. The bill which his colleague has before the chamber, which I have no doubt will be passed in due course because it is quite good legislation, requires that the maximum number of weeks of notice is sixteen, not twelve, as the Premier said, and for an establishment with between 200 and 500 employees it is twelve weeks notice. I think the steel mill probably falls within that category but I am not sure.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: I am sorry?

AN HON. MEMBER: Under 200, it is eight weeks.

MR. ROBERTS: Yes under 200, it is eight weeks. That is what the act says.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: I am sorry.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: No, no, no, it is between - let us get this straight, Mr Speaker To employment under fifty, the act does not apply at all, as it is drafted. If the establishment has more than fifty with less than two hundred persons, it is eight weeks. If it is more than two hundred or two hundred or more and fewer than five hundred it is twelve weeks notice. If it is more than five hundred up to an infinitely large number of employees, it is sixteen weeks.

I understood the Premier to say but I do want to be sure, I think it is an important point, I think the men concerned will be anxious to know this, that they will get severance pay at least equal to what this bill would require when it becomes law. That is probably greater than

the requirements of the collective agreement in force between these men and the bargaining unit and the company.

MR. MOORES: Would the honourable gentleman permit me?

MR. ROBERTS: Yes, of course.

MR. MOORES: With the permission of the Speaker and the honourable Leader of the Opposition - I take it there may be a few people affected by the union contract as I understand it who may be eligible for more than this particular amount will be, and this was the exception to which I was referring.

MR. ROBERTS: The amount is greater.

MR. MOORES: Greater, yes.

MR. ROBERTS: Fine. That is good.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: No, I was just going to say that it is an advance on the position taken by the minister it does not contradict any position but it is an advance. If the debate today had achieved only that, it has achieved something.

It reminds of

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Not in the minister's statement, I am sorry. The minister's statement referred only to the severance agreement.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Right, but I have not calculated what the severance agreement provisions would total in cost.

Mr. Roberts.

The point is now clear and I think it is a fairly generous offer. There are precedents. When the government ended up with the Lever Brothers Plant at Harbour Grace - the British term is the golden hand shake, and I think it was a pretty golden hand shake when the plant was subsequently sold to Mr. Alex Moore's company and the trawlers were sold to -

AN HON. MEMBER: That was golden egg.

MR. ROBERTS: I do not know. There may have been a goose or two involved. I am not quite sure about that but we will have a chance to talk about that in due course.

Mr. Speaker, I do not propose to go through the history of the mill. The Minister of Finance has dealt with it, not in detail but in a fairly accurate, fairly comprehensive summary. I have no particular knowledge of it, except what one picks up through knocking about in the administration. I do know that the idea for it came from a group of private citizens. The minister named them, the late Mr. Ches Pippy, Mr. Arthur Lundrigan, Mr. Cam Eaton of the Tractor and Equipment Company, Mr. Gordon Pushie, there may have been one or two others, they put up about \$300,000 or \$400,000 in equity and I understand that that is all gone, that they lost whatever they put up. That went a long time ago. The plant was supposed to cost \$1 million - I am not sure if it was \$1 million total or whether the original government involvement was \$1 million and the equity was to go onto it. In any event the plant cost much more and certainly the first trouble came with the ADA grant, the ADA regulations, the Area Development Act brought in by Mr Pearson's Administration, about 1965, I think. Mr. Drury was the minister of whatever it was, the minister of industry at that time. The ADA Act provided or the regulations provided that unless the machinery was ninety-five per cent new, it could not qualify for assistance under the ADA programme.

Well they did not have ninety-five per cent new. I do not know if they had five per cent new but it certainly was not ninety-five per cent new and so they did not get any assistance.

From there the thing went, financially at least, steadily downhill. I should think the only real value to be drawn from it now is an object lesson in how even a group of successful businessmen - I think all of those men, in their own spheres, have been successful, honourable, honest, decent, leading citizens, willing to risk sums of money, not sums of money as large as the people of the province had ended up putting in but even for men of good standing in life, financial standing, \$300,000 or \$400,000 is a substantial sum of money. I am sure none of them have had to apply for welfare orders because they loss the money but none the less, they did put substantial evidence of their good faith into it.

To me the only things now - what we are doing today, Mr. Speaker, is conducting almost a post-mortem. What we must do I think is first of all look carefully at the men involved, as the Premier has said. I think they have some questions which should be dealt with and which have not been as yet, at least not fully. I think it is unfortunate (I do not put it any higher than that) that the statement issued on October 13 by the hon. member for Fortune Bay (I am sorry. He is not in his seat) who was at that time the Minister of Economic Development and is now the Minister of Public Works, I guess or maybe Supply and Services, I am not sure what portfolio he actually holds, the reputed Minister of Public Works and Services, that statement, at least a copy of it which I have, issued by Newfoundland, Information Newfoundland, did give the impression that the arrangement with STELCO would be for six months. On page two of it, it is headed paragraph two of a list of four items: (I am quoting verbatim) It says a six month management contract, paying STELCO an estimated \$125,000 to cover all actual management expenses be entered into with them. The agreement, that is the agreement between the government on the one hand and the steel company on the other, to contain options whereby the management

Mr. Roberts.

period could be extended up to the end of 1973, under the same terms and conditions. The men, reading that and hearing that, Mr. Speaker, draw exactly the same conclusion which I submit any reasonable person would that the arrangement was for six months. Obviously it

was not. I have not yet seen the agreement. It has -

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: No, but it was, except it was not. I mean that is like my getting married and then later deciding I do not want to. You know that is not the way the deal works.

AN HON. MEMBER: Not already.

MR. ROBERTS: Not already, no. On the hitch is best. But it was not to make an agreement to pay a man a million dollars unless you opted out earlier there is no agreement to pay a million dollars. I am not accusing anybody of anything. All I am saying is that it is unfortunate that the men working at the plant, and that is the concern, the \$12. million the province has into it is gone whether it should or should not have gone it is gone. If there were improprieties and this Brussel's Agreement sounds dubious and I do hope the minister will follow it up.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Good. Well I will not have to mention it again but I mean that obviously bears further investigation whatever else may or may not come of that. The money is gone. Both governments of this province, the so-called previous administration and the so-called present administration have whopped in amounts of cash and that is gone. What counts now is the men. The problem is a little worse because the men were under the impression that even following a decision by STELCO that they could not carry on with this plant and that accordingly it must, the government would give them three months notice. The conversations I have had with the men and I do not think I am breaching any confidence to say that they were given that assurance by the Minister of Finance, he was then the minister and he still is, of course. The sting, I think, is being taken out of that, there are no accusations of bad faith, the government's decision to follow their own legislative policy will take the sting out of it, three

months cash I would suggest is as good as three months notice, maybe better because at least you have the three months to get out and look for a job.

Nonetheless the fact remains that the men working at the plant felt they had nine months from the first of November when STELCO went into management or whatever you want to call the arrangement and it turned out only to be three months, November, December, January and here we are in - four months, I am sorry, in February. Anyway that is the point which should be made, Mr. Speaker. I think the men at the plant are concerned about that and perhaps the minister when he closes this debate will - I gather the clock is fast by the way. Mr. Speaker was telling us earlier this afternoon that the clock is a few minutes fast so I will close in time for the minister to say something.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Well whichever one wishes. It is like - you know, is that glass half full or half empty? It is all how you look at it, is it not? It is a little emptier than it was.

MR. GILLET: It is about five minutes fast.

MR. ROBERTS: It is about five minutes fast as the timekeeper from Twillingate tells us.

Mr. Speaker, when the minister is at it he may also wish to deal with the - you know the men were not given a lot of notice of the closing. I understand their union international representative was told yesterday, the men were told at eight o'clock this morning but perhaps the minister could deal at a little length with just what STELCO did in their two or three months. Now I have a copy somewhere in this mess of the report.

AN HON. MEMBER: It was just delivered to you.

MR. ROBERTS: Yes I assume the Minister of Finance, somebody brought it over. My colleague from White Bay South was looking at it and I have looked at it quickly. I do not pretend to have read it. I do not pretend to have absorbed whatever part of it I am capable of absorbing. But there

is a feeling among many of the men with whom I have talked and I am not saying it is true and they are not saying it is true but the feeling is there and it cannot be denied. Perhaps it could be satisfied. Maybe it very well could be but it should be if it can be, that STELCO may not have made

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a maximum effort. The fact that STELCO - the men believing that it was a six month option and they are entitled to believe that on what they knew. They did not see the agreement, all they had was a rather unfortunate statement by the then Minister of Economic Development. I do not think that he meant to mislead anybody, I am sure he did not, but it was an unfortunate statement.

AN HON. MEMBER: Not unfortunate, facts.

MR. ROBERTS: No, Sir, Mr. Speaker, it was not factual there was not a six month's management contract. There was a six month's management contract with a thirty day option. If there were a six month's management contract, that plant would be open for November, December, January, February, March and April. It is going to close at the end of February, two months earlier. But the men I think would like assurance on that point. There has been some useful information given by other honourable gentlemen on the other side with respect to what STELCO did but I think there is a concern. Did STELCO really come in and make a real effort to make it work or not?

I make no accusations, but I do think the problem is there. I did not create it, I am not spreading it, I am bringing it out in the hope that whatever the truth it will come out and then it will rest.

The minister could also touch, if he could or if he would, I am sure that he could, on the Kostaszek Report, as I call it, the Leonard and Partners Report which recommended a number of possible avenues of developing the plant. Most of them involved DREE money and there has been some talk, there has been some information on the situation with DREE. The minister may tell us if the report was followed out or not, I do not know. I have the report because of course it was presented

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: Well, I mean I have it because it came to the cabinet of

which I was a member. I may add that I have given it to the men in the union too and no apologies for that. Why should they not have it, it is their livelihood, their jobs?

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: No, but I want the minister to know that they have seen it, there is nothing wrong with it, but the more people know the better.

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: No, I mean it came to us. I have a letter of transmittal and I see by the date stamp it was received in the office of the Minister of Health on September 2, 1971 on which date I was not in my room in the office reading reports, I was about on Her Majesty's business in another way. It was one of the matters which were entrain when the administration of the province changed hands thirteen months back.

AN HON. MEMBER: I was wondering if the union had been refused this information?

MR. ROBERTS: I have no idea. I have no idea at all.

MR. DOODY: They had received the information as far as I knew. They had not applied to us for it.

MR. ROBERTS: They have a copy of the report made in my own little copying machine as it were. It is no secret and there is nothing wrong with it. I think that point of what STELCO did is an important one. There is the feeling, the minister has good political antenna, I am sure he has picked it up, there is that feeling among the men and it should be dispelled. If the minister is not able to dispel it with a statement, perhaps we could have a select committee. That is one way or perhaps there could be an independent enquiry or some way to satisfy it. It may be that a detailed study of the STELCO report by people who are competent (and I am not) to judge it, that may be the answer.

Finally, Mr. Speaker, the minister will have I think, ample time. The question comes up, where do we go from here? What is going to happen? The plant is worth "X" millions, maybe the "X" is a very small number maybe it is part of a number, maybe it is half a million. I do not know what it is worth. I assume it will be scrapped. Perhaps the minister could deal with that because I assume the province - we are the only equity owners. The minister of Finance has said that they are going to find \$4 million in the forthcoming budget to pay off the various accounts payable and bank debts and guarantees and what have you. What is left then we own. The province will have paid what, about \$12 million by then? Twelve millions in all - I am sorry!

MR. DOODY: In excess of \$12 million.

MR. ROBERTS: In excess of \$12 million. Are we going to get anything back? What does this particular venture cost? We know that Mr. Pippy and - the late Mr. Pippy and his associates have lost what they put into it which I think was three hundred thousand dollars. I am speaking from - was it? Does the minister know? It was about three hundred thousand dollars. Not \$12 million, but a fair whack of money for private citizens to find. Is it going to be scrapped and so on and so forth.

Can the minister finally indicate any possible use for the buildings and equipment out there other than scrapping them? The Premier has outlined that the normal standard steps are going to be taken, getting them together with Manpower and all that sort of thing and maybe or maybe not they will find jobs. The men from Whalesback by and large have. I am not so sure that I am as certain as the Minister of Industrial Relations and Labour is about that, because I understand - I have not been in Springdale for some bit, but many of the people who were working at the mine have found jobs with such things

as LIP projects and what have you. I mean a job is a job, but the only thing about a LIP job is it terminates in a relatively short period of time.

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: I am sorry!

That is good but that is always the case. The trained people and the manpower will tell you that really they do not need to exist in respect of people with trades or skills. By and large they get hired very quickly. It is the 87.6 percent or whatever, they are a very large number of the people in this country who are not trained.

I should hope so. I mean, that is why we have a Minister of Labour and we pay him and we have a deputy and officials. I am quite willing to admit it. I mean, it is one of the things they have done and I have no quarrel but I wonder if the minister can tell us what he hopes. Has a skilled inventory been taken of the men in the steel mill? How many have trades that are negotiable in Newfoundland? They may be very skilled at steel-making but there are no other employment opportunities of which I am aware in this province for steel-making. There may be the odd job up at the foundry up in the west end of the city here, I do not know, there may not be. I would be surprised if there were very many there. Can the minister tell us? You know, the thing is gone. It is dead. It is buried. We have taken all afternoon, very usefully, to bury it. Where do we go from here?

I think that is about all I have to say, Mr. Speaker, except to thank the minister for allowing this debate to be possible. He may or may not have heard CJON at lunch hour where I said that we would be bringing a resolution requesting the adjournment of the House under Standing Order (22). Well the minister missed something worthwhile. Well, that is good. His colleagues obviously heard it but it is a good thing. I was prepared to bring in the motion hoping it would lead to a debate but fearing that often motions- Sir, I have been in this House seven years - I think it is the first time such a motion has ever been accepted and when we were on the government side we were not overly keen on accepting them and the present administration have not leaped into accepting them but this is an exception and it is a good one. So, I do

want to thank the minister. I have the feeling if it were not for his concern - I think his concern is genuine as is the concern of my colleagues - we would not have had the discussion and I think the discussion has been useful. I think it has been a good use of the House this afternoon. Well, if the clock is a few minutes slow, the minister has, I hope, ample time. If not, for our part, we would gladly sit a little after six to enable him to deal with whatever points he wishes to make. So, having said that, it is his turn now.

If the hon. minister does not finish up by six, I am willing to stay here until after six o'clock as long as we do not have the understanding that we have to come back at eight.

MR. C. W. DOODY: Mr. Speaker, this will take very few moments. The speakers on both sides of the House have very accurately covered the points at issue. Unfortunately, the main point at issue, the employment of the men at the steel plant, is not resolved. This is of course an item that would be a difficult enough situation for any member of this hon. House but for myself and my colleague it is particularly difficult wherein as much as we represent that great district. The point of the Leader of the Opposition with regard to the skills and inventory and discussing the various trades and skills and opportunities and talents of the men at the mill will be taken in hand immediately of course, as was suggested by my colleague, the senior minister from Harbour Main. These people will be talking with the union at the earliest possible moment and we hope to get this thing in hand as soon as possible.

There is no sense in my pointing out the urgency of it. It is quite obvious to everyone. I made a number of points and a number of notes on the various points raised by my friend the hon. member from Bell Island who sometimes gets carried away with this chronic fever or fervour or both. I do not think that I will go into them because it is not going to prove anything. He knows full well, as we all know,

that all of us in this House share the concern of the people who will be out of work at that plant. The point as to STELCO's not having made or possibly not having made a maximum effort, I personally do not believe that. I have been talking to these people on many occasions. I am quite convinced of their sincerity and of their effort. The possibility, of course, always exists that maybe some other steel company could have done what appears to have been the impossible given the set of standards that we had going in there.

I do not believe that. I believe that we picked the best possible company. We went to them and we asked them and they acceded to our wishes and they did what in my opinion was the best possible job. They were defeated, as I said before, not by the productivity of the men, not by the province, but by the geography.

The concern that we hold for the people in Harbour Main is the utmost concern. It is unfortunate that that plant had to close. It is not of our making, Your Honour. It is not something that we wanted to do but it would be unfair to the people of this province if we were for any reason to keep going a situation that is economically untenable, something with which we could not live.

The report of the STELCO people has now been passed over to the opposition. They may study it at their leisure or indeed if they feel it necessary they may have other people look at it. I am sorry.

MR. E. ROBERTS: I understand from my colleague, the Minister of Finance wants this, his own copy.

MR. ROBERTS: His own copy is marked "Back". Could we trade? Could you get us another one?

MR. CROSBIE: I will get the honourable minister -

MR. ROBERTS: I would like one to keep, you know for my memoirs.

MR. CROSBIE: Yes, I will get the honourable minister another copy.

MR. ROBERTS: O.K. then I will have one autographed by him.

AN HON. MEMBER: It is for sale.

MR. ROBERTS: We will balance the budget. Going for thirty cents.

MR. DOODY: As I say, if he feels it necessary to have some independent study made of that report, and he feels it is in the best interest of the other people at the plant then he will certainly get the full support of this government, under this administration.

The future of the building and of the plant in there now, we have an inventory of rebar of some \$264,000 and of scrap of \$90,000, these will present no problem of sale. The fixed asset disposal, as costed by the present manager and people for \$450,000, may or may not be accurate or may or may not be obtainable. We are talking about \$800,000 recoverable from that amount in excess of \$12 million. This is an area which we will invite other people to look at, to investigate, people who are knowledgeable in that field. Hopefully something more might come of it but that is just a hope.

Your Honour I thank this honourable House for the debate this afternoon and with these comments I now so close the debate.

MR. MARSHALL: Mr. Speaker, I do move that this House at its rising do adjourn until tomorrow, Monday at 3:00 P.M.

MR. SPEAKER: It is moved that this House do adjourn until tomorrow, Monday at 3:00 P.M.

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